



BHARAT PETROLEUM CORPORATION LIMITED



ANNUAL REPORT 2000-2001



World arms-spending currently totals \$740 billion.
PITY WE CAN REDUCE FRICTION ONLY IN CAR ENGINES.

Resolutions for the year 2001



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RADIATOR COOLANT
CONCENTRATE

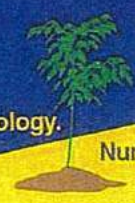
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Nurturing environment.



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THE LOWER YOUR BILL



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desh par ho gaye kurbaan
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Bharat Petroleum ka salaam.

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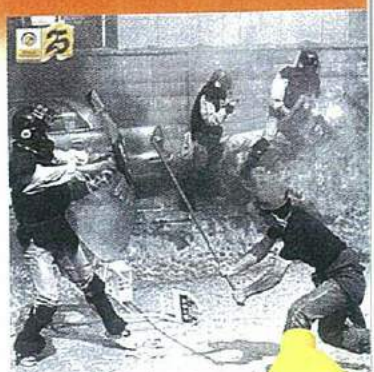
GLIDE 4T
4 STROKE ENGINE OIL
FOR 2-WHEELERS

Bharat Petroleum has a Swiss account.

A LITTLE WARMTH
IS ALL IT TAKES
TO COOK
A GREAT MEAL.



GLIDE GOLD
ECO-FRIENDLY 2T



PITY WE CAN REDUCE FRICTION ONLY IN CAR ENGINES.

AUTOMOL GOLD
ENGINE OIL FOR CARS
FOR A SMOOTHER PERFORMANCE



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अब की अब
यंत्रता दिवस को बुझाकर
kyaa?
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off on Domino's Pizzas,
you use your PetroCard.



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rewrite destiny.

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can't help
you with a
smoother
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PITY WE CAN REDUCE FRICTION ONLY IN CAR ENGINES.

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Lubricants and win*
Whirlpool refrigerators and
washing machines.



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Mera Bharat Mahaan



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Enter the PetroBonus™ Contest

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work for you.

The wonderful world of Bharatgas

- Round-the-clock (24 hours) Refill Booking Facility
- Home delivery of Refill Cylinders within 24 hours at your Convenience
- Free Hotplate Servicing
- New LPG Connections on Demand
- Purchase of Hotplate not Obligatory
- Regular Safety Education



By k
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R.V. Deshmukh &
S. Banerjee (also in team:
M.I. Khan, Aneet Mohan,
S.S. Batar, A.K. Mishra,
R. Shah, A.T. Hattiwale,
S.S. Saroj & R.P. Pottai)



Ramnath, G. Krishna, C. V. Ravikumar,
U. C. Patel & Surender Gahlot



R. Ganesh Babu &
Louis C. Painadath



Rahul Tandon & K. Venkatesan



Mathur



Akash Tiwari



H.S. Gayathri



S.V.L. Narayana

NPMP AWARDS



R Ghalsasi, S. C. Patil, Ajay Gupta, A. L. Juikar,
V. M. Padhye, B. B. Chaudhary & A. K. Goel.
(also in team: A. Ahmed)



Shankar Karajagi, D. Gandha,
B. Rana, R. Pawar & B. Rathod



Shri Ram Naik, Hon'ble Minister for Petroleum & Natural Gas presents the National Petroleum Management Programme (NPMP) Award for Excellence in Creativity & Innovation : 1999-2000 to S.P. Mathur, P.C. Srivastava, Gopalkrishan, P.V. Kumar, Atul Maini, Rajesh Sharma & Samir Mathur.



Ranjan Nair



S. R. Kulkarni



Samir Mathur



Maintenance Department Team, Refinery (comprising 37 members)

Won Chairman's Award for the Best Idea of the Year



Akash Tiwari



R Ghalsas
V. M. Pad



ARAYAN
Director
(Resources)



S. BEHURIA
Director (Marketing)



K.V. RAO
Joint Secretary (Ports),
Ministry of Shipping
(upto 22.8.01)



P.P. KALIAPERUMAL
Director



K. VASUDEVA
Director

Bankers

State Bank of India

Union Bank of India

Corporation Bank

Bank of India

State Bank of Patiala

Central Bank of India

Standard Chartered
Grindlays Bank

Standard Chartered Bank

ABN Amro Bank N.V.

ICICI Bank

HDFC Bank

State Bank of Travancore

Indian Bank

Auditors

RSM & Co.

Mehra Goel & Co.

Registered Office

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

Board of Directors



U. SUNDARARAJAN
*Chairman &
Managing Director*



M.B. LAL
Director (Refineries)



ASHOK SINHA
Director (Finance)



S.A. NARAYAN
*Director
(Human Resources)*



S. I.
Director



B. MOHANTY
*Joint Advisor
(Finance),
Ministry of Petroleum
& Natural Gas*



NARESH NARAD
*Additional Secretary,
Ministry of Petroleum
& Natural Gas*



P.N. KHANDWALLA
Director

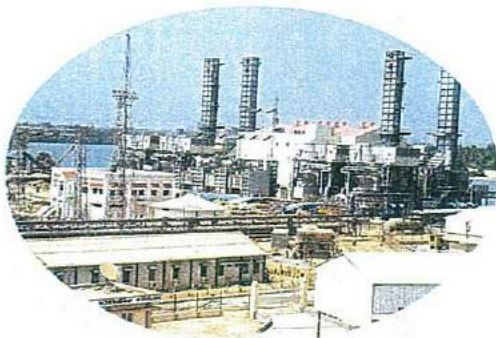


P.P. KAL
D.

D.M. NAIK BENGRE
Company Secretary



Record net profit of Rs.8.20 billion;
growth of 16.5 % over previous year



Acquisition of KRL and NRL to bridge the
production-sales gap and exploit
value maximisation opportunities



One of the best SAP Implementations
in India, winning the SAP Star
Implementation award

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Annual Report of Numaligarh Refinery Limited	

Performance Highlights



Impressive gross profit of Rs.20.33 billion;
growth of 17 % over previous year



Gross margin (Refinery) of Rs.9.55 billion;
growth of 35 % over previous year



Sales turnover surged to Rs.468.53 billion;
growth of 31 % over previous year

Delivering value through innovation

We believe in moulding ourselves to fulfil the diverse expectations of our customers and stakeholders.

We draw our support and sustenance from our customers and their satisfaction is our greatest concern.

With the latest technology in hand, we have adapted ourselves to suit the ever-changing external environment and to cater to the needs of the broad clientele of society.



For us, the level of customer satisfaction is the stimulant for human effort and initiative, a reward for risk-taking, a resource for growth and a sign of sound corporate health and efficiency.

We mould ourselves to change your lives.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 48th Annual General Meeting of the Shareholders of Bharat Petroleum Corporation Ltd., will be held at Y. B. Chavan Auditorium, at Yashwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai 400021 on Wednesday, the 26th day of September 2001, at 11.00 a.m. to transact the following Ordinary Business :-

1. To receive and adopt the Directors' Report along with the addendum thereto and the Report on Corporate Governance, the Audited Profit & Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date with the Reports of the Statutory Auditors and the Comments and the Review of the Comptroller & Auditor General of India thereon.
2. To declare final dividend.
3. To appoint a Director in place of Shri Naresh Narad, Additional Secretary, Ministry of Petroleum & Natural Gas, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri Naresh Narad, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. B. Mohanty, Joint Advisor (Finance), Ministry of Petroleum & Natural Gas, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Dr. B. Mohanty, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S.A.Narayan, Director (Human Resources), who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri S.A.Narayan, being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Statutory Auditors.

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

"RESOLVED that pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, remuneration of the Joint Statutory Auditors to be appointed by the Comptroller & Auditor General of India (C & AG) under Section 619(2) of the said Act, be and is hereby approved to be fixed at Rs. 8,50,000, to be shared equally by the Joint Auditors in addition to actual reasonable travelling and out of pocket expenses and service tax as applicable, for the year 2001-02 and for subsequent years, till further recommendation for increase in the remuneration is approved.



FURTHER RESOLVED that pursuant to the provisions of Section 224(8) (aa) of the said Act, fixation of the remuneration of the Joint Statutory Auditors at Rs. 5,50,000, to be shared equally by the Joint Auditors in addition to actual reasonable travelling and out of pocket expenses and service tax as applicable, appointed for the year 2000-01, by the C&AG, be and is hereby approved."

By Order of the Board of Directors

Sd/-

(D.M.Naik Bengre)

Company Secretary

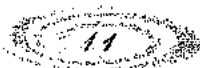
Registered Office:

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

Date : August 30, 2001.

Note :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies in the alternative to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.



Directors' Report

The Directors are pleased to present their report on the performance of Bharat Petroleum Corporation Ltd. (BPC) for the year ended March 31, 2001.

PERFORMANCE OVERVIEW

BPC had yet another year of resounding success. The consumption of petroleum products in the country, including sales by private marketeers and imports by end-users, went up from 97.09 million metric tonnes (MMT) during 1999-2000 to an estimated 100.08 MMT registering a growth of 3.08%. BPC's market sales volume at 19.35 MMT during the year grew by a robust 3.6% over the sales volume of 18.68 MMT during the previous year. BPC's market share among the oil PSUs moved up to 21.43% from 20.66% last year.

The performance of the Refinery Strategic Business Unit (SBU) during the year under report was excellent. Though the crude throughput achieved during the year 2000-01 was marginally lower by 0.21 MMT as compared to the previous year, the gross refiner's margin increased by 35% to Rs. 9,551 million as against Rs. 7,071 million during 1999-2000. The cost reduction approach adopted by the Refinery during the year yielded savings to the tune of nearly Rs.300 million.

The Marketing Strategic Business Units also did well. The growth in Motor Spirit (MS) achieved by the Retail SBU was 13.3% against the industry growth of 13%. The growth in High Speed Diesel (HSD) was 1.3% against the negative growth of 0.4% by the industry. The average sale per retail outlet per month achieved by the Retail SBU was higher than that of the industry by 11.7%. The Retail SBU has taken a number of initiatives during the year to provide better service to customers and also enhance the economic value of the retail outlets. The Industrial & Commercial SBU registered a growth of 2.3% against the negative trends in the industry. The B2B initiatives by this SBU have generated a very positive response from the customers. Rs. 80 million worth of business is done on this portal every day. The Lubricants SBU did well by registering a growth of 17% in turnover and 10.3% in gross margin. A number of new schemes were undertaken by this SBU to generate excitement at the Retail Outlets. These schemes made some of our brands household names. The Liquefied Petroleum Gas (LPG) SBU registered a growth of 12.6% against the industry growth of 9.3%. Aviation Turbine Fuel registered a growth of 4.9% against the industry growth of 2.1%.



C&MD BPC hands over the cheque to Shri Ram Naik, Hon'ble Minister for Petroleum & Natural Gas for acquisition of a majority stake in Kochi Refineries Ltd.

FINANCIAL PERFORMANCE AT A GLANCE

	2000-01	Rs. in Million 1999-2000
Sales Turnover - Gross	468,528.84	357,429.00
Gross Profit before Depreciation, Interest and Tax	20,331.46	17,376.42
Interest	2,555.61	1,854.16
Depreciation	6,644.63	6,153.71
Profit before Tax	11,131.22	9,368.55
Provision for taxation	2,930.00	2,330.00
Profit after tax	8,201.22	7,038.55
Excess/(Short) tax provision in earlier years written back/provided for	125.41	(22.24)
Transfer from Investment Allowance Reserve	141.14	88.13
Balance brought forward from the previous year	0.01	0.01
Amount available for disposal	8,467.78	7,104.45

The Directors propose the following appropriations:

Towards Dividend:		
Interim Dividend	1,200.00	
Final (Proposed) Dividend	1,050.00	1,875.00
Towards Corporate Dividend Tax	229.50	412.50
For transfer to General Reserve	5,988.27	4,816.94
Balance carried to Balance Sheet	0.01	0.01

Summarised Cash Flow Statement:

Cash flows:		
From operations	10,114.08	8,970.19
On investing activities	(20,509.39)	(13,758.13)
On financing activities (net of long term borrowings)	(162.75)	(2,704.55)
Net increase/(decrease) in cash & cash equivalents met through additional working capital borrowings	(10,232.56)	(7,492.50)

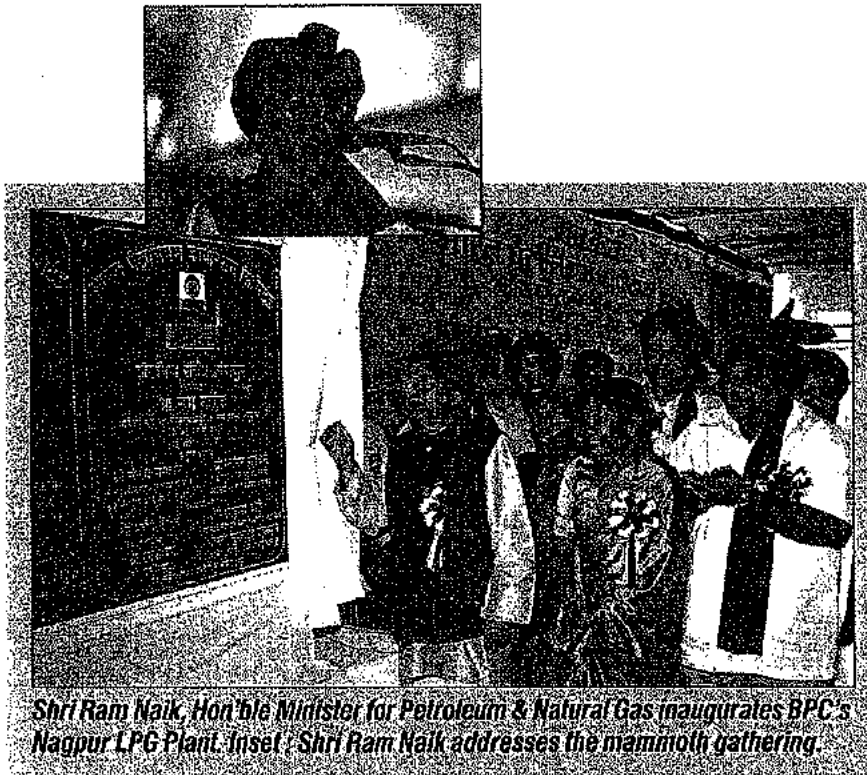
The review of the Accounts by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956, and his comments thereon together with the explanations of the Board of Directors, are annexed as Annexure D.

The gross sales turnover went up by 31% to Rs. 468.53 billion during the year under report as compared to Rs. 357.43 billion for the previous year. This quantum jump in the turnover was due to growth in market sales volume, sale of products produced by Chennai Petroleum

Corporation Ltd., (CPCL) and finally, increase in the prices of petroleum products. Sale of CPCL's products to other oil companies was at purchase value. The agreement with CPCL came to an end on March 31, 2001. There will therefore be a corresponding dip in the sales volumes during the year 2001-02. However this will not impact the profits.

During the year under report, gross profits before interest, depreciation and taxes moved up by 17% to Rs. 20,331.46 million from Rs. 17,376.42 million during





Shri Ram Naik, Hon'ble Minister for Petroleum & Natural Gas inaugurates BPC's Nagpur LPG Plant. Inset: Shri Ram Naik addresses the mammoth gathering.

general reserve. With this BPC's net worth as on March 31, 2001 increased to Rs. 40,793.89 million from Rs. 34,946.83 million as at the end of the previous year. Interest out-go during the year was higher at Rs. 2,555.61 million as compared to Rs. 1,854.16 million due to the enhanced working capital requirements. This was due to increase in the price of crude oil/product and outstanding amount receivable from the Oil Pool Account.

the previous year. This was inter-alia due to higher refiner's margin, accounting of marketing margin updation for the years 1996-97 and 1997-98 by Oil Coordination Committee, accounting of pool claims for LPG cylinder depreciation, and return based on the revised scheme implemented by OCC. The increase in revenue was partially offset by increase in wages due to the impending Long Term Settlement with the Unions.

An interim dividend of Rs. 4.00 per share has been declared which has already been paid. The Directors further recommend, for your approval, a final dividend of Rs. 3.50 per share on the post-bonus equity capital of Rs. 3,000 million. During the year bonus shares were issued in the ratio of 1:1, raising the equity capital from Rs.1,500 million to Rs.3,000 million. The total dividend of Rs. 7.50 per share of Rs. 10 each on post bonus basis works out to be higher by 20% than the dividend of Rs. 12.50 per share paid during the previous year on pre-bonus basis.

The total dividend for the year will absorb Rs. 2,250 million out of the profit after tax. After providing Rs. 229.50 million for tax on distributed profits and Rs. 0.01 million carried forward to balance sheet, Rs. 5,988.27 million will remain for transfer to the

Depreciation during the year increased by Rs. 490.92 million to Rs. 6,644.63 million. Out of this increase an amount of Rs. 352.69 million was on account of cylinder depreciation. BPC depreciates cylinders at 100%.

Thus the Profit after tax for the year 2000-01 increased to Rs. 8,201.22 million from Rs. 7,038.55 million in 1999-2000 registering a growth of 16.5%.

The earnings per share translate to Rs. 27.34 on a post-bonus capital as compared to Rs. 46.92 on pre-bonus capital (equivalent to Rs. 23.46 on the post-bonus capital) during 1999-2000. Internal cash generation during the year increased to Rs. 12,305.82 million from Rs. 10,893.88 million in the previous year. BPC contributed Rs. 101,245.09 million to the exchequer by way of taxes and duties vis-à-vis Rs. 88,446.16 million during 1999-2000.

BPC's compounded annual growth rate for the last five years, in terms of sales volume and net profits stood at 5.26% and 17.34% respectively. During this period, BPC has consistently earned a return on net worth of more than 21%. The book value of our share during this period has increased by 2.4 times to Rs. 136 post bonus even



after attractive payouts. The Profit after tax as a percentage of capital employed was 10.7% as against 12.6% in the previous year. The reduction in this ratio was largely due to the investment of Rs. 8,316.6 million made to acquire a majority stake in Kochi Refineries Limited, Numaligarh Refinery Limited and increase in working capital.

Borrowings from the banks increased to Rs. 22,813.16 million from Rs. 14,790.65 million at the close of the previous year. Further, the term loans from banks and that of the World Bank stood at Rs. 3,700 million and Rs. 60.26 million respectively (previous year - Nil and Rs. 98.96 million). With this, the Debt-Equity ratio has increased to 1.02.

Public deposits as at March 31, 2001 stood at Rs. 3,941.84 million as compared to Rs. 3,316.19 million at the end of the previous year. The amount of deposits matured but unclaimed, at the end of the year was Rs. 42.47 million which pertains to 338 depositors.

The total Capital Expenditure during the year 2000-2001 (including investment of Rs. 8,631.74 million in joint venture/ subsidiary companies) amounted to Rs. 20,979.09 million.

The Institute of Chartered Accountants of India has commended BPC's annual accounts for the year 1999-2000. BPC received a plaque in the public sector/ joint sector category.

Today, only Motor Spirit, High Speed Diesel, Kerosene (domestic), and LPG (domestic) are under the

Administrative Pricing Mechanism. Prices for all other products are market determined. Complete decontrol is slated for April 2002 when marketing is to be thrown open to the private players. Many of the leading players are expected to dot the landscape at that time. BPC realised that in the long run success can come only if we totally reorient and change ourselves to improve the value we offer to the customers. We have therefore taken proactive action over the last four years to ready ourselves for the competition. Today each employee in

BPC sincerely does his best to understand customer needs better and then relentlessly works towards their fulfilment.

We have a long way to go before we fulfil the goals we have set ourselves in customer satisfaction. However, the innovative marketing practices being adopted by staff at all levels to give better value to the

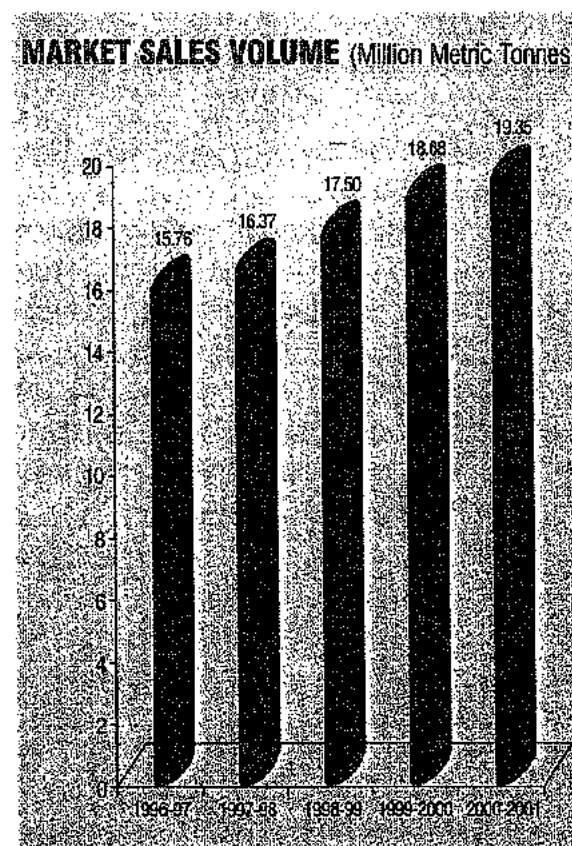
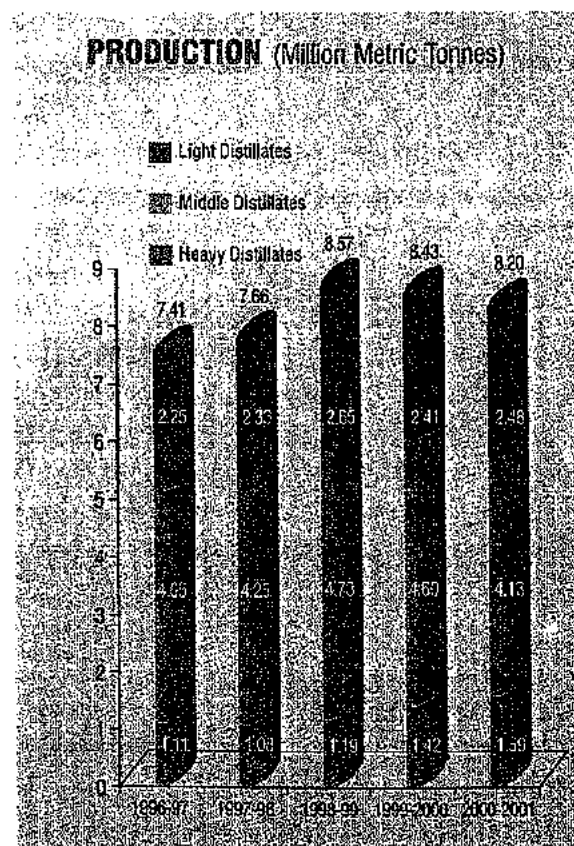
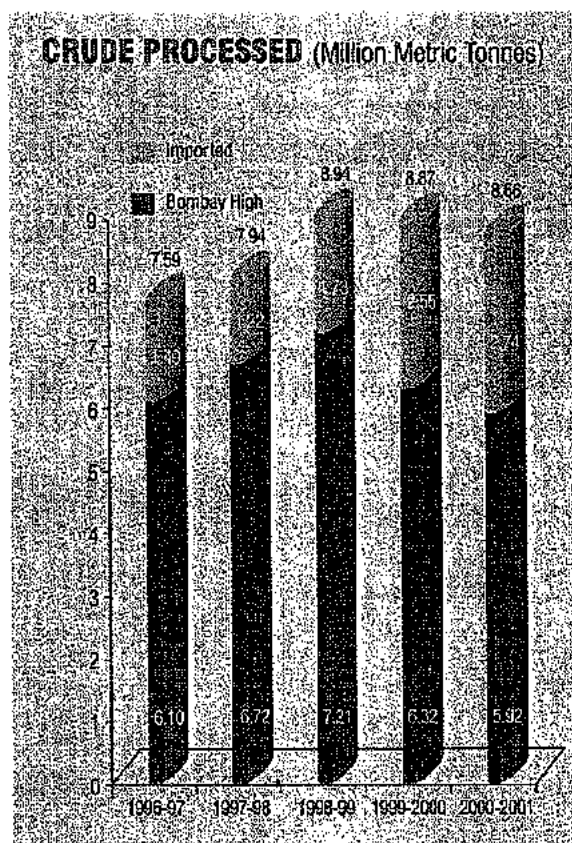
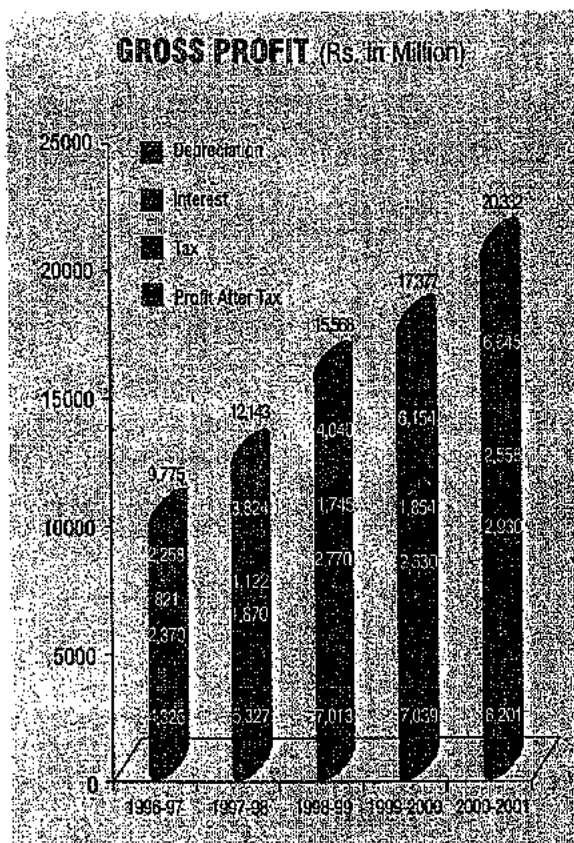
customer, make us confident of maintaining our position as the most preferred fuel supplier.

For BPC, commitment of the employees is a critical resource. Fully realising that only a happy employee will put his best foot forward with the customers, BPC works towards making the organisation a great place to work. In a survey conducted by Hewitt Associates for the January 2001 Issue of Business Today magazine to identify the best employers, BPC was ranked among the top ten employers in India. The objective of the study was to find out which companies had really charged the emotional and intellectual energy of their employees. The other companies who were selected were Infosys, Hewlett-Packard, P&G, ICICI, Hughes, LG, HLL, Compaq and Asian Paints.

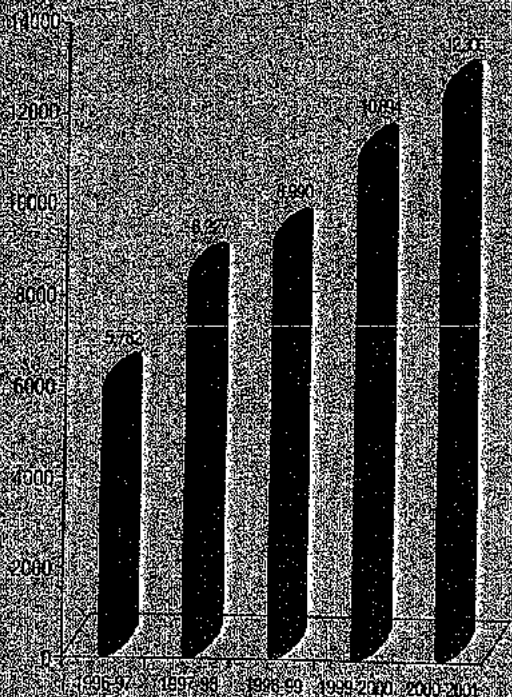


Director (F) receives a plaque from ICAI for the best presented accounts amongst the public and joint sector companies in 1999-2000

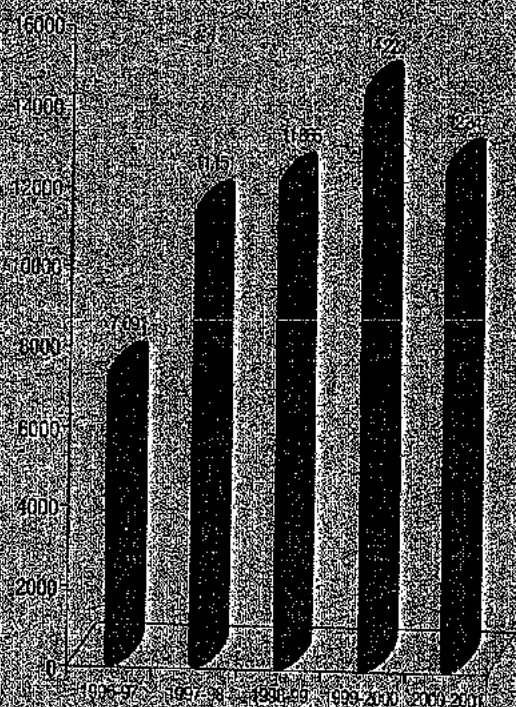




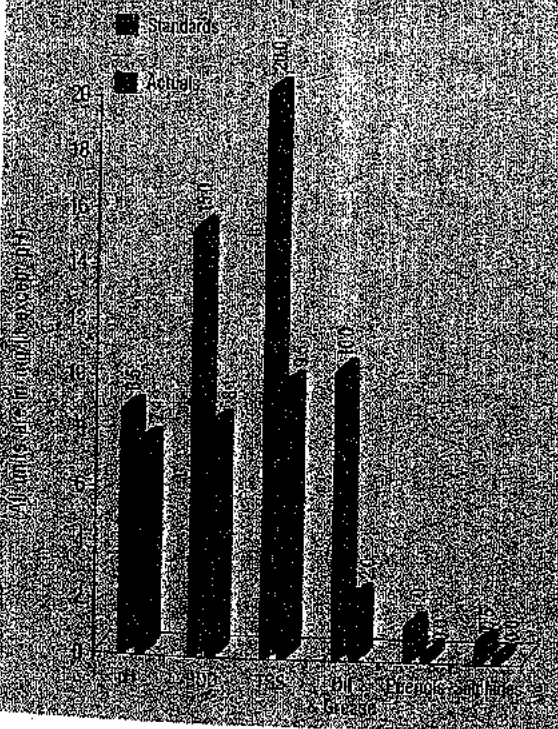
RESOURCES GENERATED (Rs. in Million)



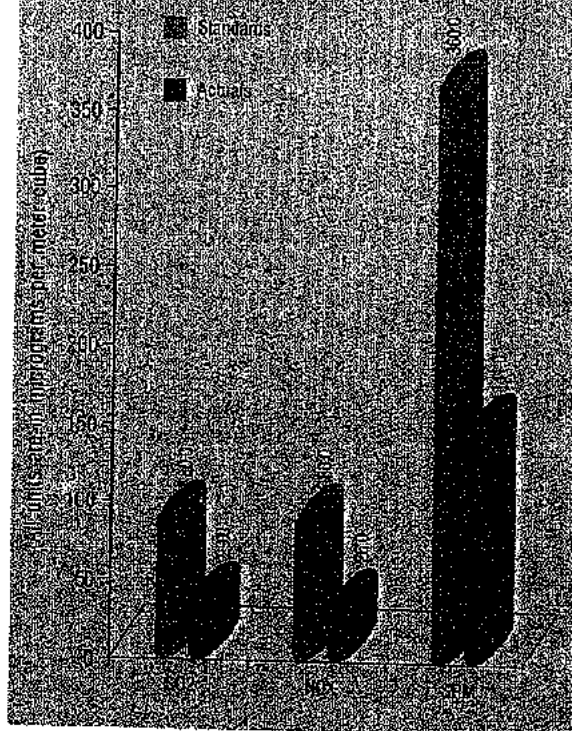
CAPITAL EXPENDITURE (Rs. in Million)



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



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



Refinery

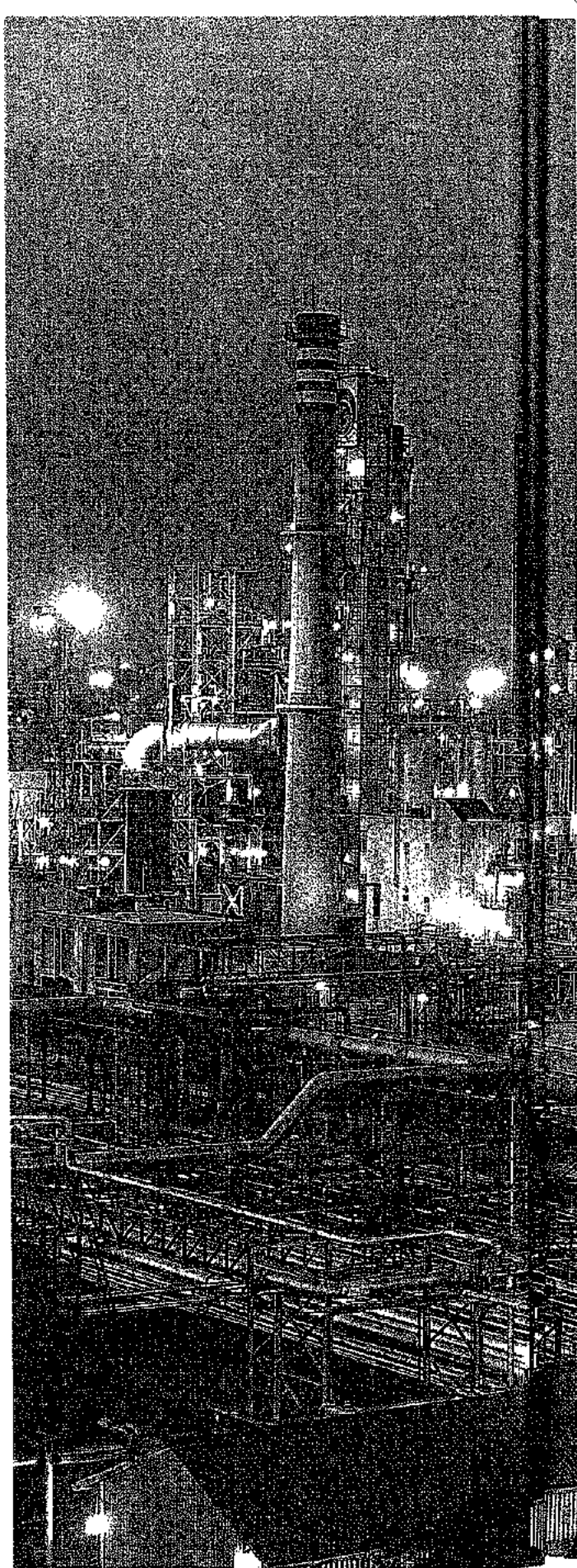
REFINERY

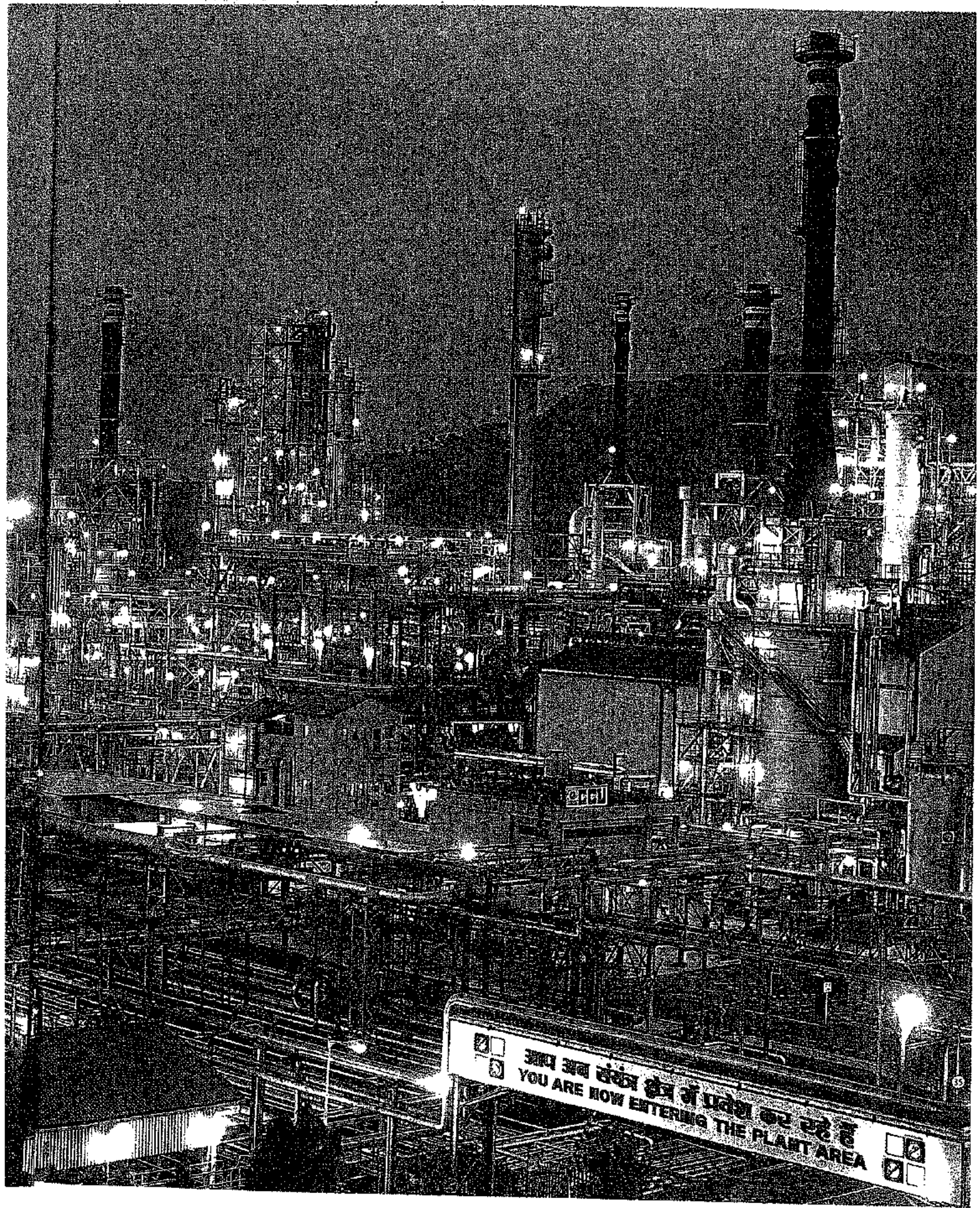
The crude throughput for the year was marginally lower at 8.66 MMT as compared to the previous year throughput of 8.87 MMT due to planned shutdown undertaken during the year under report. Due to lower availability of lighter crudes like Mumbai High, the total distillate yield declined to 76.2% (weight on crude) as compared to 78.6% in the previous year. In spite of this, the gross margin per tonne of crude processed increased to Rs. 1104 from Rs.797 in the previous year. This translates to nearly US \$ 3.1 per barrel as against US \$ 2.4 per barrel during 1999-2000. The gross refiner's margin for the year increased by 35% to Rs. 9,551 million as against Rs. 7,071 million during 1999-2000.

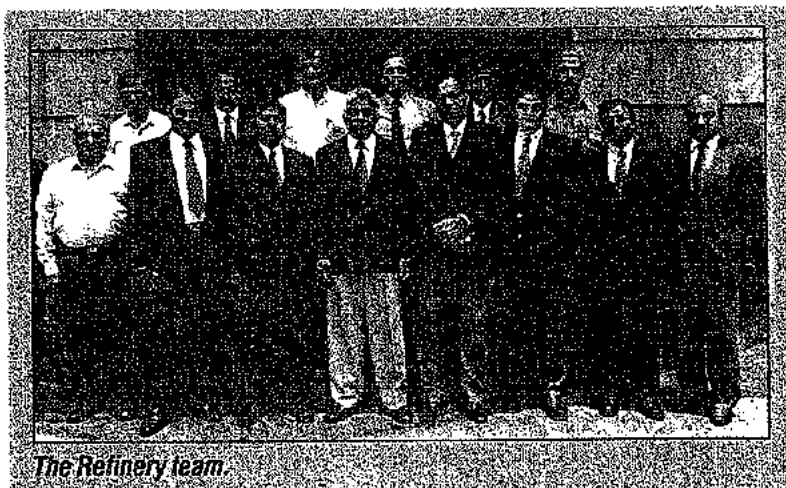
The higher margins were achieved as a result of several innovative steps taken by the Refinery such as maximisation of value added products, upgradation of heavy ends to the extent of almost 2.5% by weight on crude, and selection of right crude mix. The on-stream factor for many of the processing units (excluding the planned shutdown period) was 100%.

The operating cost for the Refinery (including the associated activities such as LPG filling, Bitumen manufacturing and filling, and Aromatics production) went up from Rs. 3,873 million in 1999-2000 to Rs. 4,794 million during the year. The increase in cost is mainly attributable to a provision of Rs. 1,022 million towards wage arrears pursuant to the Long Term Settlement to be concluded with the Unions. In fact, the cost reduction efforts made by the Refinery yielded savings to the tune of Rs. 300 million through reduction in the consumption of catalysts and chemicals, utilities and reduction in the maintenance expenditure through rationalisation and adoption of improved maintenance technology.

There has been a marginal increase in fuel & loss, which (as a % weight of crude) went up from 5.5% in 1999-2000 to 5.9% during the current year. This was due to sustained operation of the Diesel Hydro Desulphurisation facilities in order to meet the demand for Low Sulphur Diesel for Mumbai. The Specific Energy







The Refinery team

process monitoring, improved control over plant operation and product properties, and better response in emergencies and overall plant safety.

The Refinery is also implementing various other projects, which will upgrade product quality and reduce energy consumption. These include:

- Revamp of Fluid Catalytic Cracking Unit including the Gas Plant for higher LPG and Gasoline yield at an

Consumption Index (thousand BTU per barrel per energy factor) which is a measure of fuel efficiency vis-à-vis complexity of refinery processing units, has improved from 120 to 115.4 during the year.

Refinery efficiencies are expected to further improve due to the ongoing major Refinery Modernisation Project (RMP) and the Manufacturing Execution System (MES). The RMP, which is estimated to cost Rs. 15,927 million will improve the Refinery throughput to 12 MMT and at the same time improve the product quality to meet the more stringent future specifications. With implementation of this project, there will be greater flexibility to process the cheaper high sulphur/heavier crudes. The internal rate of return from this investment is expected to be around 17%. All statutory approvals are in place. The project activities are in full swing and the facilities are expected to be commissioned by March, 2004.

The Manufacturing Execution Systems is a state-of-the-art integrated information system software which addresses all the core refining processes from planning upto product evacuation. The applications under implementation include Integrated Production Management which is expected to be completed by October 2001, Online Optimisation and Process Modelling & Simulation, both of which will be completed in August 2002.

Implementation of MES and SAP has already started yielding tangible benefits especially in terms of optimisation of crude mix and product slate, improved

estimated cost of Rs.535 million, scheduled for completion in April 2002.

- Offsite Automation Project which includes auto tank gauging, product blending and custody transfers of petroleum products from the Refinery. This will reduce product quality give-away and enable effective utilisation of tankages. The project is expected to be completed by October 2001, at an estimated cost of Rs. 548 million.
- Additional Gas Turbine (GT) along with Heat Recovery Steam Generator (HRSG) to increase the power and steam generation for enhanced reliability of operations. The project, estimated to cost Rs.1,750 million, is expected to be completed by November 2001.

The total capital expenditure incurred on the various projects undertaken by the Refinery during the year under report was Rs. 2,138.6 million.

At the Refinery, safety continued to be an important priority. The Refinery achieved 7 Million Man-hours without Lost Time Accident in October 2000. The total number of injuries to both company and contractors' employees were reduced by 12% vis-à-vis the last year. The Lost Time Injury frequency rates of Refinery as well as contractors' employees were 0.15 and 0.24 respectively which compare favourably with the best of international downstream oil industries.

The Refinery is replacing the existing pressurised Horton



spheres with mounded LPG storage facilities. This will reduce the risk associated with use of Horton spheres.

The impressive safety record of the Refinery was recognised by The British Safety Council, UK, which awarded the Refinery with the National Safety Award 1999, in the Manufacturing category, during April 2000. The Refinery has also won the Significant Improvement award from National Safety Council, USA, for significant reduction in incident rates in 1999.

The Refinery has already been accredited with ISO-14001 for its Environment Management System. Continuous efforts are made towards protection of the environment. Some of the initiatives undertaken by BPC during the year include implementation of the latest technology using hydro cyclones and other equipment for mechanical recovery of hydrocarbons from crude oil sludge under solid waste management; application of environmentally benign technology of bio-remediation of oily earth material in crude oil tank farm areas using specialised 'oilzapper' micro organisms developed by Tata Energy Research Institute; use of DeSOx additive in Fluid Catalytic Cracking Unit for reduction of emissions; commissioning of low NOx burners in High Efficiency Boiler for reduction in NOx emissions; installation of semi-automatic tank bottom drain valves on Motor Spirit/Diesel service to minimise hydrocarbon content in water drained from the tanks; reduction of fresh water consumption by around 300 m³/day by tighter



Director (R) receives the Golden Peacock National Quality Award 2000.

monitoring and control; installation of bio-gas plant for eco-friendly disposal of canteen waste; and fugitive emission monitoring surveys in processing units / offsite facilities at regular intervals.

During the year, the Institute of Directors selected the Refinery as the winner of the prestigious 'Golden Peacock National Quality Award 2000' in the large manufacturing category. The BPC Refinery also received the 'Best Ecological and Environmental Implementation Gold Award' and 'Best Pollution Control Implementation Gold Award' from International Greenland Society, Hyderabad, for the year 1999-2000.

BPC's International Trade division has been granted the Trading House status by the Director General of Foreign Trade. During the year, BPC exported about 214.3 TMT of Naphtha, 9.6 TMT of Low Sulphur Waxy Residue and 15.6 TMT of Furnace Oil.

Every effort is being made by the Refinery team towards value maximisation. However, the country is likely to have surplus refining capacity in the medium term and this may depress the refining margins. It may become necessary to sporadically export some products, which will also impact the margins. The various initiatives outlined above will go a long way towards ensuring that the Refinery maintains its growth in profitability. The marketing strategy of BPC has also been developed taking these factors into account, so that the impact on the profitability of BPC as a whole is minimised.



Retail

RETAIL

The Retail SBU markets Motor Spirit, High Speed Diesel and Kerosene through BPC's Retail Outlets. It also manages BPC's non-fuel initiatives.

Fuels

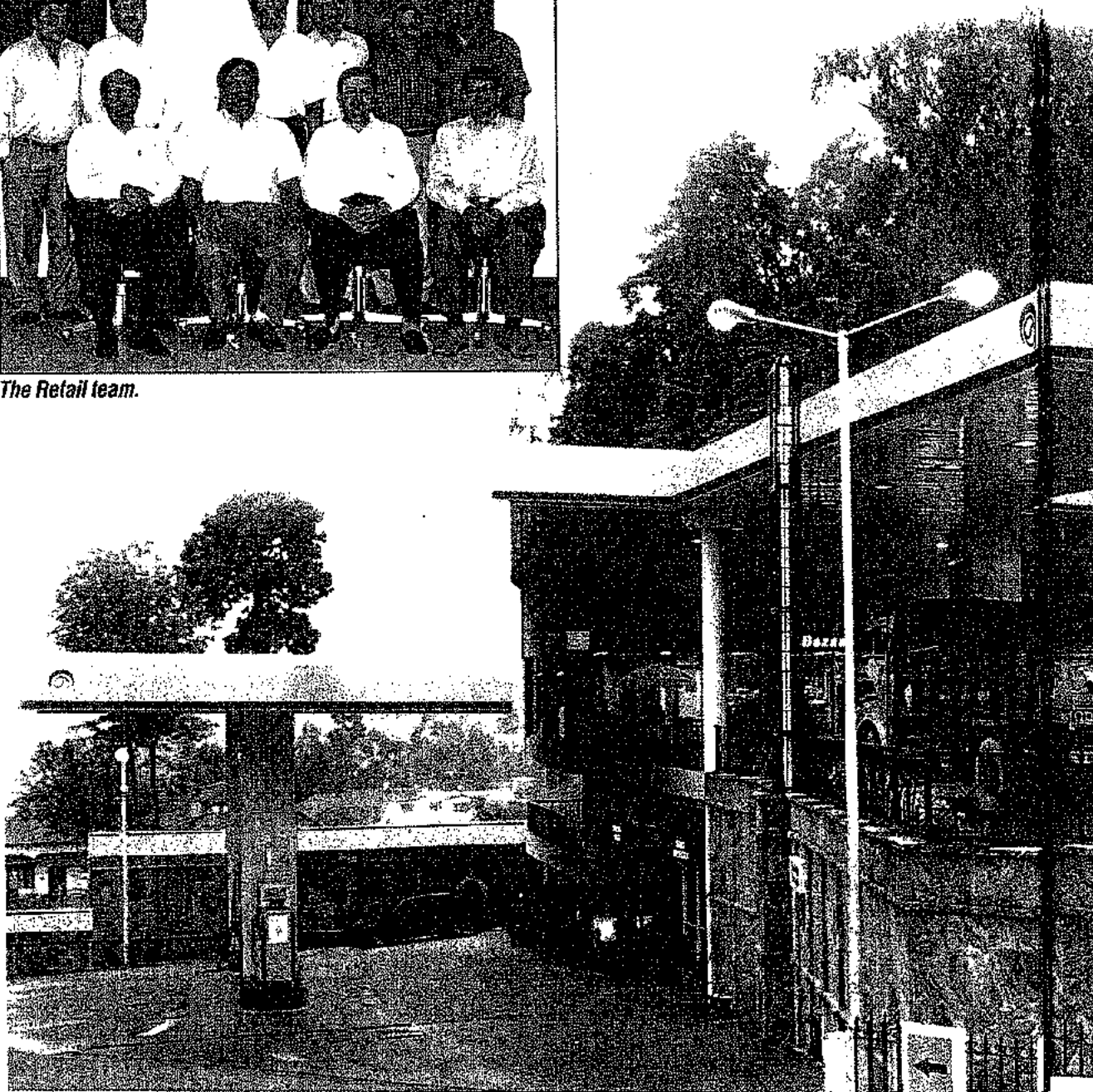
In the fuels business, BPC registered a growth of 13.3% in MS against the industry growth of 13%. In HSD, we registered growth of 1.3% against the industry's negative growth of 0.4%. While we maintained our market share in MS at 31.8%, in the case of HSD, our market share increased from 26.6% during 1999-2000 to 27.04% in 2000-01. As SKO is an allocated product, the volumes

remained constant and BPC maintained its market share at 16.3 %.

Ever since the Retail SBU was formed in 1998, efforts have been focussed on building a stronger relationship with the customer. We have also been working towards increasing the economic value of the existing retail outlets rather than setting up new outlets. This strategy will save investments and at the same time enable better economies of scale. As can be seen from the table on the next page, BPC is steadily increasing the gap between the throughput at its outlets vis-à-vis the average for the industry.



The Retail team.



Year	Sales of MS/HSD in thousand tonnes	Number of retail outlets	Sales per Outlet in tonnes per month		% by which BPC's per outlet sales are higher than the Industry
			BPC	Industry	
1996-97	8505	4373	162.08	155.55	4.2%
1997-98	8726	4407	165.00	157.74	4.6%
1998-99	9182	4423	172.99	161.86	6.9%
1999-00	9705	4489	180.16	165.83	8.6%
2000-01	10047	4562	183.50	164.30	11.7%

M/s. M. Vishwanathan, Ooty.





Shri Ram Naik, Hon'ble Minister for Petroleum & Natural Gas inaugurates BPC's 'Pure for Sure' campaign.

go before we achieve this vision, each BPC employee is relentlessly pursuing this objective. As one of the major initiatives in this direction, BPC has just launched an 'Enhanced Fuel Proposition' (EFP) programme - a nationwide effort at dispensing the pure quality of fuel in the correct quantity and at the same time, delivering courteous, fast and efficient service. The retail outlets covered under this programme will display the 'Pure for Sure' sign and BPC

BPC is committed to build a leadership position in the fuels business. At the same time, we also aspire to build a niche for ourselves in the non-fuels segment. Our large retail network and the fact that we have a presence in almost every corner of the country, gives us a unique position of strength. Our efforts are to build a superior understanding of customer needs and relentlessly work towards fulfilling them.

The Retail Team has chalked out a detailed strategy for itself in consultation with the leading international consultants, McKinsey & Co. The strategy focuses on building stronger relationships with our customers and leveraging our retail network for realising greater economic value. Various new initiatives have been identified both in the fuel and non-fuel areas. These initiatives were identified based on need gaps articulated by consumers during many focus group discussions and extensive market research. We believe these new offerings will provide great value to the customers and help us gain their loyalty.

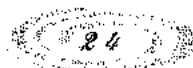
BPC recognises that one of the basic needs of the customers is pure quality and the correct quantity of fuels. BPC is passionately committed to making this a reality at its retail outlets. Though we have a long way to

will guarantee that the correct quality and quantity is dispensed there. In order to be able to do so, strict quality control and tracking measures are in place. 100% adherence to quality control is being ensured at every point from the depot to the customer's fuel tank. Special locks have been provided in tank lorries and comprehensive sealing has been undertaken of the dispensing units. Before certification, the retail outlets are subjected to stringent tests by TUV SÜDDEUTSCHLAND - INDIA - a renowned international agency, to ensure that all parameters of the programme are complied with. Mystery audits and extensive inspections are carried out at these retail outlets to ensure that they continue to comply with the requirements of the EFP programme. The proposition has been rolled out at 98 retail outlets across Mumbai, Delhi, Kolkata, Bangalore and Chennai. Over a period of two years, most of our retail outlets are intended to be covered. Our vision is to make BPC retail outlets synonymous with good quality fuel and courteous service.

In yet another effort to build a direct relationship with retail customers, BPC had introduced the PetroBonus programme last year. Through use of the PetroCard petromiles are allotted as points. With more than 300,000



Bharat Petroleum Corporation Limited



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members, PetroBonus is the largest customer loyalty programme in India. We expect to enrol another 500,000 members during 2001-02. The fact that members see value in the programme is reflected in the high usage. Nearly 30,000 transactions take place every day, valuing at Rs. 13 million. The PetroCard was also voted as the 'Product of the Year' by the Smartcard Forum of India.



The Petro Card has gained immense popularity.

In order to cater to the distinct needs of truck fleet owners and truck drivers, BPC has chalked out an ambitious highway strategy. A chain of EFP outlets with special facilities to cater to the highway segment is being set up on highways along the Golden Quadrangle. These outlets offer fleet owners guaranteed quality and quantity, vehicle tracking, communication services, centralised payment systems and emergency assistance. BPC is also offering reasonably priced hygienic food, visible parking, basic restrooms and other facilities at many of these sites. High volume centres have been identified on major routes in such a way that outlets of this class are available for truckers to refuel all along the way. Many of these outlets are One-Stop Truck Shops (OSTSs), which are under direct control of BPC. Management staff of BPC are posted at these outlets and take full responsibility for all aspects especially the

quality and quantity. Twenty such OSTs have so far been commissioned and BPC plans to take this number to fifty by March 2002. There are another 300 outlets which are run by BPC dealers having a good reputation for quality and quantity. These outlets may not have all the facilities offered by an OSTs outlet but are also subject to stringent controls to ensure that they remain quality and quantity compliant. BPC plans to take the number of these outlets to 400 by March 2002. A dedicated sales force has been constituted especially to execute the highway strategy and build relationships with key customers.

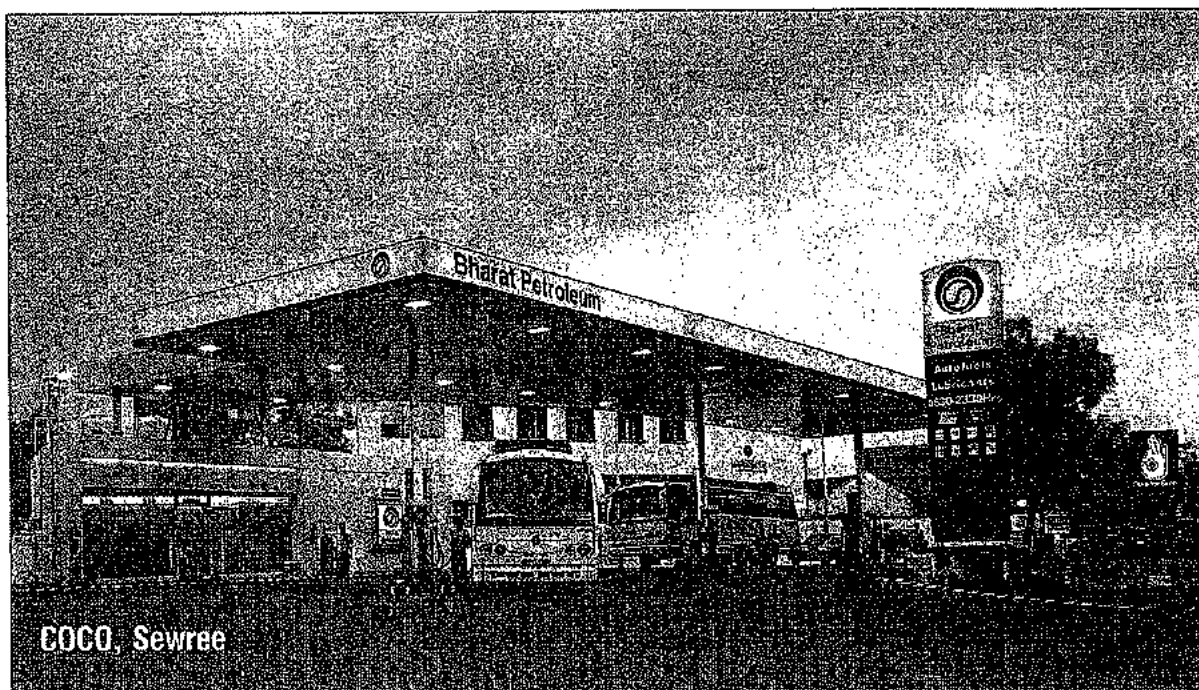
We have recently launched the 'SmartFleet' card targeted at fleet owners and corporate customers. This programme, which is co-branded with Tata Finance, has been rolled out at select retail outlets on the Delhi-Mumbai-Bangalore-Chennai National Highway and in cities where PetroCard has been launched. Other National Highways will be covered during 2001-02. The objective is to offer all possible conveniences for fleet management like tracking of vehicles, flexible payment options, rewards, messaging service and options for MIS reports. The response to the programme has been good, with over 12,000 vehicles already enrolled. We expect that 100,000 vehicles will have enrolled by April 2002.

Both PetroBonus and SmartFleet help us in gaining a superior understanding of customer needs and tailoring our offerings accordingly.



The SmartFleet card is in vogue with fleet owners and corporates.



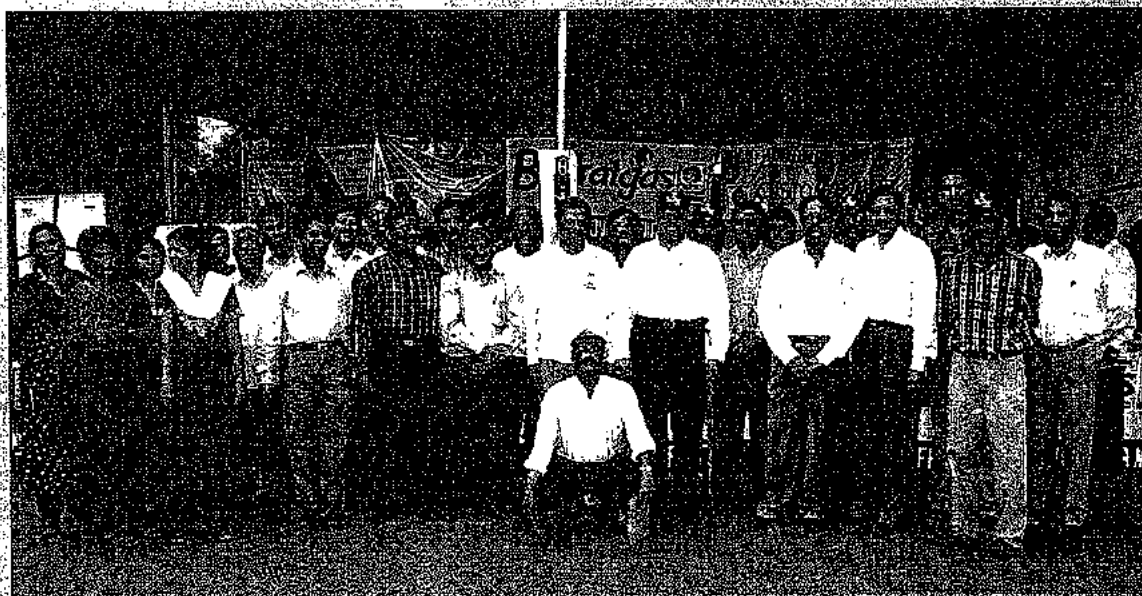


Non - Fuels

BPC believes that the non-fuel proposition would help us leverage our retail outlet sites better and at the same time offer greater convenience to our customers.

BPC has recently set up branded convenience centers called 'In & Out' stores aimed at facilitating shopping and completing multiple errands at conveniently located

outlets. 'In & Out' stores offer 14 key product categories and services under one roof covering ATMs, photo shops, music, fast food, greeting cards, courier services, drop box for credit card and mobile phone payments, movies/entertainment ticketing etc. Open for extended hours, these self-service stores have been launched in 34 locations in Chennai, Mumbai and New Delhi during the first phase. The second phase of around 40 stores



The Retail, Lubes & LPG teams at Goa gear up for the Customer Care - Glide Meta campaign.

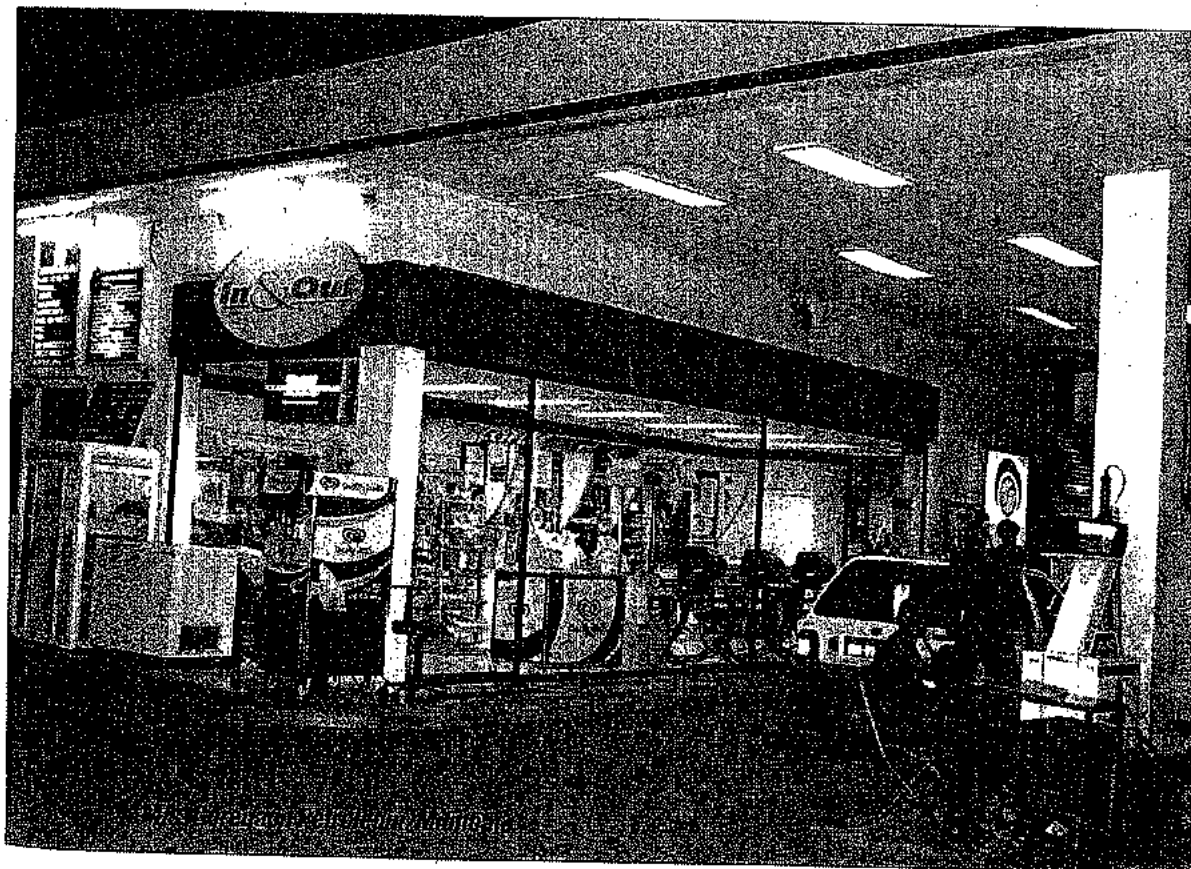


would cover the other major cities of Bangalore, Kolkata, Hyderabad and Ahmedabad. Eventually this concept would be expanded to 300 locations across 23 cities. Strategic alliances have been entered into with leading brands including Orange, BPL, Skycell, Essar Telcom, Qwiky's, Kodak, Pepsi, Kwaliti Walls, HLL, DHL, ITC, HMV Saregama, Sony, Skypack, Standard Chartered Grindlay's, ICICI, UTI and HDFC. The response has been good.

The spread of our retail outlets makes us uniquely positioned to undertake delivery and collect payments for goods purchased by customers on line. BPC has launched a 'Clik n Pik' proposition. We have entered into strategic alliances with leading e-tailers like Jaldi.com, Archiesonline.com, Firststandsecond.com, Rediff.com, Fabmart.com, Sify.com, and HamaraCD.com for a wide range of products and services exclusively being offered to our customers. Apart from net shopping, Clik n' Pik would also have Internet access provided through an exclusive alliance with Tatanova.

BPC is exploring the possibility of creating a position for itself in the grocery market. We are initially focussing on grocery stores, which will offer the full range of stock up groceries at a discount in a smart and convenient format. Our first pilot store was set up at our Retail Outlet in Bangalore. The store is managed by BPC staff. The pilot has greatly helped in our understanding the intricacies of the grocery business. Customer response to the store has been overwhelming. We intend to set up a few more stores in Bangalore, learn from that experience, and further understand various issues involved in operating a chain of stores. Depending on the experience, a final decision will be taken on the Grocery Business.

The Retail Team will be most impacted by deregulation. However, with the competencies to serve the customer better that we have built over the last 4 years, BPC is confident that we will maintain our position of strength in this segment.



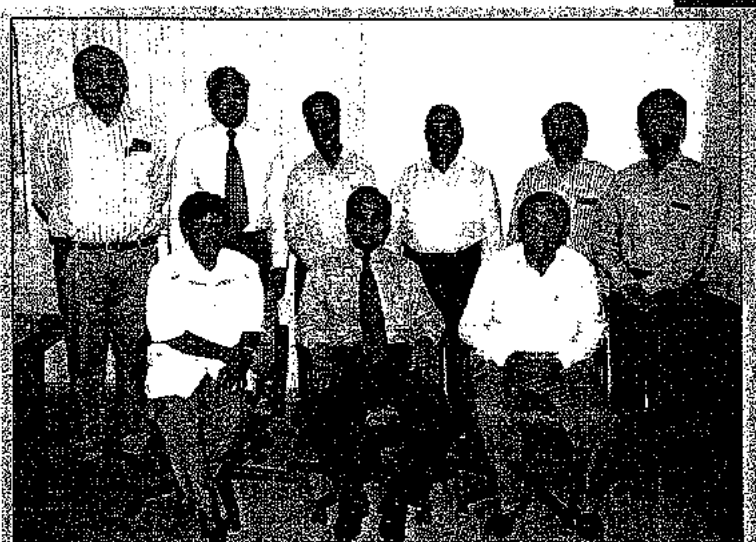
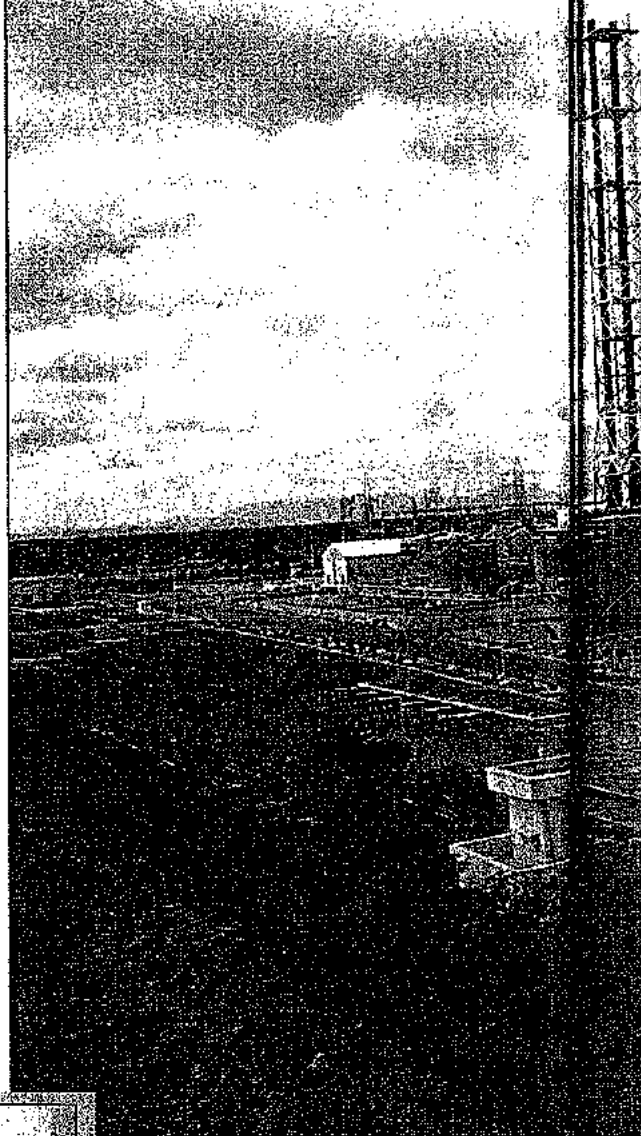
INDUSTRIAL & COMMERCIAL (I&C)

Direct sales to our bulk industrial customers are handled by the Industrial & Commercial SBU. These sales give BPC 27.5% of its total volumes and 14.7% of its gross margins. During the year 2000-01, I&C registered a sales volume of 5.32 MMT recording a growth of 2.3% against the industry's negative growth of 3.4%. BPC's market share in this segment is steadily increasing and during the current year it went up to 15.8% from 14.9% in the previous year. 77% of the volumes handled by this SBU are outside the pricing controls. Due to the intense price competition, the gross margin has decreased from Rs. 882 per tonne in 1999-2000 to Rs. 734 per tonne in the current year.

I&C sourced almost 90% of its requirement of deregulated products from BPC's own sources. Almost 85% of this was marketed within the economic zones thereby resulting in good margins.

BPC's B2B initiative continued to generate a very positive response from the customers. As on the date of this report, nearly 2800 customers use this portal. Approximately Rs.80 million worth of business is being posted every day. Customers find the portal useful mainly for order placement, despatch information and for online communication. The benefits for them are better inventory management, better financial information and more convenience. It is proposed to integrate the portal with the SAP system for reducing the

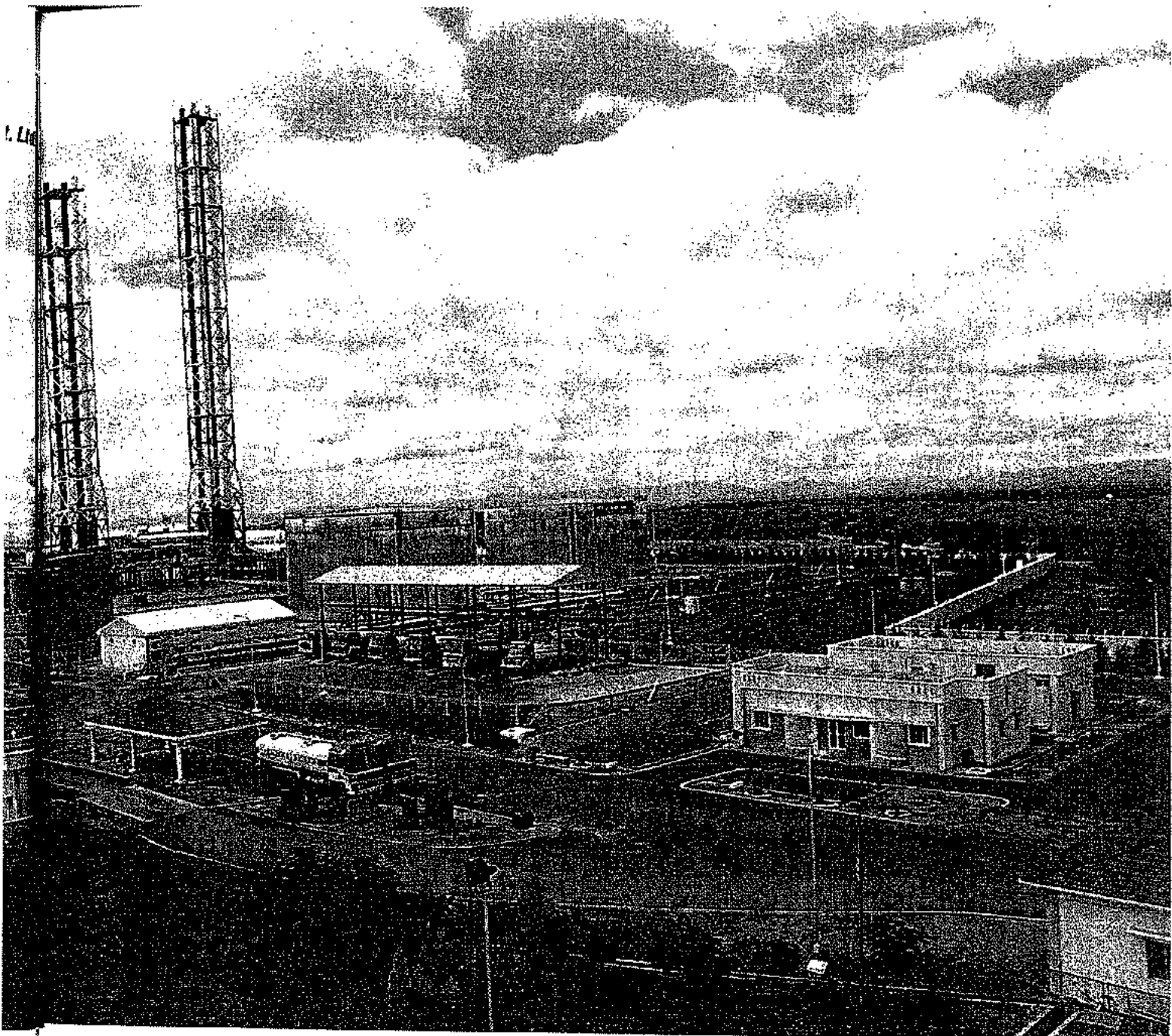
Samalpatti Power Company Pvt. Ltd.



The I & C team

response time, and also to capturing data from Kochi and Numaligarh refineries. This will enable sharing of the complete information with the customers. The portal will soon enable customers to see their statement of accounts. We also plan to introduce an option for customers to be able to integrate the portal with their own system. This has greatly cut down the order fulfilment time.

In order to receive feedback from our



customers, 18 Customer Advisory Board meetings were held. The suggestions received in these forums enabled us to get a superior understanding of customer needs.

Competition in this segment is likely to intensify further. Total liberalisation of the export-import policy is taking place and entry barriers for import of petroleum products are being removed. There is a large-scale entry of private players taking up oil trading. The impact of general slow down in the Indian economy in the current fiscal year may lead to customers looking for various options to further economise their operations. The trend of large and medium actual users sourcing their own

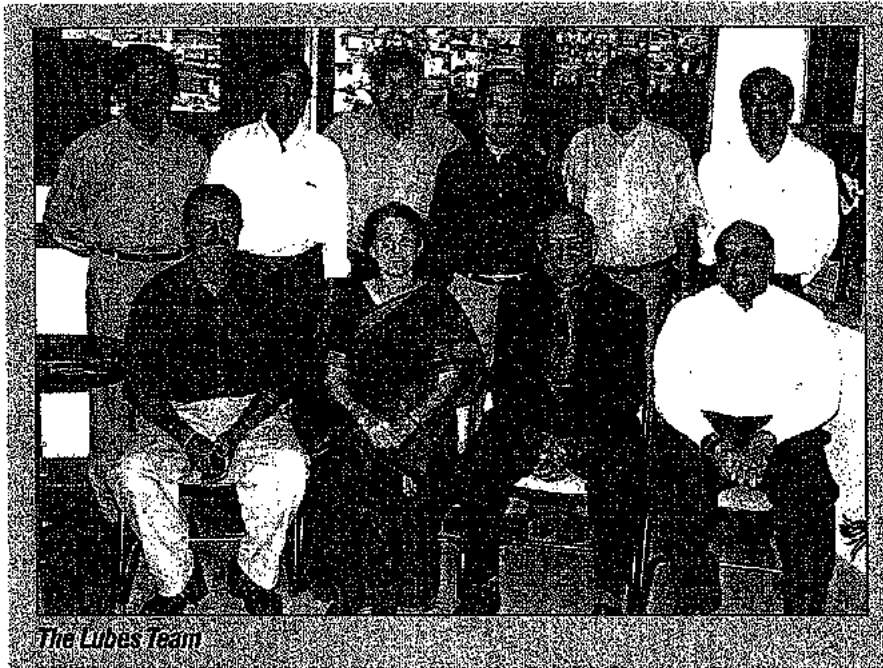
fuel requirements independently through private tanking facilities at ports is on the increase. During 2000-2001, Naphtha imports alone went up by 29% and Furnace Oil / Low Sulphur Heavy Stock Imports increased by 37%.

The I&C business is closely linked to the performance of the industrial sector, which is expected to perform well. The I&C team is taking every possible step to gain a better understanding of customer needs and fulfill them in the most cost effective manner. With all the innovative measures being taken in the field, we are confident of remaining as the preferred supplier for our customers.



year. Out of this increase, Rs 60 million was on account of wage arrears due to the Long Term Settlement to be signed with the Unions. The performance of the Lubes Business Unit, in the context of the depressed market conditions, is indeed commendable.



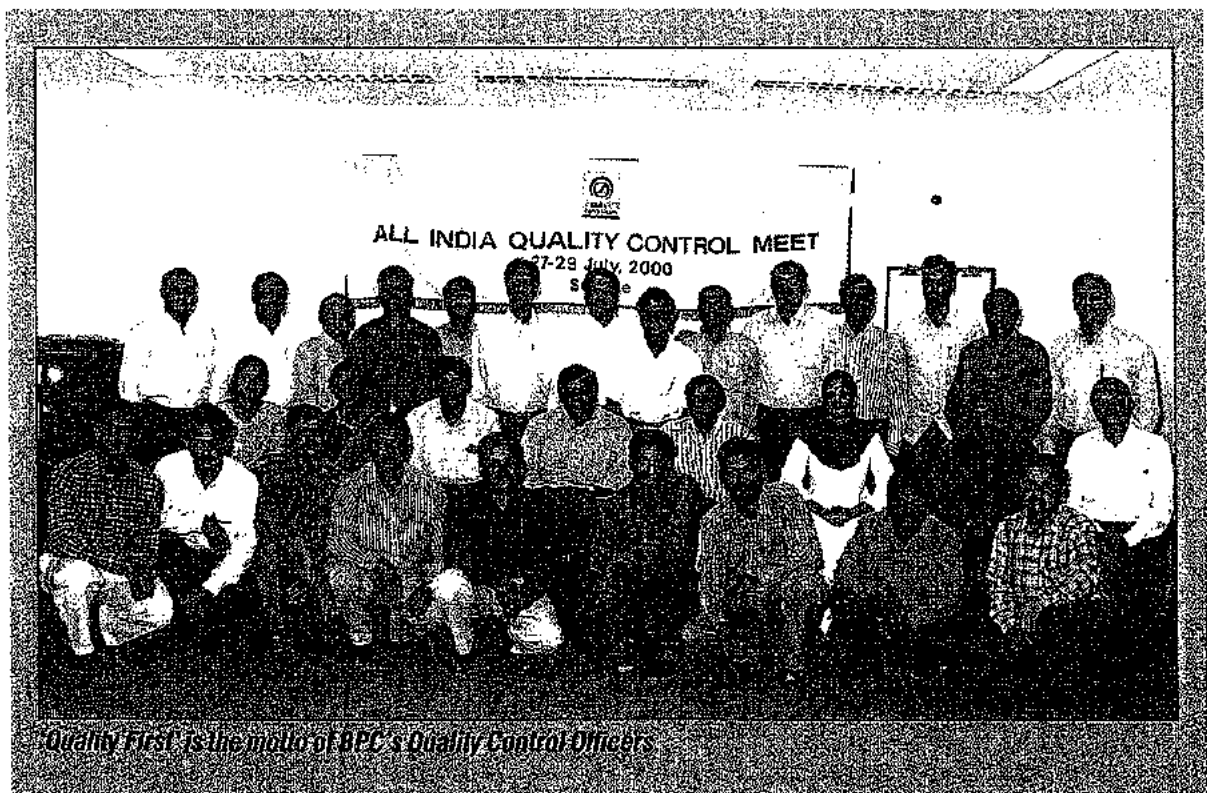


The Lubes Team

While providing a good quality product in attractive packaging, strong emphasis has been placed on building customer relationships, both in the retail and industrial segments. Numerous innovative campaigns were run by the territories. BPC's MAK Sona-Chandi Scheme which was focussed at attracting customers in the Diesel Engine oil change segment was successful. Our Silver Jubilee scheme at the retail outlets, where winners were given refrigerators and

The increase in margins despite the stagnant volumes is a result of the strategy shift from volume maximisation to value maximisation. Over the last four years our lubricant portfolio has been totally revamped based on our clearer understanding of customer needs.

washing machines, was also rewarding and gave a substantial boost to our sales. Several joint campaigns were undertaken with other manufacturers like Maruti, LML, MICO and Apollo Tyres. Constant endeavours are being made to offer greater convenience to the customer.



'Quality First' is the motto of BPC's Quality Control Officers





Business Plan formulation at All India I & C Territory Manager Meet.

Our Chennai Territory, for example, is doing a pilot on home delivery of lubricants. If successful, the 'Oil at your Doorstep' offering will be taken to other cities. In the industrial segment, the endeavour was to provide the maximum technical support to our customers. Many tailor-made products were introduced. Lubricant condition monitoring was done for many industries.

New products launched during the year include GLIDE 4T (Four stroke Engine oil for 2 wheelers), GLIDE BIO-MARINE (Bio-Degradable 2T oil for outboard Marine Engines) and MAK GE (engine oil for CNG/LPG vehicles). The new products launched last year - MAK DIAMOND, MAK TRACK and MAK PUMP for high performance vehicles, tractors and pumpsets respectively were very successful and recorded a growth of more than 65%.

In the automotive sector, 90% of the sales are through our own retail outlets and 10% are through the 'Bazaar' now comprising more than 1000 'Lube Shopp's' across the country. The main products contributing to our presence in this area are MAK for diesel engine oil, GLIDE for two-wheelers and AUTOMOL for petrol cars. These products are now recognised popular brands and contribute significantly to our margins. Sales in this segment increased by nearly 8% to 68 thousand tonnes during the year with sales at the retail outlets increasing by 8.6%.

Sales in the industrial segment have been extremely competitive and this sector constantly witnesses an intense price war. Against a volume of 43 thousand tonnes during 1999-2000, we sold 37 thousand tonnes during this year. The loss in volumes was due to a conscious effort to move away from non-profitable customers. We continue to be a major supplier to Railways & Defence.

With better quality lubricants and new generation vehicles, which consume lesser quantities of oils, there may not be much growth in volumes in the automotive sector. However, with the customer-centric strategies that BPC is following, both in the automotive and industrial segments, we hope to be able to maintain our volumes while maximizing our returns.



A novel way of propagating the BPC brand



LPG

LPG

The LPG business contributes 8.3% of the total sales volume of BPC and 19.7% of the total gross margin. BPC has a market share of 24.5 % in LPG. In the domestic sector, BPC's market share is 24%.

During the year 2000-2001, LPG sales increased to 1612 thousand tonnes registering a growth of 12.6%.

BPC is focussing on sales to domestic customers which comprise 94% of the total volumes - Bharatgas supplies LPG to 13.8 million households through 1421 Bharatgas distributors. Our strategy is to build a deeper understanding of the needs of our customers and fulfil them through better customer service. Extensive market surveys have been conducted to better understand expectations and need gaps. Consumer Panels have been set up for obtaining customer feedback on a continuous basis. All out steps were taken to ensure that the two basic customer needs of ease in refill booking and prompt deliveries of cylinders were met. Round the clock LPG refill booking facility has been introduced through Interactive Voice Recording Systems at 487 of our distributors. Our online LPG booking portal, www.bharatgas.com being piloted at Hyderabad has been successful and will be carried to other cities. BPC's entire distributor network has now been computerised and data transfer is now totally electronic.

Ensuring that the LPG delivery boys deliver courteous service has been another area of attention. To improve the distributor-customer interface, behavioural inputs were imparted to around 13,500 distributors' staff, which include deliverymen and showroom staff.

To take care of the quality and quantity aspect, an improved, pilfer proof sealing system for LPG cylinders was developed and implemented at 21 bottling plants. Implementation at the remaining bottling plants is underway. 24 Bharatgas Helplines are now operational in major markets and attend to leakage complaints round the clock. 57 Emergency Service Cells are being operated by Bharatgas Distributors on behalf of the industry.

The future growth in the domestic LPG market will come from the rural segment. To strengthen our position in these areas, BPC has made a small beginning by commissioning 3 Rural Marketing Vehicles. These are mobile vans which can be stationed close to consumption centres in villages for filling LPG cylinders. 18 of our bottling plants are also operating cash and carry delivery counters to benefit the local rural population.

Towards infrastructure development, five new LPG bottling plants were commissioned during the year 2000-01 at a total capital cost of Rs. 1,260 million. These plants have taken BPC's total bottling capacity from 1256 TMTA to 1410 TMTA. BPC commissioned Tap Off Points at Ajmer, Piyala and Loni on the GAIL's LPG pipeline from Jamnagar to Loni.

Safety has always been accorded the highest priority. 2200 safety clinics, covering over 300,000 consumers were conducted during the year. Safety awareness campaigns were also undertaken during festivals. Trade fairs were organised at various locations across the country. In recognition of BPC's safety performance, DISD has conferred us with the award for the best overall safety performance among LPG marketing organisations for the fourth time.

The road ahead looks very promising. As per an assessment made by Marketing & Development Research Associates, a research agency appointed by the industry to carry out surveys and establish future

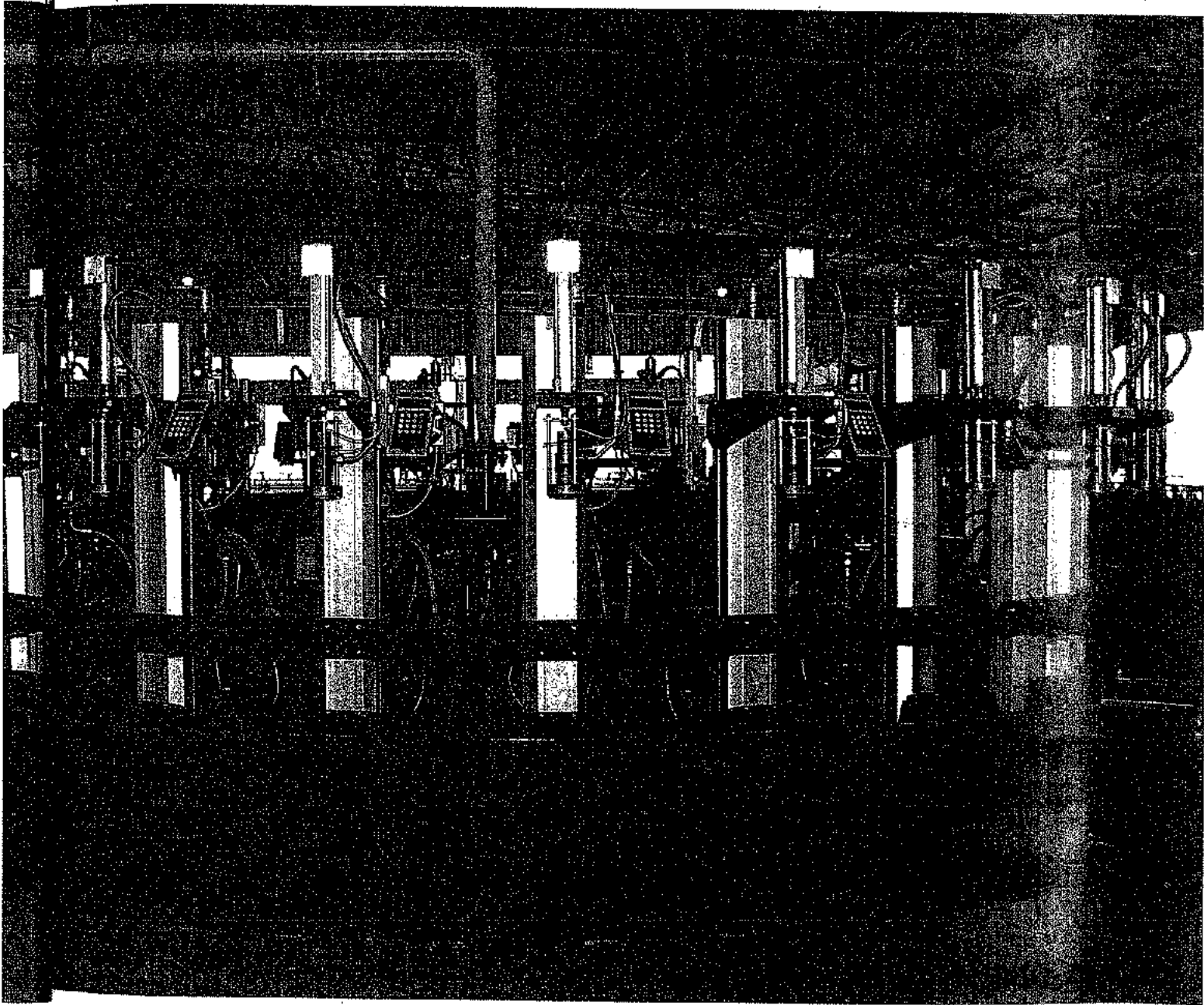


LPG consumption, the future market demand for LPG is expected to grow at a compounded annual growth rate nearing 9%. Volumes are expected to increase from the present level of 7 million tonnes to 11 million tonnes by 2005-06. Out of this, domestic sector demand would be around 9.8 million tonnes. Though the demand of the urban domestic customers is expected to grow only at 6%, the rural segment is expected to witness a phenomenal growth of 16.5%, increasing from 1.4 million tonnes at present to 3 million tonnes by 2005-06.

With our deeper understanding of customer needs, we are confident of remaining the preferred supplier for our customers.



The LPG team.



Aviation

AVIATION

During the year under report, BPC sold 656,154 Kilolitres of Aviation Turbine Fuel (ATF) representing a growth in sales of 4.9% over the previous year. BPC's market share increased to 22.6% from 22% in 1999-2000. ATF was decontrolled in April 2001.

ATF sales in the country are expected to show a steady growth of 3% over the next five years. BPC has been appointed by Shell Aviation Limited as the sole

distributor for India for Shell brand of Aero Lubes. With this, we expect to make a sizeable inroad into the Aero Lubes market and increase our earnings substantially. BPC has also entered into commercial and technical agreements with Shell Aviation Limited to benchmark our facilities with the best in the world and to build competencies of our personnel through training and placement.



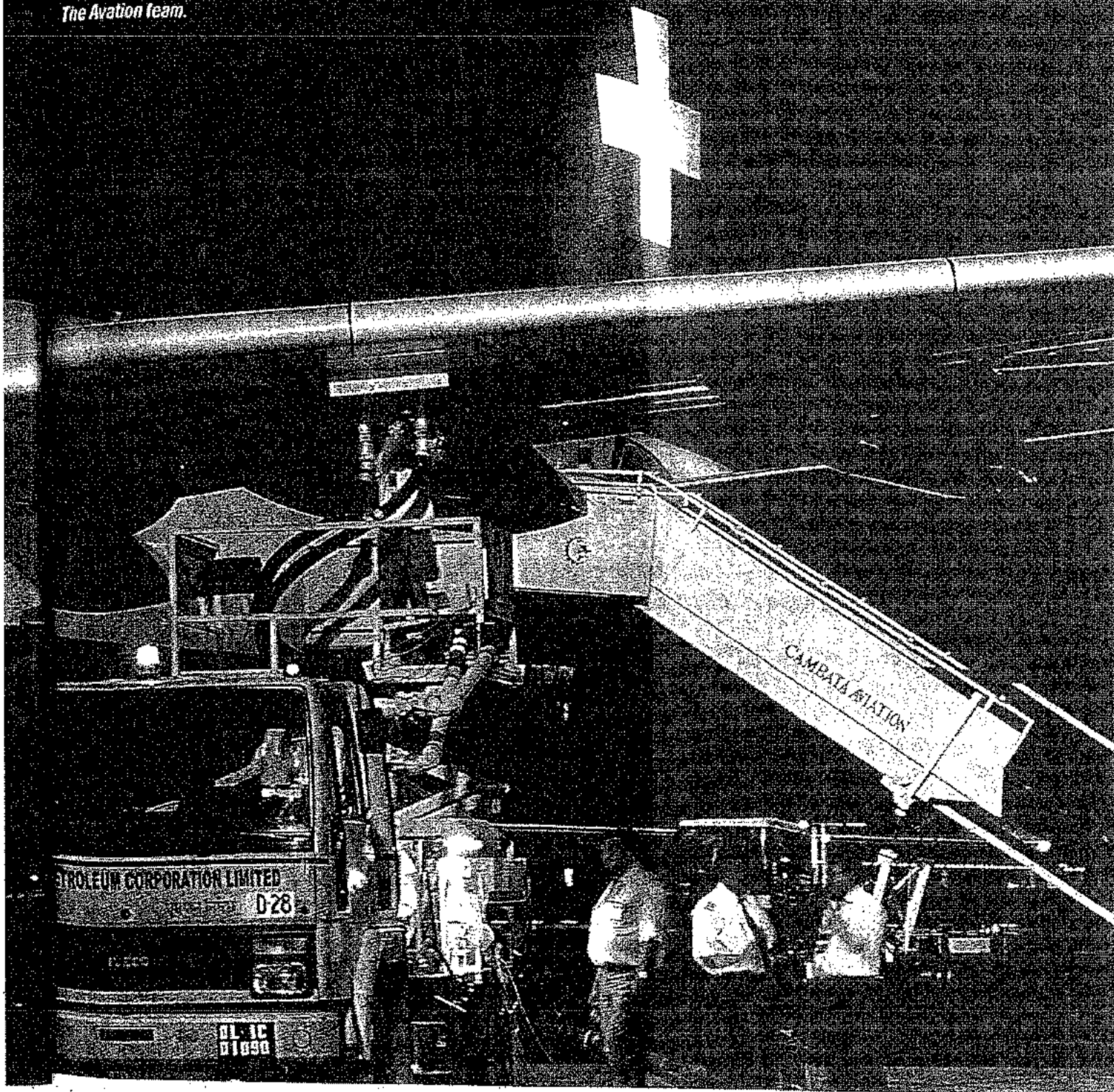
Swissair flight being refuelled.

The

PETROL



The Aviation team.



RESEARCH & DEVELOPMENT

BPC has R&D facilities at the Refinery. We also have a Product Application & Development Centre at Sewree in Mumbai. To gain a competitive advantage, we are now setting up a state-of-the-art R&D Centre near Delhi. The R&D Centre is being organised around three core groups: Process & Technology Development, Product Application Development and Environmental Engineering. An outlay of around Rs.3,000 million has been envisaged to be spent in three phases up to the year 2003-04. The first phase has been completed at an expenditure of Rs. 600 million.

ENTERPRISEWIDE RESOURCES PLANNING SOLUTION - SAP

As a part of the restructuring plan initiated during 1998, we felt the need for a strong IT backbone system for enhancing operational excellence, achieving standardisation for greater efficiencies and improving the control systems and information flows - all driving superior business results.

SAP was chosen as our IT solution to drive process improvements. We carried out a Conceptual Design and Planning phase to arrive at the SAP processes. All the key processes of the organisation were mapped and dialogues with the Businesses and Entities were held for sign off on the changes. As a part of this phase we also arrived at a Training plan, Change plan, Roll Out plan, IT architecture and Network plan to comprehend and manage the transition effectively. This made the BPC implementation a complex Multi-Modular integrated solution that impacted the entire workflow of the organisation. To test the proof of the concept, pilots were commissioned in each of the Businesses and Entities covering all the critical processes, within a record time of 6 months. The challenge of the implementation was to ensure that all the integrated elements worked seamlessly across the length and breadth of the country including the

remote locations. Providing online connectivity in these remote locations, given the full-fledged IT network infrastructure, was in itself a daunting task.

The rollouts have been proceeding on schedule and despite the challenges, we have successfully completed one of the fastest implementations in the country, rolling out the SAP solution at 61 of our major supply locations, including the Refinery, on schedule and well within the budgeted cost. By end October 2001, we would bring 90% of sales transactions onto the SAP system. BPC plans to complete the rollout across the hospitality locations with other oil companies and C&F Agents of BPC, before end of March 2002.



Team Leader (Project ENTRANS) and Director (F) receive the SAP Star Implementation Award.

The hallmark of the implementation was the active involvement of the members of the Businesses and the Entities who formed the implementation project christened 'ENTRANS' - short for 'Enterprisewide Transformation'. The members of the Steering Committee which are supervising its implementation also hold top positions in their respective Businesses and Entities. They, together with the process owners, have driven change initiatives in the respective units and undertaken the design of the new business processes.

BPC is reaping the benefits of the integrated system in many areas of its operation. We have already got early

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Silver



gains of implementation in the areas of tracking of customer-receivables, monitoring credit-management, inventory management, besides ensuring ease of operations in a large number of areas. We are focussing on completion of implementation and alongside, business and project teams are working on further improvements, to sweat the system to derive the benefits. The ENTRANS Team and the Steering Committee are fully geared up to realise the benefits of implementation of a fully integrated software.

BPC has also set up one of the biggest 'Centres of Excellence' in Asia to provide on line support to the end users and also work towards continuous improvement in business processes and handle product upgrades and new generation products.

The Project has been awarded the 'SAP Star Implementation Award'. As SAP says, 'BPC has the distinction of having executed one of the most ambitious SAP implementations in the country.... Thus, BPC is one of the finest examples of focussed, result-oriented SAP implementations that has been made possible due to extraordinary top management vision and commitment

and an equally responsive team of Project ENTRANS, who drove change through the organisation. The leadership that you have shown in planning, execution and roll-out of SAP across your organisation has created a benchmark which others will seek to emulate in times to come.'

With SAP as the backbone, BPC plans to take advantage of the Internet based capabilities along the entire value chain with a Customer Relationship Management solution. Yet another parallel initiative which will be taken up is implementation of Business Information Warehouse that would enable the management to take strategic and business decisions based on real time accurate information on key performance indicators.

INFORMATION SYSTEMS

The following major initiatives were taken during the year, to further strengthen our communication network and facilitate smooth rollout of SAP and other business activities.

- Commissioning of 2 Mega Bits Per Second (MBPS) backbone covering 12 major offices at four metros and Bangalore.



Silver Jubilee celebrations at Trivandrum Territory



- Obtaining 4.5 MHz transponder space on INSAT-3B satellite from Department of Telecommunications (DOT) to increase the bandwidth for Time Division Multiple Access (TDMA) VSATs.
- Commissioning of additional Subnet for utilising the allotted transponder space thereby doubling TDMA VSATs bandwidth to Users.

State-of-the-art Group Video Conferencing System was commissioned at the offices at Mumbai, Kolkata, Chennai, Noida and New Delhi. This will allow us to interact more and reduce the travel cost.

Comprehensive Facility Management system has been implemented to cover support for hardware, software, network and other IT infrastructure at Corporate Office, Regional Offices and upcountry locations. This facility has enhanced the service level to users and brought in better discipline.

To provide technology based media rich content to the Businesses in IT related applications, we have implemented the Multimedia Technology Services system. Full fledged in-house multimedia studio and CD production facilities have been commissioned. Creating Computer Based Training, multimedia presentations to catalyse effective usage of IT for Users, providing recovery CDs containing all the latest software and creating a knowledge based computing environment have resulted in significant cost savings.

The implementation of Enterprise System Management solution using Tivoli Management Framework is in



Director (HR) receives the National HRD Award - 2000 from Shri C. Rangarajan, Hon'ble Governor AP.

progress. It is a tool to manage IT infrastructure over a geographical spread in an integrated manner. It will help us to manage our complex IT infrastructure economically and ensure high level of business continuity.

PEOPLE DEVELOPMENT

BPC fosters effective value-based HR processes for development of people and organisational capabilities to provide them with a competitive edge and also to realise their personal vision as well as the vision for the organisation. The thrust areas include:

- Performance Management which links business goals with individual performance goals.
- Competency developments to identify competencies and capabilities of staff through competency modelling which help us to identify and place the right person for the right job. Hay Consultants have been engaged to assist us in this process.
- Identification of the competency gaps and taking steps to bridge such gaps through appropriate training programmes and other developmental methods.
- Multi-skilling to encourage employees to take up new initiatives in the areas of Enhanced Fuel Proposition, Add-on Stores, One Stop Truck Shops, Grocery and Fast Food Stores.

The 'Ideas 2000' contest was conducted to provide a platform to our employees for nurturing, promoting and recognising their creativity and innovation. The response from the employees was overwhelming and we propose to have this contest on an annual basis.

In the National Petroleum Management Programme (NPMP) awards on Excellence in Creativity & Innovation (1999-2000), BPC employees bagged all the three awards in the individual category. We also got four certificates of recognition in the team category.

BPC has been conferred the National HRD Award - 2000 for making Outstanding Contribution to HRD, by National HRD Network.





BPC receives OISD Awards for the best overall safety performance for 1998-99 in the POL Marketing Organisations and LPG Marketing Organisations categories.

BPC encourages sports. There were notable achievements by BPC sportspersons. Paulami Ghatak won the National Table Tennis championship; Devendra Joshi won the National Billiards championship; Jude Menezes, S.S. Gill, Gagan Ajit Singh and Anurag Raghuvanshi helped the Indian team win the Four Nation Hockey Tournament in Australia and Sairaj Bahutule made his test debut in the Chennai Test Match against the formidable Australian team which was won by India.

The details regarding employees belonging to Scheduled Caste(SC), Scheduled Tribe (ST) and Other Backward Classes (OBCs) are given in Annexure C.

INDUSTRIAL RELATIONS

The Industrial Relations situation was peaceful and cordial during the year. Long Term Settlements with Unions in Marketing and Refinery were overdue from June 1998 and January 1997 respectively. A Memorandum of Understanding was signed on July 3, 2001, with the All India Marketing Unions in the matter of wage LTS, which will be valid for a period of ten years. The Unions have agreed to give full co-operation and support in implementation of productivity improvement measures, optimal utilisation of human resources, improving our brand image and increasing customer satisfaction.

For the Long Term Settlement with Refinery Unions, negotiations are under way for a ten year settlement. A financial package akin with the package accepted by Marketing Unions has already been offered to the Refinery Unions.

HEALTH SAFETY AND ENVIRONMENT

Concerted efforts in preventive measures resulted in an overall reduction in accidents by 39% as compared to the previous year in marketing activities.

Tailor-made training programmes on Risk-based Safety Management, Industrial Security training for officers and security guards and focussed awareness campaigns were organised during the year. Safety and security inspections and audits were carried out to identify potential hazards and to initiate mitigating measures. Extensive training programmes for about 7,000 tank lorry drivers were conducted during the year. There was a marked reduction in tank lorry accidents by 64% and accidents at LPG customer premises by 29% as compared to the previous year.

During the year, BPC was awarded the Oil Industry Safety Directorate (OISD) awards for best performance in 1998-99 under two categories (I) POL Marketing Organisations (II) LPG Marketing Organisations. BPC's

marketing locations at Sidhpur, Manglia and Rairu received ISO 14001 Environment Management System certification during the year, increasing the total number of such marketing locations to eleven.

CORPORATE CITIZENSHIP

BPC has continued its endeavors in meeting social obligations to the under privileged sections of the society through development of roads, schools, clinics and vocational training centres in rural areas. As a part of community health care, the Refinery conducted a Cataract camp for villagers of Karjat & Mahul. Vocational tailoring classes were conducted for women of Mahul village, for making them self-reliant. BPC donated Rs.50 million to the Prime Minister's Relief Fund for providing relief to the earthquake-affected people of Gujarat. In recognition of the outstanding work done in the area of Rural Development, FICCI awarded the 'Rural Development Award 1999 - 2000' to BPC.

SUBSIDIARY COMPANIES

With the acquisition of IBP's stake in the 3 million tonne per annum (MMTPA) Numaligarh Refinery Limited (NRL), on March 31, 2001, BPC has gained a controlling stake of 62.9% of the paid up equity. The refinery at Numaligarh has started commercial production in October 2000 and

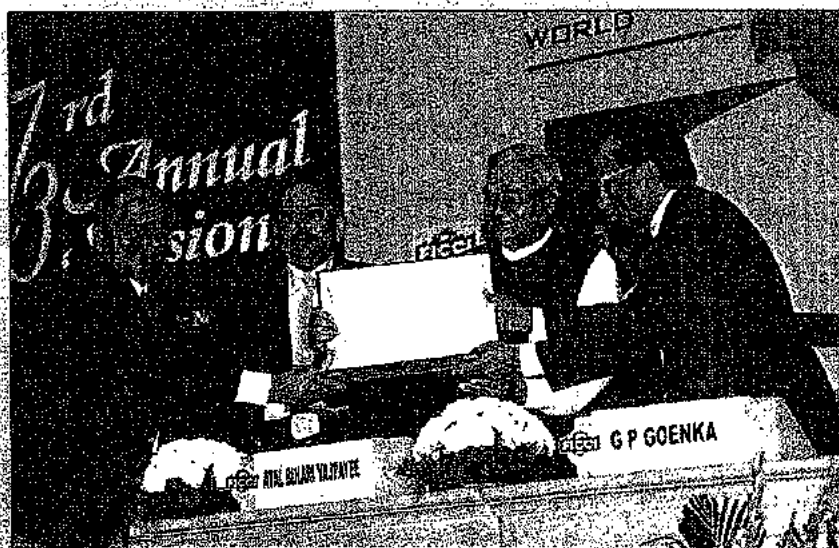


C&MD BPC presents a cheque to Hon'ble Prime Minister, Shri Atal Behari Vajpayee for the earthquake-affected in Gujarat.

a total of 1.4 MMT of crude was processed by this refinery in the first six months of its operation. During the same period, NRL achieved a turnover of Rs. 8,399.7 million and earned a profit after tax of Rs. 216 million. The Board of Directors of NRL has recommended a maiden dividend of Rs.0.09 per share. The Annual Accounts of NRL form part of the Annual Report of BPC.

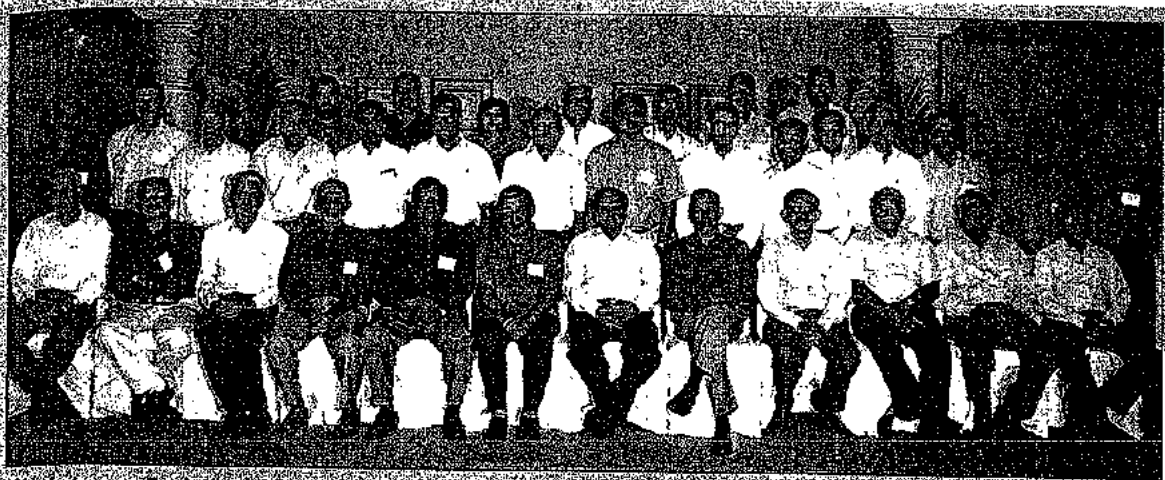
In order to meet the demand of domestic LPG in the region, a 10,000 tonnes per annum capacity LPG bottling plant is being set up. The plant, estimated to cost Rs.80 million, is scheduled for completion by November 2001.

The Government of India has extended various incentive packages for the benefit of this project. These incentives include excise exemption benefits for a 10 year period, freight subsidy scheme till March 2002, income tax holiday for a period of 7 years and reduced interest rate of 10% for the initial 3 years by the Oil Industry Development Board. These incentives



C&MD BPC receives the FICCI Award for Rural Development from Hon'ble Prime Minister, Shri Atal Behari Vajpayee.





Workshop on Evolution of Common Purpose between BPC, KRL & NRL

would go a long way in improving the profitability of the Numaligarh Refinery under the de-regulated scenario.

BPC has also acquired the 55.04% shares held by the Government of India in Kochi Refineries Limited (KRL) for a total consideration of Rs. 6,591 million. For the year 2000-01, KRL achieved an all time high turnover of Rs. 71,360 million as against Rs. 57,680 million in the previous year. Profit after tax of Rs. 1,094.6 million was substantially lower than the Rs. 2,352 million in the previous year. Although the physical achievement during the year was higher, the profits were lower. This was on account of volatility of crude oil prices witnessed in the international markets and lower demand for diesel, coupled with the additional investment in DHDS unit for upgrading the quality of diesel, which did not bring in any additional revenue. The Board of Directors of KRL has proposed a dividend of 21% for the year 2000-01. The Annual Accounts of KRL form part of the Annual Report of BPC.

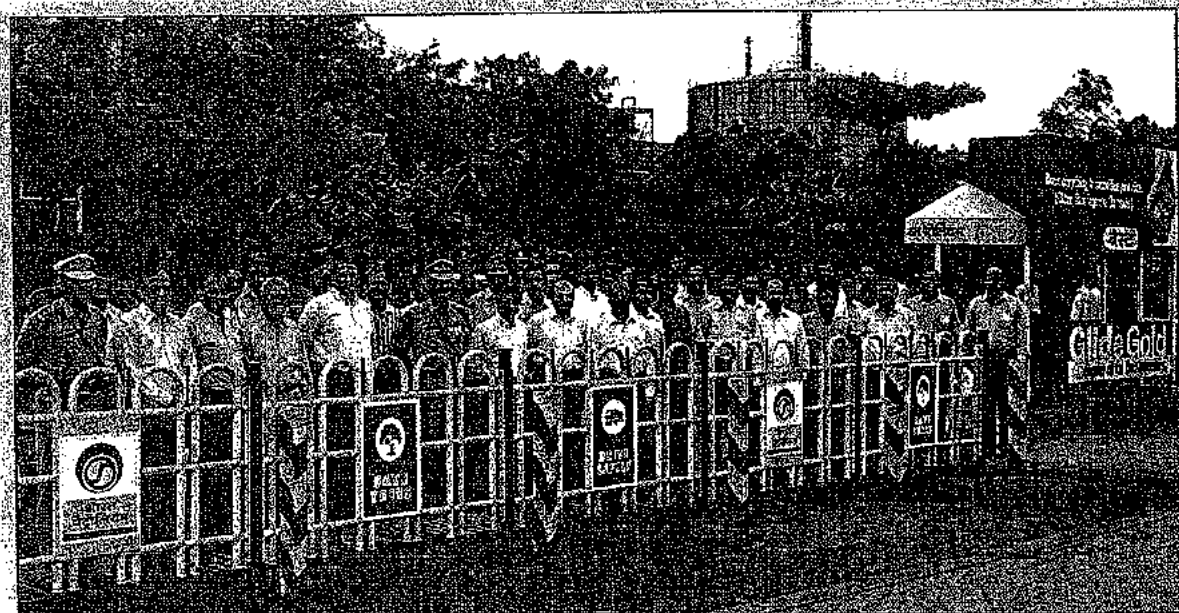
The acquisition of a majority stake in KRL and NRL are vital for BPC. With these acquisitions, the total refining capacity available to BPC would be approximately 20 MMT. This would provide supply security to the extent of approximately 95% of the current sales volume. The product security that we gain from these stakes is an important lifeline for BPC. The acquisition is also beneficial for KRL and NRL. Both BPC and KRL are

situated on the western coast of India and both have similar refining configurations. There are synergies to be achieved which will benefit both the companies. The total crude requirement of almost 17 MMT per annum will provide an opportunity to negotiate and secure beneficial terms that could translate into lower crude costs for both the refineries. This, coupled with the possibilities of integrated refining operations, would provide value maximisation opportunities for all companies in a competitive market place. To realise these benefits, it is necessary that all the staff of BPC, NRL and KRL function in a co-ordinated and integrated fashion. Towards this end, a workshop was conducted in June 2001 to build a common purpose for the three teams. Aspirations were built and common concerns were articulated. At the end of the two-day workshop, which was attended by the top management of the three companies, the common purpose developed was 'We together make the companies a great place to work and learn together to make a difference in people's lives through sustained excellence in performance and customer satisfaction'.

CENTRAL INDIA REFINERY

With the acquisition of majority stake in KRL and NRL, product security issues have almost been addressed. In spite of this, BPC does not have its own source of supply in the ever growing Northern region. Though in the short term BPC can easily feed the North through





The Refinery team is seen behind the striking road divider and bus shelter.

product exchanges with other producers, in the long run, the proposed refinery at Bina, Madhya Pradesh is important for us.

Bharat Oman Refineries Limited (BORL), BPC's joint venture with Oman Oil Company Ltd. (OOC) was formed to set up a 6 MMTA grassroots refinery at Bina in Madhya Pradesh. The project also envisages putting up facilities for import of crude oil at Vadinar on the west coast of India (Gujarat) and laying of 943 km long cross-country crude oil pipeline from Vadinar to Bina. The project cost was estimated at Rs. 52.77 billion (December 1994 prices) including a foreign exchange component of Rs. 16.86 billion.

The environmental clearances for crude import facilities/ cross-country pipeline under Wild Life Protection Act from Chief Conservator of Forests - Wild Life, Gujarat and clearance from Ministry of Environment & Forests were received during 1999-2000. However, in October 2000, Chief Wild Life Warden of Gujarat issued a letter of restraint on BORL for starting any construction activities in the National Marine Park area for laying of pipeline. Efforts are being made for resolution of the matter so that work on the project can start at the earliest.

BPC and OOC each have contributed Rs. 755 million towards their equity contribution in the project till date. In view of the inordinate delay in obtaining clearances, OOC have decided not to invest further in the Bina Refinery Project but will retain an equity interest equal to the ratio of their past investment to the total equity of the project. BPC now proposes to implement the Bina Refinery Project with limited equity participation by OOC. BPC will contribute 50% of the equity. Necessary approvals from the Government of India are being obtained for the changed equity structure.

UTTAR PRADESH REFINERY PROJECT

To cater to our long term product requirements, BPC will also be setting up a 7 MMTA capacity grassroots refinery at Lohagara in Allahabad district of Uttar Pradesh. The crude oil import facilities being set up by BORL at Vadinar in Gujarat for the Bina Refinery Project will be augmented suitably to take care of the crude requirement of UP refinery. The estimated cost of refinery project along with related infrastructure and sharing of crude import and transportation facilities (single point mooring, crude oil terminal and crude pipeline) amount to Rs. 61.8 billion. It is planned to mechanically complete this project within 48 months from the date of receipt of all statutory approvals and possession of land.



JOINT VENTURES

Bharat Shell Limited (BSL)

Bharat Shell Limited, a joint venture between BPC and Shell Overseas Investment BV (Shell) of Holland, markets Shell branded lubricants. BPC has so far invested Rs.980 million towards equity. BSL is also marketing LPG to domestic and industrial consumers. BSL registered a 9% growth in sales proceeds in 2000-2001 of Rs.2,623 million as compared to Rs. 2,407 million during 1999-2000. The Company has made a loss of Rs.180 million during 2000-01 as against a loss of Rs.40 million during the earlier year. A steep increase in input costs, mainly base oil, resulted in the reduced margins.

Petronet India Limited (PIL)

Petronet India Limited was formed to give an impetus to the development of the pipeline network throughout the country. In this joint venture company, BPC has 16% equity participation and has so far contributed Rs.109.23 million. PIL is facilitating pipelines access on a common carrier principle through its joint ventures for the pipelines put up by them. For the year ended March 2001, PIL registered a gross revenue of Rs.90.44 million against Rs.72.58 million in the previous year. Correspondingly the profit after tax was Rs. 43.50 million against Rs. 34.28 million in the previous year.

Petronet CI Limited

Petronet CI Limited, a subsidiary of Petronet India Limited, has equity participation of 26% each from PIL,

Indian Oil Corporation (IOC), Reliance Petroleum Limited and 11% each from BPC and Essar Oil Limited. The project envisages laying a pipeline of about 1615 km for evacuation of petroleum products from Refineries at Jamnagar / Koyali to feed the various consumption zones in Central India. The project is proposed to be implemented on a Build Own Operate and Transfer (BOOT) basis.

Petronet CCK Limited

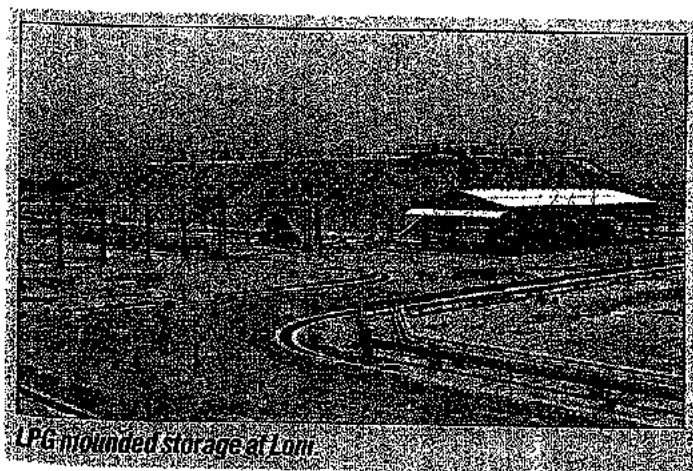
Petronet CCK Ltd., a joint venture company between BPC, PIL and KRL has been set up for laying a product pipeline of 292 km from BPC's Irumpanam terminal to Karur receiving terminal alongwith a Tap Off Point at Coimbatore. The proposed equity structure consists of equity contribution of 26% each by BPC and PIL and upto 23% by KRL. BPC's contribution in this project so far is Rs. 260 million. The project has achieved a physical progress of 85.50% and is expected to be completed (without SCADA) by September 2001.

Petronet LNG Limited (PLL)

Petronet LNG Limited was promoted by BPC, IOC, Oil and Natural Gas Corporation and Gas Authority of India (GAIL). It was registered in April, 1998 with authorised capital of Rs. 12 billion for importing LNG and setting up of LNG terminals with facilities like jetty, storage, regassification facilities at Dahej and Cochin to supply natural gas for generation of power to both private/public sector power plants. The equity structure consists of equity contribution of 12.5% each by the promoters and

it has been decided to offer the balance equity to Gaz de France, strategic partners of PLL, suppliers of LNG, nominees of the Government of Gujarat and financial institutions. BPC's contribution will be approximately Rs. 1.5 billion.

Petronet LNG has signed a Long Term Sale Purchase Agreement with Ras Gas of Qatar to supply LNG to regassification terminals at Dahej and Cochin for a period of 25 years for a quantity of 7.5 million tonnes per annum. The Company has entered into Heads of



LPG moulded storage at Loni



Agreements for sale of regassified LNG ex Dahej with BPC, GAIL and IOC. The first supply of LNG at Dahej is expected to commence during December 2003.

Indraprastha Gas Limited (IGL)

Indraprastha Gas Limited, a joint venture company between BPC, GAIL and Government of Delhi was formed in December, 1998 for implementing the Delhi City Gas Project and supply of Compressed Natural Gas to the automobile sector. The equity structure consists of equity contribution of 22.5% each by BPC and GAIL and 5% by the Government of Delhi. The balance is held by third parties. The authorised share capital is Rs. 2.2 billion and BPC so far has contributed Rs. 315 million. The phase-I of the project will be completed in the next five to six years. IGL has already commissioned 72 stations. The remaining stations are in various stages of implementation. IGL has laid infrastructure for supply of piped natural gas to more than 12,000 domestic, 33 small commercial and 8 large commercial consumers and given connections to 3,000 domestic, 18 small commercial & 5 large commercial consumers. IGL registered a turnover of Rs. 279.13 million and profit after tax of Rs. 16.03 million during the year.

Vie Trans Private Limited

An investment of Rs. 10 lakhs amounting to 33.3% of total equity of Vie Trans Private Ltd. was made in May 2001. The Company is engaged in providing logistics support systems for the Indian surface transport industry and its users with the help of electronic and physical infrastructure and web based systems. The tracking stations would be installed at select BPC retail outlets across the country.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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 MOP & NG

BPC, for the twelfth successive year, has entered into a Memorandum of Understanding with the Ministry of Petroleum & Natural Gas for the year 2001-02. For the year ended March 31, 2000, the performance rating awarded to the Corporation was 'Excellent'. For 2000-01, i.e. the year under review, based on an internal evaluation of performance, BPC once again merits an 'Excellent' rating subject to approval by the Government of India.

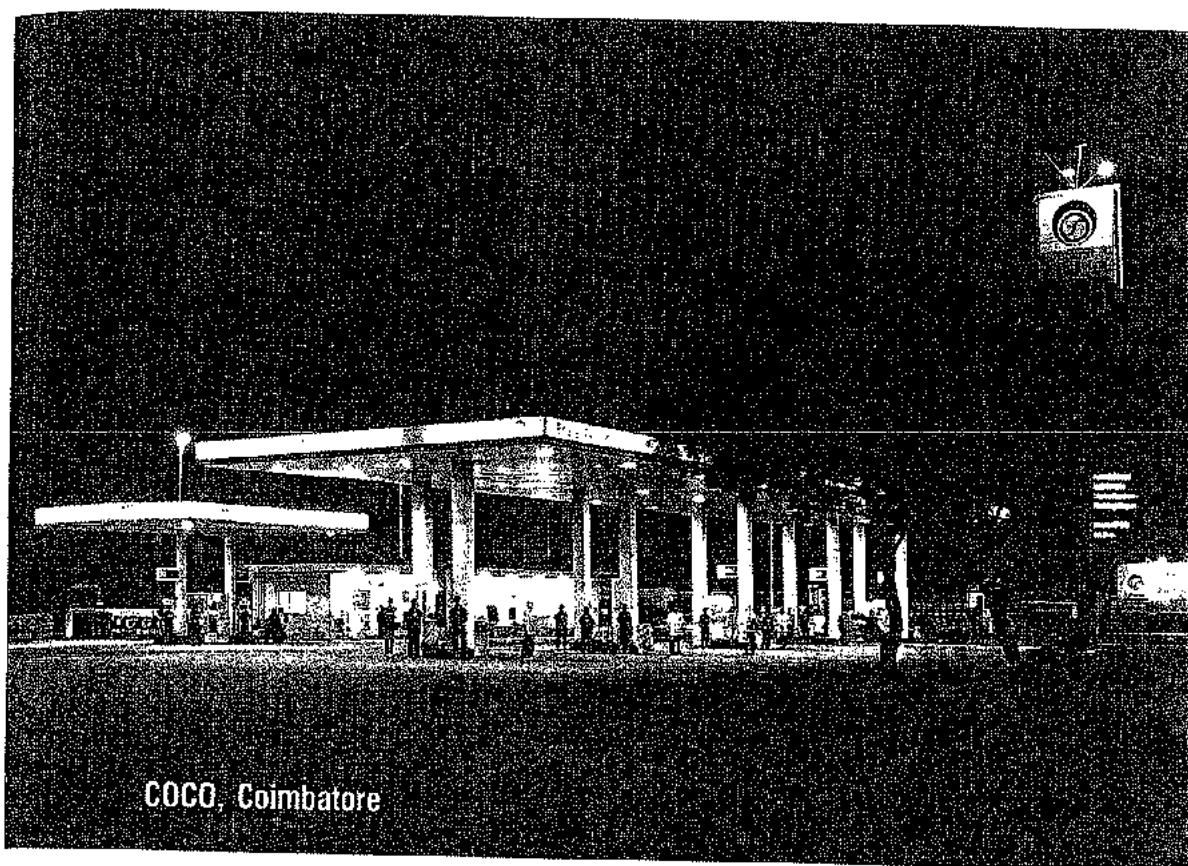
PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)

As there are no employees who are drawing the specified remuneration, 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, 2001 are not required to be given.



BPC celebrates its Silver Jubilee with a Community Meal at Jahazpur village





COCO, Coimbatore

INVESTOR SERVICES

BPC's Inhouse Investor Service department is well equipped to resolve queries and grievances of the share-owners. The efforts made to educate share-owners regarding the benefits of holding shares in dematerialised form through a booklet 'Investors' Guide' resulted in dematerialisation of 97% of the floating stock of BPC shares. BPC's shares are made available for holding and trading in dematerialised form through both, the National Securities Depository Limited and the Central Depository Services (India) Limited. There were very few SEBI complaints from the shareholders, which were resolved to their satisfaction. As at the end of June 2001, only one complaint remained unresolved, as the matter was subjudice. The Corporate benefits like Bonus Shares and Interim Dividend were distributed to the eligible share-owners promptly.

CORPORATE GOVERNANCE

As required under the new Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on

Corporate Governance together with the Auditor's Certificate regarding the Compliance of Code of Corporate Governance is enclosed as Annexure B.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company, on the historical cost convention, as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the



adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes on accounts.

The Board of Directors and the management of BPC accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the company's state of affairs and profits for the year. To ensure this, the company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company have been followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal controls and accounts.

The financial statements have been audited by the Joint Statutory Auditors - M/s. Mehra Goel & Co. and M/s. RSM & Co., Chartered Accountants.

The Audit Committee at BPC meets periodically with the internal auditors and the statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

DIRECTORS

Shri K.V. Rao, on completion of his tenure as Joint Secretary (Ports) with the Ministry of Shipping, resigned from directorship of BPC with effect from August 22, 2001. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by Shri K.V. Rao, for the development and progress of BPC's business.

As per the provisions of Section 256 of the Companies Act, 1956, three Directors - Shri Naresh Narad, Dr. B. Mohanty, and Shri S.A. Narayan will retire by rotation at the ensuing Annual General Meeting and being

eligible, offer themselves for re-appointment as Directors at the said Meeting.

STATUTORY AUDITORS

M/s. Mehra Goel & Co., Chartered Accountants, New Delhi and M/s. RSM and Co., Chartered Accountants, Mumbai were appointed as Joint Statutory Auditors by the Comptroller and Auditor General of India, for the year 2000-01 under



The Coimbatore LPG Territory team leads the Bharatgas March for Safety



newly amended provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting. As required under newly introduced Section 224(8)(aa) of the said Act, a proposal for fixation of the remuneration payable to the Statutory Auditors is being placed at the ensuing

AGM for your consideration. The Comptroller and Auditor General of India will be approached for the appointment of Auditors for the year 2001-02.

ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the commitment of staff at all levels in making BPC the great organisation it is today. Without their wholehearted dedication, initiative and hard work, the resounding success achieved during the year would not have been possible.

The Directors and the employees express their gratitude to BPC's valued customers for their patronage. We are especially grateful to them for their overwhelming support to our new offerings like the PetroCard and SmartFleet. We take this opportunity to assure them that BPC will continue to anticipate their needs and give them the very best.

We also thank our dealers, distributors and all other members of our vast network for their contribution to our success. Thanks are also given to our vendors, suppliers and contractors.



Chennai Aviation Fuelling Station receives ISO 9002 Certification.

We acknowledge the support rendered by our various consultants in providing us information and guidance to mould our strategy.

We are also grateful for the guidance and support received from the Government, especially from the Ministry of Petroleum & Natural Gas.

Last but not least, BPC thanks each of its 22,000 share-owners for reposing confidence in the management. BPC's new initiatives and recent acquisitions of majority stakes in KRL and NRL would, we believe, result in sustained value addition for the stakeholders.

For and on behalf of the Board of Directors

Mumbai
August 30, 2001

Sd/-
(U. Sundararajan)
Chairman and Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE A

Efforts made by BPC in regard to Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and 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

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

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

The following energy conservation and loss control measures were adopted during the year at a cost of about Rs. 103 Million which have resulted in a fuel & loss saving of about 733 MT/A equivalent to Rs. 6 Million /A:

- i. Commissioning of 3rd High Efficiency Utility Boiler,
- ii. Provision and sustained operation of sonic soot blowers in air preheater of Crude/Vacuum distillation furnaces,
- iii. Installation and sustained operation of six nos. Fibre Reinforced Plastic blades for fans in air fin coolers of Crude Distillation Units,
- iv. Provision of auto tank gauging system for Crude oil tanks.

As a part of Oil Conservation Fortnight, a Joint Oil Conservation Survey in the area of steam leaks was carried out during January 2001 with external members nominated by M/s. Centre for High Technology (CHT). In addition, a comprehensive audit of steam supply and distribution at BPC refinery was carried out along with a reputed external agency.

Energy Conservation Measures planned for implementation in future years

During the next three years, Refinery has planned to implement the following energy conservation and loss control projects at an estimated cost of Rs. 39 million.

- Provision of Fibre Reinforced Plastic (FRP) blades for air fin coolers in major processing units.
- Conversion of fixed roof tanks to fixed cum internal floating roof type on light hydrocarbon service.
- Installation of secondary vapour seals in floating roof tanks on light hydrocarbon service.
- Detailed energy audit of a major processing unit through a reputed consultant.

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

B. TECHNOLOGY ABSORPTION

Refinery is undertaking the following projects to obtain the benefits of latest technological developments and advances :

- Revamping of Fluid Catalytic Cracking Unit (FCCU) by incorporating advanced feed injection technology for improving FCCU yield. The following license has been obtained for the project:

Advanced feed injection technology: M/s Stone & Webster, USA



- As a part of Refinery Modernisation Project (RMP), Hydrocracker unit is being set up to produce superior quality of middle distillates, reduce overall SO₂ emissions from Refinery. The following licenses have been obtained for the project:

Hydrocracker : Chevron Lummus Global, USA

Hydrogen : Haldor Topsoe, Denmark

Sulphur Recovery : Delta Hudson, Canada

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

C. FOREIGN EXCHANGE EARNINGS/OUTGO

- (i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.
 - a) BPC have exported 214.33 TMT of Naphtha from CPCL resulted in earnings of US\$ 52.30 Million during the year,
 - b) BPC have exported 25.19 TMT of FO / LSWR from BPCR, Mumbai resulted in earnings of US\$ 3.13 Million during the year,
 - c) Foreign Exchange Outgo during the year on account of purchase of 7.26 TMT of Lube Base Oil was US\$ 2.62 Million,
 - d) During the year import of SKO for parallel markets at Kochi to the extent of 18 TMT for value of US\$ 4.3 Million was facilitated,
- (ii) The details of foreign exchange earnings and outgo are given below:

	Rs. in Million	
	2000-2001	1999-2000
Earnings in Foreign Exchange	8699.52	5730.40
- includes receipt of Rs 5013.42 million (Rs 3638.17 million) in Indian currency out of the repatriable funds of foreign airline customers.		
Foreign Exchange Outgo	1027.71	1658.08
- on account of purchase of Raw Materials, Capital Goods, Chemicals, Catalysts, Spare Parts, International Trading Activities.		



FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. Power & Fuel Consumption		2000-01	1999-00
1. Electricity			
a. Purchased			
Unit (Million KWH)		0.24	2.29
Total Amount (Rs. million)*		60.59	76.55
Rate/Unit (Rs./KWH) **		253.81	33.49
b. Own Generation			
i. Through Diesel Generator		Nil	Nil
Units per ltr of Diesel oil Cost/Unit			
ii. Through Steam Turbine/Generator			
Units (Million KWH)		4.13	2.82
Units per ltr. of Fuel Oil/gas			
Cost/unit @			
iii. Captive Power Plant			
Power Generation Units –			
Net (Million KWH) \$		281.47	266.81
Fuel Consumption (Qty.- MT)			
BHAG		39788	50965
Gas Oil		56355	40068
Refinery Gas		6172	5698
Cost / Unit (Rs./KWH) #		1.70	1.37
2. Coal		Nil	Nil
3. Furnace Oil/Liquid Fuel			
LSHS Qty - MT		141358	163790
Total amount (Rs. million)		1110.88	1090.17
Avg. Rate (Rs./Unit)		7858.62	6655.93
Gas Oil Qty - MT ***		56355	40068
Total amount Rs. million		376.92	209.51
Avg. Rate (Rs./Unit)		6688.36	5228.83
IBP-60 Qty - MT!		9089	8441
Total amount (Rs. million)		100.69	73.79
Avg. Rate (Rs./Unit)		11077.95	8741.74



4. Others / Internal Generation

External Fuel :

BHAG Qty - (MT) ++	1658	4026
Total amount (Rs. million)	7.07	15.74
Rate (Rs./Unit)	4263.85	3909.26

Internal Fuel :

Refinery Gas Qty - (MT)	103195	95236
Total amount (Rs. million)	810.97	633.88
Rate (Rs./Unit)	7858.62	6655.93
PSA OFF Gas Qty - (MT) !	13724	8953
Total amount (Rs. million)	19.03	10.51
Rate (Rs./Unit)	1386.35	1174.18
FCC Units Coke Qty - MT	88257	77726
Total amount (Rs. million)	693.58	517.34
Avg. Rate (Rs./Unit)	7858.62	6655.93

- * Reduction in expenditure on electricity purchased is mainly due to lowest ever power purchased owing to improved capacity utilisation in Captive Power Plant (CPP), 281.47 million KWH net power generation in 2000-01 as against 266.81 million KWH in 1999-2000. Moreover due to commissioning of power factor improvement capacitors no active power import is required from M/s. Tatas for power factor improvement of TEC lines.
- ** Cost per unit of power purchased has increased due to lower purchase of power from M/s. TEC (0.239 Million KWH in 2000-01 as against 2.286 Million KWH in 1999-2000) resulting in total cost being apportioned over a lower number of units, as compared to units purchased during 1999-2000.
- @ Cost per unit of power generation through steam turbine / generator (TG set in FCCU which is an integral part of the unit) is not applicable as the power produced is a by-product of steam generated from a waste heat boiler.
- \$ The net power consumption during the year 2000-01 has increased to 285.84 million KWH from 271.92 million KWH in 1999-2000 mainly due to higher activity level of DHDS facilities.
- # Increase in cost per unit (Rs. / Unit) from CPP is due to levying of electricity duty on electricity generated in CPP by Govt. of Maharashtra w.e.f April 2000 (Re. 0.16 / Unit), increase in fuel cost (Re. 0.46 / Unit), partially offset by increase in net steam generated in CPP (Re. 0.31 / Unit).
- *** Gas oil fuel is used in CPP alone.
- ++ Excludes BHAG quantity of 39788 MT in 2000-01 & 50965 MT in 1999-2000 for CPP.
- ! Fuel used in DHDS unit.



B. Energy Consumption per unit of production *

	Unit	Stds. If any **	2000-01	1999-00
Production of Petroleum products	MT		8240218	8490094
Electricity	KWH / MT		34.69	32.03
LSHS / IBP-60	Kg/MT		18.26	20.29
Gas (Excluding CPP)	Kg/MT		14.39	12.75
FCC Units Coke	Kg/MT		10.71	9.15

* Production refers to the manufacture of finished products.

** The product pattern of 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.

In view of the above, no fixed consumption parameter can be attributed to a particular product.

Note : Energy consumption per unit of production during 2000-01 is higher than 1999-2000 primarily due to higher activity level of DHDS facilities which has been installed for reducing sulphur level in HSD.



FORM B

Form for disclosure of particulars with respect to Technology absorption.

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D is being carried out by the Company :

A. AT REFINERY

- a. Catalyst performance evaluation for cracker plants, effect of feed variation on catalyst performance using bench scale catalyst testing unit.
- b. Optimization of process parameters for bitumen plant using Biturox pilot plant.
- c. Development of Sweetening Catalyst for producing superior quality finished products such as LPG & Gasoline.
- d. Development of catalysts for conversion of low value naphtha cut into LPG and Aromatics.
- e. Development of co-solvent systems for extraction of Aromatics.
- f. Emulsification of bottom of barrel (BHSR, MESR, LSHS, Bitumen).
- g. Application of Gamma Scanning and Tracer techniques to study the flow patterns and performance of feed nozzles and other equipments.
- h. Virtual analyzers for crude distillation unit – HCP
- i. Development of catalyst, Technology and process know how for the conversion of C5-C6 non-cyclic rich light naphtha cut to maximize yield of aromatics + C4.
- j. Bio-desulfurization of petroleum products.
- k. Oil Zapper for application in Bioremediation, Creation of referral centre for crude oil spill degrading bacteria

B. AT MARKETING

- a) The following new lubricants were developed :
 - (i) Engine Oil for 4-stroke engine two wheelers meeting OEM requirement.
 - (ii) Natural Gas Engine Oil for both stationary and automotive application.
 - (iii) Ammonia and Syn-Gas Compressor Oil.
 - (iv) High Performance Diesel Engine Oil meeting API-CH4 specification.
 - (v) Engine Oil for diesel engines of MTU, Germany.
 - (vi) Three different oils for Defence.
 - (vii) Marine lubricants for latest engines.
- b) Developed alternate formulations for twelve existing grades.
- c) Completed field evaluation of multigrade rail road engine oil, MAK RR 513M in diesel locos of Indian Railways.

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

A. AT REFINERY

- a) Created in house catalyst testing facility.
- b) Created in house plant trouble shooting facility.



- c) Developed BPCL -IIP indigenous LPG merox catalyst.
- d) A stable emulsion has been developed for MESR.
- e) Improvements in flow pattern due to introduction of new feed nozzles in Catalytic Cracking Unit predicted.

B. AT MARKETING

- a) Benefits from the new lubricants developed as detailed in 1(B) above are given in seriatim :
 - (i) These new lubricants would help in meeting the engine oil requirements of 4-Stroke 2 wheelers being manufactured by one of the major Motor Cycle manufacturers.
 - (ii) These are specially developed to meet the engine oil requirements of vehicles running on Natural Gas
 - (iii) This has been developed to meet the lubrication requirements of Ammonia / Syn-Gas compressors in fertilizer plants.
 - (iv) The High Performance Diesel Engine Oil is expected to enhance the service life of the engine and is compliant with the latest emission norms.
 - (v) These new lubricants would provide a viable alternative to Indian Coast Guard for meeting the engine oil requirements of their sea going vessels.
 - (vi) These new oils provide another indigenous alternative to Defence.
 - (vii) These new oils would help in meeting the lubrication requirements of modern marine engines used in power generation.
- b) These alternate formulations would help in reducing the input cost /improving the flexibility in operations.
- c) This multigrade rail road engine oil would not only help in reducing the fuel / engine oil consumption of Indian railways but also help in improving BPC's market share.

3. Future Plan of Action :

(A) AT REFINERY

- a) Commissioning of corporate R&D Centre at Greater Noida, UP.
- b) Benchmarking of plant and bench scale FCC catalyst evaluation unit results & establishing steam deactivation facility.
- c) Developments of process know how for producing superior grades of bitumen.
- d) Establishing facilities for alternate energy sources like Fuel Cells using various refinery feed stocks.
- e) Establishing facilities for crude distillation and characterization.
- f) Biotechnological applications for desulphurisation of petroleum products and treatment of oil sludge.

(B) AT MARKETING

BPC is in the process of developing the following grades of oils/greases: -

- a) Bearing Oils for steel plants
- b) High Performance Gas Engine Oil
- c) Long Life Gear Oil



- d) Radiator Coolant
- e) Rust Preventive Oils
- f) Exclusive grades for Defence
- g) OEM specific grades
- h) Alternate formulations for existing grades

4. Expenditure on R & D during 2000-2001 :

	(Rs. in million)		
	Corporate R&D Greater Noida	Refinery R&D	Total
(a) Capital Expenditure	127.62	54.96	182.58
(b) Revenue/ Recurring Expenditure	15.49	7.43	22.92
(c) Total expenditure	143.11	62.39	205.50
(d) Total R & D expenditure as a % of total turnover : Negligible			



TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

A. AT REFINERY

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

- Refinery has revamped Bitumen Blowing Unit (BBU) to produce superior quality harder grade Bitumen by adapting "BITUROX" technology from M/s Porner, Austria.
- Refinery is undertaking the following projects to obtain the benefits of latest technological developments and advances:
 - Revamping of FCCU by incorporating advanced feed injection technology from M/s Stone & Webster, USA for improving FCCU yield.
 - As a part of Refinery Modernisation Project, Hydrocracker unit is being set up to produce superior quality of middle distillates, reduce overall SO₂ emissions from Refinery.

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

Benefits derived as a result of above efforts are given in serialim:

- Capability to produce harder grade viz. 30/40 grade Bitumen and increase in Bitumen production capacity.
- For yield improvement
- Reduction of overall SO₂ emissions from Refinery and manufacturing of superior quality of middle distillates.

3. Information regarding imported technology (imported during last five years reckoned from the beginning of the financial year).

(a) Technology imported:

- Production of Methyl Tertiary Butyl Ether (MTBE) using technology from M/s. Snamprogetti.
- Reduction of sulphur content in High Speed Diesel (HSD) from 1% wt. Sulphur to 0.25%wt. Sulphur in line with Government directive by adopting the following technologies:
 - Hydro-Desulphurisation technology from M/s. Universal Oil Products (UOP), USA.
 - Technology for production of Hydrogen from M/s. Haldor Topsoe, Denmark.
 - Maximum Claus Recovery Concept (MCRC) technology for enhanced recovery of sulphur from off gases from M/s. Delta Hudson, Canada, through M/s. Engineers India Limited (EIL).
- Production of superior quality harder grade Bitumen by adapting "BITUROX" technology from M/s Porner, Austria.



(b) Year of import :

i) MTBE Process Technology	1996
ii) Hydro-Desulphurisation Technology for HSD	1999
iii) Hydrogen production Technology	1999
iv) MCRC Technology	1999
v) BITUROX Technology	2000

(c) Has technology been fully absorbed ?

Yes.

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

Not applicable

B. AT MARKETING

BPC is involved in R&D with respect to the formulation of lubricants and at no stage, technology absorption is involved. Hence the items 1, 2 and 3 in the above title are not applicable to Marketing.



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE B

Report on Corporate Governance

1. Company's philosophy on Code of Governance

BPC's corporate philosophy on Corporate Governance has been to ensure fairness to the shareholders through transparency, full disclosures, empowerment and collective decision making.

2. Board of Directors

The Board of Directors takes responsibility for the overall management of the Company. It regularly reviews the strategy, performance, investments and other important issues. The Board has five Executive Directors (Whole time Directors), including the Chairman & Managing Director, and seven non-Executive Directors including three part-time ex-officio Directors and four part-time independent Directors.

The responsibility for the day to day management rests with the Executive Directors and they regularly keep the Board posted on important issues. The meetings of the Board and of the shareholders are chaired by the Chairman & Managing Director.

The constitution of the Board as on March 31, 2001 is as under :

Name	Position	Brief Resume	No. of Directorships held in other Public Limited Companies	Memberships held in Committees as specified under Clause 49 of the Listing Agreement
------	----------	--------------	---	--

Executive Directors (Whole time)

Shri U. Sundararajan	Chairman & Managing Director	A.I.C.W.A.	4	Nil
Shri M.B. Lal	Director (Refineries)	B.Tech (Chem) PGDBA	3	Nil
Shri Ashok Sinha	Director (Finance)	B.Tech (Elec) M.B.A.	4	1 (Member)
Shri S. A. Narayan	Director (Human Resources)	B.Sc. (Hons) M.A. (Pers) L.L.B.	Nil	Nil
Shri S. Behuria	Director (Marketing)	B.A.(Hons) PGDBA	4	Nil

Non Executive Directors : (Part-time ex-officio)

Shri Naresh Narad	Director	B.A.(Eco), & I.A.S., Additional Secretary, Ministry of Petroleum & Natural Gas	3	1 (Chairman) 1 (Member)
Shri K. V. Rao (upto August 22, 2001)	Director	M.Sc., M.P.A & I.A.S., Joint Secretary (Ports), Ministry of Shipping	Nil	Nil
Dr. B. Mohanty	Director	M.Sc., Ph.D & I.E.S. Joint Advisor (Finance), Ministry of Petroleum and Natural Gas	1	2 (Member)



Name	Position	Brief Resume	No. of Directorships held in other Public Limited Companies	Memberships held in Committees as specified under Clause 49 of the Listing Agreement
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Non Executive Directors : (Part-time Independent)

Dr. P. N. Khandwalla	Director	C.A., M.B.A., M.S.I.A., Ph.D	1	3 (Members)
Shri P. P. Kaliaperumal	Director	M.A., B.L. Advocate	Nil	1 (Member)
Prof. K. Vasudeva	Director	B.Chem (Engg), Ph.D M.Sc (Tech)	Nil	2 (Chairman)

During the year one post of part-time independent Director was vacant.

The Board held 14 Board meetings during the year. The attendance record of all the Directors is as under :

Names of Directors	No. of Meetings Attended	Whether attended the last Annual General Meeting	Whether attended the last Extraordinary General Meeting
--------------------	--------------------------	--	---

Executive Directors (Whole time)

Shri U.Sundararajan	14	Yes	Yes
Shri M.B. Lal	13	Yes	Yes
Shri A. Sinha	14	Yes	Yes
Shri S.A. Narayan	12	Yes	Yes
Shri S. Behuria	13	Yes	Yes

Non Executive Directors

(a) Part-time (ex-officio)

Shri Naresh Narad	10	No	No
Dr. B. Mohanty	12	No	No
Shri K.V. Rao	05	No	No

(b) Part-time (Independent)

Shri P. P. Kaliaperumal	13	Yes	No
Dr. P. N. Khandwalla	06	No	No
Prof. K. Vasudeva	14	Yes	No



The dates on which the Board Meetings were held are as given below :

April 7, 2000	May 10, 2000	May 29, 2000	June 29, 2000	July 31, 2000
August 10, 2000	August 26, 2000	September 28, 2000	October 30, 2000	December 4, 2000
January 27, 2001	February 19, 2001	March 20, 2001	March 30, 2001	

Committees of the Board

Audit Committee

The Audit Committee has been re-constituted and comprises the four non-executive independent Directors. Presently, Prof. K. Vasudeva (Chairman), Dr. P. N. Khandwalla and Shri P. P. Kaliaperumal are members. Dr. P. N. Khandwalla is a Chartered Accountant and M.B.A. Accordingly, he possesses the requisite knowledge of Finance & Accounting as a member of the Audit Committee. The Committee carries out all the functions as specified in the Code of Corporate Governance and Section 292A of the Companies Act, 1956.

The Director (Finance) and the head of Audit function are permanent invitees at meetings of this Committee. In addition, the other Executive Directors attend the meetings depending upon the agenda. The Statutory Auditors also attend the meetings on invitation.

Three meetings of the Audit Committee were held during the year, which were attended by all the members. The Committee at its meeting held on June 01, 2001 reviewed the Annual Financial Statements for the year 2000-01, before the same were submitted to the Board for approval.

Directors' Remuneration Committee

The Company has not constituted a Directors' Remuneration Committee as the remuneration of its Executive Directors is decided by the Government of India.

The part-time ex-officio Directors do not receive any remuneration from the Company. The part-time independent Directors receive sitting fees of Rs. 5000 for each meeting attended by them. During the year, the fees paid were : Dr. P. N. Khandwalla (Rs. 45,000), Shri P. P. Kaliaperumal (Rs. 80,000) and Prof. K. Vasudeva (Rs. 85,000).



a) The details of remuneration paid to the Executive Directors during the year 2000-01 are as follows :-

Names of Directors	All elements of remuneration packages of the Directors. i.e. salary, benefits, bonuses, pension etc.	Details of Fixed component	Other Benefits	Service Contracts, notice period, severance fees
	Rs.	Rs.	Rs.	
Shri U. Sundararajan Chairman & Managing Director	7,44,649	6,42,292	1,02,357	The service contract expires on June 30, 2002 i.e. the date of his superannuation. Notice period : one month.
Shri M. B. Lal Director (Refineries)	5,76,244	5,16,278	59,966	Five years from May 23, 1996 and further renewed for six months Notice period : one month Service Contract is renewable for further periods.
Shri Ashok Sinha Director (Finance)	6,41,194	5,10,108	1,31,086	Five years from November 22, 1996 Notice period : one month Service Contract is renewable for further periods.
Shri S. A. Narayan Director (Human Resources)	5,42,795	4,88,730	54,065	Five years from June 10, 1998 Notice period : one month Service Contract is renewable for further periods.
Shri S. Behuria Director (Marketing)	6,41,876	4,84,419	1,57,457	Five years from November 23, 1998 Notice period : one month Service Contract is renewable for further periods.

The Company does not have any Stock Options Scheme.



5. Shareholders' Grievance Committee

The Shareholders' Grievance Committee has been constituted recently with Prof. K. Vasudeva and Shri Ashok Sinha as members to monitor investor complaints / grievance redressal. Shri D.M.Naik Bengre, Company Secretary acts as the Compliance officer.

During the year, six investor complaints were received through the SEBI out of which five were resolved to the full satisfaction of the investors. The remaining matter pertains to a dispute between the transferor and transferee resolution of which is pending in terms of the stay granted by the Bombay High Court.

All valid share transfer requests received during the year were duly processed and approved within the stipulated period of 30 days.

6. Annual / Extraordinary General Meetings

	Date and Time of the Meeting	Venue
45th Annual General Meeting	28th September 1998 at 3.30 p.m.	Yashwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai - 400021
46th Annual General Meeting	28th September 1999 at 10.00 a.m.	Birla Matushri Sabhagar, 19 Marine Lines, Mumbai - 400020
47th Annual General Meeting	28th September 2000 at 10.30 a.m.	Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400018
Extraordinary General Meeting	21st November 2000 at 10.30 a.m.	

There was no occasion to resort to postal ballot as no proposal requiring postal ballot was proposed for consideration of the shareholders.

6A Brief notes on Directors seeking re-appointment

1. Shri Naresh Narad, Additional Secretary, Ministry of Petroleum & Natural Gas, is a senior IAS officer. He has done his graduation in Economics and also studied Law. He has held senior positions in various Ministries of the Government of India. He is also a Director on the Boards of Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and IBP Co. Limited.

Shri Naresh Narad was appointed as additional Director on July 6, 1999. He was further appointed as Director retiring by rotation at the Annual General Meeting held on September 28, 1999. He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

2. Dr. B. Mohanty, Joint Advisor (Finance), Ministry of Petroleum & Natural Gas, is a member of Indian Economic Service. He is an M.Sc from Glasgow Caledonian University, U.K. and Ph.D in Economics from Tokyo University of Agriculture. He has held senior positions in various Ministries of the Government of India. He is also a Director on the Board of Hindustan Petroleum Corporation Limited.



Dr. B. Mohanty was appointed as additional Director on November 16, 1998. He was further appointed as Director retiring by rotation at the Annual General Meeting held on September 28, 1999. He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

3. Shri S.A.Narayan, Director (Human Resources), is a B.Sc. (Hons) and L.L.B. from University of Mumbai. He has also completed his M.A. in Personnel Management from Tata Institute of Social Sciences, Mumbai. Shri. S.A. Narayan has handled different aspects of personnel and HR in BPC during the last 23 years, besides another five years in private and multinational Corporations.

Shri S.A.Narayan was appointed as additional Director (Director (Human Resources)) on June 10, 1998. He was further appointed as Director retiring by rotation at the Annual General Meeting held on September 28, 1998. He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

7. Disclosures

Except where the Company has incurred expenses on behalf of Joint Venture Companies as a co-promoter and the same is recoverable from the Joint Venture Companies, there were no transactions of material nature with the Company's Directors or their relatives.

During the last three years there has been no instance of non-compliance with regard to the matters related to capital markets.

8. Means of Communication of Financial performance

The half-yearly and quarterly results were published in 12 newspapers having wide circulation across the country including The Economic Times, The Times of India, The Hindu and The Financial Express. The half yearly results will be sent to the individual shareholders with effect from the half year ending September 2001. Regular communication is maintained with institutional investors and Financial Institutions through presentations and meetings.

Periodical financial performance of the Company is displayed on the website of the Company www.bharatpetroleum.com

9. Management Discussion & Analysis Report

Management Discussion & Analysis forms part of the Directors' Report.

10. Internal Control System

The Company has in place a robust system of internal controls with the objective of effective and efficient operation, correct and accurate reporting of financial transactions, compliance of the various applicable statutes and compliance of internal policies and procedures to protect the Company's interest. Towards this a well-defined organisation structure, authority levels and internal guidelines/rules for conducting business transactions have been formulated. The system of Internal controls works through a mechanism of preventive and detective controls. While preventive controls help in ensuring that errors or misappropriations are prevented from happening, the detective controls ensure capture of errors or misappropriations after the transaction takes place.

The internal control systems are supplemented by internal audit department, which reviews on a continuous basis, the adequacy of internal controls, adherence to management policies and compliance with laws and regulations of the country.



Audit observations and recommendations are periodically reviewed by the Audit Committee, which also reviews with the Management, Internal Auditor and the Statutory Auditors, adequacy of internal control systems.

The efficiency of the internal control system in BPC has been further strengthened with the successful implementation of the integrated SAP/R3 system, which provides for more preventive checks.

11. Shareholder Information

System for Share Transfer

A Committee comprising two Executive Directors considers the requests for transfer/transmission of shares, dematerialisation etc. A Committee comprising four Directors i.e. two Executive Directors and two part-time (ex-officio) Directors considers 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.

Annual General Meeting :
Date, Time and Venue

Wednesday, the 26th September 2001 at 11.00 a.m
Y.B.Chavan Auditorium, Yashwantrao Chavan Pratishthan,
General Jagannath Bhosale Marg, Mumbai 400021

Financial Calendar

BPC follows the Financial year from April to March. The Unaudited Results for the first three quarters and the Audited Results for the year ended March 31, 2001 were taken on record by the Board and published on the following dates :-

Quarter Ended		Date of Board Meeting	Date of Publication
Apr-June' 2000	—	July 31, 2000	Aug 01, 2000
July-Sept' 2000	—	Oct 30, 2000	Oct 31, 2000
Oct-Dec' 2000	—	Jan 27, 2001	Jan 29, 2001
Year ended			
31st March 2001	—	June 06, 2001	June 07, 2001

Book closure / Record Dates

Interim

Payment of Interim Dividend at Rs. 4.00 per share was approved by the Board at its meeting held on June 6, 2001. The record date for deciding the entitlement of the Shareholders/Beneficial Owners was fixed as **July 2, 2001** and Dividend warrants as per the entitlements were dispatched on July 5, 2001

Final

The Board has recommended the Final Dividend @ Rs. 3.50 per share for the consideration of the Shareholders at the ensuing Annual General Meeting. If approved by the Shareholders, the same will be paid before October 5, 2001 to the shareholders/beneficial owners who would be eligible as on the book closure date of **August 17, 2001**



Listing of Stock Exchanges

The Company's shares are listed on
The Stock Exchange, Mumbai
The Delhi Stock Exchange Association Ltd.
The Calcutta Stock Exchange Association Ltd.
The Madras Stock Exchange Ltd.
The National Stock Exchange of India Ltd.

The Listing Fees have been paid for the year 2001-02 to all the above exchanges.

Security Code

547 on The Stock Exchange, Mumbai

ISIN Number for NSDL & 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. BSE 100

Please see Annexure II

Registrar and Transfer Agents

Share transfers are handled in-house at the Registered Office of the Company.

Dematerialization of shares and liquidity

Out of the shares held by the shareholders other than the Government, 97% are held in dematerialised form as on March 31, 2001. Distribution of shareholding on number of shares held by shareholders and Shareholding Pattern are given in Annexure III

The Company has not issued any GDRs / ADRs / Warrants etc.

Plant Locations

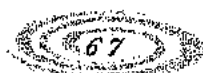
Refinery : Bharat Petroleum Corporation Limited
Mahul, Mumbai 400074

Lubricant : Bharat Petroleum Corporation Limited

Plants : Wadilube Installation,
Mallet Road,
Mumbai - 400009
Bharat Petroleum Corporation Limited
24, Parganas,
Budge - Budge 743319

Address for correspondence

The Company Secretary
Bharat Petroleum Corporation Limited
Bharat Bhavan II, Currimbhoy Road,
Mumbai - 400 001
Phone : 022-2618061, 2618281 (Extn.4125)
Fax : 022-2642112



Annexure I

Market Price Data : Prices of BPCL shares traded on the Major Stock Exchanges

(Rupees per share)

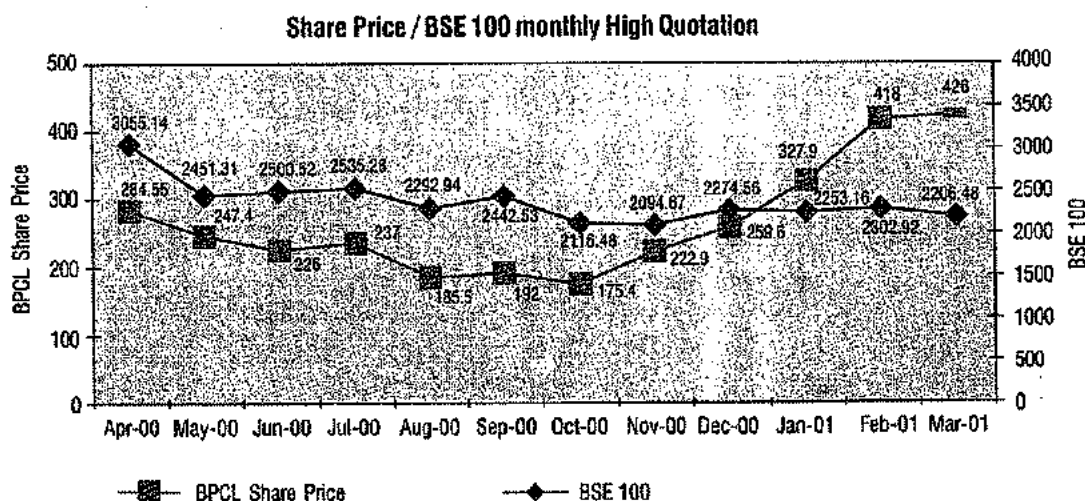
Month(s) (April 2000 - March 2001)	Mumbai Stock Exchange 2000-01		National Stock Exchange 2000-01	
	High	Low	High	Low
April	284.55	174.65	281.35	175.40
May	247.40	146.00	248.00	148.50
June	226.00	178.65	226.00	180.75
July	237.00	169.55	243.00	178.00
August	185.50	158.00	190.00	159.00
September	192.00	155.55	192.00	153.20
October	175.40	146.10	175.90	147.00
November	222.90	174.90	227.00	176.00
December	254.00	213.75	264.00	212.05
December*	129.80	108.75	128.85	106.25
January*	163.95	122.15	164.30	121.40
February*	209.00	144.00	209.50	144.35
March*	213.00	150.00	212.90	152.25

* Ex-Bonus prices

5th January 2001 was the record date for the issue of Bonus equity shares in the ratio of one share for every share held.

Annexure II

Performance in comparison to broad based indices i.e. BSE 100



The BPCL Share prices from December 2000 onwards are adjusted for issue of Bonus Shares in the ratio of 1:1 for comparison with the movement in the BSE 100.



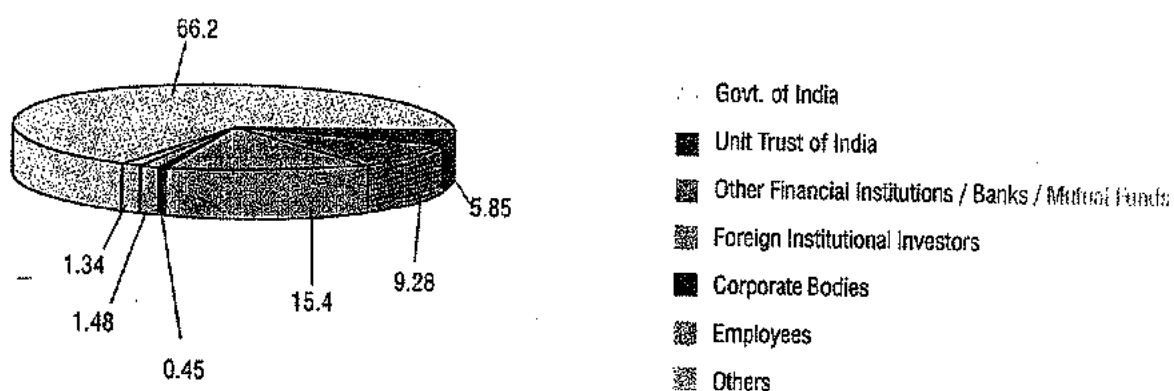
Bharat Petroleum Corporation Limited

Distribution of Shareholding as on March 31, 2001

No. of equity shares held	No. of Shareholders	No. of Shares	% to the total
Upto 5000	20443	11647221	3.88
From 5001 10000	8	75700	0.03
From 10001 50000	42	945545	0.32
From 50001 100000	18	1221800	0.41
From 100001 500000	40	9710659	3.24
From 500001 1000000	12	8591181	2.86
From 1000001 2000000	11	15391291	5.13
From 2000001 3000000	03	6859552	2.28
From 3000001 & above	05	245557051	81.85
	20582	300000000	100.00

Shareholding Pattern of BPC as on March 31, 2001

(Figures shown are in percentages)



AUDITORS CERTIFICATE

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 on March 31, 2001, 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 management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation to ensure compliance with the conditions of 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 Corporation has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee except in one case which is pending as per the directive of the Mumbai High Court.

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

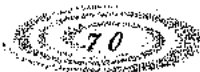
For RSM & CO
Chartered Accountants

Sd/-
Vijay N. Bhatt
Partner

Place : Mumbai,
Date : July 25, 2001



Bharat Petroleum Corporation Limited



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE C

Statement showing the total number of Employees and the number of Scheduled Castes and Scheduled Tribes and Other Backward Classes amongst them as on 1.1.2001

Group/Class		Total No. of Employees	Scheduled Castes	Percentage to Total Employees	Scheduled Tribes	Percentage to Total Employees	Other Backward Classes	Percentage to Total Employees
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	(I) Other than lowest rung of Group A	2697	424	15.72	119	4.41	22	0.82
	(II) Lowest rung of Group A	837	137	16.36	55	6.57	121	14.46
B		2873	428	14.90	179	6.23	50	1.74
C		3294	612	18.58	231	7.01	110	3.34
D (excluding Safai Karamcharis)		2886	567	19.65	185	6.41	274	9.49
D (Safai Karamcharis)		101	62	61.39	7	6.93	8	7.92

Group/Class

A - Management Staff ; B/C - Skilled/Semi Skilled Workmen; D - Unskilled Workmen.

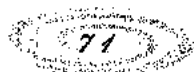
Statement showing the total number of Employees and the number of Scheduled Castes and Scheduled Tribes Position as on 01.01.2001

EMPLOYEES BELONG TO

Group/Class	Total No. Of Posts	Total No. Of Employees	Other Community	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)
A	—	3534	2799	561	174
B	—	2873	2266	428	179
C	—	3294	2451	612	231
D (Excl. Safai Karamcharis)	—	2886	2134	567	185
D (Safai Karamcharis)	—	101	32	62	7

Particulars of Recruitment During The Period 1.1.2000 to 31.12.2000

Vacancies Notified During The Period				Vacancies Filled By		
Group / Class	Other Community	SC	ST	Other Community	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	79	11	8	75	14	9
B	24	1	-	21	4	-
C	29	3	3	30	3	2
D (Excl. Safai Karamcharis)	86	5	2	72	13	8
D (Safai Karamcharis)	1	1	-	1	1	-



Statement showing the Number of Reserved Vacancies filled by Members of Scheduled Castes and Scheduled Tribes during the year 2000

Group/ Class of Posts	Total No. of Vacancies Occurred	Total No. of Vacancies Actually Filled	No. of Vacancies Reserved for Scheduled Castes		No. of SC Candidates appointed	No of SCs Vacancies Carried Forward from the Previous Year Excess/ Shortfall (+) (-)	No. of STs Candidates Appointed against Vacancies Reserved for SCs in the 3rd Yr. of Carry Forward
			Out of col.2	Out of col.3			
1	2	3	4	5	6	7	8
Posts Filled By Direct Recruitment							
Group "A"	98	98	11	11	14	+7	-
Group "B"	25	25	1	1	4	+40	-
Group "C"	35	35	3	3	3	+99	-
Group "D" (Excl. Safai Karmacharis)	93	93	5	5	13	+205	-
Group "D" (Safai Karmacharis)	2	2	1	1	1	+55	-
Posts Filled By Promotion							
Group "A"	2	2	-	-	-	-7	-
Group "B"	42	42	6	6	10	-7	-
Group "C"	23	23	3	3	5	+96	-



No. of Reservations lapsed after Carrying Forward for Three Years	No. of Vacancies Reserved for Scheduled Tribes		No. of ST Cardidates Appointed	No of STs Vacancies Carried Forward from the Previous Yr. Excess/ Shortfall		No. of SC Candidates appointed against the Vacancies Reserved for STs in the 3rd Yr. of Carry Forward	No. of Reserv-ations Lapsed after Carrying Forward for Three Years	Remarks
	Out of col.2	Out of col.3		(+)	(-)			
9	10	11	12	13		14	15	16
-	8	8	9	-1		-	-	-
-	-	-	-	+3		-	-	-
-	3	3	2	-6		-	-	-
-	2	2	8	-16		-	-	-
-	-	-	-	+2		-	-	-
-	-	-	-	-12		-	-	-
-	3	3	3	-10		-	-	-
-	2	2	2	+16		-	-	-



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE D

Review of the accounts of Bharat Petroleum Corporation Ltd. for the year ended 31st March 2001, by the Comptroller and Auditor General of India

Note : Review of accounts has been prepared without taking into account comments under section 619(4) of the Companies Act 1956 and qualifications in the Statutory Auditors' Report.

1. Financial Position

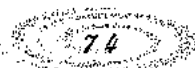
The table below summarises the financial position of the Company under broad headings for the last three years :

	(Rupees in million)		
	1998-99	1999-00	2000-01
LIABILITIES			
(a) Paid Up Capital	1,500.00	1,500.00	3,000.00*
(i) Government	993.00	993.00	1,986.00
(ii) Others	507.00	507.00	1,014.00
* Post Bonus			
 (b) Reserves & Surplus			
(i) Free Reserves & Surplus	28,709.52	33,438.33	37,785.46
(ii) Share Premium Account	—	—	—
(iii) Capital Reserve	8.57	8.50	8.43
 (c) Borrowings			
(i) From Government of India *	143.70	98.96	60.26
(ii) From Financial Institutions	—	—	—
(iii) Foreign Currency Loans	—	—	—
(iv) Cash Credit	6,000.00	12,000.00	18,000.00
(v) Others	10,500.68	13,798.59	23,494.30
(vi) Interest accrued and due	27.91	29.47	26.83
 (d) (i) Current Liabilities & Provisions	28,339.13	42,716.84	46,797.93
(ii) Provision for retirement benefits	714.69	885.45	1,036.48
 TOTAL	75,944.20	104,475.84	130,209.69

*Relending of World Bank Loan



Bharat Petroleum Corporation Limited



			(Rs. in million)
	1998-99	1999-00	2000-01
ASSETS			
(e) Gross Block	55,819.71	71,337.98	82,411.73
(f) Less : Cumulative Depreciation	24,341.42	30,378.92	36,571.43
(g) Net Block	31,478.29	40,959.06	45,840.30
(h) Capital Work-in-progress	6,408.24	4,957.36	5,823.22
(i) Investments	5,665.30	5,434.79	14,073.13
(j) Current Assets, Loans & Advances			
(i) Inventories	13,683.65	29,915.89	33,131.75
(ii) Sundry Debtors	7,450.84	8,982.36	10,073.11
(iii) Cash & Bank balances	3,197.41	3,640.14	3,930.09
(iv) Loans & Advances	8,020.93	10,565.37	17,320.97
(v) Other Current Assets	39.54	20.87	17.12
	<u>32,392.37</u>	<u>53,124.63</u>	<u>64,473.04</u>
(k) Misc. expenditure not written off	—	—	—
(l) Accumulated loss	—	—	—
TOTAL	<u>75,944.20</u>	<u>104,475.84</u>	<u>130,209.69</u>
(m) Working Capital [(j-d(i)) - c(vi)]	4,025.33	10,378.62	17,648.28
(n) Capital Employed (g + m)	35,503.62	51,337.68	63,488.58
(o) Net Worth [a + b(i) + b(ii) - k - l]	30,209.52	34,938.33	40,785.46
(p) Networth per Rupee of paid up capital (in Rupees)	20.14	23.29	13.60*

* Post Bonus

2. Ratio Analysis

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under:

			(in Percentage)
	1998-99	1999-00	2000-01
A. Liquidity Ratio			
i) Current Ratio [j / (d(i) + c(vi))]	114.19	124.28	137.69
ii) Current assets to total net assets	42.65	50.85	49.51
iii) Working capital to capital employed	11.34	20.22	27.80
B. Debt Equity ratio			
[c(i to v but excluding short term loans)/o]	32.40	31.78	45.95



(in Percentage)

	1998-99	1999-00	2000-01
C. Profitability Ratios			
a) Profit before tax to			
i) Capital employed	27.55	18.25	17.53
ii) Net Worth	32.38	26.81	27.29
iii) Sales including excise duty	4.53	2.81	2.42
b) Profit after tax to Equity (o) excluding dividend tax	23.37	20.08	20.42
c) Earnings per share (in Rupees)	47.07	46.78	27.76*

* Post Bonus

3. Reserves & Surplus

The reserves and surplus of the Company were 13 times its paid up capital as on 31st March, 2001 as against 22 times as on 31st March, 2000 and 19 times as on 31st March, 1999.

4. Investments

The Company's investments increased from Rs. 5434.79 million as at the end of 31st March, 2000 to Rs. 14073.13 million as at the end of 31st March, 2001. The increase is mainly due to the acquisition of 55.04% stake in Kochi Refinery Limited (KRL) from Government of India & 19% in Numaligarh Refinery Limited (NRL) from IBP, consequent to which both the companies have become subsidiaries of the company. The Company has also made an additional investment in Indraprastha Gas Limited amounting to Rs. 315 million.

As against weighted average cost of borrowings of 11.88 % (7.18 % post tax), the weighted average yield on investments during the year was 17.74 % (10.72 % post tax).

5. Sources and Utilisation of Funds

Funds amounting to Rs. 31036.13 million from internal and external sources were realised as well as utilised during the year as per details given below :

(Rupees in million)

Sources of Funds

Funds generated from operation :

Profit after tax	8,326.63	
Add : Depreciation	6,458.69	
Add : Loss on sale of assets	17.48	
		14,802.80
Sale/write off of fixed assets		576.32
Increase in loan funds		15,657.01
Total		31,036.13



Utilisation of Funds*(Rupees in million)*

Addition to fixed assets/ capital work in progress	12,799.66
Increase in Working Capital	7,118.63
Dividend Including tax	2,479.50
Increase in Investments	8,638.34
Total	31,036.13

6. Working Capital

The working capital of the Company as on 31st March 1999, 2000 and 2001 was Rs. 4025.33 million, Rs 10378.62 million and Rs. 17648.28 million respectively. The increase in working capital during the current year was mainly due to increase in Inventory holdings, Loans & Advances and Debtors.

7. Working Results

The working results of the Company during the last three years are given below :

	<i>(Rupees in million)</i>		
	1998-99	1999-00	2000-01
a) Net Sales (excluding excise duty)	191,988.70	293,645.17	420,058.40
b) Profit before tax	9,782.52	9,368.55	11,131.22
c) Profit after tax excluding dividend tax	7,060.30	7,016.31	8,326.63

Profit for the current year includes an amount of Rs. 6278.97 million on account of margin updation, delivery charges and other claims relating to previous years. Similar claims were Rs.716.70 million in 1999-2000 and Rs.1854.10 million in 1998-99.

The profit before tax has increased by Rs.1762.67 million during the year. The profit has increased mainly due to accounting of marketing margin updation for 1996-97 and 1997-98 as advised by OCC, higher refiners margin and accounting of pool claims for LPG cylinder depreciation and return based on a revised scheme implemented by the Government.

8. Inventory

The inventory position as at the end of last three years is as follows :

	<i>(Rupees in million)</i>		
	1998-99	1999-00	2000-01
i) Raw Materials	1,074.93	1,155.70	2,864.34
ii) Stores & Spares (including in transit)	938.66	582.06	524.28
iii) Stock-in-Process	131.18	574.11	635.69
iv) Finished Goods	11,236.88	27,219.75	28,763.13
v) Packages	302.00	384.27	344.31

- The stock of raw materials at the close of each year was equivalent to about 0.5 months' consumption in 2000-01 as against 0.3 months' in 1999-00 and 0.4 months' in 1998-99.
- The stores and spares (including packages) at the end of 2000-01 represented 6.7 months' consumption as against 8.0 months' in 1999-00 and 7.5 months' in 1998-99.
- Finished Goods at the end of the year amounted to about 0.75 months' sales during 2000-01 as against 1.0 months' in 1999-00 and 0.6 months' in 1998-99.



9. Sundry Debtors

a) The position of sundry debtors for the last three years ending 31st March, 2001 is as follows:

Year	Sundry Debtors (Rs. in Million)	Debts considered doubtful & provided for (Rs. in Million)	Percentage of Debtors to sales (including excise duty)
1998-99	7,848.04	397.20	3.63
1999-00	9,534.28	551.92	2.86
2000-01	10,712.38	639.27	2.33

b) The following table indicates the debts outstanding for more than one year as on 31st March, 2001.

	(Rupees in million)	
	Government Department / Undertakings	Others
(i) Debts outstanding for more than one year but less than two years.	31.46	532.54
(ii) Debts outstanding for more than two years but less than three years	45.99	264.55
(iii) Debts outstanding for three years and more.	290.41	579.87

10. Dues receivable from/payable to Oil Co-ordination Committee (OCC)

As of March 2001, the Company has an amount of Rs. 9351.79 million receivable from OCC towards various regular settlements. The amount of net outstanding claims/(surrender) as at the end of 3 years is given below.

	(Rupees in million)		
Year	Balance Claims/ (Surrenders)	Interest	Total Amount
1998-99	(2,413.44)	(24.17)	(2,437.61)
1999-00	2,409.41	4.48	2,413.89
2000-01	9,030.50	321.29	9,351.79

The increase in the dues from OCC as on 31.3.2001 as compared to the previous year is mainly due to pending settlement of claims by OCC and accounting of LPG Cylinder Compensation and Differential Margin Updation claims during the year.

11. Dividend

The Company has declared an interim dividend of 40 per cent and also recommended a final dividend of 35 per cent for the year ended 31st March, 2001 as against 125 per cent for 1999-00. The dividend payout ratio, calculated as a percentage of total dividend paid/proposed to profit after tax during the last three years ended 31st March, 2001 was 29.5, 32.6 and 29.8 respectively.

Mumbai
10th August, 2001

Sd/-
GAUTAM GUHA
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board II



Bharat Petroleum Corporation Limited

7.8

ADDENDUM TO THE DIRECTORS' REPORT

Comments of the Comptroller and Auditor General of India

COMMENTS OF THE COMPTROLLER & 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 31ST MARCH, 2001.

The Directors have received the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Annual Accounts for the year ended 31st March, 2001 vide letter no. MAB/ BPCL/A/cs./00-01/80 dated 13th August, 2001. The explanations of the Board of Directors are as under:

COMMENTS

EXPLANATIONS

BALANCE SHEET

1. Sundry Debtors (Schedule 'H') Rs.10073.11 million

This includes a net debit balance of Rs.1211.6 million made up of 215635 debit items amounting to Rs. 41344.0 million and 132983 credit items amounting to Rs. 40132.4 million remaining unlinked of which 106845 items remained unreconciled for more than 2 years. In view of non-reconciliation of these items Sundry Debtors' balance can not be considered to be correct.

Item number 7 of the Notes forming part of the Accounts reads as follows:

"The Corporation follows open items system of maintaining Customers accounts included in "Sundry Debtors". The transactions continue to appear in the customer accounts till such time the same are matched and cleared. This is an ongoing process. The clearance of such open items is not likely to have a material impact on the outstanding or classification in the accounts."

Clearance of the open items, in the past, have not made any material impact on the outstandings.

While reviewing the Accounts, the Audit Committee also discussed this subject, and they concurred with the views of the management that the clearance of open items is not likely to make a significant impact on the outstandings.

Mere presence of open items does not imply that the Sundry Debtors' balance is not correct.

2. Current Assets, Loans and Advances

Loans and Advances (Schedule K) Rs. 17320. 97 Million

This includes an excess claim on OCC to the extent of Rs. 9.9 million due to erroneous calculation of amount reimbursable from Pool Account towards Long Term Settlement in respect of non-management staff. Consequently, Loans and Advances are overstated and net recovery from/(payment to) Industry Pool Account (Schedule 'N') are understated with consequent over statement of profit to this extent.

Noted. Necessary rectification entries will be passed in 2001-02 accounts.



PROFIT AND LOSS ACCOUNT

3. Consumption of Stores, Spares and Materials (Schedule R) Rs.1020.77 million.

This includes stores valued Rs. 12.8 million lying in stock at LPG Bottling Plants and other locations (14 locations) as at the end of the year resulting in overstatement of consumption of stores, spares and materials and understatement of inventory of stores and spares (Schedule 'G') with consequential understatement of profit. The value of such stocks lying at other locations could not be determined in the absence of information.

4. Depreciation - Rs. 6644.63 million

Depreciation provided during the current year is overstated by Rs.3499.2 million due to provision of depreciation on LPG cylinders procured during the year at 100 per cent instead of 16.21 per cent applicable according to note 8 and the proviso thereunder in Schedule XIV to the Companies Act, 1956.

Noted. The process of valuation of stores at LPG Bottling plants and other locations is already under implementation during 2001-02.

Majority of the LPG cylinders are lying with the customers, distributors and transporters and not under custody of BPC. Therefore, BPC has been providing depreciation at 100%. This policy has been followed consistently over the years. Suitable disclosure in the Accounting Policy (Item 3.2 of the Statement of Significant Accounting Policy) has also been made.

Provisions of the Schedule XIV (note no. 5) of the Companies Act, 1956 read with para 13 of the Accounting Standard 6 (Depreciation Accounting) issued by Institute of Chartered Accountants of India allows provision of depreciation at a higher rate than that provided in the Schedule.

Considering these factors, there is no overstatement of depreciation.

For and on behalf of the Board of Directors

Sd/-

GAUTAM GUHA

Principal Director of Commercial Audit
and ex-officio Member, Audit Board II

Mumbai

August 13, 2001

Sd/-

U. SUNDARARAJAN

Chairman & Managing Director

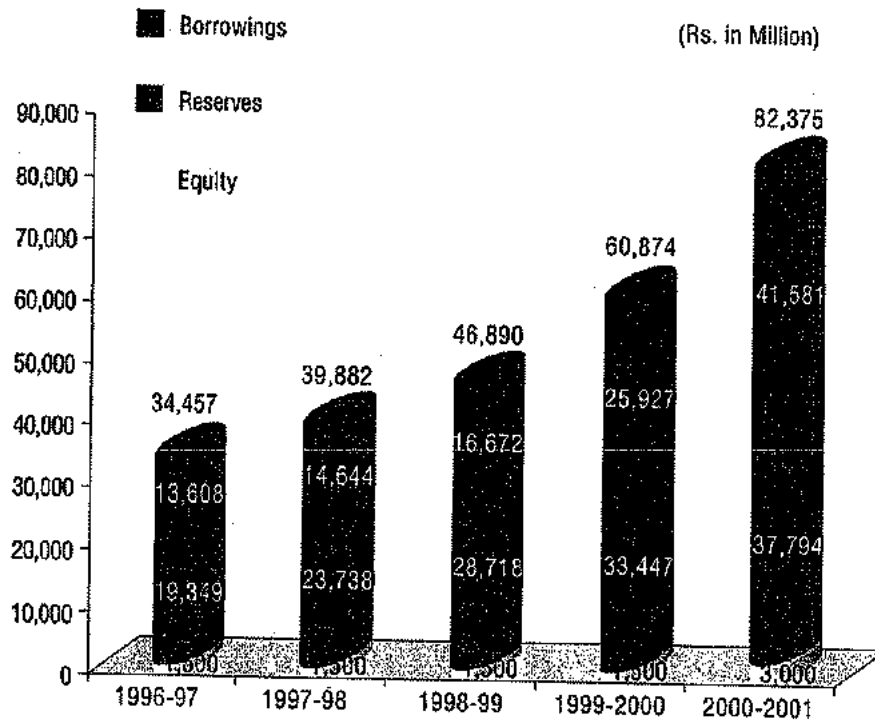
Mumbai

August 30, 2001

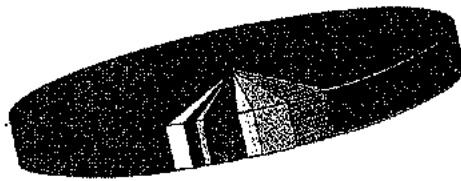


Bharat Petroleum Corporation Limited

TOTAL FUNDS EMPLOYED



DISTRIBUTION OF EACH RUPEE EARNED



1999-2000

2000-2001

75.66	81.04	Raw Materials, Purchase of Products for resale and packages
12.72	9.22	Duties, Taxes etc.
2.82	2.29	Transportation
2.34	1.68	Stores and other operating expenses
1.28	1.37	Employees' remuneration and other benefits
0.55	0.55	Interest on Borrowings
1.84	1.44	Depreciation
0.70	0.61	Income Tax
0.68	0.54	Dividend
1.41	1.26	Retained Profits



PERFORMANCE PROFILE

2000-01 1999-00 1998-99 1997-98 1996-97 1995-96 1994-95 1993-94 1992-93 1991-92

1. Crude Oil Processed (000 Tonnes)

Imported	2743	2546	1731	1222	1486	1110	1891	2610	2685	2062
Indigenous	5919	6323	7205	6720	6108	6240	5491	4596	4550	4900
TOTAL	8662	8869	8936	7942	7594	7350	7382	7206	7235	6962

2. Production Quantity (000 KL)

Light Distillates %	34.74	32.69	34.85	34.47	32.54	33.27	32.29	31.20	31.49	32.29
Middle Distillates %	49.43	53.45	53.90	54.29	55.23	54.74	54.62	53.59	53.88	54.95
Heavy Ends %	15.83	13.86	11.25	11.24	12.23	11.99	13.09	15.21	14.63	12.76

3. Fuel and Loss as % of Crude Processed

5.4	4.9	4.5	4.8	4.8	5.6	5.4	4.7	4.2	4.2
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4. Aromatics Production (MT)

Benzene	75293	76351	70496	67169	81533	60575	57511	22037	56612	68564
Toluene	16344	19569	16990	18664	20689	13182	13437	7047	11070	9048

5. Market Sales (000 KL)

24894	24193	22348	20847	20097	18731	16740	15306	14443	13651
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6. Lubricants Production (MT)

96624	100396	102684	86951	69164	67876	66681	74154	82911	95091
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7. Market Participation %

21.4	20.7	20.6	20.5	20.4	20.3	20.2	20.0	19.5	18.8
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8. Marketing Network

Installations	19	19	16	16	16	16	16	16	14	12
Depots	164	146	131	128	131	122	118	117	98	94
Aviation Service Stations	19	19	16	15	16	16	16	14	14	13
Total Tankages (Million KL)	2.94	2.88	2.72	2.30	1.81	1.62	1.57	1.52	1.37	1.17
Retail Outlets	4562	4489	4423	4407	4373	4312	4214	4090	4040	4005
Number of LPG Bottling Plants	38	32	27	21	19	18	16	16	15	15
LPG Distributors	1421	1345	1200	1179	1146	1062	948	866	816	793
LPG Customers (No. Million)	13.80	11.40	9.11	8.03	6.93	6.02	5.37	4.78	4.35	4.05

9. Manpower (Nos.)

12670	12638	12264	12094	11704	11499	11207	11299	11167	11158
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10. Sales and Earnings (Figures in Rs. Million)

i) Sales and Other Income *	471532	358911	258299	209187	181564	150234	133863	115203	102349	88828
ii) Gross Profit before Depreciation, Interest & Tax	20332	17377	15668	12143	9775	9101	7618	5456	4735	4028
iii) Depreciation	6645	6154	4040	3824	2258	2179	2603	1365	1431	1031
iv) Interest	2556	1854	1745	1122	821	394	437	467	383	442
v) Profit before Tax	11131	9369	9783	7197	6696	6528	4578	3624	2921	2555
vi) Tax	2930	2330	2770	1870	2370	2670	1690	1470	1220	1070
vii) Profit after Tax	8201#	7039#	7013#	5327	4326	3858	2888	2154	1701	1485

Before adjusting prior period tax Rs. 125.41 million in 2000-01, Rs. (22.24) million in 1999-2000 and Rs. 47.78 million in 1998-99.

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



Bharat Petroleum Corporation Limited

1990-91 1989-90 1988-89 1987-88 1986-87 1985-86 1984-85 1983-84 1982-83 1981-82 1980-81 1979-80 1978-79 1977-78 1976
(15 Months)

1397	1008	623	1204	105	67	175	468	1384	904	1268	1301	1840	3826	3596
5514	6024	5535	5352	5467	6311	5279	4829	3093	4090	3603	3540	2866	1803	159
6911	7032	6158	6556	5572	6378	5454	5297	4477	4994	4871	4841	4706	5629	3755
8329	8525	7367	7856	6667	7574	6619	6427	5305	5962	5769	5750	5562	6516	4312
30.87	31.09	29.29	27.83	27.78	28.08	25.75	25.77	22.25	24.76	22.22	21.91	21.68	19.77	19.97
55.70	57.07	60.12	59.38	60.39	59.35	54.36	55.21	51.36	53.06	55.66	56.74	57.86	55.33	55.93
13.43	11.84	10.59	12.79	11.83	12.57	19.89	19.02	26.39	22.18	22.12	21.35	20.46	24.90	24.10
4.5	4.5	5.6	5.6	5.8	6.2	4.5	4.4	4.7	4.8	4.9	4.7	5.0	5.2	5.7

68426	56499	59624	45928	18603	20112	0	0	0	0	0	0	0	0	0
10877	8643	7494	8414	4948	4455	0	0	0	0	0	0	0	0	0
13101	12836	11720	10720	9899	9410	8789	7711	7124	6541	6473	6136	5781	6483	4519
87459	94672	92725	84691	74763	72414	68425	63872	66153	55475	60813	56831	55074	57508	40939
18.9	18.9	18.7	18.5	18.3	18.7	18.3	17.5	16.8	16.4	17.2	16.7	16.3	16.4	15.3

10	10	10	9	9	8	8	8	8	8	7	5	5	5	5
83	78	69	69	66	62	60	56	59	59	57	61	61	61	61
13	13	12	11	9	8	8	7	4	3	3	3	3	2	2
1.01	0.91	0.87	0.74	0.75	0.67	0.66	0.63	0.68	0.67	0.66	0.63	0.63	0.61	0.61
3965	3894	3822	3741	3663	3567	3486	3410	3350	3317	3311	3302	3281	3271	3185
15	15	14	8	4	2	2	1	1	1	—	—	—	—	—
767	740	704	651	616	518	409	315	264	163	154	143	138	128	90
3.77	3.61	3.31	3.03	2.70	2.32	1.96	1.61	1.19	0.83	0.59	0.58	0.56	0.51	0.49
11029	10616	10578	10203	9397	8321	7894	7433	6971	6403	5808	5452	5212	4956	4847

73951	60816	54762	50797	44878	31650	26642	23326	20563	18516	15124	10727	8284	9055	6728
3488	3010	2424	1903	1843	1772	930	749	550	485	394	330	294	241	103
961	1030	789	635	816	776	533	424	154	122	125	77	45	19	24
372	314	334	338	342	307	189	133	96	67	38	5	3	16	19
2155	1666	1301	930	685	689	208	192	300	296	231	248	246	206	60
877	440	258	150	82	76	70	35	165	155	127	139	159	127	43
1278	1226	1043	780	603	613	138	157	135	141	104	109	87	79	17



PERFORMANCE PROFILE (Contd.)

2000-01 1999-00 1998-99 1997-98 1996-97 1995-96 1994-95 1993-94 1992-93 1991-92

11. What the Company Owned (Rs. Million)

i) Gross Fixed Assets (including Capital Work-in-Progress)	88235	76295	62228	50463	39491	32502	27907	23685	20666	17525
ii) Net Fixed Assets (including Capital Work-in-Progress)	51663	45916	37886	30050	22762	17940	15455	13741	11928	10237
iii) Net Current Assets (including Investments)	30712	14958	9004	9832	11695	4622	2578	1838	839	1238
Total Assets Net (ii + iii)	82375	60874	46890	39882	34457	22562	18033	15579	12767	11475

12. What the Company Owed (Rs. Million)

i) Share Capital	3000	1500	1500	1500	1500	1500	1500	500	500	500
ii) Reserves and Surplus	37794	33447	28718	23738	19349	15818	12455	11021	9010	7475
iii) Net Worth (i + ii)	40794	34947	30218	25238	20849	17318	13955	11521	9510	7975
iv) Borrowings	41581	25927	16672	14644	13608	5244	4078	4058	3257	3500
Total Funds Employed (iii + iv)	82375	60874	46890	39882	34457	22562	18033	15579	12767	11475

13. Internal Generation (Rs. Million)	12306	10894	8990	8227	5782	5544	5032	3376	2967	2366
---------------------------------------	-------	-------	------	------	------	------	------	------	------	------

14. Value Added (Rs. Million)	41448	36925	30018	24447	20769	19555	15622	9261	8886	7863
-------------------------------	-------	-------	-------	-------	-------	-------	-------	------	------	------

15. Earnings in Foreign Exchange (Rs. Million)	8700	5730	2993	3567	4172	3610	2724	2362	2042	1600
--	------	------	------	------	------	------	------	------	------	------

16. Ratios

i) Gross Profit before Depreciation, Interest & Tax as % age of Sales and Other Income	4.4	5.2	7.1	10.1	9.1	9.6	9.3	8.4	7.8	7.0
ii) Profit after Tax as % age of average Net Worth	21.7	21.6	25.3	23.1	22.7	24.7	22.7	20.5	19.5	20.3
iii) Profit after Tax as % age of Share Capital	273.4	469.3	467.5	355.1	288.4	257.2	192.6	430.8	340.1	296.9
iv) Average Net Worth as % age of Share Capital	1262.4	2172.2	1848.5	1536.2	1272.2	1042.4	849.2	2103.1	1748.5	1461.5
v) Gross Profit before Depreciation, Interest & Tax as % age of Capital Employed	26.6	31.1	38.5	34.0	33.0	45.9	50.6	43.1	47.8	44.1
vi) Profit before Tax as % age of Capital Employed	14.6	16.8	24.2	20.1	22.6	33.0	30.4	28.6	29.5	28.0
vii) Profit After Tax as % age of Capital Employed (ROCE)	10.7	12.6	17.3	14.9	14.6	19.5	19.2	17.0	17.2	16.3
viii) Debt Equity Ratio	1.02	0.7	0.6	0.6	0.7	0.3	0.3	0.4	0.3	0.4

17. Earning per Share (Rupees)

— Pre-Bonus	54.67#	46.92#	46.75#	35.51	28.84	25.72	19.26*	43.08	34.01	29.69
— Post-Bonus	27.34#									

18. Book Value per Share (Rupees)	135.98@	232.98	201.45	188.25	139.00	115.45	93.04@	230.42	190.21	159.49
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* Issue of Bonus Shares in the ratio 2:1.

Before adjusting prior period tax of Rs. 125.41 million in 2000-01, Rs. (22.24) million in 1999-2000 and Rs. 47.78 million in 1998-99.

@ On Post-Bonus Capital.



1990-91 1989-90 1988-89 1987-88 1986-87 1985-86 1984-85 1983-84 1982-83 1981-82 1980-81 1979-80 1978-79 1977-78 1976
(15 Months)

15234 13246 11224 9549 7518 6005 4947 3452 2092 1346 963 738 581 500 461

8940 7873 6832 5991 4276 3596 3292 2285 1337 736 471 366 282 246 226

1139 802 314 142 908 1093 583 729 558 696 869 267 216 362 259

10079 8675 7146 6133 5184 4689 3875 3014 1895 1432 1340 633 498 608 485

500 500 279 279 279 279 166 166 145 145 145 145 145 145 145

6140 4962 4057 3070 2062 1496 1035 919 758 619 498 411 319 250 190

6640 5462 4336 3349 2341 1775 1201 1085 903 764 643 556 464 395 335

3439 3213 2810 2784 2843 2914 2674 1929 992 668 697 77 34 213 150

10079 8675 7146 6133 5184 4689 3875 3014 1895 1432 1340 633 498 608 485

2139 2154 1855 1358 1425 1350 650 585 294 243 212 168 115 79 26

6820 4813 4994 3873 3405 2922 2235 1865 1297 1123 1008 838 763 714 281

1971 1361 1199 1100 1156 1030 877 750 771 742 1 0 34 3 22

6.6 6.1 5.5 4.7 5.2 7.5 4.3 4.0 3.2 3.2 3.2 3.5 3.8 3.0 1.8

21.1 25.0 28.4 26.7 29.3 41.2 12.1 15.7 16.2 20.0 17.4 19.1 20.1 21.5 6.7

255.6 245.1 391.7 273.0 216.7 220.2 83.3 94.5 92.6 96.8 71.8 67.2 59.6 54.1 11.5

1210.2 979.8 1379.7 1021.5 738.9 534.3 689.8 599.9 573.1 483.7 412.4 350.9 295.7 251.2 170.9

46.5 45.5 44.3 48.4 51.1 49.0 37.5 53.7 51.8 43.8 33.5 65.9 69.7 41.6 21.8

28.7 25.2 23.8 23.7 19.0 19.0 8.4 13.7 28.2 26.7 19.7 49.6 58.2 35.6 12.6

17.0 18.5 19.9 19.4 16.7 16.9 5.6 11.2 12.7 12.7 8.9 19.5 20.5 13.6 3.5

0.5 0.6 0.6 0.8 1.2 1.6 2.2 1.8 1.1 0.9 1.1 0.1 0.1 0.5 0.4

25.56 24.51 37.45 28.01 21.71 22.01 6.07 7.01 6.07 6.12 4.68 4.73 3.77 3.42 0.72

132.80 109.24 155.69 120.23 84.04 63.74 52.23 47.16 39.27 33.20 27.97 24.17 20.20 17.19 14.56



SOURCES AND APPLICATION OF FUNDS

2000-01 1999-00 1998-99 1997-98 1996-97 1995-96 1994-95 1993-94 1992-93 1991-92 1990-91

SOURCES OF FUNDS

OWN

Profit after Tax	8201	7039	7013	5327	4326	3858	2888	2154	1701	1485	1278
Depreciation	6459	6165	4011	3838	2251	2181	2605	1366	1431	1031	961
Investment	—	231	5139	—	—	765	—	—	—	—	—
Shareholders' investment	—	—	—	—	—	—	—	—	—	—	—
Excess/(Short) Provision for taxation in earlier years written back/provided for (net)	125	(22)	48	(113)	(250)	—	33	21	—	—	—

BORROWINGS

Loans (net)	15655	9254	2029	1036	8364	1186	20	802	—	62	226
LPG Deposits	3847	3449	1683	2473	1205	971	788	520	254	373	176
Decrease in Working Capital	—	—	—	7746	—	—	—	—	539	—	—
Adjustment on account of Deletion/Re-classification etc.	141	28	17	25	18	51	38	8	41	12	2
	34428	26144	19940	20332	15914	8992	6372	4871	3966	2963	2643

APPLICATION OF FUNDS

Capital Expenditure	12347	14223	11865	11151	7091	4718	4348	3187	3162	2340	2030
Dividend	2250	1875	1875	750	495	495	495	165	165	150	100
Tax on distributed profits	230	413	206	75	49	—	—	—	—	—	—
Repayment of Loans (net)	—	—	—	—	—	—	—	—	245	—	—
Investment	8638	—	—	8356	790	—	922	722	394	67	275
Increase in Working Capital	10963	9633	5994	—	7489	3779	607	797	—	406	238
	34428	26144	19940	20332	15914	8992	6372	4871	3966	2963	2643



1989-90 1988-89 1987-88 1986-87 1985-86 1984-85 1983-84 1982-83 1981-82 1980-81 1979-80 1978-79 1977-78 1976
(15 Months)
(Rs. Million)

1226 1043 780 603 613 138 157 135 141 104 109 87 79 17

1028 868 634 861 776 535 429 159 122 128 77 46 19 24

— — — — — — — — — — — — — —

— — — — — — 20 — — — — — — 171

— — — — — — — — — — — — — —

403 25 — — 240 746 937 324 — 620 44 — 62 115

285 214 222 276 328 260 206 116 67 12 8 14 6 11

— — 546 — — — — 21 107 — — 132 — —

26 19 5 — 27 3 2 2 1 1 — 2 4 (75)

2968 2169 2187 1740 1984 1682 1751 757 438 865 238 281 170 263

2095 1728 2071 1538 1107 1544 1375 757 389 231 161 84 43 26

100 56 56 39 39 23 — — 20 20 18 18 18 15

— — — — — — — — — — — — — —

— — 60 71 — — — — 29 — — 179 — —

21 10 — — — 6 2 — — — — — — 1

752 375 — 92 638 109 374 — — 614 59 — 109 221

2968 2169 2187 1740 1984 1682 1751 757 438 865 238 281 170 263



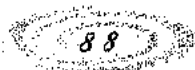
SALES VOLUME ('000 MT)

	2000-2001		1999-2000		1998-99		1997-98		1996-97	
	Sales	Market Share (%)	Sales	Market Share (%)	Sales	Market Share (%)	Sales	Market Share (%)	Sales	Market Share (%)
Light Distillates :										
Naphtha	1326	16.4	1203	15.4	1160	16.6	977	17.7	916	20.0
LPG (Bulk & Packed)	1612	24.3	1431	24.2	1211	24.0	1090	23.7	1021	24.4
Motor Spirit	2062	31.1	1825	30.8	1682	30.5	1561	30.3	1497	30.1
Special Boiling Point Spirit/Hexane	46	43.8	48	40.5	56	39.3	88	41.9	95	47.2
Benzene	78	53.8	74	52.7	70	48.7	63	45.0	77	50.6
Toluene	15	24.6	20	25.8	18	24.9	18	25.2	21	31.4
Polypropylene Feedstock	4		3		1		—		19	
Others	28		20		5		2		3	
Sub Total	5171		4624		4203		3799		3649	
Middle Distillates :										
Aviation Turbine Fuel	509	22.6	486	22.1	456	21.4	475	22.5	486	22.1
Superior Kerosene	1791	16.4	1786	16.4	1766	16.4	1603	16.0	1631	16.1
High Speed Diesel	9237	24.2	9214	23.5	8725	23.3	8324	23.0	8040	22.8
Light Diesel Oil	152	10.6	171	12.9	157	12.1	123	10.0	126	10.4
Mineral Turpentine Oil	101	45.3	122	50.2	115	59.0	83	44.7	74	39.2
Sub Total	11790		11779		11219		10608		10357	
Others :										
Furnace Oil	1238	19.4	1168	16.7	954	14.0	895	13.5	816	12.8
Low Sulphur Heavy Stock	607	12.2	586	12.3	608	13.3	605	13.9	435	10.1
Bitumen	440	16.6	414	16.4	417	17.1	373	17.3	421	18.5
Lubricants	99	12.3	104	11.7	101	11.2	87	10.3	86	11.9
Sub Total	2384		2272		2080		1960		1758	
Grand Total	19345	21.4	18675	20.7	17502	20.6	16367	20.5	15764	20.4

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



Bharat Petroleum Corporation Limited



PRODUCTION ('000 MT)

	2000-2001	1999-2000	1998-99	1997-98	1996-97
Light Distillates :					
Naphtha	1111	1118	1184	1066	1061
LPG	365	341	363	309	254
Motor Spirit	847	791	939	783	720
Special Boiling Point Spirit/Hexane	45	45	57	87	96
Benzene	75	76	70	57	81
Toluene	16	20	17	19	21
Polypropylene Feedstock	4	3	1	1	19
Others	19	20	17	3	3
Sub Total	2482	2414	2648	2325	2255
Middle Distillates :					
Aviation Turbine Fuel	224	219	200	122	127
Superior Kerosene	766	610	718	790	759
High Speed Diesel	2919	3547	3611	3181	3010
Light Diesel Oil	128	99	90	69	66
Mineral Turpentine Oil	97	124	117	90	85
Sub Total	4134	4599	4736	4252	4047
Heavy Ends :					
Furnace Oil	707	566	290	212	141
Low Sulphur Heavy Stock	585	580	626	679	744
Bitumen	295	274	274	188	222
Sub Total	1587	1420	1190	1079	1107
Grand Total	8203	8433	8574	7656	7409

Lubricants Production (MT)

	2000-01	1999-2000	1998-99	1997-98	1996-97
	96624	100396	102684	86951	69164

Quantity of LPG Filled in Cylinders (MT)

	2000-01	1999-2000	1998-99	1997-98	1996-97
	1573383	1375498	1217009	1116182	978135

HOW VALUE IS GENERATED

	2000-2001	Rs. Million 1999-2000
Value of Production (Refinery)	72506	58296
Less : Direct Materials Consumed	63817	51869
Added Value	8689	6427
Marketing Operations	32759	30498
Value added by Manufacturing & Trading Operations	41448	36925
Add : Other Income (including P.Y.A)	3277	1177
Total Value Generated	44725	38102

HOW VALUE IS DISTRIBUTED

	2000-2001	Rs. Million 1999-2000
1. OPERATIONS		
Operating & Service Costs	18039	16444
2. EMPLOYEES' BENEFITS		
Salaries, Wages & Bonus	5105	3278
Other Benefits	1249	1003
3. PROVIDERS OF CAPITAL		
Interest on Borrowings	2556	1854
Dividend	2250	1875
4. INCOME TAX	3035	2765
5. RE-INVESTMENT IN BUSINESS		
Depreciation	6644	6154
Retained Profit	5847	4729
Total Value Distributed	44725	38102



AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

We have audited the attached Balance Sheet of BHARAT PETROLEUM CORPORATION LIMITED as at March 31, 2001 and also the annexed Profit and Loss Account of the Company for the year ended on that date, and report that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
4. in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. 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 and the Significant Accounting Policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001

and

(ii) In the case of Profit and Loss Account, of the profit for the year ended on that date.

7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of our audit, and to the best of our knowledge and belief, we further report that :

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipes, valves, meters, instruments and other similar items peculiar to a continuous process industry. We are informed that fixed assets, other than LPG cylinders with customers are verified by the Marketing Division over a two-year period and by the Refinery over a three-year period. The frequency of verification of fixed assets is, in our opinion, reasonable. In respect of the assets verified during the year, we are informed that there are no material discrepancies.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) Physical verification has been conducted by the management during the year in respect of finished goods, stores, spare parts and raw materials, other than those lying with contractors and in transit. In our opinion, the frequency of physical verification of stocks is reasonable.



- (iv) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) We are informed that discrepancies noticed on physical verification of stocks were not material as compared to book records and have been properly dealt with in the accounts.
- (vi) In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles. The basis of valuation of stocks is same as in the preceding year.
- (vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of this Section are not applicable to a company on or after October 31, 1998.
- (viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties other than to its joint venture companies as listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans, wherever applicable, are, *prima facie*, not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, the provisions of this Section are not applicable to a company on or after October 31, 1998.
- (ix) Employees and other parties, including the companies in which the Company is a member, to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amount and interest wherever stipulated except in case of a loan to one joint venture company amounting to Rs. 30.45 million for which necessary provision has been made by the Company.
- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials, plant and machinery, equipment, other assets and for the sale of goods.
- (xi) According to the information and explanations given to us, purchases of goods/materials and sale of goods/materials and services exceeding Rs.50,000 in value for each type thereof, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices for such goods/materials/ services and/or at prices at which such transactions are entered with other parties.
- (xii) The Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- (xiii) In respect of deposits accepted from the public, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder.



- (xiv) As explained to us, the Company has maintained reasonable records for sale and disposal of realisable by-products and scrap.
- (xv) The Company has an adequate internal audit system commensurate with its size and the nature of its business.
- (xvi) We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records in respect of two products, namely Benzene and Toluene, under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed accounts and records have been maintained. We have however, not made, nor are required to make any examination of these records with a view to determine whether they are accurate or complete.
- (xvii) The Company is generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
- (xviii) There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at March 31, 2001, for a period of more than six months from the date they became payable.
- (xix) According to the information and explanations given to us, no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xx) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of Company's trading activities, damaged goods, which were not significant, have been determined and necessary provision has been made in the accounts.

For and on behalf of

RSM & CO.

Chartered Accountants

Sd/-

VIJAY N. BHATT

Partner

Place : New Delhi

Dated : 6th June, 2001

For and on behalf of

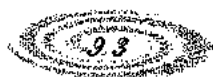
MEHRA GOEL & CO.

Chartered Accountants

Sd/-

M. K. GOEL

Partner



BALANCE SHEET AS AT 31ST MARCH, 2001

	SCHEDULE	Rs. Million	31/03/2000 Rs. Million
I. SOURCES OF FUNDS			
1. Shareholders' funds :			
Share Capital	A	3,000.00	1,500.00
Reserves and Surplus	B	37,793.89	33,446.83
		<u>40,793.89</u>	<u>34,946.83</u>
2. Loan funds :	C		
Secured Loans		24,787.09	15,128.04
Unsecured Loans		16,794.30	10,798.68
		<u>41,581.39</u>	<u>25,926.72</u>
TOTAL		<u>82,375.28</u>	<u>60,873.55</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets :	D		
Gross block		82,411.73	71,337.98
Less : Depreciation		36,571.43	30,378.92
Net block		<u>45,840.30</u>	<u>40,959.06</u>
Capital work-in-progress	E	5,823.22	4,957.36
		<u>51,663.52</u>	<u>45,916.42</u>
2. Investments	F	14,073.13	5,434.79
3. Current assets, loans and advances :			
Inventories	G	33,131.75	29,915.89
Sundry debtors	H	10,073.11	8,982.36
Cash and bank balances	I	3,930.09	3,640.14
Other current assets	J	17.12	20.87
Loans and advances	K	17,320.97	10,565.37
		<u>64,473.04</u>	<u>53,124.63</u>
Less : Current liabilities and provisions :			
Liabilities	L	45,518.43	40,429.34
Provisions	M	2,315.98	3,172.95
		<u>47,834.41</u>	<u>43,602.29</u>
Net current assets		<u>16,638.63</u>	<u>9,522.34</u>
TOTAL		<u>82,375.28</u>	<u>60,873.55</u>
Statement of Significant Accounting Policies and Notes forming part of Accounts.	X		

For and on behalf of the Board of Directors

Sd/-
U. SUNDARARAJAN
Chairman and Managing Director

Sd/-
A. SINHA
Director (Finance)

New Delhi
Dated : 6th June, 2001

Sd/-
D. M. NAIK BENGRE
Company Secretary

As per our attached report of even date

For and on behalf of
RSM & CO.
Chartered Accountants

Sd/-
VIJAY N. BHATT
Partner

For and on behalf of
MEHRA GOEL & CO.
Chartered Accountants

Sd/-
M. K. GOEL
Partner



Bharat Petroleum Corporation Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	SCHEDULE	Rs. Million	1999-00 Rs. Million
INCOME			
Sale of products	N	459,320.65	333,846.78
Miscellaneous income	O	3,003.37	1,482.09
Increase in inventory	P	1,604.95	16,425.80
TOTAL		463,928.97	351,754.67
EXPENDITURE			
Purchase of products for resale		310,268.52	217,220.78
Raw materials consumed	Q	65,482.34	52,467.85
Packages consumed		532.20	464.04
Duties, taxes etc. and other charges applicable to products		42,628.35	42,660.26
Transportation		10,563.33	9,439.52
Consumption of stores, spares and materials	R	413.48	475.55
Power and Fuel	S	444.19	435.03
Employees remuneration and other benefits	T	6,354.48	4,280.55
Interest	U	2,555.61	1,854.16
Other operating and administration expenses	V	7,184.68	6,629.89
Depreciation		6,644.63	6,153.71
TOTAL		453,071.81	342,081.34
Profit		10,857.16	9,673.30
Prior period income/(expenses) net	W	274.06	(304.75)
Profit before tax		11,131.22	9,368.55
Provision for Taxation		2,930.00	2,330.00
Profit after tax		8,201.22	7,038.55
Excess/(Short) provision for Taxation in earlier years written back/provided for		125.41	(22.24)
Transfer from Investment Allowance Reserve		141.14	88.13
Balance brought forward		0.01	0.01
Disposable Profit		8,467.78	7,104.45
Appropriations :			
Interim dividend		1,200.00	
Final (proposed) dividend		1,050.00	1,875.00
Corporate Dividend Tax thereon		229.50	412.50
Transfer to General Reserve		2,479.50	2,287.50
Balance Carried to Balance Sheet		5,988.27	4,816.94
Statement of Significant Accounting Policies and Notes forming part of Accounts	X	0.01	0.01

For and on behalf of the Board of Directors

As per our attached report of even date

Sd/-
U. SUNDARARAJAN
Chairman and Managing Director

For and on behalf of
RSM & CO.
Chartered Accountants

For and on behalf of
MEHRA GOEL & CO.
Chartered Accountants

Sd/-
A. SINHA
Director (Finance)

Sd/-
D. M. NAIK BENGRE
Company Secretary

Sd/-
VIJAY N. BHATT
Partner

Sd/-
M. K. GOEL
Partner

New Delhi
Dated : 6th June, 2001



SCHEDULE 'A' — SHARE CAPITAL

Authorised

300 (200) million equity shares of Rs.10 each

Rs. Million

3,000.00

3,000.00

31/03/2000

Rs. Million

2,000.00

2,000.00

Issued, subscribed and paid-up

300 (150) million equity shares of Rs.10 each fully paid-up *

3,000.00

3,000.00

1,500.00

1,500.00

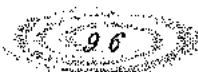
Total

* Includes :

- i) 22.95 (22.95) million shares of Rs. 10 each on which Rs. 7.20 per share was paid in cash and were converted into fully paid by capitalisation of Capital Reserve.
- ii) 277 (127) million shares of Rs. 10 each allotted as fully paid bonus shares by capitalisation of Capital Reserve and General Reserve.



Bharat Petroleum Corporation Limited



SCHEDULE 'B' — RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

Less : Amortisation of Capital Grant

Rs. Million

31/03/2000

Rs. Million

8.50

8.57

(0.07)

(0.07)

8.43

8.50

General Reserve

As per last Balance Sheet

Add : Transfer from Profit & Loss Account

Less : Amount Capitalised during the year

33,297.18

28,480.24

5,988.27

4,816.94

(1,500.00)

37,785.45

33,297.18

Investment Allowance Reserve

As per last Balance Sheet

Less : Transfer to Profit and Loss Account

141.14

229.27

(141.14)

(88.13)

0.00

141.14

0.01

0.01

37,793.89

33,446.83

Surplus as per Profit & Loss Account

Total



SCHEDULE 'C' — LOAN FUNDS

Secured Loans

Bonds

BPCL Millennium Bonds Series - I (Option I) - Redeemable at par on 1st December 2006 with put and call option on 1st December 2004 (Secured by mortgage created on certain immovable properties of the Corporation)*

Rs. Million

31/03/2000
Rs. Million

2,500.00

2,500.00

BPCL Millennium Bonds Series - I (Option II) - Redeemable at par on 15th December 2004 with put and call option on 15th December every year till 2003 (Secured by mortgage created on certain immovable properties of the Corporation) **

500.00

500.00

Banks

Term Loans

(Secured by second charge on all current assets including receivables both current and future)

[Due for repayment within one year Rs. 1200 million]

3,700.00

Working Capital Loans/Cash Credit

(Secured by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future)

18,000.00

12,000.00

Interest accrued and due

26.83

29.08

Others

Term Loan - (Refinanced through Government of India) (Secured by hypothecation of certain plant and machinery at Refinery)

[Due for repayment within one year Rs 33.41 million (Rs. 38.71 million)]

60.26

98.96

24,787.09

15,128.04



SCHEDULE 'C' — LOAN FUNDS (Contd.)

	Rs. Million	31/03/2000 Rs. Million
Unsecured Loans		
Public deposits		
[Due for repayment within one year Rs. 862.38 million (Rs. 747.43 million)]	3,941.84	3,316.19
Short Term		
From Banks #	4,813.16	2,790.65
Others		
[Due for repayment within one year Rs. 2888.65 million (Rs. 1362.50 million)]	8,039.30	4,691.75
Interest accrued and due	—	0.09
Total	<u>16,794.30</u> <u>41,581.39</u>	<u>10,798.68</u> <u>25,926.72</u>

* Interest payable at the rate of 12% per annum.

** Interest rate on the Bonds for the period 15th December 2000 to 14th December 2001 is 11.13% per annum. Thereafter, interest rate will be reset on 15th December every year at a markup of 50 basis points over the Benchmark Rate (i.e. exponentially weighted average of weekly applicable interest rate based on secondary market yields of Government of India dated securities with a residual maturity of 0.8 years to 1.2 years and calculated based on trades as reported on the Subsidiary General Ledger A/c with Reserve Bank of India/Wholesale Debt Market Segment of the National Stock Exchange for a trade size of Rs. 50 million and above).

Includes Rs. Nil (Rs. 500 million) raised through Commercial Paper. Maximum amount raised at any time during the year Rs. 3000 million (Rs. 1250 million).



**SCHEDULE 'D' — FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		RS. MILLION
	AS AT 01.04.2000	ADDITIONS	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS	AS AT 31.03.2001	UPTO 31.03.2000	THIS YEAR	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS	UPTO 31.03.2001	AS AT 31.03.2001	AS AT 31.03.2000	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1. LAND											
(a) Freehold	1535.32	104.30	(14.82)	1654.44	---	---	---	---	1654.44	1535.32	
(b) Leasehold	648.53	10.06	130.00	528.59	71.73	14.48	28.84	57.37	471.22	576.80	
(c) Right of way	38.26	---	---	38.26	---	---	---	---	38.26	38.26	
(d) Advance Payments	303.39	167.87	26.92	444.34	---	---	---	---	444.34	303.39	
2. BUILDINGS	9930.94	2430.01	45.69	12315.26	854.31	247.35	(18.24)	1116.90	11195.36	9076.63	
3. RAILWAY SIDINGS	1528.11	80.66	74.16	1634.61	266.79	70.63	5.78	331.64	1202.97	1261.32	
4. PLANT and											
MACHINERY	15703.82	1433.82	(119.20)	17256.84	5301.81	753.37	(54.11)	6108.29	11147.55	10402.01	
5. TANKS and PIPELINES	14900.73	1879.73	231.89	16648.57	3786.61	791.14	158.17	4419.58	12128.99	11114.12	
6. FURNITURE and											
FITTINGS	477.86	64.82	18.27	524.41	175.92	32.27	(0.67)	208.86	315.55	301.94	
7. VEHICLES	507.04	116.30	(21.28)	644.82	250.49	45.79	(39.83)	336.11	308.61	256.55	
8. OTHER ASSETS											
(a) Dispensing Pumps	2804.48	476.32	22.13	3258.67	558.97	147.75	9.39	897.33	2561.34	2245.51	
(b) LPG Cylinders and											
Alled Equipment	17755.22	4176.10	306.21	21625.11	17755.22	4176.10	306.21	21625.11	---	---	
(c) Sundries	5204.28	994.54	160.81	6038.01	1357.07	443.49	134.32	1865.24	4371.77	3847.21	
TOTAL	71337.98	11934.53	860.78	82411.73	30378.92	6722.37	529.86	35571.43	45840.30	40959.06	
PREVIOUS YEAR	55819.71	16135.34	617.07	71337.98	24341.42	6188.92	151.42	30378.92	40959.06	31478.29	

NOTES:-

- Land:-
 - Freehold land includes Long Leasehold land amounting to Rs.267.88 million (Rs.55.23 million) with more than 99 years lease period.
 - Freehold land includes Rs.47.83 million (Rs.47.83 million) capitalised at Cherlapalli depot, Cherlapalli LPG Plant, Kurnool LPG Plant and Kalinada Coastal Terminal for which conveyance deeds are yet to be executed.
 - Includes the following which though in the possession of Corporation, the lease deeds are yet to be registered:
 - Land acquired on lease for a period exceeding 99 years Rs.9.89 million (Rs.3.69 million).
 - Other leasehold land - Gross Block Rs.40.30 million (Rs.175.54 million), Net Block Rs.33.16 million (Rs.153.45 million).
 - Includes Rs.38.26 million (Rs.88.26 million) towards right of way for which ownership does not vest with the Corporation.
 - Freehold land includes land costing Rs. 21.27 million which is in the process of being sold subject to approval of competent authority.
- Buildings include:-
 - Ownership flats of Rs. 57.77 million (Rs.57.77 million) in proposed/existing co-operative societies.
 - Value of shares of Rs. 0.04 million (Rs.0.04 million) out of which the Corporation is yet to receive share certificates of the value of Rs. 0.01 million (Rs.0.01 million).
 - Residential flats and office complex which are in possession of the Corporation and in respect of which the lease deeds are yet to be registered :- Gross Block Rs.38.05 million (Rs.38.05 million), Net Block Rs.35.40 million (Rs.36.01 million).
 - Residential premises Rs. 6.21 million (Rs.6.21 million) registered in the name of a Director, since retired, for which transfer formalities are in progress.

- Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies/Railways :- Gross Block Rs.818.49 million (Rs.805.26 million), Depreciation Rs.183.76 million (Rs.149.96 million), Net Block Rs.636.73 million (Rs.655.30 million)
- Buildings and Plant & Machinery includes Rs.75.87 million (Rs.75.87 million) towards assets, ownership of which does not vest with the Corporation. This amount has been amortised over a period of five years, the amount charged off as depreciation for the current year is Rs.15.17 million (Rs.15.17 million)
- Depreciation on project assets to the extent capitalised against the completed capital projects, is adjusted against its original cost and its net book value is shown under Gross Block column. The balance depreciation thereon is included under Capital work-in-progress.
- Deduction from Gross Block (column 4) includes:-
 - Write back of excess capitalisation of Rs. 453.04 million (Rs.461.20 million)
 - Consequent to adjustment referred in para (5) above, Rs.9.04 million (Rs.1.10 million)
 - Deletions during the year Rs. 407.79 million (Rs.154.77 million)
- Depreciation for the year (column 7) includes:-
 - Charged to capital work-in-progress Rs.0.73 million (Rs.0.80 million)
 - Charged to Profit & Loss account Rs.6644.63 million (Rs.6153.71 million)
 - Charged to Previous year expenses Rs.77.01 million (Rs.34.41 million)
 - Deductions from depreciation (column 8) includes withdrawal of depreciation - On excess capitalisation Rs.262.95 million (Rs.23.06 million)
 - On deletion during the year Rs.266.87 million (Rs.127.26 million)
 - Consequent to adjustment referred in para (5) above, Rs.0.04 million (Rs.1.10 million)

Rs. Million

#	Rs. 402/-
@	Rs. 4600/-
##	Rs. 1027/-

SCHEDULE 'E' — CAPITAL WORK-IN-PROGRESS

Capital work-in-progress (at Cost)

	Rs. Million	31/03/2000 Rs. Million
Work-in-progress	4,669.45	3,877.37
Capital Advances (Unsecured, Considered good)	153.23	436.12
Capital stores including lying with contractors	642.74	452.03
Capital goods in transit	47.08	72.23

Construction period expenses

		31/03/2000		31/03/2000
Opening balance	119.61		148.49	
Add: Expenditure during the year				
Establishment charges	95.23		70.53	
Interest	274.61		85.87	
Depreciation	0.73		0.80	
Others	76.64		100.35	
	<u>556.82</u>		<u>406.04</u>	
Less: Allocated to assets during the year	(256.10)		(286.43)	
Balance pending allocation at the end of the year				
			<u>310.72</u>	<u>119.61</u>
Total			<u>5,823.22</u>	<u>4,957.36</u>



SCHEDULE 'F' — INVESTMENTS

No.	Face Value Rs. Million	Book Value Rs. Million	31/03/2000 Rs. Million
IN GOVERNMENT SECURITIES			
NON TRADE - QUOTED			
1. <u>Deposited with Local Authorities</u>			
5 1/2 % Loan 2000	—	—	0.01
5 3/4% Loan 2001	0.16	0.15	0.15
5 3/4% N.D. Loan 2001	0.01	0.01	0.01
5 3/4 % Loan 2002	0.04	0.03	0.03
6 1/2 % Loan 2000	—	—	0.09
7 % Loan 2009	0.21	0.17	0.17
7 1/2 % Loan 2010	0.19	0.19	0.19
8 % Loan 2011	0.03	0.02	0.02
		0.57	0.67
2. <u>On hand</u>			
5 3/4 % Loan 2001	0.01	0.01	0.01
		0.01	0.01
NON TRADE - UNQUOTED			
1. National Savings Certificates (Deposited with Local Authorities, Rationing authority etc)			
	—	—	*
2. 5 1/2 Years Kisan Vikas Patra (Deposited with Local Authorities)			
(390)	—	—	3.90
3. Indira Vikas Patra			
	0.09	0.09	0.09
		0.09	3.99
IN SHARES, DEBENTURES AND BONDS			
TRADE - UNQUOTED			
1. Equity Shares of Rs. 10 each (fully paid up) of Bharat Shell Limited	98,000,000 (98,000,000)	980.00	980.00
2. Equity Shares of Rs. 10 each (fully paid up) of Bharat Oman Refineries Limited	75,500,000 (75,500,000)	755.00	755.00
3a. Equity Shares of Rs. 10 each (fully paid up) of Petronet India Limited	480,000 (480,000)	4.80	4.80
3b. Equity Shares of Rs. 10 each (Rs. 6.66 paid up) of Petronet India Limited	9,120,000 (9,120,000)	60.74	60.74
4. Equity Shares of Rs. 10 each (fully paid up) Cochin International Airport Limited	5,250,000 (5,250,000)	52.50	52.50
5. Equity Shares of Rs. 10 each (fully paid up) of Petronet CCK Limited	1,299,998 (1,299,998)	13.00	13.00
6. Equity Shares of Rs. 10 each (fully paid up) of Petronet CI Limited	11,000	0.11	—
7. Equity Shares of Rs. 10 each (fully paid up) Indraprastha Gas Limited	31,500,000 (80)	315.00	#
8. Equity Shares of Rs. 10 each (fully paid up) of Petroleum Infrastructure Limited	7,500,000 (7,500,000)	75.00	75.00
		2,256.15	1,941.04
Less : Provision for diminution in value of investment in Petroleum Infrastructure Ltd.		75.00	75.00
		2,181.15	1,866.04
* Rs. 1,000/- # Rs. 800/-			

* Rs. 1,000/-

Rs. 800/-



SCHEDULE 'F' — INVESTMENTS (Contd.)

	No.	Face Value Rs. Million	Book Value Rs. Million	31/03/2000 Rs. Million
NON TRADE - QUOTED				
1. 10.5 % Tax-free Bonds of Konkan Railway Corporation Limited of Rs. 1000/- each (300,000)	300,000	300.00	285.00	285.00
2. 9.75 % Tax-free Bonds of Power Grid Corporation Limited of Rs. 1000/- each (200,000)	200,000	200.00	200.00	200.00
3. Units of The Unit Trust of India, 1964 Scheme of Rs.10 each (8,872,589)	8,872,589	88.73	112.55	112.55
			597.55	597.55
NON TRADE - UNQUOTED				
1. Debentures (Irredeemable - Fully Paid up) - 6 1/2 % debentures of Bengal Chamber of Commerce & Industry (15) - 5 % debentures of East India Clinic Limited (1)	15	0.01	0.01	0.01
	1	0.06	0.06	0.06
2. Ordinary Shares (Fully paid up) of Sindhu Resettlement Corporation Ltd. (6)	6	0.01	0.02	0.02
			0.09	0.09
IN SUBSIDIARY COMPANIES				
QUOTED				
1. Equity Shares of Rs. 10 each (fully paid up) of Kochi Refineries Limited	75,889,660	758.90	6,591.02	—
UNQUOTED				
2. Equity Shares of Rs.10 each (fully paid up) of Numaligarh Refinery Limited @ (290,628,302)	463,188,824	4,631.89	4,631.89	2,906.28
			11,222.91	2,906.28
IN ASSOCIATION OF PERSONS				
NON TRADE - UNQUOTED				
Capital Contribution in Petroleum India International			0.50	0.50
Share in accumulated surplus of Petroleum India International as at 31st March 2000 (31st March 1999)			70.26	59.66
Member Companies #				
Bharat Petroleum Corporation Limited				
Bongaigaon Refinery & Petrochemicals Limited				
Kochi Refineries Limited				
Engineers India Limited				
Hindustan Petroleum Corporation Limited				
IBP Company Limited				
Indian Petrochemicals Corporation Limited				
Madras Refineries Limited				
Oil & Natural Gas Corporation Limited				
Indian Oil Corporation Limited				
Total			70.76	60.16
			14,073.13	5,434.79

All investments are long-term investments

@ Refer note B(6) of Schedule X (Statement of Significant Accounting Policies and Notes Forming Part of Accounts for the year ended 31st March 2001)

Each member company has an equal share of 10% and the total capital of AOP is Rs.5.00 million.

Aggregate value of Unquoted Securities Rs. 6883.98 million (Rs. 4530.24 million).

Aggregate value of Quoted Securities Rs. 7189.15 million (Rs. 598.23 million).

Market value of Quoted Securities Rs. 4212.18 million (Rs. 648.57 million)



Bharat Petroleum Corporation Limited

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SCHEDULE 'G' — INVENTORIES

(As taken, valued and certified by the Management) @

Stores and spares
Stores and spares in Transit
Raw materials
Stock-in-process
Finished products
Packages
Total

Rs. Million	31/03/2000 Rs. Million
610.42	507.14
13.86	74.92
2,864.34	1,155.70
635.69	574.11
28,763.13	27,219.75
344.31	384.27
33,131.75	29,915.89

@ Inventory valuation is as per Significant Accounting Policy no. 5.

SCHEDULE 'H' — SUNDRY DEBTORS

(Unsecured, Considered good unless otherwise stated)

Debts outstanding for over six months :
Considered good *
Considered doubtful
Less : Provision for doubtful debts

Other debts

Total

Rs. Million	31/03/2000 Rs. Million
3,111.72	4,088.23
639.27	551.92
(639.27)	(551.92)
3,111.72	4,088.23
6,961.39	4,894.13
10,073.11	8,982.36

* Includes Rs. 12.88 million (Rs. 12.60 million) which are secured.



SCHEDULE 'I' — CASH AND BANK BALANCES

	Rs. Million	31/03/2000 Rs. Million
Cash on Hand	1,698.60	2,170.42
[Includes drafts and cheques of Rs. 1679.86 million (Rs. 2147.26 million) on hand]		
With Scheduled banks :		
In current accounts	1,819.85	1,396.45
In deposit accounts	3.72	3.69
Remittances in transit	407.92	69.58
Total	3,930.09	3,640.14

SCHEDULE 'J' — OTHER CURRENT ASSETS

	Rs. Million	31/03/2000 Rs. Million
Interest accrued and due on investments	16.76	20.43
Interest accrued and due on loans and advances		
Considered good	0.36	0.44
Considered doubtful	4.10	4.10
Less : Provision for doubtful Interest	(4.10)	(4.10)
Total	17.12	20.87



SCHEDULE 'K' — LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise stated)

	Rs. Million	31/03/2000 Rs. Million
Loans (Secured) :		
To companies		
Considered good		
Considered doubtful	0.83	0.83
Less : Provision for doubtful loans	(0.83)	(0.83)
To staff *	3,966.00	3,387.04
Loans :		
To companies		
Considered good		
Considered doubtful	30.45	30.15
Less : Provision for doubtful loans	(30.45)	(30.15)
To others	41.64	33.42
Advances :		
Share Application money pending allotment/Advance towards equity shares	565.70	402.19
Advances recoverable in cash, or in kind or for value to be received **	11,076.17	4,706.48
Advances considered doubtful	65.86	49.64
Less : Provision for doubtful advances	(65.86)	(49.64)
	15,649.51	8,529.13
Material given on Loan (Secured)		
Considered good	11,863.18	10,843.03
Less : Deposits Received	(11,863.18)	(10,842.79)
Unsecured		0.24
Claims :		
Considered good	415.13	694.85
Considered doubtful	176.44	161.93
Less : Provision for doubtful claims	(176.44)	(161.93)
	415.13	694.85
Advance Income Tax (Net of provision for taxation)	245.83	358.92
Deposits :		
With Customs/Excise/Port Trust etc.	797.45	790.67
Others	213.05	191.56
	1,010.50	982.23
Considered doubtful	1.19	1.19
Less : Provision for doubtful deposits	(1.19)	(1.19)
	1,010.50	982.23
Total	17,320.97	10,565.37

* Include :

Due from Officers	Rs. 11.54 million (Rs. 11.02 million)
Maximum balances	Rs. 12.41 million (Rs. 12.45 million)
Due from Directors	Rs. 2.62 million (Rs. 1.80 million)
Maximum balances	Rs. 2.68 million (Rs. 1.83 million)

** Includes:

- (i) An amount of Rs. 81.91 million (Rs. 81.65 million) along with interest of Rs. 22.29 million (Rs. 22.29 million) deposited as per court order in Land Compensation cases for which appeals are pending.
- (ii) Rs. 113.97 million (Rs. 110.81 million) recoverable from JVCs in which the Corporation is a co-promoter on account of expenditure incurred on their behalf.



SCHEDULE 'L' — LIABILITIES

Current Liabilities :

		31/03/2000	Rs. Million	31/03/2000
				Rs. Million
Sundry creditors				
Total outstanding dues to SSI's	80.08	40.98		
Total outstanding dues to creditors other than SSI's	8,692.73	11,669.42	8,772.81	11,710.40
Due to subsidiaries			289.90	
Materials taken on loan	17,288.04	13,074.21		
Less: Deposits given	(17,279.74)	(13,066.14)	8.30	8.07
Deposits from Customers			12.88	12.60
Deposits for containers			17,806.39	13,959.29
Unclaimed Dividend			3.27	2.57
Other liabilities			18,205.99	14,465.54
Interest accrued but not due on loans			418.89	270.87
Total			45,518.43	40,429.34

SCHEDULE 'M' — PROVISIONS

		31/03/2000
		Rs. Million
Proposed dividend	1,050.00	1,875.00
Corporate Dividend Tax	229.50	412.50
Provision for retirement benefits	1,036.48	885.45
Total	2,315.98	3,172.95

SCHEDULE 'N' — SALE OF PRODUCTS

		1999-00
		Rs. Million
Sales	468,528.84	357,429.00
Net Recovery from/(payment to) Industry Pool Account	(9,208.19)	(23,582.25)
Total	459,320.65	333,846.75



SCHEDULE 'O' — MISCELLANEOUS INCOME

	Rs. Million	1999-00 Rs. Million
Interest on bank deposits and others		
Tax deducted at source - Rs. 87.20 million (Rs. 0.04 million)	602.17	217.26
Income from Investments		
Long Term		
Interest (gross)		
Tax deducted at source - Rs. Nil (Rs. 0.01 million)	51.06	78.09
Dividend (gross)		
Tax deducted at source - Rs. Nil (Rs. Nil)	12.20	11.98
From AOP (Petroleum India International)	10.60	8.45
Current		
Interest (gross)		
Tax deducted at source - Rs. Nil (Rs. 0.01)	0.00	0.26
Profit on Sales/Maturity	0.01	19.31
Excess provision for expenses written back	114.95	172.23
Other income*	2,212.38	974.51
Total	<u>3,003.37</u>	<u>1,482.09</u>

* Includes amortisation of capital grants Rs. 0.07 million (Rs. 0.07 million)

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

		31/03/2000	Rs. Million	1999-00 Rs. Million
Value of closing stock of				
Finished goods	28,763.13	27,219.75		
Stock-in-process	<u>635.68</u>	<u>574.11</u>	29,398.81	27,793.86
Less :				
Value of opening stock of				
Finished goods	27,219.75	11,236.88		
Stock-in-process	<u>574.11</u>	<u>131.18</u>	27,793.86	11,368.06
Total			<u>1,604.95</u>	<u>16,425.80</u>

SCHEDULE 'Q' — RAW MATERIALS CONSUMED

	Rs. Million	1999-00 Rs. Million
Opening Stock	1,155.70	733.03
Add: Purchases	65,744.94	53,485.09
Stock taken on loan	6,245.00	8,130.46
Less: Stock given on loan	(4,798.96)	(8,725.03)
Closing Stock	<u>(2,864.34)</u>	<u>(1,155.70)</u>
Raw Material Consumed	<u>65,482.34</u>	<u>52,467.85</u>



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

	Rs. Million	1999-00 Rs. Million
Stores, spares and materials	1,020.77	985.93
Less : Charged to other revenue accounts	(607.29)	(510.38)
Total	413.48	475.55

SCHEDULE 'S' — POWER AND FUEL

	Rs. Million	1999-00 Rs. Million
Power and Fuel	3,604.76	3,008.16
Less : Consumption of fuel out of own production	(3,160.57)	(2,573.13)
Total	444.19	435.03

SCHEDULE 'T' — EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	Rs. Million	1999-00 Rs. Million
Salaries and wages	5,104.67	3,278.07
Contribution to provident fund and other funds	376.35	302.31
Contribution to gratuity fund	186.89	133.69
Welfare expenses	686.57	566.48
Total	6,354.48	4,280.55

SCHEDULE 'U' — INTEREST

	Rs. Million	1999-00 Rs. Million
On Bonds	184.03	457.59
On Fixed Loans	1,308.96	1,007.28
Others	1,062.62	389.29
Total	2,555.61	1,854.16



SCHEDULE 'V' — OTHER OPERATING AND ADMINISTRATION EXPENSES

	Rs. Million	1999-00 Rs. Million
Repairs and maintenance :		
Machinery	614.69	641.68
Building	287.73	300.06
Others	546.96	484.82
	<u>1,449.38</u>	<u>1,426.56</u>
Insurance	153.26	233.57
Rent	647.64	466.05
Rates and taxes	407.77	380.60
Charities and donations	84.30	171.53
Remuneration to Auditors	0.94	0.67
Utilities	237.89	180.86
Bad debts and claims written off	2.02	0.13
Materials/products written off	19.96	2.38
Provision for Doubtful debts etc.	118.38	201.26
Charges paid to other oil companies	608.61	538.35
Travelling and conveyance	445.08	436.73
Telephone, Telex, Cables, Postage etc.	196.37	172.30
Loss on sale/write off of Fixed Assets (net)	17.48	16.37
Brokerage on Public Deposit	12.76	16.72
Other expenses	2,782.84	2,385.81
Total	<u>7,184.68</u>	<u>6,629.89</u>

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

	Rs. Million	1999-00 Rs. Million
Sale of products	(14.65)	119.19
Miscellaneous Income	4.57	(0.07)
Raw Materials Consumed	50.58	0.00
Duties, taxes etc. and other product charges	72.66	(0.44)
Transportation	(16.79)	(374.52)
Consumption of stores, spares and materials	(0.43)	(19.88)
Other operating and administration expenses	(20.33)	(17.68)
Interest	2.51	0.00
Depreciation	185.94	(11.35)
Total	<u>274.06</u>	<u>(304.75)</u>



**SCHEDULE 'X' — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES
FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001**

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The accounts are prepared under historical cost convention on accrual system of accounting except where otherwise stated.

2. FIXED ASSETS

2.1 LAND

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

2.1.2 Cost of right of way for laying pipelines is capitalised.

2.1.3 Advance payments for acquisition of land for which Corporation does not have possession is included in Land as "Advance payments".

2.2 FIXED ASSETS OTHER THAN LAND

Expenditure on assets, other than plant and machinery and land, not exceeding Rs.1000 per item is charged to revenue.

2.3 Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to Profit and Loss Account.

2.4 EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses including borrowing costs and crop compensation for laying pipelines incurred during construction period on capital projects are capitalised. Indirect expenses of the project group are allocated only to the projects costing Rs 50 million and above.

3. DEPRECIATION

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

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

3.3 Depreciation on assets not owned by the Corporation is amortised over a period of five years from the year of capitalisation.

3.4 Depreciation on other fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Additions to fixed assets during the year are being depreciated on pro rata basis from the beginning of the month in which such assets are commissioned.

4. INVESTMENTS

4.1 All current investments are valued at lower of cost or fair market value.

4.2 All long-term investments, other than investments in Government Securities & Public Sector Bonds, are valued at cost and provision for diminution in value thereof is made, wherever such diminution is not temporary.

4.3 Government Securities & Public Sector Bonds are valued at lower of "Cost Price" or "Redemption Price".

5. INVENTORY VALUATION

5.1 RAW MATERIAL

5.1.1 Crude oil is valued at cost on first in first out basis.

5.1.2 Base oil and additives are valued at weighted average cost.

5.2 Intermediate Stocks is valued at raw material cost plus cost of conversion.



5.3 FINISHED PRODUCTS

5.3.1 Finished products other than Lubricants are valued at cost on first in first out basis or at net realisable value, whichever is lower.

5.3.2 Lubricants are valued at weighted average cost or at net realisable value, whichever is lower.

5.4 Stores are valued at weighted average cost except in the case of slow moving /obsolete items identified as surplus, which are valued at Re 1 per item.

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

6. CENVAT

Cenvat credit on eligible Revenue/Capital purchase is recognised on receipt of such materials.

7. CLAIMS AND PROVISIONS

Claims/Surrenders on/to Oil Co-ordination Committee are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments after Pool audit, as stipulated. Other claims are booked when there is a reasonable certainty of recovery. Provisions, as appropriate, are made based on the merits.

8. SALES

Sales are net of trade discounts and include, inter alia, excise/customs duties, surrender to/claims from Oil Pool Account and other elements allowed by the Government from time to time.

9. RAW MATERIALS CONSUMED

Raw materials consumed is net of claims from Oil Pool Account.

10. CLASSIFICATION OF INCOME/EXPENSES

10.1 Research and development expenditure other than capital expenditure is charged to Profit and Loss Account in the year the expenditure is incurred.

10.2 The cost of know-how related to process of manufacture is charged to revenue in the year in which it is incurred.

10.3 Being not material:

10.3.1 Income/expenditure upto Rs 0.10 million in each case pertaining to prior years is charged to the current year.

10.3.2 Prepaid expenses upto Rs 0.01 million in each case, are charged to revenue as and when incurred.

10.3.3 Liabilities for expenses, other than for transportation, rent and property taxes are provided for only if the amount exceeds Rs 0.01 million in each case.

10.3.4 Deposits upto Rs 1,000 each placed with Government agencies are charged as expenses in the year of payment.

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



SCHEDULE 'X' — (Contd.)

11. RETIREMENT BENEFITS

- 11.1 Contribution to Provident Fund is charged to Profit and Loss Account.
- 11.2 Other retirement benefits are actuarially valued at the year end and provided for in the accounts.

12. DUTIES ON BONDED STOCKS

- 12.1 Customs duty on Raw materials/Finished goods lying in bond are provided for at the applicable rates.
- 12.2 Excise duty on Finished stocks lying in bond is provided for, at average of the assessable value applicable at each of the locations at maximum rates.

13. FOREIGN CURRENCY TRANSACTIONS

- 13.1 Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date in respect of fixed assets are adjusted in carrying cost. Gains/losses on revenue transactions are recognised in Profit and Loss Account.
- 13.2 Current assets and current liabilities involving transactions in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet. Any profit/loss arising out of such conversion is charged to Profit and Loss Account.
- 13.3 Borrowings in foreign currency for acquisition of fixed assets are converted at exchange rate prevailing on the date of Balance Sheet or forward contract rates, as the case may be. Exchange fluctuations/hedging costs are adjusted to the cost of assets and corresponding liability account.

14. GOVERNMENT GRANTS

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

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

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

Contingent liabilities in respect of show cause notices issued by various Government authorities are considered only when converted into demand.



B. NOTES FORMING PART OF ACCOUNTS

1. Purchase of products for resale includes payment to third parties for processing fee **Rs. 66.22 million** (Rs. 43.07 million).
2. The Corporation has numerous transactions with the 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.
3. Differential excise duty on duty paid stocks of Liquefied Petroleum Gas (LPG) and Superior Kerosene Oil (SKO) is dependent on the end use. It is therefore not practicable to quantify such differential duty payable on closing stock of LPG and SKO. Accordingly, no provision for the differential duty is made in respect of such stocks held at the year end, the quantum of which calculated at maximum rates works out to **Rs. 202.24 million** (Rs. 186.50 million). This has no impact on the Profit for the year.
4. Provision for taxation in the Profit and Loss Account includes **Rs. 3.70 million** (Rs. 2.00 million) towards wealth tax.
5. The Corporation holds 49% equity in Bharat Shell Limited (BSL) which has accumulated losses. Provision has not been considered necessary in the accounts for the consequential diminution in the value of investments as in the opinion of the Corporation, BSL is expected to recoup its losses.
6. During the year as per the decision of Government of India to integrate stand alone public sector refineries with the public sector marketing companies, the Corporation acquired 75889660 no. of equity shares of Kochi Refinery Limited (KRL) and 172560522 no. of equity shares of Numaligarh Refinery Limited (NRL) at a transfer price of Rs. 86.85 (face value Rs 10) per share and Rs. 10 (face value Rs. 10) per share respectively. Consequent to the above, KRL and NRL have become subsidiaries of the Corporation on 26th March 2001 and 31st March 2001 respectively. KRL's shares are listed on stock exchanges in India. Considering the strategic nature of these investments, the acquisition price of KRL shares is not comparable with the market price.
7. The Corporation follows open items system of maintaining customers accounts included in "Sundry Debtors". The transactions continue to appear in the customer accounts till such time the same are matched and cleared. This is an ongoing process. The clearance of such open items is not likely to have a material impact on the outstanding or classification in the accounts.
8. Sundry debtors include:
 - 8.1 **Rs. 618.94 million** (net) (Rs. 618.94 million) due from a customer, accumulated during the period November 1992 to June 1996 and during September 1997 to January 1999, representing price revision of a product, disputed by the customer. The dispute was referred to an arbitrator who has, during the year, awarded the case in favour of the Corporation alongwith interest. The customer has challenged the award. In view of the award being challenged by the customer, no effect is given in the accounts in respect of interest awarded by the arbitrator.



SCHEDULE 'X' — (Contd.)

- 8.2 Rs. 2983.85 million (Rs. 1964.60 million) recoverable from certain International Airlines owing to non payment of Sales Tax on Aviation Turbine Fuel (ATF) supplies with effect from December 1994. These airlines have claimed that Sales Tax cannot be charged to them considering the bilateral agreements signed by Government of India with their respective Governments. As ATF was a controlled product till 31st March 2001, in case the amount is not recoverable from the International Airlines this amount would be claimable from the Oil Pool Account.
9. The Corporation has been collecting non refundable deposit from domestic LPG customers under the Tatkal scheme and in the absence of clear directions with regard to surrender/utilisation of the amount so collected from OCC, the amount collected was grouped under current liabilities. During the year the Corporation has received a clarification from OCC based on which an amount of Rs 1132.10 million collected upto the end of the year (including Rs. 1128.60 million collected upto previous year) is treated as Miscellaneous Income.
10. Pending finalisation of long-term settlement with the workmen an amount of Rs. 2669.90 million has been provided during the year towards estimated liability, including arrears, for salary and other benefits. Part of the amount provided, being claimable from Oil Pool Account, has been recognised as such. Additional liability, if any, and consequent amount claimable from Oil Pool Account would be accounted in the year in which the settlement is finalised.
11. The names of the Small Scale Industrial Undertakings to whom the Corporation owes a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days are as under:

M/s. Detection Instruments (I) Pvt. Ltd., M/s. Nand Kishore Khanna & Sons, M/s. New Age Industries, M/s. Steelage Industries Ltd., M/s. Mohan Electricals, M/s. Amarsingh & Sons Pvt. Ltd., M/s. Asso Cyls & Accessories Pvt. Ltd., M/s. Jesmago Indtl Fabrications, M/s. Sunrays Engg Pvt. Ltd., M/s. Super Industries, M/s. Verna Containers Ltd., M/s. Sharp Tanks and Structural Pvt. Ltd., M/s. DE's Technico, M/s. Vimal Fire Controllers Pvt. Ltd., M/s. Reliable Enterprises, M/s. BSJ Shau Manufactures India Ltd., M/s. Evergreen Engg Co. Ltd., M/s. Mercantile & Industrial Development Co. Ltd. M/s. Yamuna Engg Co., M/s. Flexipack India Pvt. Ltd., M/s. Amforge Industries, M/s. Flow Chem Industries.

The above information is given to the extent available with the Corporation.



SCHEDULE 'X' — (Contd.)

12. Capital Commitments and Contingent Liabilities :

12.1 Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for

Rs. Million

31/03/2000
Rs. Million

4,268.15

4,609.29

12.2 Uncalled Liability on Partly Paid Shares

30.46

30.46

12.3 Contingent Liabilities :

(a) In respect of taxation matters of prior years

582.96

161.65

(b) Other Matters :

(i) Surety bonds executed on behalf of other oil companies for excise/customs duties for which BPCL has signed as surety

922.03

781.11

(ii) Claims against the Corporation not acknowledged as debts :

(a) Excise and customs matters

4,348.58

3,869.91

(b) Sales tax matters

6,750.08

6,631.78

(c) Others

1,075.29

5,773.57

These include Rs 2232.09 million (Rs.3080.81 million) against which the Corporation has a recourse for recovery and Rs 436.01 million (Rs.384.52 million) on capital account.

(iii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.

121.50

122.03

(iv) Guarantees on behalf of other companies

1,712.50

Nil

13. 13.1 The net amount of exchange difference credited to the Profit and Loss Account is Rs. 0.38 million (Rs. 6.53 million).

13.2 The amount of exchange difference credited to the carrying cost of fixed assets is Rs. 2.88 million (Rs. 1.71 million).

13.3 The exchange difference amounting to Rs. 4.91 million (Rs. 1.85 million) in respect of forward exchange contract will be recognised in the Profit and Loss Account of one or more subsequent accounting periods.

14. Managerial Remuneration :

Salary and allowances

Rs. Million

1999-2000
Rs. Million

2.38

2.85

Contributions to Provident Fund and other funds

0.24

0.38

Other benefits

0.73

0.78

3.35

4.01

Includes Rs. 0.21 million (Rs. 0.93 million) paid on account of salary revision as per directive of Department of Public Enterprises/Ministry of Petroleum & Natural Gas in respect of which individual pay fixation is awaited from Ministry of Petroleum & Natural Gas.

15. Remuneration to Auditors :

(a) Audit Fees

Rs. Million

1999-2000
Rs. Million

0.55

0.55

(b) Fees for other services-certification

0.27

0.02

(c) Reimbursement of out of pocket expenses

0.12

0.10

0.94

0.67



SCHEDULE 'X' — (Contd.)

16. Licensed Capacity, Installed Capacity (as certified by the Management) and actual production in respect of goods manufactured :

	<u>Licensed Capacity</u>	<u>Installed Capacity</u>	<u>Actual Production</u>
(a) Fuel refinery			
(i) In million metric tonnes p.a.	N.A. (N.A.)	6.90 * (6.90) *	8.66 (8.90)
(ii) Production in kilolitres (KL)			
Light distillates	—	—	3,594,718 (3,479,357)
Middle distillates	—	—	5,115,393 (5,688,870)
Others	—	—	1,638,180 (1,475,113)
(b) Aromatics			
(i) Benzene in metric tonnes (MT)	98,300 (98,300)	105,700 (105,700)	75,293 (76,351)
(ii) Toluene in M.T.	17,600 (17,600)	23,100 (23,100)	16,344 (19,569)
(c) Lubricants in M.T.	96,384 (96,384)	90,000 (90,000)	96,624 (100,396)
(d) Sulphur in M.T.	N.A. N.A.	30,000 (30,000)	12,404 (9,396)

* The installed capacity is based on processing of neat Middle East Crude.

17. Raw materials consumed :

	<u>Quantity</u>		<u>Value</u>
	<u>KL</u>	<u>MT</u>	<u>Rs. Million</u>
Crude Oil	—	8,662,536 (8,903,521)	62,978.04 (50,459.28)
Others	—	14,248 (Nil)	145.67 (Nil)
Base oil	84,548 (91,950)	—	1,474.54 (1,195.41)
Additive		13,396 (11,462)	884.09 (813.16)
			65,482.34 (52,467.85)

Consumption of base oil excludes own consumption and samples Rs. Nil (Rs. 2.71 million)



SCHEDULE 'X' — (Contd.)

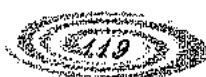
18. Finished goods purchased, sold and stocked :

Petroleum Products	Opening Stock		Purchases	
	Quantity MT	Value Rs. Million	Quantity MT	Value Rs. Million
Light Distillates	346,863 (357,904)	5,825.63 (3,146.41)	4,592,843 (3,831,479)	77,706.43 (50,651.45)
Middle Distillates	1,305,505 (996,054)	19,129.33 (6,521.84)	14,924,357 (14,408,857)	218,063.56 (154,570.65)
Others	136,017 (184,740)	1,269.41 (676.45)	1,452,587 (1,426,685)	12,657.55 (10,783.70)
<u>Aromatics</u>				
(a) Benzene	4,953 (3,279)	123.83 (25.98)		
(b) Toluene	399 (405)	8.13 (3.05)		
Lubricants	24,656 (28,996)	863.42 (863.15)	859 (804)	77.91 (61.79)
Base Oil	—	—	95,049 (95,742)	1,763.90 (1,316.40)
Crude Oil	—	—	15,746 (Nil)	122.86 (Nil)
		27,219.75 (11,236.88)		310,392.20 (217,383.99)

Petroleum Products	Sales		Closing Stock	
	Quantity MT	Value Rs. Million	Quantity MT	Value Rs. Million
Light Distillates	6,942,195 (6,159,726)	130,347.18 (95,140.29)	395,287 (346,863)	6,962.93 (5,825.63)
Middle Distillates	18,928,993 (18,677,614)	289,256.54 (206,885.72)	1,380,144 (1,305,505)	19,616.46 (19,129.33)
Others	3,001,808 (2,886,000)	29,987.12 (24,021.90)	147,383 (136,017)	1,191.17 (1,269.41)
<u>Aromatics</u>				
(a) Benzene	77,977 (74,199)	1,845.18 (1,136.13)	2,080 (4,953)	36.98 (123.83)
(b) Toluene	15,456 (19,486)	371.72 (346.86)	537 (399)	8.73 (8.13)
Lubricants	99,841 (103,717)	5,613.92 (4,999.45)	23,582 (24,656)	946.86 (863.42)
Base Oil	95,049 (95,742)	1,776.14 (1,316.40)		
Crude Oil	15,746 (Nil)	122.85 (Nil)		
		459,320.65 (333,846.75)		28,763.13 (27,219.75)

(a) Purchases excludes inter product transfers.

(b) Purchases of petroleum products exclude payments to third parties for processing fees Rs. 66.22 million (Rs. 43.07 million) but include own consumption and samples Rs. 189.90 million (Rs. 206.28 million).



SCHEDULE 'X' — (Contd.)

19. Value of imports calculated on C.I.F. basis (excludes imports through canalising agents) :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
(a) Raw Materials	204.75	615.88
(b) Capital goods	388.73	456.60
(c) Components and spare parts (including packages, chemicals and catalysts)	156.32	156.41

20. Expenditure in foreign currency (on cash basis) :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
(a) Purchase of products	122.23	289.31
(b) Know-how	13.74	8.31
(c) Professional Consultancy Fees	97.10	45.53
(d) Other matters	34.84	86.04

21. Value of raw materials, stores/spare parts and components including packages, chemicals & catalysts consumed (on derived basis):

(Import includes import through canalisation.)

	<u>Imported</u>		<u>Indigenous</u>		<u>Total</u>
	<u>Rs. Million</u>	<u>%</u>	<u>Rs. Million</u>	<u>%</u>	<u>Rs. Million</u>
Crude Oil	28,388.76 (20,240.90)	45.08 (40.11)	34,589.28 (30,218.38)	54.92 (59.89)	62,978.04 (50,459.28)
Others	Nil (Nil)	Nil (Nil)	145.67 (Nil)	100.00 (Nil)	145.67 (Nil)
Base Oil	176.20 (541.34)	11.95 (45.28)	1,298.34 (654.07)	88.05 (54.72)	1,474.54 (1,195.41)
Additive	87.88 (129.22)	9.94 (15.89)	796.21 (683.94)	90.06 (84.11)	884.09 (813.16)
Stores/Spare parts and Components (including packages, chemicals & catalysts)	108.37 (347.27)	6.98 (23.95)	1,444.60 (1,102.70)	93.02 (76.05)	1552.97 (1,449.97)

22. Earnings in foreign exchange :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
Exports at F.O.B. value on own account #	8,697.31	5,730.40
Management contract	2.21	—
# Includes receipt of Rs. 5013.42 million (Rs.3638.17 million) in Indian currency out of the repatriable funds of foreign airline customers.		

23. Expenditure on social overheads :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
(a) Expenditure on township [net of recovery Rs. 3.66 million (Rs.3.30 million)]	6.64	5.26
(b) Medical facilities over and above statutory requirements	1.22	1.10
(c) Social and cultural activities	12.78	20.95
(d) Depreciation on capital assets (as indicated in Schedule 'D')	7.52	7.14

24. Profit and Loss Account includes expenditure on :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
(a) Entertainment	1.14	0.98
(b) Public relations and publicity	50.94	51.76
(c) Remuneration to staff employed for public relations work	7.97	4.55
(d) Contribution to National Defence Fund	—	100.00

25. Research and development :

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
(a) Revenue expenditure	22.92	17.02
(b) Capital expenditure	182.58	199.96

26. Value Added

	<u>Rs. Million</u>	<u>1999-2000 Rs. Million</u>
	41,447.80	36,925.22



SCHEDULE 'X' — (Contd.)

27. 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/II of 1952 - 53**
 Balance Sheet Date **31** **03** **2001**
 Date Month Year

State Code **11**

II. Capital raised during the year (Rs. million)

Public Issue
N I L

Bonus Issue
1500

Right Issue
N I L

Private Placement
N I L

III. Position of Mobilisation and Deployment of Funds (Rs. million)

Sources of Funds
 Total Liabilities **82375.28**
 Paid-up Capital **3000.00**
 Secured Loans **24787.09**
 Application of Funds
 Net Fixed Assets **51663.52** *
 Net Current Assets **16638.63**
 Accumulated Losses **N I L**

Total Assets **82375.28**
 Reserves & Surplus **37793.89**
 Unsecured Loans **16794.30**
 Investments **14073.13**
 Misc. Expenditure **N I L**

*Includes Capital work-in-progress

IV. Performance of Company (Rs. million)

Turnover **462324.02** *
 + - Profit/Loss Before Tax **11131.22**
 Earning per Share in Rs. **27.34** \$

Total Expenditure **451192.80**
 + - Profit/Loss After Tax **8201.22** \$
 Dividend rate % **75**

* Includes miscellaneous income
 \$ Before adjustment of tax relating to prior period.

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

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

2710
PETROLEUM PRODUCTS
2902
BENZENE
2710
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.



SCHEDULE 'X' — (Contd.)

28. In accordance with the approval from Department of Company Affairs, Ministry of Law, Justice and Company Affairs, vide approval 46/30/94-CL.III dt.4.2.1994 the figures have been shown in rupees million.

29. 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/-

U. SUNDARARAJAN

Chairman and Managing Director

Sd/-

A. SINHA

Director (Finance)

Sd/-

D. M. NAIK BENGRE

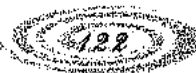
Company Secretary

Place : New Delhi

Dated : 6th June, 2001



Bharat Petroleum Corporation Limited



CASH FLOW STATEMENT

For the year ended 31st March		2001	2000
Notes		Rs. Million	Rs. Million
A Cash Flow from Operating Activities			
Net Profit Before tax and prior period items		10,857.16	9,673.30
<i>Adjustments for:</i>			
Depreciation		6,644.63	6,153.71
Interest paid		2,555.61	1,854.16
Foreign Exchange Fluctuations	Note 3	(0.38)	(6.17)
(Profit)/Loss on Sale of fixed assets		17.48	16.37
Income from Investments		(61.67)	(106.11)
Dividend Received		(12.20)	(11.98)
Other Non-Cash items	Note 4	(92.66)	(163.63)
Operating Profit before Working Capital Changes		19,907.97	17,409.65
<i>Invested in:</i>			
Trade Receivables		(1,092.77)	(1,531.65)
Other receivables		(6,868.81)	(2,185.43)
Inventory		(3,235.82)	(16,234.61)
Current Liabilities & Payables		4,006.88	14,802.14
Cash generated from Operations		12,717.45	12,260.10
Direct Taxes paid		(2,691.50)	(2,996.51)
Cash flow before prior period items		10,025.95	9,263.59
Prior Period Items		274.07	(304.75)
Non Cash items		(185.94)	11.35
Net Cash from Operating Activities		10,114.08	8,970.19

CASH FLOW STATEMENT — (Contd.)

	For the year ended 31st March	2001	2000
	Notes	Rs. Million	Rs. Million
B Net Cash Flow on Investing Activities			
Purchase of fixed assets	Note 5	(12,072.01)	(14,136.58)
Sale of fixed assets		123.35	11.14
<i>Investment in Joint Venture Companies</i>			
Petronet India Limited		—	(63.94)
Bharat Shell Ltd.		—	(490.00)
Indraprastha Gas Ltd.		(315.00)	—
Petronet CI Ltd.		(0.11)	—
<i>Investment in Subsidiary Companies</i>			
Kochi Refineries Ltd.		(6,591.02)	—
Numaligarh Refinery Ltd.		(1,725.61)	(698.13)
Sale of Investments		4.00	1,490.03
Income from Investment		54.81	117.37
Dividend Received		12.20	11.98
Net Cash Flow on Investing Activities		(20,509.39)	(13,758.13)
C Net Cash Flow on Financing Activities			
Long term Borrowings		7,595.72	5,074.64
Repayment of loans		(2,461.22)	(3,756.70)
Interest paid		(2,684.25)	(1,941.24)
Dividend Paid		(1,875.00)	(1,875.00)
Corporate Dividend Tax		(412.50)	(206.25)
Net Cash Flow on Financing Activities		162.75	(2,704.55)
D Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		(10,232.56)	(7,492.50)



CASH FLOW STATEMENT — (Contd.)

Cash and Cash equivalents as at 31st March

	2000 Rs. Million	1999 Rs. Million
Cash in Hand	2,170.42	949.78
Cash at Bank	1,400.14	1,645.95
Cash in transit	69.58	601.68
Cash Credit from scheduled banks	(12,000.00)	(6,000.00)
Unsecured loans from scheduled banks/ICDs/CPs	(2,790.65)	(855.43)
	<u>(11,150.51)</u>	<u>(3,658.02)</u>

Cash and Cash equivalents as at 31st March

	2001	2000
Cash in Hand	1,698.60	2,170.42
Cash at Bank	1,823.57	1,400.14
Cash in transit	407.92	69.58
Cash Credit from scheduled banks	(18,000.00)	(12,000.00)
Unsecured loans from scheduled banks/ICDs/CPs	(7,313.16)	(2,790.65)
	<u>(21,383.07)</u>	<u>(11,150.51)</u>
Net change in Cash and Cash equivalents	<u>(10,232.56)</u>	<u>(7,492.49)</u>

Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit/loss arising due to conversion of current assets/current liabilities receivable/payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. "Other Non-Cash items" include excess provisions written back, foreign exchange adjustments not accruing in cash, diminution in value of investment, transfer to Capital reserve, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.



CASH FLOW STATEMENT — (Contd.)

5. "Purchase of Fixed Assets" include the additional liability of Rs. 2.88 million (1999-00 - Rs. 1.71 million) arising on account of exchange rate variation during the year.
6. Figures of the previous year have been regrouped wherever necessary, to conform to current years presentation.

For and on behalf of the Board of Directors

Sd/-
(U. SUNDARARAJAN)
Chairman & Managing Director

We have verified the above Cash Flow Statement of Bharat Petroleum Corporation Limited for the year ended 31st March 2001 prepared by the Company and certify that the Statement has been derived from the accounts of the Company audited by us and has been prepared in accordance with Stock Exchange listing requirements.

For RSM & Co.
Chartered Accountants

Sd/-
(Vijay N. Bhatt)
Partner

Place: New Delhi
Dated: 6th June, 2001

For Mehra Goel & Co.
Chartered Accountants

Sd/-
(M.K. Goel)
Partner



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

Name of the Subsidiary Company	Financial Year ending of the Subsidiary Company	No. of shares held by BPCL as on 31.3.2001	Extent of holding	For the Financial Year of the Subsidiary referred in column 2		For the Previous Financial Year since it became a Subsidiary	
				5	6	7	8
1	2	3	4	5	6	7	8
Kochi Refineries Ltd. (with effect from 26.3.2001)	31.3.2001	75,889,660 shares of Rs.10/- each fully paid up	55.04%	Profit(losses) so far it concerns the Members of the Holding Company and dealt with in the books of Account of the Holding Company (Rs. In Lakhs) 99.04	Profit(losses) so far it concerns the Members of the Holding Company and dealt with in the books of Account of the Holding Company (Rs. In Lakhs) NIL	Profit(losses) so far it concerns the Members of the Holding Company and dealt with in the books of Account of the Holding Company (Rs. In Lakhs) NA	Profit(losses) so far it concerns the Members of the Holding Company and dealt with in the books of Account of the Holding Company (Rs. In Lakhs) NA
Numaligarh Refinery Ltd. (with effect from 31.3.2001)	31.3.2001	463,188,824 shares of Rs.10/- each fully paid up	62.96%	7.47	NIL	NA	NA

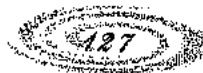
For and on behalf of the Board of Directors

Sd/-
U. Sundararajan
Chairman & Managing Director

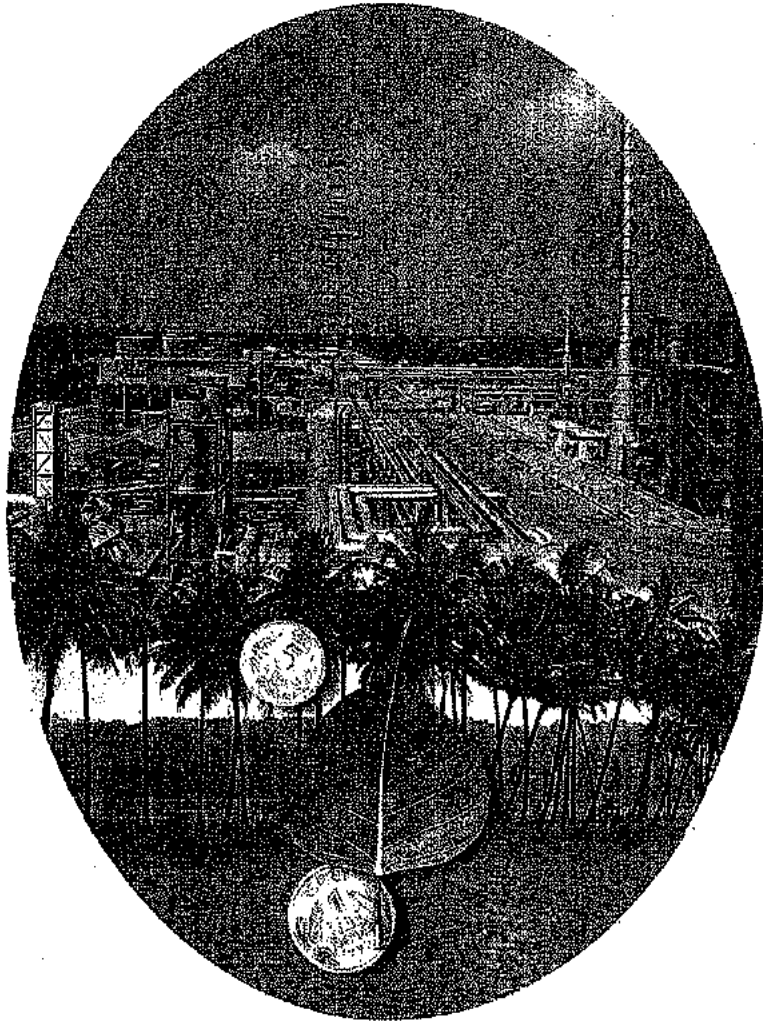
Sd/-
A. Sinha
Director(Finance)

Sd/-
D.M. Naik Bengre
Company Secretary

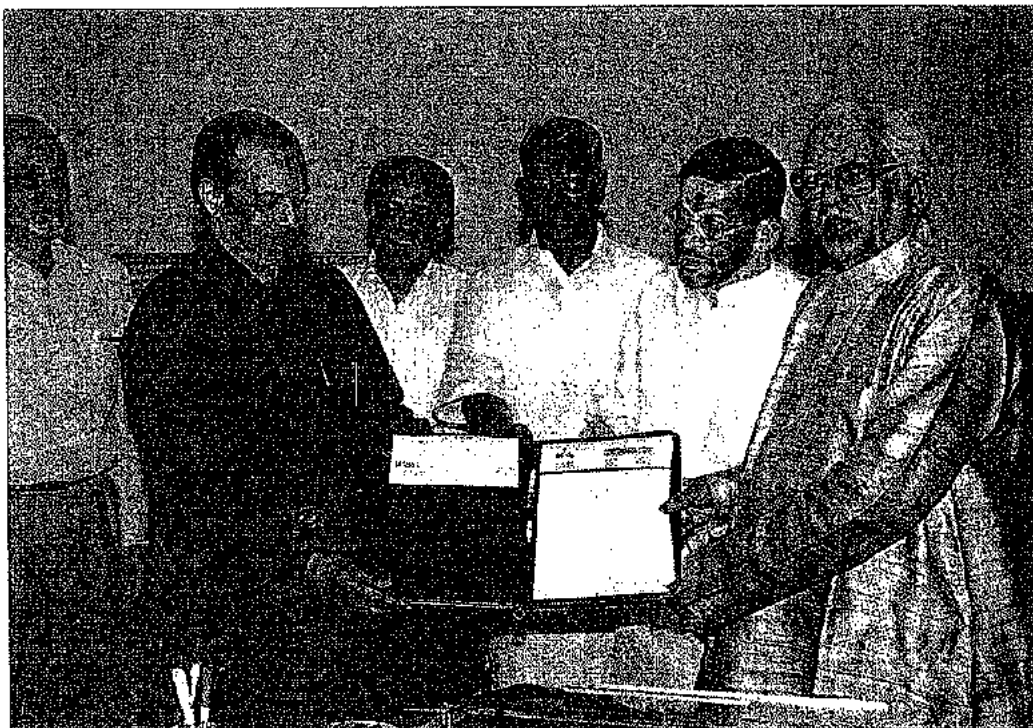
Place : Mumbai
Dated : August 30, 2001



39th Annual Report 2000-01



KOCHI REFINERIES LIMITED



Enriching the Nation

Shri Ram Naik, Hon'ble Union Minister of Petroleum & Natural Gas, receiving Dividend cheque from Shri K.L. Kumar, CMD. Dr. E. Ponnuswamy, former Hon'ble Union Minister of State for P&NG, Shri Santhosh Kumar Gangwar, Minister of State for P&NG, Shri R.Shankar, former Secretary of MOPNG and Shri Koshy Varghese, Director (Refineries) are also seen.



Empowering the Women

Visit of Parliament Committee on Empowerment of Women. Chairperson of the Committee, Smt. Margaret Alva, Hon'ble Member of Parliament lighting the traditional lamp.



KOCHI REFINERIES LIMITED

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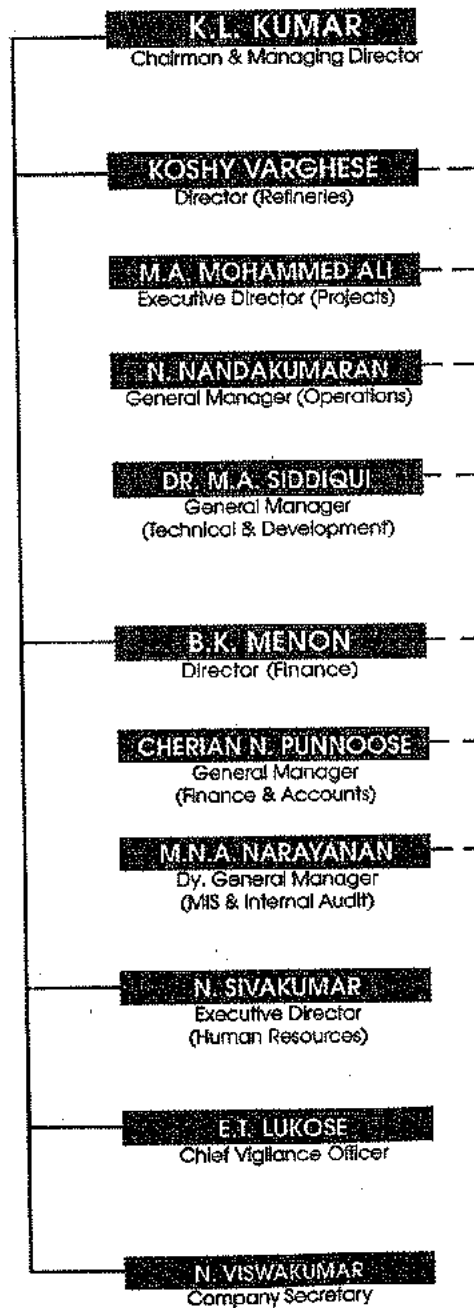
KOCHI REFINERIES LIMITED

REGISTERED OFFICE: MARADU - 682 304, ERNAKULAM DIST., KERALA (INDIA)
39TH ANNUAL REPORT 2000-01



KOCHI REFINERIES LIMITED

E X E C U T I V E S





KOCHI REFINERIES LIMITED

BOARD OF DIRECTORS



K.L. KUMAR
Chairman & Managing Director



KOSHY VARGHESE
Director (Refineries)



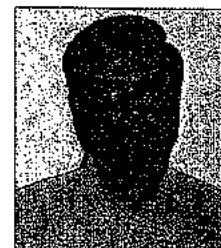
B.K. MENON
Director (Finance)



S. BEHURIA
Director



N.K. SINGH
Director



L. RADHAKRISHNAN
Director



KOCHI REFINERIES LIMITED

BANKERS



STATE BANK OF TRAVANCORE

STATE BANK OF INDIA

STATE BANK OF BIKANER & JAIPUR

STATE BANK OF SAURASHTRA

STATE BANK OF MYSORE

UCO BANK

UNION BANK OF INDIA

AUDITORS



M/S. VARMA & VARMA, KOCHI - 682016

LEGAL ADVISORS



M/S. MENON & PAI, KOCHI - 682018

SHARE TRANSFER AGENTS



DATA SOFTWARE RESEARCH CO. (PVT.) LTD.
SREE SOVEREIGN COMPLEX, NO. 22, 4TH CROSS STREET,
TRUSTPURAM, (OPP. PLAY GROUND) KODAMBAKKAM,
CHENNAI - 600 024.

PERFORMANCE AT A GLANCE

	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Physical										
Crude Thruput ('000 MT)	7520	7830	7770	7736	7301	7420	5135	4861	5122	4843
Capacity Utilisation (%) @	100.27	104.40	103.60	103.15	100.24	108.04	105.66	108.02	113.82	107.62
Trend of Production:										
Light Ends (%)	26.52	23.68	24.07	24.41	24.03	26.24	26.52	22.91	22.55	22.11
Middle Distillates (%)	50.37	55.76	53.47	53.00	54.34	53.49	53.59	56.90	56.74	58.56
Heavy Ends (%)	16.57	14.90	16.67	16.90	16.04	14.45	13.78	14.20	14.74	13.06
Fuel and Loss (%)	6.54	5.66	5.79	5.69	5.59	5.82	6.11	5.99	5.97	6.28
@ Capacity utilisation shown upto 1996-97 is for 4.5 MMTPA Unit										
Financial : (Rs. in Crores)										
Turnover	7135.75	5768.33	4170.91	4374.15	3917.75	3383.56	2173.18	2030.88	1811.54	1486.14
Profit Before Interest, Tax and Depreciation	313.84	385.21	598.75	383.52	185.61	233.31	168.03	164.46	197.67	138.80
Profit Before Interest and Tax	212.38	322.49	546.58	333.88	141.54	183.51	137.21	142.51	169.06	112.35
Profit Before Tax	102.46	283.71	496.23	291.91	108.93	141.08	111.79	127.27	153.62	98.04
Profit After Tax	109.46	235.21	338.23	220.41	92.93	111.08	104.77	68.25	87.12	56.04
Dividend & Dividend Tax	31.98	129.90	27.55	24.27	19.30	19.30	17.92	17.92	16.54	14.47
Retained Earnings	77.48	105.31	310.68	196.14	73.63	91.78	86.85	50.33	70.58	41.57
Ratios :										
Profit After Tax/Av. networth (%)	8.29	19.18	33.22	28.83	14.76	20.31	22.89	17.54	26.51	20.56
Earnings Per Share (Rs.) \$	7.92	34.12	49.06	31.97	13.48	16.11	15.20	9.90	12.64	8.13
Networth to Equity Share (Rs.) (Book value of share) \$	98.55	185.48	170.20	125.13	96.68	86.00	72.69	60.09	52.79	42.56
Gross Profit (PBITD)/Turnover (%)	4.40	6.68	14.36	8.77	4.74	6.90	7.73	8.10	10.91	9.34
Gross Profit (PBITD)/Average Capital Employed (%)	15.48	25.10	54.70	39.58	22.17	29.43	28.66	43.57	52.62	37.63
\$ Figures for 2000-01 are after increase in share capital on account of 1:1 Bonus Issue & Shares to be allotted consequent to Merger of CRBL with KRL										
Funds Flow Statement : (Rs. in Crores)										
Sources of Funds:										
Retained Earnings	77.48	105.31	310.68	196.14	73.63	91.78	86.85	50.33	70.58	41.57
Depreciation & Write Offs	95.41	59.61	62.07	65.75	45.07	50.05	30.82	22.27	29.33	26.87
Internal Resources	172.89	164.92	372.75	261.89	118.70	141.83	117.67	72.60	99.91	68.44
Loans	120.12	350.00	200.00	48.00	24.00	NII	76.56	115.40	30.34	43.01
Bank Loan - Cash Credit Increase/(Decrease)	(2.40)	60.88	(27.85)	(11.04)	39.19	(2.43)	(4.73)	(7.20)	13.08	(7.03)
Equity Issue/Increase in Reserve on Amalgamation of CRBL with KRL	5.48	NII	NII	NII	NII	NII	NII	NII	NII	NII
External Resources	123.20	410.88	172.15	36.96	63.19	(2.43)	71.83	108.20	43.42	35.98
Total Resources	296.09	575.80	544.90	298.85	181.89	139.40	189.50	180.80	143.33	104.42
Utilisation of funds:										
Capital Expenditure - Net	101.56	405.90	464.97	88.04	149.74	69.58	72.12	177.82	135.93	46.36
Repayment of Loans	43.14	38.27	38.87	43.30	38.56	24.14	20.91	20.03	14.88	16.23
Working Capital Increase/(Decrease)	151.34	130.60	39.91	167.51	(6.41)	45.68	87.72	(17.05)	(7.48)	42.12
Investments Increase/(Decrease)	0.05	1.03	1.15	NII	NII	NII	6.75	NII	NII	(0.29)
Total Utilisation	296.09	575.80	544.90	298.85	181.89	139.40	189.50	180.80	143.33	104.42

PERFORMANCE AT A GLANCE

2000-01 1999-00 1998-99 1997-98 1996-97 1995-96 1994-95 1993-94 1992-93 1991-92

Changes in Working Capital : (Rs. in Crores)

A) Current Assets

Inventories	(261.92)	422.33	83.72	(49.80)	63.97	66.63	115.45	(4.75)	36.49	0.42
Bank Debts	(25.78)	41.80	38.42	3.43	(14.50)	14.99	7.74	(1.14)	45.32	(30.71)
Cash & Bank Balance	0.76	(203.73)	43.81	151.07	(18.05)	25.09	15.45	(65.31)	(1.03)	58.49
Loans & Advances, Others	174.78	233.44	548.56	801.74	576.00	(166.25)	(287.67)	1.44	5.12	10.67
	(112.16)	493.84	714.51	906.44	607.42	(59.54)	(149.03)	(69.76)	85.89	38.87

Less:

B) Current Liabilities & Provisions

Current Liabilities	(214.25)	349.23	634.38	746.87	630.92	(118.71)	(237.27)	(34.91)	63.14	0.21
Provisions	(55.30)	10.90	49.39	0.28	(16.09)	13.74	0.52	(17.48)	30.95	(3.03)
	(269.55)	360.13	683.77	747.15	614.83	(104.97)	(236.75)	(52.39)	94.09	(2.82)

C) Working Capital (A - B)	157.39	133.71	30.74	159.29	(7.41)	45.43	87.72	(17.37)	(8.20)	41.69
----------------------------------	--------	--------	-------	--------	--------	-------	-------	---------	--------	-------

What We Owe : (Rs. in Crores)

Share Capital	138.17	68.94	68.94	68.94	68.94	68.94	68.94	68.94	68.94	68.94
Reserves & Surplus	1223.46	1209.73	1104.42	793.74	597.60	523.97	432.19	345.34	295.02	224.44
Net Worth	1361.63	1278.67	1173.36	862.68	666.54	592.91	501.13	414.28	363.96	293.38
Borrowings	881.96	807.39	434.77	301.49	307.83	283.21	309.78	260.21	172.05	143.51
Total	2243.59	2086.06	1608.13	1164.17	974.37	876.12	810.91	674.49	536.01	436.89

What We Own: (Rs. in Crores)

Gross Fixed Assets (Including Capital WIP)	2047.81	1942.76	1162.52	1080.81	995.50	875.02	841.80	509.94	441.53	427.31
Less: Depreciation	601.29	496.96	434.58	383.73	335.26	291.31	241.52	212.02	189.82	161.30
Net Fixed Assets	1446.52	1445.80	727.94	697.08	660.24	583.71	600.28	297.92	251.71	266.01
Project Work in Progress	84.53	85.16	459.82	78.61	77.06	47.93	11.57	272.63	162.99	41.38
Investments	8.98	8.93	2.07	0.92	8.80	8.80	8.80	Nil	Nil	Nil
Net Current Assets	703.56	546.17	418.30	387.56	228.27	235.68	190.26	103.94	121.31	129.50
Total	2243.59	2086.06	1608.13	1164.17	974.37	876.12	810.91	674.49	536.01	436.89

PERFORMANCE AT A GLANCE

	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Income : (Rs. in Crores)										
Sales Incl. Pool Receipts.....	7135.75	5768.33	4170.91	4374.15	3917.75	3383.56	2173.18	2030.88	1811.54	1486.14
Products Consumed Internally.....	0.89	6.66	0.45	0.36	0.24	0.20	0.22	0.19	0.22	0.19
ACC/(DEC) in Stock.....	(24.59)	139.58	39.93	(8.27)	4.80	(32.73)	21.22	6.67	14.73	(4.11)
Other Income.....	103.16	93.64	95.62	37.32	15.85	16.04	10.42	6.47	15.68	8.35
	7215.21	6008.21	4306.91	4403.56	3938.64	3367.07	2205.04	2044.21	1842.17	1490.57
Expenditure : (Rs. in Crores)										
Crude Cost Incl. Detention Charges....	6,705.91	5409.77	3547.34	3874.46	3650.86	3042.72	1974.66	1824.58	1595.21	1304.44
Manpower Cost.....	55.79	55.60	34.59	31.05	22.42	34.20	12.72	11.89	10.90	10.62
Other Operating Cost.....	145.71	161.53	116.33	98.42	79.22	57.35	51.14	43.67	37.68	35.29
Depreciation and Write Offs.....	95.41	59.61	62.07	65.75	45.07	50.05	30.82	22.27	29.33	26.87
Interest.....	109.93	38.78	50.35	41.97	32.61	42.43	25.42	15.24	15.44	14.31
Prior Period Adj.	Nil	(0.79)	Nil	Nil	(0.47)	(0.76)	(1.51)	(0.71)	(0.01)	Nil
	7112.75	5724.50	3810.68	4111.65	3829.71	3225.99	2093.25	1916.94	1688.55	1392.53
Profit Before Tax.....	102.46	283.71	496.23	291.91	108.93	141.08	111.79	127.27	153.62	98.04
Contribution to Exchequer - Cash Basis : (Rs. in Crores)										
Excise Duty.....	910.60	935.74	604.04	548.82	477.17	326.56	260.43	184.86	200.38	187.34
Customs Duty.....	501.77	677.55	406.90	479.20	497.74	310.97	167.03	206.99	219.30	208.46
Sales Tax										
CST.....	202.73	154.82	107.42	41.05	36.43	30.19	23.65	21.88	25.90	23.93
KGST.....	30.56	21.44	14.94	10.06	7.91	7.78	7.32	5.04	3.88	2.89
Irrecoverable Taxes (Mainly Turnover Tax)	129.45	119.90	98.27	68.96	49.17	44.73	31.16	28.85	27.23	25.70
Income Tax.....	55.98	101.32	114.89	76.54	32.36	19.36	8.14	77.13	41.50	37.61
(Incl. Corporate Dividend Tax)										
Dividend.....	42.28	41.44	13.26	11.60	11.60	10.78	10.78	9.95	8.70	9.59
Interest (IBRD).....	0.12	0.32	0.69	1.06	1.44	1.81	2.18	2.55	2.93	3.30
Total.....	1873.49	2052.53	1360.41	1237.29	1113.82	752.18	510.69	537.25	529.82	493.82
Manpower (Nos.).....	2062	2035	1825	1656	1593	1535	1400	1313	1285	1257
Value Added per Employee.....	23.44	30.58	43.47	30.13	16.79	21.13	16.25	16.40	18.19	14.20
(Rs. in lakhs)										

STATEMENT OF VALUE ADDED (Rs. in Crores)

	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Value Addition:										
A) Value of Production:										
Sales etc.	7197.84	5829.51	4223.91	4374.15	3917.75	3383.56	2173.18	2030.88	1811.54	1486.14
Product Consumed Internally	0.89	6.66	0.45	0.36	0.24	0.20	0.22	0.19	0.22	0.19
Inventory Differential	(24.59)	139.58	39.93	(8.27)	4.80	(32.73)	21.22	6.67	14.73	(4.11)
Total (A)	7174.14	5975.75	4264.29	4366.24	3922.79	3351.03	2194.62	2037.74	1826.49	1482.22
B) Value of Inputs:										
Raw Materials (Incl. defention charges)	6705.91	5409.77	3547.34	3874.46	3650.86	3042.72	1974.66	1824.58	1595.21	1304.44
Chemicals and Catalysts	16.97	23.96	15.71	17.15	13.66	7.32	7.53	8.05	10.22	8.39
Purchased Power	6.28	8.08	4.53	6.21	5.51	5.28	2.97	2.33	2.27	3.79
Bitumen Drum Cost	4.26	3.86	6.13	5.66	4.76	4.02	3.00	3.64	2.38	1.96
Total (B)	6733.42	5445.67	3573.71	3903.48	3674.79	3059.34	1988.16	1838.60	1610.08	1318.58
C) Value Added (A - B)	440.72	530.08	690.58	462.76	248.00	291.69	206.46	199.14	216.41	163.64
Shared Towards:										
A) Operations:										
Employees' Benefits	55.79	55.60	34.59	31.05	22.42	34.20	12.72	11.89	10.90	10.62
Other Costs	31.48	55.86	19.85	28.07	35.96	21.40	23.02	19.77	4.38	11.24
	87.27	111.46	54.44	59.12	58.38	55.60	35.74	31.66	15.28	21.86
B) Financing:										
Interests	109.93	38.78	50.35	41.97	32.61	42.43	25.42	15.24	15.44	14.31
Dividend	29.02	114.43	24.82	22.06	19.30	19.30	17.92	17.92	16.54	14.47
	138.95	153.21	75.17	64.03	51.91	61.73	43.34	33.16	31.98	28.78
C) Taxation:										
Corporate & Dividend Taxes	(4.04)	63.97	160.73	73.71	16.00	30.00	7.02	59.02	66.50	42.00
Rates & Taxes	45.65	36.52	27.49	4.01	3.01	2.53	2.69	2.70	2.74	2.56
	41.61	100.49	188.22	77.72	19.01	32.53	9.71	61.72	69.24	44.56
D) Expansion & Growth:										
Depreciation & Write off	95.41	59.61	62.07	65.75	45.07	50.05	30.82	22.27	29.33	26.87
Retained Profit	77.48	105.31	310.68	196.14	73.63	91.78	86.85	50.33	70.58	41.57
	172.89	164.92	372.75	261.89	118.70	141.83	117.67	72.60	99.91	68.44
Total Sharing	440.72	530.08	690.58	462.76	248.00	291.69	206.46	199.14	216.41	163.64

DIRECTORS' REPORT 2000-01

Dear Shareholder,

Your Directors are pleased to present the 39th Annual Report on the working of the Company, together with the Audited Accounts for the financial year ended 31 March 2001.

HIGHLIGHTS OF PERFORMANCE:

Your Company continued to maintain the "EXCELLENT" rating for the tenth year in succession for its performance during the year 2000-01 under the Memorandum of Understanding entered into between your Company and the Government of India.

Some of the significant achievements during the year were:

- Thirteenth consecutive year of above 100% capacity utilisation.
- Set records in the following operating areas:

	During the year 2000-01	Previous Records with year in brackets
	(Metric Tonnes)	(Metric Tonnes)
FCCU Throughput	1506689	1416324 (1999-00)
LPG Production	348772	279890 (1998-99)
Aromatic Production	94351	83950 (1992-93)
MS Production	732281	707458 (1998-99)
ATF Production	82663	80009 (1999-00)

FINANCIAL PERFORMANCE:

During the year 2000-01, the Company achieved an all time high Turnover of Rs. 7136 crores against Rs. 5768 crores during 1999-2000. The Profit Before Tax (PBT) was Rs. 102.46 crores as against Rs. 283.71 crores in the previous year.



96-97 97-98 98-99 99-2000 2000-01

In spite of the excellence in physical performance, the profit was lower compared to previous years. This was partly due to the volatility of crude oil price witnessed in the international market and lower demand for diesel oil, coupled with the additional investment for the Diesel Hydro De-Sulphurisation (DHDS) Unit (Rs. 750 crores), for upgrading the quality of diesel oil which could not bring in any significant additional revenue. The additional operating expenditure including interest and depreciation on account of this Unit is approximately Rs. 200 crores for 2000-01.

The overall financial performance for the year 2000-01 along with the figures for the previous year is highlighted below:

	(Rs. In Crores)	
	2000-01	1999-00
Turnover	7135.75	5768.33
Profit before interest, depreciation and tax	313.85	385.21
Interest	109.93	38.76
Depreciation	101.46	62.72
Profit Before Tax	102.46	283.71
Tax provision (net)	(7.00)	48.50
Profit After Tax	109.46	235.21
Appropriation:		
* Dividend: 21%	31.98	129.90
(Dividend 1999-00: 166%)		
General Reserve	10.95	23.55
Balance Carried to Profit & Loss Account	66.53	81.76

* Including Corporate Dividend Tax.

DIVIDEND:

The Directors are happy to recommend a dividend of Rs. 2.10 (21%) per equity share of Rs. 10/- for the year ended 31 March 2001 (previous year 166%). This will absorb an amount of Rs. 31.98 crores including the corporate dividend tax.



Assets		Liabilities	
■	Current Assets : 3569.12	■	Long term Debt : 777.51
■	Property & Equipment : 1397.90	■	Shareholders' Equity : 1361.63
■	Other Assets : 142.13	■	Current Liabilities : 2970.01

Current Ratio: 1.20 : 1 Debt/Equity Ratio: 0.57 : 1

TREASURY MANAGEMENT AND COST CONTROL:

The Company continued its efforts in raising low cost funds for working capital by way of loans through FCNR (B), Demand Loans & ICDs at rates lower than the bank overdraft rates during this financial year also. The availability of surplus funds was very low during the year on account of dues outstanding from the Oil Pool Account. Consequently the interest earned from treasury operations was lower at Rs. 3.96 crores during the year as against Rs.12.25 crores in the previous year. However interest on unsettled dues accruing from OCC has substantially increased during the year. Cost cutting and cost control efforts yielded a net saving of Rs.23 crores.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure & Development:

Government of India (GoI) continued with their programme for deregulation of the petroleum sector and during the year ATF was decontrolled. Changes were also brought about in the tariff structure with reduction of import duty on crude oil from 15% to 10% and on MS, ATF, HSD and Furnace Oil from 25% to 20%.

GoI went ahead with their industry re-structuring plan by aligning stand-alone refineries with identified public sector oil marketing companies. Accordingly, your Company has been made a subsidiary of BPCL.

With the unprecedented addition of crude oil refining capacity of 46 MMTPA during the last two years, the country has a surplus situation in HSD. HSD is the major product from your Company constituting about 40 % of the product slate.

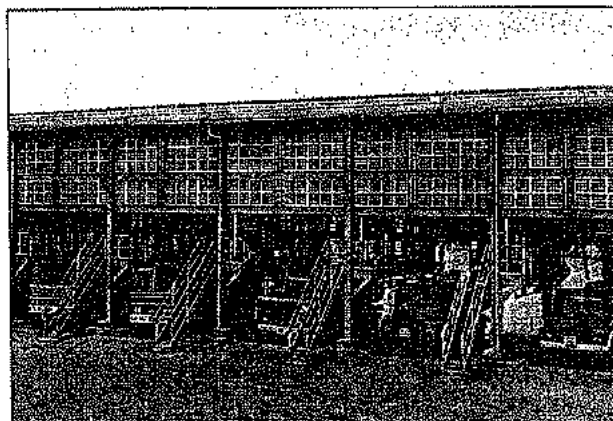
b. Opportunities & Threats:

Major opportunities are:

- Projected GDP growth rate of 5-7% and present low level of consumption of petroleum products (100Kg/year/person) as compared to world average (800 Kg/year/person).
- Implementation of Cochin-Coimbatore-Karur product pipeline by Petronet CCK Limited would facilitate better evacuation of products from the Refinery.
- Locational advantage of being a coastal Refinery.

Threats are mainly:

- Increased competition on total deregulation of the petroleum sector.
- Emerging need for implementation of more stringent product quality specifications calling for non-remunerative investment on plant facilities. The DHDS unit established by your Company has adversely affected profitability of your Company.
- The draught limitations of Cochin Port results in high crude oil receipt cost.
- Incidence of irrecoverable Sales Tax (i.e., Turnover Tax) levied by the State Government.



Consumer Satisfaction

Product being loaded into trucks

c. Segment/Product-wise Performance:

The Company's controlled products (MS, HSD, SK, ATF & LPG) and decontrolled products (Naphtha, Furnace Oil, Bitumen, etc.) were marketed during the year through IOC, the selected marketing agent. The free trade products (Benzene, Toluene, SBPS, MTO, Sulphur etc.) were marketed directly by KRL.

The sale of free-trade products contributed 1.65% of the total sales volume of 7.057 MMT. However, profits generated from sale of free trade products constitute 19.71% of the total Profit After Tax of Rs.109.46 crores.

d. Outlook:

The Indian economy is expected to register GDP growth rate of 5-7% per annum. The demand for petroleum products is expected to grow correspondingly and the present supply/demand imbalance is expected to stabilise in the medium and long term. There are good prospects for growth of your Company with the added strength of BPCL.

e. Risks & Concerns:

Your Company would be exposed to the vagaries of the market and the margin would be fluctuating with volatilities of the international crude oil/product prices.

f. Internal Control Systems & their Adequacy:

The Company has an adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use and that transactions are authorized, recorded and reported properly. The internal controls system is supplemented by an extensive programme of Internal Audits, review by Management and documented policies and procedures. The Statutory Auditors in their report have expressed their opinion that the internal control procedures are adequate and commensurate with the size of the Company and the nature of its business. On the Company's Internal Audit System also, the Auditors stated that the same is commensurate with the size of the Company and the nature of its business, the coverage of which offers scope for improvement. The Company is also subjected to audit by the Comptroller & Auditor General of India including Proprietary Audit.

g. Discussion on Financial Performance:

Turnover increased nearly 24% to Rs.7136 crores during the year ended 31 March 2001 as compared to Rs.5768 crores during the previous year which was mainly contributed to by the increase in average product prices. The turnover for the current year includes direct export of Furnace Oil made by the Company amounting to Rs.26.96 crores.

The Gross Profit (earnings before interest, depreciation and taxes) for the current year was Rs.313.85 crores as against Rs.385.21 crores in the previous year. The operating profit (excluding other income) was Rs.204.33 crores as against Rs.291.56 crores in the previous year. The current year profits include an amount of Rs.49.44 crores relating to earlier periods and receivable from Oil Co-ordination Committee (OCC). The drop in profit is mainly on account of the operation of the Diesel Hydrodesulphurisation (DHDS) Plant that was put up to reduce sulphur content in Diesel from 1% to 0.25% by wt.

Other income increased by 17% to Rs.109.51 crores mainly on account of increase in interest receivable on dues outstanding from OCC and write back of items no longer required. The write back includes the reversal of provision made for the dues from Cochin Refineries Balmer Lawrie Ltd.(CRBL), a Joint Venture of the Company with Balmer Lawrie Ltd. on account of the approval of amalgamation of CRBL with the Company by the Hon'ble High Court of Kerala.

The Interest expenses and depreciation for the current year was Rs.109.93 crores and Rs.101.46 crores as against Rs.38.78 crores and Rs.62.72 crores in the previous year respectively. The increase is due to the impact of DHDS plant that was available for full operations during the current year. The interest on short term borrowings increased from Rs.4.92 crores to Rs.8.66 crores mainly on account of borrowings to tide over liquidity problems as OCC dues during the year had considerably increased from Rs.270 crores (as on 31 March 2000) to Rs.479 crores (as on 31 March 2001). OCC was not able to settle the dues on account of deficit in the Oil Pool Account.

The interest on long term loans mainly consists of loans taken from Oil Industry Development Board (OIDB). The Company is making efforts to reduce the interest burden and has made representation to OIDB for reducing the rate of interest in respect of loans taken for the DHDS project, as this was an environmental project and does not generate any additional revenue.

Fixed assets capitalised during the year is Rs.98.88 crores which mainly consisted of fixed assets relating to CRBL on amalgamation, tank farm automation and other capital jobs.

h. Human Resources Development:

Your Company recognises the need for continuous growth and development of its people to provide

greater job satisfaction and also to equip them to meet growing organizational challenges.

To facilitate this goal, Company's HR systems have been focussed towards developing wider perspectives in employees to achieve organizational excellence and enhancing their contributions to meet organizational goals. Specific HR efforts were undertaken during the year to strengthen the relationship and openness among the employees.

Your Company continued its HR efforts of providing developmental inputs to employees through training programmes to develop their knowledge, skills and attitudes. The Company achieved an average of 5.00 training mandays per employee during the year.

The Company continued to bestow greater importance to the welfare of weaker sections of the Employees and had taken steps in accordance with Government directives in regard to reservation in posts for SC/ST/OBC/Physically Handicapped/Ex-Servicemen. As at the end of the year, the Company has 250 Scheduled Castes, 53 Scheduled Tribes and 287 Other Backward Classes out of the total staff strength of 2062 Employees including Trainees and Apprentices. Out of these 2062 employees, 312 were Ex-Servicemen, 38 Physically Handicapped and 666 from Minority Communities.

Employee Profile:

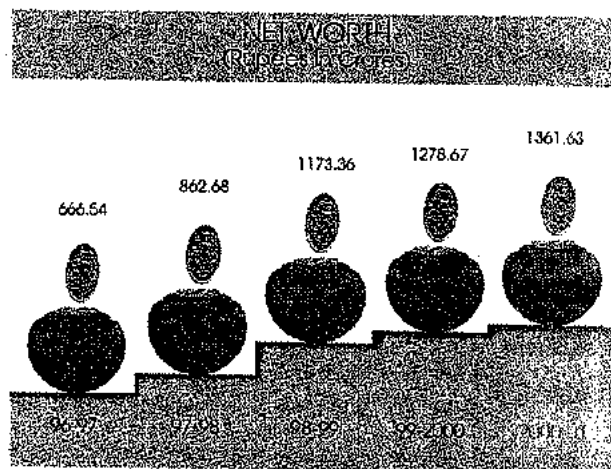
As on 31 March 2001, the Company employed a total of 1988 employees, of which 569 were Officers and 1419 belonged to Non-executive cadre.

Industrial Relations:

The Company enjoyed a harmonious industrial relations during the year and received full co-operation from employees at all levels.

NET WORTH:

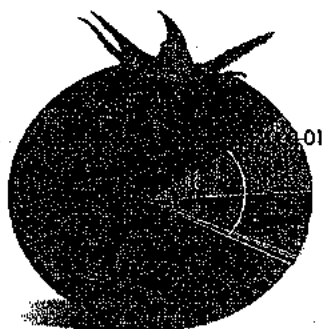
The net worth of the Company at Rs.1361.63 crores as on 31 March 2001, is 6.5% higher than previous year's Rs.1278.67 crores.



CONTRIBUTION TO EXCHEQUER:

The Company contributed a sum of Rs.1873.49 crores to the Exchequer by way of taxes, duties, etc. during the year, against Rs.2052.53 crores in 1999-2000.

CONTRIBUTION TO EXCHEQUER



	2000-01	1999-2000
● Excise Duty	48.60%	45.59%
● Customs Duty	26.78%	33.01%
● Sales Tax	19.36%	14.43%
● Income Tax	2.99%	4.93%
● Dividend	2.26%	2.02%
Interest	0.01%	0.02%

BONUS ISSUE:

As approved by the Shareholders at the AGM held on 27 September 2000, your Company has allotted 68934890 Bonus Shares of Rs.10/- each on 22 January 2001 to the existing Shareholders in the proportion of one new equity share for every one existing equity share held.

DISINVESTMENT OF SHARES BY GoI TO BPCL:

Pursuant to the Government of India's decision to restructure Oil Sector Undertakings through Strategic Alliances, Bharat Petroleum Corporation Limited (BPCL) has acquired the 55.04% shares (7,58,89,660 Equity Shares of Rs.10/- each) held by GoI in the Company. The acquisition was completed on 26 March 2001. With the acquisition, your Company has become a subsidiary of BPCL.

CHANGE OF REGISTERED OFFICE:

As approved by the Annual General Meeting held on 27 September 2000 the Registered Office of the Company has been moved from Puthencruz Village to Maradu, Maradu Village, Ernakulam District, Kerala and started functioning with effect from 9 April 2001 at the new premises.

VIGILANCE FUNCTION:

Your Company has a transparent system, supported by necessary procedures in awarding contracts, purchases, sales etc. With a view to avoid developing vested interests,

the Company has a system of periodical transfer of Officers holding sensitive positions. While the system aims prevention of corruption, it also ensures punishing the guilty.

A weeklong vigilance awareness week was organized during the year to make the employees of your Company and public aware about the malaise of corruption. Seminars and talks on vigilance, and ways and means of preventing corruption were also organized.

MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company is eligible for "Excellent" rating in accordance with the Memorandum of Understanding entered into with the Government of India for the year 2000-01. This is the tenth successive year that the Company is achieving "Excellent" rating. The performance on significant MoU parameters (audited) is given below.

Criterion	Excellent	Very Good	Actual Performance
Physical:			
(a) Refinery Crude Oil Thruput (Million Tonnes Per Annum)	7.50	7.40	7.52
(b) LPG production ('000 Tonnes)	265.00	260.00	344.43*
(c) Total Distillates (Wt%)	72.40	71.90	73.69*
(d) Fuel & Loss (Wt%)	5.70	5.75	5.47*
Marketing of Free Trade Products:			
(e) Aromatics sales ('000 Tonnes)	78.00	75.00	88.80*
Financial:			
(a) Gross Margin (Profit before Interest, depreciation and tax) Rs. in Crores	247.50	233.30	269.60*
(b) Profit After Tax to capital employed (%)	2.03	1.35	2.68*

* Actuals have been adjusted to the basis considered in the MoU entered into with MoP&NG.

The MoU for the year 2001-02 with the Government of India has been signed, spelling out performance targets for the year.

OPERATIONAL HIGHLIGHTS:

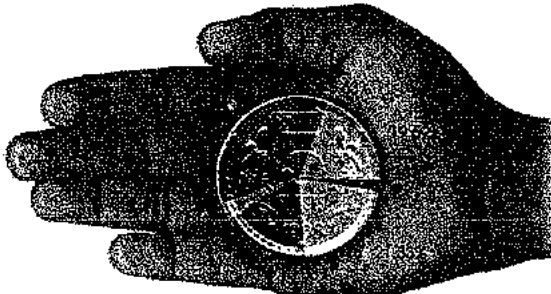
PRODUCTION PERFORMANCE:

Your Company has achieved crude oil throughput of 7.52 Million Metric Tonnes against installed capacity of 7.50 Million Metric Tonnes Per Annum, the capacity utilisation being 100.27%.

SAFETY:

Your Company continued to be vigilant in making the Refinery a safe place for its employees and the community around it and has invested substantially in automated safety and process control systems to ensure safe working conditions.

DISTRIBUTION OF INCOME



As on 31 March 2001, your Company had completed 237 days of continuous accident free operation, equivalent to 2,582 million man-hours.

■ Dividend	■ Depreciation
■ Utilities	■ Interest
■ Salaries	■ Repairs & Maintenance
■ Stores	■ Tax & Others
■ Retained Earnings	■ Insurance

As on 31 March 2001, your Company had completed 237 days of continuous accident free operation, equivalent to 2,582 million man-hours.

MARKETING OF PRODUCTS:

On acquisition of Shares of your Company by BPCL the marketing rights of petroleum products from the Company have been switched over to Bharat Petroleum Corporation Limited from Indian Oil Corporation Limited with effect from 31 March 2001.

Salient points on Direct Marketing activities of your Company during the Financial Year 2000-01 were as given below:

- Achieved an all time record on sales of Aromatic Products viz. Benzene and Toluene of 92,844 MT during this financial year against the MoU target of 78,000 MT, for excellent rating and bettered the previous record of 81,597 MT achieved during the financial year 1998-99. During the year the Aromatic Sales Turnover was 180.95 Crores.
- The toluene sales this year was 37,647 MT, which bettered the previous best of 36,783 MT registered in the year 1999-2000.
- Embarked on the International marketing by exporting 2 parcels of Fuel Oil. The total value of export realization is around US \$ 5.77 Million (Rs 27 Crores).
- Commissioned the manufacturing and loading facilities for Mineral Turpentine Oil (MTO), a

petroleum specialty product, and the product was launched into the market during May 2000. MTO caters to the requirements of paint, hosiery & textiles, printing and dry cleaning industries.

- Commenced Marketing of high quality sulphur from our DHDS Unit in July 2000 and the product has secured market acceptance.

ENERGY CONSERVATION:

Your Company continued to give top priority to the conservation of energy by regular monitoring and analysis of plant fuel & loss pattern, optimising plant operations and proper upkeep of plant and machinery.

In recognition of the sincere efforts in the sector of energy conservation, your Company was selected for the National Energy Conservation Award - 2000, Certificate of Merit in Refinery Sector.

Particulars as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with regard to Energy Savings, are given in Annexure.

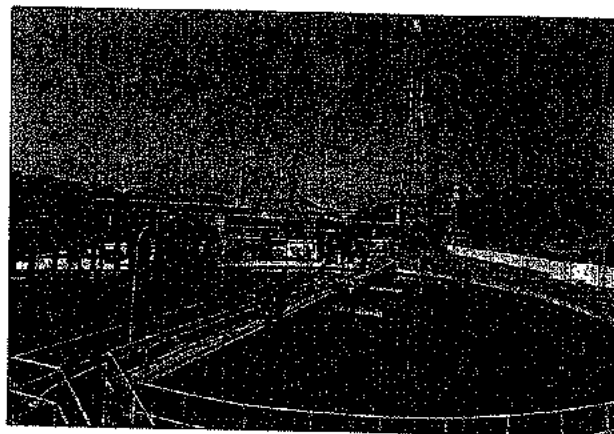
ENVIRONMENTAL PROTECTION:

Your Company continued to strive for the improvement of the environmental performance and to prevent pollution.

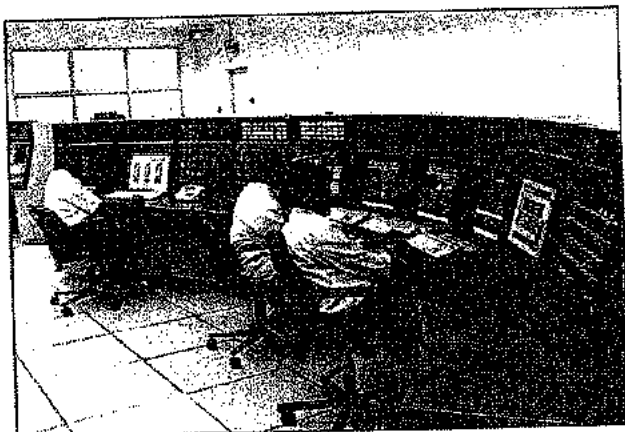
- The Company continued to meet all environmental standard laid down by the various regulatory bodies with respect to the discharge of effluent water and gaseous emissions.
- The third surveillance audit by BVQI was also successfully conducted during December 2000.

Major environmental project under implementation is:

- An additional Reactor for reduction of Sulphur from 0.25 to 0.05 wt% for part of the Diesel production at a cost of Rs.28.36 Crores scheduled for completion by May 2002.



Caring for the Mother Earth
Waste Water Treatment Plant



The Nerve Centre
DHDS Control Room

RESEARCH & DEVELOPMENT:

Research & Development activities continue to receive high priority in keeping with the Company's objective to remain at the technological forefront. As stated in the earlier Reports, the In-house R&D Centre, which is recognized by the Department of Scientific & Industrial Research, Government of India, pursued research programme to develop value added products from refinery streams, and to provide technological support to the Refinery operations. The FCC Pilot Plant and FCC Offline Simulation / Optimization Software have been utilized for evaluation of new improved catalyst and other process optimization studies.

Particulars as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure.

PROJECTS IMPLEMENTED:

TANK FARM AUTOMATION:

The Tank Farm Automation project (approved cost Rs.27 crores) has been completed in March 2001. The project commissioned on a phased manner, provides facilities for automated on-line blending for the products, Gasoline, Diesel Oil, Furnace Oil and LSHS. In addition, a distributed Control System for centralised operation of all tank farm activities has also been installed as part of the project.

Total savings expected on account of this project is around Rs.10 crores per annum on account of optimized inventory management and reduction in quality give-away for products. In addition to this, the project will improve safety and management of offsite facilities.

STAND ALONE WATER SUPPLY SCHEME:

This project costing Rs.68.38 crores, has been designed to provide an independent water supply scheme for your Company to meet its present water requirements from Periyar River. The facilities include intake well/ pump house, substation, pipelines of 18 km length, water treatment plant etc. Project has been essentially completed and trial pumping has been commenced from the first week of April 2001.

ONGOING PROJECTS:

ENHANCEMENT OF LPG RECOVERY:

The estimated cost of this project is Rs.58.50 crores. The project envisages enhancement of LPG recovery from the Crude Distillation Unit by 20,000 Tonnes Per Annum (TPA), conversion of 1,84,000 TPA of Naphtha to HSD and increase in crude throughput by 40,000 TPA. Around 6,300 TPA of Fuel Oil saving is expected on account of pre-heat optimization.

The project, which is targeted for completion by May 2001 is under implementation and final shutdown activities to hook up the revamp facilities are in progress.

UPGRADATION OF DCS:

This project costing Rs.13 crores envisages replacement of existing Distributed Control System (DCS) in Primary Unit, FCCU, ARU/SRU & Utilities with the state of the art technology. The project has been partially completed with the commissioning of ARU/SRU system and Primary Unit. Installation of DCS in FCCU and Utilities are in progress and is targeted for completion by May 2001.

REVAMP OF ELECTRICAL DISTRIBUTION SYSTEM:

As a part of modernization of the HT/LT system, three different revamp electrical jobs are planned to be executed under this project at a project cost of Rs 19.20 crores. The project envisages the replacement of obsolete main receiving station and two distribution stations, as the spares for these are not available. The feeders of the transformers in FCCU are also planned to be relocated to improve the plant reliability. The consultancy job has been awarded and preliminary engineering activities are in progress. The project is scheduled to be completed by March 2003.

ADDITIONAL REACTOR FOR DHDS:

In order to reduce the sulphur content in diesel oil (part quantity) to 0.05 wt %, an additional HDS Reactor and connected facilities are being put up in the DHDS unit. The project costing Rs. 28.36 crores is scheduled to complete by May 2002.

INTEGRATED REFINERY INFORMATION SYSTEM:

As reported last year, for ensuring optimum utilisation of the available assets and resources, your Company has ventured into establishment of an enterprise wide network christened as Integrated Refinery Information System project (IRIS project). The project envisages implementation of integrated software solutions for all functional areas of the Company. First phase of master plan study is completed and decision on implementation of the system is under active consideration.

PROJECT PROPOSALS:

6.0 MMTPA CAPACITY EXPANSION PROJECT

The Detailed Feasibility Report (DFR) for the project was submitted to the Government of India in August 1998 for investment clearance. The capital cost of the project is estimated at Rs. 4320 Crores. Environmental clearance for

the project is obtained from the Ministry of Environment and Forests. Clearance for the licensed technologies is obtained from the Secretariat for Industrial Assistance. The project has been cleared by Public Investment Board in September 2000. The project is to be mechanically completed within a period of 36 months from the date of investment approval (which is awaited) and commissioned within 3 months thereafter.

JOINT VENTURE COMPANY:

COCHIN REFINERIES BALMER LAWRIE LIMITED:

As reported last year, since performance of Cochin Refineries Balmer Lawrie Limited (CRBL), a company jointly promoted by your Company and Balmer Lawrie & Company Limited, was not satisfactory, a Scheme of Amalgamation for the merger of CRBL with your Company had been approved by the respective Boards, Shareholders and Creditors of CRBL and Shareholders of your Company. Your Company and CRBL had filed a petition for approving the Scheme of Amalgamation before the Hon'ble High Court of Kerala.

Your Directors are pleased to inform that, the Ministry of Petroleum & Natural Gas has conveyed the approval of the Government to the Scheme on 28 March 2001. Subsequently, the Hon'ble High Court of Kerala by its Order dated 9 April 2001 sanctioned the scheme of amalgamation of CRBL with your Company. Order regarding dissolution of CRBL was also since passed by the Court after receipt of the Report of the Official Liquidator.

The certified copy of the Order dated 9 April 2001 of the Hon'ble High Court of Kerala has been filed with Registrar of Companies on 19 April 2001 and the Scheme has become effective from that date. Your Company has fixed 16 June 2001 as the Record Date for issue of Equity Shares of the Company to the eligible Equity Shareholders of CRBL.

PETRONET CCK LIMITED:

Petronet CCK Limited, a Joint Venture company promoted by Petronet India Limited, is implementing a cross-country product pipeline connecting Kochi, Coimbatore and Karur. The multi-product pipeline will have an ultimate capacity of 4.0 MMTPA and is expected to complete

during the year 2001-02. The pipeline is being set up in Kochi fed area and therefore products transported would be pre-dominantly sourced from the Company. In view of this, your Company is participating in the equity of the JV Company to the extent of 23%.

The total amount remitted as on date to Petronet CCK Limited is Rs.16.32 crores against the total amount of Rs. 31 Crores payable towards the Company's share of the equity.

COMMUNITY WELFARE SCHEMES:

Being a responsible corporate citizen, your Company has always extended its helping hand to the socially and economically underprivileged. In 2000-01 the Company had provided shelter to the homeless, constructed a public health centre and rendered assistance to the earthquake victims of Gujarat and drought affected victims in AP, Rajasthan and Gujarat.

A) COMMUNITY DEVELOPMENT FOR SC/ST:

The Company has drawn up a Special Component Plan for the welfare of the members of Scheduled Castes and Scheduled Tribes communities. During the year, an amount of Rs.20.44 lakhs was spent for such activities. Major activities were as given below:

- Sponsoring of "House for All" project launched by the Ernakulam district administration to provide houses to homeless SC/ST families;
- Giving due importance to medical and health care, the company conducted medical camps and follow up treatment in the SC/ST dominated villages. This included donation of artificial limbs and spectacles.
- Constructed a building for the public health centre in Thiruvaniyoor Grama Panchayat.
- Extended scholarships/financial assistance for SC/ST students in neighbouring schools. Distributed learning aides like study tables, chairs to such students who scored highest marks in the SSLC examination.



*Caring for the downtrodden...
Free eye camp organised by KRL*



*... and the handicapped
Shri N. Sivakumar, Executive Director (Human Resources)
handing over an artificial limb*

- The Company has also provided daily noon-feeding to SC/ST students of neighbouring Government schools.
- Donated essential hospital equipment to the public health centre at Kalamassery.
- Construction of crematorium in a SC/ST dominated village is in progress.
- The Company has co-sponsored tribal youth festivals organized by the tribal development office in Ernakulam district.



Women's Strength

An awareness programme on Women's Rights in progress

B) FOR WOMEN:

Your Company recognises the need to address the problems of women and children. The Company shares its expertise, talents, skills and organizational strengths to empower women. The activities to these ends include free medical camps, donation of sewing machines & fuel efficient stoves and vocational training programmes.

C) OTHER COMMUNITY WELFARE MEASURES:

In addition to the above measures, your Company also extended financial assistance to several worthy causes organized by different Governmental and non-Governmental organizations. Some of them are:

- Donated Rs.2 crores for the earthquake victims in Gujarat.
- Donated Rs.1.5 crore for combating unprecedented drought in AP Rajasthan and Gujarat.
- Provided traffic watch tower at Kundannur Junction.
- Sponsored an electronic display board for exhibiting public interest messages at Vytilla Junction.
- Maintained public park in Ernakulam.
- Donated life saving medicines to a nearby Public Health Centre.
- Co-sponsored awareness programme for AIDS and Cancer.

SC/ST EMPLOYEES:

The prescribed information on SC/ST Employees of the Company (Appendix 8, 8A & 9) are given in Annexure.

WOMEN EMPLOYEES:

Your Company has a total strength of 2062 employees including trainees out of which 78 (3.78%) are women employees. Out of the 438 houses available in the Housing Colony, 22 (5.02%) houses are allotted to women employees.

PARTICULARS OF EMPLOYEES:

The Particulars of employees under Section 217(2A) of the Companies Act, 1956 for the year ended 31 March 2001 are nil.

EXPORTS:

The Company directly exported 2 parcels of furnace oil and the total value of export realisation was Rs.26.96 crores. No exports were made during the year through the canalizing agent, Indian Oil Corporation Ltd. as compared to the previous year's value of Rs.19.54 crores.

HINDI IMPLEMENTATION:

Your Company has intensified its efforts to propagate Hindi in day-to-day activities and to lay emphasis on Hindi implementation in accordance with the Official Languages Act, 1963 and the Official Languages Rule, 1976.

In order to ensure compliance with the Annual Programme prepared by the Department of Official Language, Ministry of Home Affairs, Government of India, action plan and check-points are prepared by the Company every year and actions are taken accordingly for the progressive implementation of the Official Language Policy of the Union. The Company has made substantial progress in implementation of Official Language during the year 2000-01.

The Company has constituted 3 committees, viz, Official Language Implementation Committee, Check-point Monitoring Committee, Subordinate Committee on Official Language for planning, monitoring and evaluating the implementation of Official Language in the Company.

Efforts taken to encourage the use of Hindi included in-house training in Hindi, Hindi typewriting & Hindi stenography, All Kerala Hindi seminars and competitions, Hindi workshops, purchasing of Hindi books, purchasing of Hindi software enabling bilingual working in the office, introduction of various incentive schemes, printing of all items of stationery bilingually, publication of quarterly Hindi house magazine 'JwalaDhwani Trimasik' etc.

During the year 2000-01, your Company has won the following Rajbhasha Trophies/Shields:

- Rajbhasha Rolling Trophy for the year 1999-2000, awarded by Kochi TOLIC for the best Official Language performance.

- Rajbhasha Rolling Shield for the year 1999-2000 sponsored by Bharat Petroleum Corporation Limited, Ernakulam for doing praiseworthy work in the implementation of Official Language Policy.
- Hindi House Magazine trophy (Second Prize) for the year 1999-2000, awarded by Kochi TOLIC for the best Hindi House Magazine of its member organizations.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE:

A certificate on the compliance of conditions of Corporate Governance has been obtained from the Statutory Auditors of the Company and the same is given in Annexure.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with Sec. 217(2AA) of the Companies Amendment Act, 2000, your Directors wish to inform that:

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the Annual Accounts on a going concern basis.

BOARD OF DIRECTORS:

Shri K.Mohandas, Principal Secretary, Government of Kerala, ceased to be a Director with effect from 19 April 2001. Shri E.S.Menon, Director (Finance), ceased to be a Director of the Company on superannuation with effect from 31 May 2001. Your Directors wish to place on record their appreciation of the valuable guidance, services and

assistance rendered by Shri K.Mohandas and Shri E.S.Menon during their tenure with the Company.

Shri L.Radhakrishnan, Secretary (I), Industries Department, Government of Kerala, was appointed as Additional Director with effect from 25 April 2001.

Shri S.Behuria, Director (Marketing), Bharat Petroleum Corporation Ltd., Mumbai, was appointed as Additional Director with effect from 21 May 2001.

Shri B.K.Menon was appointed as Director and he assumed charge of Director (Finance) of the Company with effect from 9 June 2001.

In accordance with the Article 69 of the Articles of Association, Shri N.K.Singh, Shri L.Radhakrishnan, Shri S.Behuria and Shri B.K.Menon will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS:

The Government of India has appointed Messrs Varma & Varma, Chartered Accountants, Kochi, for auditing the Accounts of the Company for the year ended 31 March 2001.

AUDITORS' REPORT:

Comments of the Auditors on the Accounts and reply thereon are given in Annexure.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their deep sense of appreciation for the dedicated efforts put in by the Employees at all levels.

Yours Directors are thankful to the continued guidance and cooperation extended to the Company by the Central Government, particularly, the Ministry of Petroleum & Natural Gas, and the Government of Kerala.

The Directors gratefully acknowledge the continued support extended by the Shareholders in the endeavours of the Company.

For and on behalf of the Board of Directors

Maradu
18 July, 2001

K.L.Kumar
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A) POWER & FUEL CONSUMPTION:		2000-01 Current Year	1999-2000 Previous Year
1)	Electricity:		
	a) Purchased:		
	Units ('000 KWH)	5908	14250
	Total Amount (Rs. Lakhs)	628.30	809.04
	Rate/Unit (Rs./KWH)	10.64	5.68
	b) Own generation:		
	i) Through Gas Turbine generation in CPP-1 ('000 KWH)	133296	123892
	Unit KWH per Kg. of fuel oil/gas	2.69	2.60
	Cost/unit (Rs./KWH)	2.27	2.48
	ii) Through Steam Turbine Generation ('000 KWH)	80493	56402
	Cost/unit (Rs./KWH)	3.47	3.41
2)	FCC Coke for steam generation:		
	Quantity (tonnes)	76879	71351
	Total Cost (Rs. Lakhs)	6345.46	4842.13
	Average rate (Rs./MT)	8253.86	6786.36
3)	LSHS		
	Quantity (tonnes)	207610	182598
	Quantity (KL)	216745	190632
	Total Cost (Rs. Lakhs)	17135.84	12391.76
	Average rate (Rs./MT)	8253.86	6786.36
4)	Others/internal generation (Refinery Fuel Gas)		
	Quantity (tonnes)	122448	106636
	Total Cost (Rs. in lakhs)	10282.96	7238.49
	Average rate (Rs./MT)	8397.82	6788.03

B) ENERGY CONSUMPTION PER TONNE OF CRUDE OIL THRUPTUT:

	Standards (If any)	
Electricity (KWH)	28.60	24.07
LSHS (MT)	0.0274	0.0231
FCC Coke (MT)	0.0102	0.0091
Refinery Fuel Gas (MT)	0.0163	0.0136

Notes:

1. Fuel for CPP consisted of HSD, intermediates and Refinery Fuel Gas.
2. The export of power to KSEB is 42 MWH.
3. Cost of FCC coke, LSHS, intermediates, Refinery Fuel Gas etc. are at average cost. The average cost is higher than previous year mainly due to increase in international prices of crude oil.

FORM B

(SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH & DEVELOPMENT (R & D):

- 1) Specific areas in which R & D carried out by the Company
 - a) Development of value added products eg., Rubber Spray Oil, Petroleum Hydrocarbon Solvent, Rubberised Bitumen and MTO from Refinery Streams.
 - b) Catalytic conversion processes, eg., FCC, Hydroprocessing.
 - c) Crude evaluation.
 - d) Sulphur application as nutrient for crops.
 - e) Bio-filtration of bitumen offgas.
 - f) Polymer modified bitumen.
- 2) Benefits derived as a result of the above R & D
 - a) A commercial plant for speciality hydrocarbon solvent based on in-house R & D know-how has been under regular production run.
 - b) Through laboratory and pilot plant studies, selection of new improved catalysts made for the commercial FCC plant.
 - c) A commercial plant for the production of rubberised bitumen based on in-house R & D know-how has been under regular production run.
 - d) Technical support to the existing FCC and crude units in the following areas:
 - i) Crude evaluation
 - ii) Evolving different schemes by computer simulation and modelling
- 3) Future plan of action
 - a) To continue FCC related R & D studies using FCC Pilot Plant and other facilities.
 - b) To undertake plant simulation and optimisation studies.
 - c) To pursue exploratory research projects for development of value added products
- 4) Expenditure on R & D
 - a) Capital : Rs. 70.64 lakhs
 - b) Recurring : Rs. 98.00 lakhs
 - c) Total : Rs. 168.64 lakhs
 - d) Total R & D Expenditure as a percentage of total turnover : 0.02%

Technology Absorption, Adaptation and Innovation

- 1) Efforts, in brief, made towards technology absorption, adaptation and innovation :
 1. R & D has made efforts to adapt the imported FCC (Fluid Catalytic Cracking) technology and optimise the operation of the plant through laboratory, pilot plant and simulation studies.
 2. The in-house technology for production of rubberised bitumen adopted for commercial production and optimisation of process carried out.
- 2) Benefits derived as a result of the above efforts :
 1. The R & D efforts have enabled selection of suitable catalyst/additives for obtaining improved yields of products in the commercial plant.
 2. Rubberised Bitumen:
A superior quality bitumen was prepared on a commercial scale. The plant is first of its kind in India.
- 3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 - a) Technology imported :
 - i) Diesel Hydro Desulphurisation.
 - ii) Steam Reforming of Naphtha for Hydrogen production.
 - iii) Hydrogen purification.
 - b) Year of Import : 1996-97 for Sl. No. (i) & (ii) and 1997-98 for Sl. No. (iii).
 - c) Has the technology been fully absorbed : Project facilities incorporating the above technologies were commissioned and the Units are under normal operation.
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Not applicable.

Statement of Foreign Exchange Earnings and Outgo

- A) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services and export plans:

Government has vested the rights of marketing of KRL's products with Indian Oil Corporation. However, since the domestic movement of furnace oil was not satisfactory during this financial year, KRL exported two parcels of furnace oil directly.

- B) Total Foreign Exchange used and earnings:

Foreign Exchange Earned (Export of Furnace Oil) : Rs. 2695.99 lakhs

Foreign Exchange Used : Rs. 2890.10 lakhs

ANNEXURE TO THE DIRECTORS' REPORT

APPENDIX - 8

Ministry: MINISTRY OF PETROLEUM & NATURAL GAS
Name of PSU: KOCHI REFINERIES LIMITED, Maradu

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 1 January 2001

Group/ Class	Permanent/ Temporary	Total No. of employees	Scheduled Castes	% to total employees	Scheduled Tribes	% to total employees	Remarks
Group-A	Permanent	419	50	11.93	15	3.57	
Other than lowest rung of Group-A	Permanent	147	25	17.01	7	4.76	
Lowest rung of Group-A							
Total		566	75	13.25	22	3.89	
Group-B	Permanent	293	40	13.65	8	2.73	
Group-C	Permanent	1096	126	11.50	19	1.73	
Group-D (Excluding sweepers)	Permanent	30	5	16.67	1	3.33	
Group-D (Sweepers)	Nil	Nil	Nil	Nil	Nil	Nil	

APPENDIX - 8A

Ministry: MINISTRY OF PETROLEUM & NATURAL GAS
Name of PSU: KOCHI REFINERIES LIMITED, Maradu

Statement showing representation of Scheduled Castes & Scheduled Tribes
in each service controlled by the Ministry

(a) Position as on 1-1-2001

Grades of the Service including Scale of Pay		Groups	Total No. of Posts	Total No. of employees	Employees belong to		
Grades	Scale of Pay				Other Community	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NON-SUPERVISORY EMPLOYEES							
I	Rs. 2000-60-2240-70-2590-80-3070	D	31	30	24	5	1
II	Rs. 2200-70-2480-80-2880-90-3420	C	22	124	120	4	NII
III	Rs. 2300-80-2620-90-3070-100-3670	C	87	140	111	23	6
IV	Rs. 2400-90-2760-100-3260-110-3920	C	116	170	156	12	2
V	Rs. 2600-100-3000-110-3550-120-4270	C	260	388	335	49	4
VI	Rs. 2950-110-3390-120-3990-130-5030	C	383	274	229	38	7
VII	Rs. 3400-125-3900-135-4575-145-5590	B	322	293	245	40	8
SUPERVISORY EMPLOYEES							
A	Rs. 12000 - 17500	A	41	147	115	25	7
B	Rs. 13750 - 18700	A	48	85	70	14	1
C	Rs. 16000 - 20800	A	217	121	89	23	9
D	Rs. 17500 - 22300	A	114	105	94	9	2
E	Rs. 18500 - 23900	A	46	54	49	2	3
F	Rs. 19000 - 24750	A	20	23	21	2	NII
G	Rs. 19500 - 25600	A	19	20	20	NII	NII
H	Rs. 20500 - 26500	A	6	8	8	NII	NII
I	Rs. 22500 - 600 - 27300	A	2	2	2	NII	NII
J	Rs. 25750 - 650 - 30950	A	1	1	1	NII	NII

Note: Most of our recruitments are made in lower grades. Hence, we are under-operating vacancies in higher grades so that incumbents recruited in lower grades progress in the ladder over a period of time as per the Promotion Policy which is evolved through tripartite settlement with the Trade Unions.

(b) Particulars of recruitment during the period 1-1-2000 to 31-12-2000

Grades of the Service including Scale of Pay		Groups	Vacancy notified during the period			Vacancies filled by		
Grades	Scale of Pay		Other Community	SC	ST	Other Community	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
NON-SUPERVISORY EMPLOYEES								
I	Rs. 2000-60-2240-70-2590-80-3070	D	5	2	1	5	2	1
II	Rs. 2200-70-2480-80-2880-90-3420	C	10	2	Nil	10	2	Nil
III	Rs. 2300-80-2620-90-3070-100-3670	C	Nil	Nil	Nil	Nil	Nil	Nil
IV	Rs. 2400-90-2760-100-3260-110-3920	C	1	Nil	Nil	1*	Nil	Nil
V	Rs. 2600-100-3000-110-3560-120-4270	C	11	3	Nil	11	3	Nil
VI	Rs. 2950-110-3390-120-3990-130-5030	C	5	Nil	Nil	5	Nil	Nil
VII	Rs. 3400-125-3900-135-4575-145-5590	B	Nil	Nil	Nil	Nil	Nil	Nil
SUPERVISORY EMPLOYEES								
A	Rs. 12000 - 17500	A	22	4	2	22	4	2
B	Rs. 13750 - 18700	A	1	Nil	Nil	1	Nil	Nil
C	Rs. 16000 - 20800	A	Nil	Nil	Nil	Nil	Nil	Nil
D	Rs. 17500 - 22300	A	Nil	Nil	Nil	Nil	Nil	Nil
E	Rs. 18500 - 23900	A	1	Nil	Nil	1	Nil	Nil
F	Rs. 19000 - 24750	A	Nil	Nil	Nil	Nil	Nil	Nil
G	Rs. 19500 - 25600	A	Nil	Nil	Nil	Nil	Nil	Nil
H	Rs. 20500 - 26500	A	Nil	Nil	Nil	Nil	Nil	Nil
I	Rs. 22500 - 600 - 27300	A	Nil	Nil	Nil	Nil	Nil	Nil
J	Rs. 25750 - 650 - 30950	A	Nil	Nil	Nil	Nil	Nil	Nil

* On deputation

APPENDIX - 9 Para (14.1)

Ministry: MINISTRY OF PETROLEUM & NATURAL GAS

Name of PSU: KOCHI REFINERIES LIMITED, Maradu

Statement showing the Number of Reserved Vacancies Filled by the Members of Scheduled Castes & Scheduled Tribes

(During the year 2000)

Class of Post	Total No. of vacancies		Scheduled Castes						Scheduled Tribes						Remarks
	Notified	Filled	No. of vacancies Reserved		No. of SC candidates appointed	No. of SC vacancies carried forward from the previous year.	No. of ST candidates appointed against vacancies reserved for SCs in the 3rd year of carry forward	No. of reservations lapsed after carrying forward for three years	No. of vacancies Reserved		No. of ST candidates appointed	No. of ST vacancies carried forward from the previous year.	No. of SC candidates appointed against vacancies reserved for STs in the 3rd year of carry forward	No. of reservations lapsed after carrying forward for three years	
			Out of Col. 2	Out of Col. 3					Out of Col. 2	Out of Col. 3					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<u>Posts filled by Direct Recruitment</u>															
Group A															
Other than lowest rung of Group - A	2	2	-	-	-	-	-	-	NII	NII	-	-	-	-	-
Lowest rung of Group A	28	28	2	2	4	NII	NII	NII	2	2	2	NII	NII	NII	-
Group-B	NII	NII	-	-	-	-	-	-	NII	NII	-	-	-	-	-
Group-C	31	31	3	3	5	NII	NII	NII	NII	NII	-	-	-	-	-
Group - D (Excluding Sweepers)	8	8	1	1	2	NII	NII	NII	NII	NII	1	NII	NII	NII	-
Group - D (Sweepers)	NII	NII	-	-	-	-	-	-	NII	NII	-	-	-	-	-
<u>Posts filled by Promotion</u>															
Group A															
Other than lowest rung of Group - A	NII	NII	-	-	-	-	-	-	-	-	-	-	-	-	-
Lowest rung of Group A	56	56	6	6	5	NII	NII	NII	6	6	NII	NII	NII	NII	-
Group-B	58	58	11	11	13	NII	NII	NII	4	4	3	NII	NII	NII	-
Group-C	131	131	19	19	20	9	NII	NII	9	9	2	33	NII	NII	-
Group - D (Excluding Sweepers)	NII	NII	-	-	-	-	-	-	-	-	-	-	-	-	-
Group - D (Sweepers)	NII	NII	-	-	-	-	-	-	-	-	-	-	-	-	-

We have not deserved any vacancy reserved for SC/ST in Direct Recruitment during the year 2000 also.

We have no backlog vacancy reserved for SC/ST in Direct Recruitment to be cleared as on 1-1-2001.

Group-A: Due to non-availability of reserved category employees in the feeder category, 1 SC promotion vacancy and 6 ST promotion vacancies were deserved and promoted general category employees.

Group-B: Due to non-availability of ST employees in the feeder category, 1 ST promotion vacancy was deserved and promoted general category employee.

Group-C: Due to non-availability of ST employees, 7 ST promotion vacancies were deserved and promoted general category employees.

Certified that in the case of reserved vacancies wherever Non-Scheduled Caste/Tribe candidates were promoted, prior approval of the Board of Directors for Group-A and B posts and that of Chairman & Managing Director for Group-C posts was obtained.



**ANNEXURE TO THE DIRECTORS' REPORT
COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

The Members of
Kochi Refineries Limited
Kochi.

CERTIFICATE

1. We have examined the compliance of conditions of Corporate Governance by Kochi Refineries Ltd, Ernakulam, for the year ended on 31-3-2001 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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.
3. a) As per the requirement of Corporate Governance, since the Chairman of Kochi Refineries Limited is a Whole Time Director, the Board of Directors should comprise of not less than 50% of Non-executive Directors. However, it is noted that of the total number of Directors on the Board the number of Non-executive Directors in the Board of KRL is two, which is less than 50% of the total.
b) The Company has constituted an Audit Committee on 22-01-2001. While, as per the requirement, the Audit Committee shall comprise of three Directors all of whom have to be Non-executive Directors, since the Board of Directors had only two Non-executive Directors as on 31-03-2001, the Audit Committee constituted as above also had only two Non-executive Directors apart from one Whole time Director. However, as explained to us, the Audit Committee has since been re-constituted on 17-07-2001, with three Non-executive Directors, as required under the Listing Agreement.
c) The Company has constituted an Investors/Shareholders Grievance Committee on 7-02-2001 as required, and the first meeting of the Committee was held on 19-05-2001. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders/Investor Grievance Committee has not maintained records to show the Investor grievances pending for a period of one month against the Company, the Registrars of the Company have certified that as at 31st March 2001, there were no investor grievances remaining unattended/pending for more than 30 days.
Subject to the above, 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 other conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. 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 VARMA & VARMA
Chartered Accountants

Kochi - 16
19th July, 2001

VENUGOPAL C. GOVIND
Partner

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT SHOWING QUALIFICATION MADE BY THE STATUTORY AUDITORS AND THE REPLY BY THE COMPANY

Sl. No. as per Auditors' Report	QUALIFICATION MADE BY STATUTORY AUDITORS	REPLY BY THE COMPANY
II	As stated in Note No. I(4) of Schedule 18 attached to the accounts, pending settlement of certain final bills/claims/counter claims, the cost of assets/facilities of the Diesel Hydro De-Sulphurisation Project capitalized continues to be provisional. The impact of the consequent adjustments to be made cannot be ascertained at this stage.	The cost at which the DHDS project has been capitalized is provisional and subject to change dependent upon the final settlement of claims of the company and counterclaims made by the contractors. Such changes shall be given effect to, along with consequential effects wherever required, in the year in which the claims are finalized. This is in accordance with normal, routine practice in such matters.
III 6 (a)	Loans and advances include Rs. 2411.13 lakhs (as stated in Note No. IV (3) (iv) of Schedule 18 attached to accounts), being terminalling charges taken credit during the year, which is awaiting final acceptance from Oil Co-ordination Committee (OCC).	The figures of Rs.2411.13 lakhs is arrived at as per the guidelines generated by OCC for calculation of terminalling charges and subsequent audit of the figures by OCC.
6 (b)	Increase/decrease in value of crude oil loans due to subsequent fluctuations in prices has not been recognized in the accounts as stated in Note No. V(5) of Schedule 18 attached to accounts, the effect of which is not ascertainable.	Any increase/decrease in the value of crude oil loans can be known only at the time when the loans are returned in kind. As this cannot be predicted with any great degree of accuracy, the effect of such changes has not been recognized in the accounts in accordance with past practice in the matter.
6 (c)	As stated in Note No. V(6) (e) of Schedule 18 attached to the accounts, no adjustment has been made in the accounts for the issue of additional shares to the shareholders of Cochin Refiners Balmer Lawrie Ltd. consequent to the amalgamation of the said company with Kochi Refineries Limited for the reasons stated therein, which if done would result in the amalgamation reserve being lower and the share capital suspense being higher by a sum of Rs. 30 lakhs. Also no provision is made for proposed dividend, if any, payable on such shares amounting to Rs.6.30 lakhs and corporate dividend tax thereon Rs.0.64 lakhs which if provided will result in balance profit for the year being lower and provision for dividend/corporate tax being higher respectively by the said amounts.	The Company has not made any change to the swap ratio adopted in the approved Scheme of Amalgamation, which has been confirmed by the Kerala High Court. As CRBL Shareholders were not Members of KRL on the Record Date for bonus share issue, they were not eligible for the same. However the Company is seeking approval of its Shareholders for a proposal to issue additional shares to the Shareholders of CRBL, to enable them to receive the shares which they would have got if they were Members of the Company on the Record Date of bonus share issue; and, as such, there is no subsisting liability as on the date of the Balance Sheet.

Sl. No. as per Auditors' Report	QUALIFICATION MADE BY STATUTORY AUDITORS	REPLY BY THE COMPANY
6 (d)	As stated in Note No. V(6) (d) of Schedule 18 attached to accounts, accumulated losses of the amalgamating company Cochin Refineries Balmer Lawrie Ltd. for the years ended 31.03.1999 and 31.03.2000 based on the audited accounts of the said company audited by the auditors appointed under Section 619 (2) of the Companies Act, 1956 before the effective date of amalgamation have been transferred to the General Reserve and also the accounts for the year 2000-01 audited by such auditors have been incorporated in the accounts of the year after making certain adjustments as stated therein.	No comments. This is in line with the Standard Accounting practice.
6 (e)	As stated in Note No. V (6) (f) of Schedule 18 attached to the accounts, the company has taken credit for Rs. 1550 lakhs towards income tax relief that would be available to the company on amalgamation on the basis that the approval of the Central Government as contemplated in Section 72A of the Income Tax Act will be obtained from the Central Government. If such approval is not received for any reason, the said excess provision written back requires to be reinstated, which would result in reduction in the profit for the year as also in General Reserve, and increase in provision for income tax, by Rs. 1550 lakhs.	The Company has complied with all the requirements prescribed under the Provisions of Sec. 72A of the IT Act. As the Scheme of Amalgamation itself is approved by the GoI the company has no reason to believe that there could be any impediments in obtaining the approvals under the IT Act from the Specified Authority.
6 (f)	As stated in Note No. V(6) (d) of Schedule 18 attached to the accounts, no provision is made for interest payable by the amalgamating company to Balmer Lawrie Company Ltd. for the prior years Rs. 291.18 lakhs and for the year Rs. 166.74 lakhs for the reasons stated therein and if the same is provided, the profit for the year will be lower by Rs. 166.74 lakhs. General Reserve will be lower by Rs. 291.18 lakhs and current liabilities will be higher by Rs. 457.92 lakhs.	Company has carried out the accounting treatment based on the understanding reached between the Managements of KRL and BL at the time of firming up the proposal for amalgamation. As such the treatment in accounts is correct as on the date of presentation of the accounts. Future liability, if any, in this regard will be recognised on final settlement of the issue with Balmer Lawrie.
6 (g)	As stated in Note No. V(8) of Schedule 18 attached to the accounts, the proposed dividend provided on the Bonus Shares issued during the year for the full year in excess of the proportionate amount, amounting to Rs. 1094.65 lakhs is subject to the approval of the Shareholders.	No comments. This is in line with the Guidelines of Securities & Exchange Board of India (SEBI).

CORPORATE GOVERNANCE

Corporate Governance is increasingly stressed in this era of competitive business scenario. Your Company recognizes the importance of Corporate Governance and endeavours for a system that strives towards efficiency and innovativeness in its functioning ensuring at the same time accountability and transparency at various levels. Corporate Governance envisages disclosures on various facets of Company's operations. The Company has been sharing with you from time to time various information through public notices, press releases and through Annual Reports. In addition, we give below the information on areas covered under Corporate Governance.

1. BOARD OF DIRECTORS:

- a) As on 31 March 2001, the Board of Directors of your Company consisted of five Directors including two non-executive Directors representing Government of India and Government of Kerala. The composition of the Board of Directors as of that date was as follows:

Whole-time Directors:

Sl. No.	Name of the post	Name of the incumbent	No. of outside directorships held
1	Chairman & Managing Director	Shri KL Kumar	One (Chairmanship)
2	Other Full-time Functional Directors:		
	a. Director (Refineries)	Shri Koshy Varghese	Two
	b. Director (Finance)	Shri ES Menon	Two

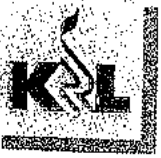
Non-executive Directors:

Sl. No.	Nominating Organization	Name of the incumbent	No. of outside directorships held
1	Ministry of Petroleum & Natural Gas, Government of India	Shri NK Singh, Director (NKS)	1
2	Industries Department, Government of Kerala	Shri K Mohandas, Principal Secretary (Ceased to be Director with effect from 19.4.2001)	18
3	Industries Department, Government of Kerala	Shri L Radhakrishnan, Secretary (Appointed as Additional Director with effect from 25.4.2001)	13

The Board presently consists of six Directors. Out of the six Directors, three Functional Directors are nominated by the President of India i.e., Shri K L Kumar, Chairman & Managing Director, Shri Koshy Varghese, Director (Refineries), and Shri B K Menon, Director (Finance) in place of Shri E S Menon, who superannuated on 31 May 2001. Three Directors are non-executive Directors, consisting of one representative each from the Government of India (Shri N K Singh), Government of Kerala (Shri L Radhakrishnan) and Bharat Petroleum Corporation Limited (Shri S Behuria). The information to be provided in case of appointment of the new Directors under Corporate Governance is as under:

Shri L Radhakrishnan

Shri L Radhakrishnan, who joined the Board of Directors of the Company as an Additional Director on 25 April 2001, is from Indian Administrative Services. He holds Degree in B.Sc. (Hons.) in Physics, MSW and International Degree in Public Administration (ENA, Paris). He has an illustrious career in Government Sector with successful track record. He served Government of Kerala in various important positions which included District Collector of Thrissur and Kollam Districts etc. He held important positions in various State Public Sector Undertakings like Managing Director, Kerala Minerals & Metals Ltd. and Kerala State Cashew Development Corporation Ltd. Presently, he is Secretary (Industries), Government of Kerala. He is Chairman of Institute of Handloom & Textile Technology, Travancore Sugars & Chemicals Ltd., Kerala Ceramics Ltd., Public Sector Restructuring & Internal Audit Board, TECHNOPARK, Travancore Cochin Chemicals Ltd., Kerala Automobiles Ltd., and Kerala State Industrial Products Trading Corporation Ltd. and Director in Travancore Rayons Ltd., Kerala Khadi & Villages Industries Board, Travancore Cements Ltd., Malabar Cements Ltd., Kerala State Industrial Development Corporation, Apollo Tyres Ltd, ICICI KINFRA and Indian Rare Earths Ltd. He is the holder of Udaybhansinhji National Award for outstanding performance as Managing Director of State Agricultural Development Bank at the National level and the Rights of the Child Award awarded by World Health Organization.

**Shri S Behuria**

Shri S Behuria, who joined the Board of Directors of the Company as an Additional Director on 21 May 2001, is a Graduate in Economics and a Postgraduate from IIM, Ahmedabad. He joined the erstwhile Burmah-Shell in 1973, and has held several important positions in BPCL including Executive Director (Sales). He served as Director (Operations), Oil Coordination Committee and gained deep insight into the workings of the Oil Industry. He has considerable management experience in Marketing. At present, he is Director (Marketing) of BPCL. He is Chairman of Petroleum Infrastructure Ltd., Trustee of Mumbai Port Trust and Director in Bharat Shell Ltd., Petronet CCK Ltd., Numallgarh Refinery Ltd and Petronet India Ltd.

Shri B K Menon

Shri B K Menon was appointed as an Additional Director on the Board of the Company on 9 June 2001 and assumed charge of Director (Finance) with effect from that day. He is a Chartered Accountant and has wide experience in the field of Finance in the Petroleum Industry. He had worked in Vanjinad Leathers Ltd. and Bhani Zinc Ltd. Shri Menon has held important positions in the Company including that of General Manager (Finance & Accounts) and General Manager (Management Information System and Internal Audit).

b) Details of Board Meetings held during the year 2000-01:

Meeting No.	Date
301	29.5.2000
302	17.7.2000
303	12.8.2000
304	27.9.2000
305	30.10.2000
306	22.1.2001

c) Attendance record of the Directors at the Board Meetings held during the Financial Year 2000-01 and the last Annual General Meeting held on 27 September 2000 and the last Extra-ordinary General Meeting held on 29 May 2000 are furnished below:

Name of Director	No. of Board Meetings attended	Whether last Annual General Meeting attended	Whether last Extra ordinary General Meeting attended
Shri KL Kumar	6	Yes	Yes
Shri Koshy Varghese	6	Yes	Yes
Shri ES Menon	6	Yes	Yes
Shri NK Singh	6	Yes	Yes
Shri K Mohandas	Nil	No	No

2. AUDIT COMMITTEE:**a. Audit Committee under the Companies Act:**

An Audit Committee under the Companies Act was constituted on 22 January 2001 with two Non-executive Directors and one Whole-time Director for reviewing the internal control systems and the Quarterly/Half-yearly and Annual Financial Statements. The first meeting of the Committee which consisted of Shri N.K. Singh and Shri L. Radhakrishnan, Non-executive Directors and Shri Koshy Varghese, Director (Refineries) was held on 19 May 2001. Shri L. Radhakrishnan was elected as Chairman of the Committee at the said meeting.

b. Audit Committee under the Listing Agreement:

As on 31 March, 2001 there were only two Non-executive Directors on the Board of the Company. Since the Audit Committee, under the Listing Agreement, should have minimum three Non-executive members, the Company was awaiting certain administrative approvals for due constitution of the said Committee. This position had been communicated to the Stock Exchanges and SEBI also.

In the meantime, the Audit Committee constituted under the Companies Act has been authorised by the Board to consider all items specified under the Listing Agreement till such time the Audit Committee under the Listing Agreement is duly constituted.

- c. Consequent to the induction of Shri S. Behuria, a Non-executive Director, on the Board of Directors of the Company, the board constituted on 17 July 2001 an Audit Committee which would have in its purview all functions of the Audit Committees under the Companies Act as well as the Share Listing Agreement. This Audit Committee is in place of the earlier Audit Committee under the Companies Act. In addition to Shri S. Behuria, the Audit Committee has two more Non-Executive Directors i.e., Shri L. Radhakrishnan and Shri N.K. Singh.

3. REMUNERATION COMMITTEE:

The remuneration of the Whole-time Directors is determined by the Government of India and as such no such Remuneration Committee need to be constituted. However, the details of salaries and perquisites paid to the Whole-time Directors during the financial year are given below:

	Shri K L Kumar	Shri Koshy Varghese	Shri E S Menon
Basic Salary + Dearness Allowance	4,75,039.40	4,29,969.00	4,12,850.00
Other Earnings (CCA & Lunch Sacrifice)	3,972.00	3,972.00	3,972.00
LTA/Leave cashing	1,17,503.37	2,315.90	23,360.10
Exgratia/Incentive, etc.	23,550.00	23,550.00	23,550.00
Arrear Salary	37,674.57	52,211.21	45,040.71
Other Benefits & Perquisites: *			
Lease/Furniture perks	21,721.38	21,240.54	19,923.32
Medical claim paid	2,838.00	9,148.00	13,576.00
Company Contribution of Provident Fund	71,105.00	61,786.00	49,722.00
Total	7,53,403.72	5,94,192.65	5,91,994.13
Service Contracts, Notice period, Severance Fees	Present term expires on 31 August 2001.	Five years from the date of appointment or till the date of superannuation whichever is earlier. Notice period three months.	Five years from the date of appointment or till the date of superannuation whichever is earlier. Notice period three months. (Superannuated on 31 May 2001)

- * Excludes re-imbusement of attendant at camp office, lease rent and repairs & entertainment expenses, etc.
KRL does not have policy of paying commission on profits to any of the Director of the Company.

4. SHAREHOLDERS' COMMITTEE / TRANSFER COMMITTEE:

- A Shareholders'/Investors' Grievance Committee was constituted on 7 February 2001. The Committee shall look into the redressing of Shareholders' and Investors' complaints like transfer of shares, non-receipt of Balance Sheet/Dividend etc. The first meeting of the Committee was held on 19 May 2001 at which Shri L. Radhakrishnan was elected as Chairman of the Committee. The Committee presently consists of Shri N.K. Singh and Shri L. Radhakrishnan, Non-executive Directors and Director (Finance), Shri B.K. Menon.
- KRL has a Share Department under the Company Secretary which monitors the activities of Registrars & Transfer Agents and looks into the issues relating to Shareholders. Share transfers/transmissions are approved by the Sub-Committee constituted by the Board.
- The Company Secretary, Shri N Viswakumar, is the Compliance Officer in terms of the requirement of Stock Exchanges.
- KRL has over 45000 Shareholders. The Company regularly interacts with the Shareholders through letters, and at the AGM wherein the activities of the Company, its performance, its future plans are provided for information of the Shareholders. The quarterly results are also published in the newspapers. The Company also organizes at times press meets. Press releases are also put on the Company's web site www.kochirefineries.com.

e. The number of shares transferred during the last two years are given below:

	1999-2000	2000-01
Number of Meetings for Share Transfers	27	23
Average number of Share Transfers per month	451	115
Number of shares transferred	436310	207430

f. Details of shares demated/remated during the last two years are given below:

	National Securities Depository Ltd. (NSDL)		Central Depository Services (I) Ltd., (CDSL)	
	1999-00	2000-01	1999-00	2000-01
Number of Demat Transfers approved	13782	6364	46	164
Number of Sub-Committee Meeting held	83	62	9	36
Number of Shares Demated	3556040	1271101	13230	75920070
Number of Remat requests approved	3	Nil	Nil	Nil
Number of Shares Rematted	102	Nil	Nil	Nil

g. Details of complaints received and redressed during the year 2000-01 are given below:

	Direct	Number of complaints received				Number of total complaints (Share Transfers / Dividend Warrants / Annual Reports etc.)
		Stock Exchanges	Investor Associations	SEBI	Dept. of Company Affairs	
1999-2000						
1. Received	2626	7	Nil	11	Nil	2644
2. Replied / Disposed of	2626	7	Nil	11	Nil	2644
3. Pending	Nil	Nil	Nil	Nil	Nil	Nil
2000-01						
1. Received	3617	15	Nil	6	Nil	3638
2. Replied / Disposed of	3617	15	Nil	6	Nil	3638
3. Pending	Nil	Nil	Nil	Nil	Nil	Nil

h. The Company has also been taking all steps to ensure that Shareholders' related activities are given due priority and matters are resolved at the earliest.

5. GENERAL BODY MEETINGS:

a. Details of location, time and date of last three AGMs are given below:

Date	Location	Time
25.9.1998	Kerala Fine Arts Society, Ernakulam	11 AM
17.9.1999	-do-	-do-
27.9.2000	-do-	-do-

In addition, an EGM was held at Kerala Fine Arts Society, Ernakulam, on 29 May 2000, at 11 AM, to approve the change of name of the Company as Kochi Refineries Ltd. from Cochin Refineries Ltd.

b. Key Special Businesses transacted during the last three years at the General Meetings:

Special Business	Type of Resolution	Date of Meeting
To change the name of the Company from Cochin Refineries Ltd. to Kochi Refineries Ltd.	Special	29.5.2000
To issue Bonus Shares in the ratio of 1:1	Special	27.9.2000
To increase Authorised Capital from Rs.75 crores to Rs.150 crores	Special	27.9.2000
To change Registered Office from Puthencruz Village to Maradu Village	Special	27.9.2000

c. Postal ballot:

The items of business which will come up for consideration by the Shareholders at their Annual General Meeting scheduled to be held on 19 September 2001 are not included in the items required to be passed through postal ballot as per Government of India Notification dated 10 May 2001.

6. DISCLOSURES:

- There are no material transactions with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- There have been no instances of non-compliance by the Company, penalties/strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matters related to capital markets during the last 3 years.

7. MEANS OF COMMUNICATION:

Your Directors take on record the Unaudited Financial Results, in the prescribed proforma, of every quarter & half-year and announce the Results to all the listed Stock Exchanges. The same are also published within 48 hours in the newspapers like the New Indian Express, Economic Times, Mathrubhoomi and Malayala Manorama. The Company also issues news releases on significant corporate decisions and activities.

The Quarterly/Half-yearly/Annual Results are put on the Company's website at www.kochirefineries.com. Half-yearly reports for the half-year ending 30th September 2001 would be sent to each household of the Shareholders.

Management Discussion and Analysis Report is included in the Directors' Report for information of the Shareholders.

8. GENERAL INFORMATION TO SHAREHOLDERS:-

a. Number of AGM	39
Date & Time	19 September 2001; 11 AM
Venue	Kerala Fine Arts Society, Ernakulam
Book Closure	5 to 19 September 2001
Proposed Dividend	21%

b. Financial Year - April to March

- Your Company's shares are listed on The Cochin Stock Exchange Ltd., MES Building, Dr.PK Abdul Gafoor Memorial Cultural Complex, 35/1565, 4th Floor, Judges Avenue, Kaloar, Kochi 682 017; National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, Mumbai-400 013; The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023; and Calcutta Stock Exchange Association Ltd., 7-Lyons Range, Calcutta-700001. Your Company has paid annual listing fees to all these Exchanges for the year 2000-01.

	Stock Exchanges		
	National	Mumbai	Cochin
Stock Code	COCHINRESN	873* & 500873 @	796
Trade symbol	COCHINRESN	—	CRF
ISIN No. for dematerialised shares	INE 123A 01012	INE 123A 01012	INE 123A 01012

* Normal weekly segment @ Rolling segment

- e. Details of Share Price movements in Mumbai Stock Exchange & National Stock Exchange from April 2000 to March 2001 and Performance in comparison to broad based indices are given below:

(In Rupees)

Month	Mumbai Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2000	104.20	89.00	104.00	89.15
May	93.70	80.00	95.45	79.25
June	97.85	85.00	98.00	85.10
July	93.00	77.25	92.40	78.05
August	93.05	74.00	93.70	72.00
September	92.50	79.00	95.40	78.05
October	84.95	71.50	86.40	73.75
November	94.40	43.05	94.40	45.20
December	57.00	48.20	58.00	48.05
January 2001	57.00	48.20	58.00	48.05
February	73.30	50.40	72.45	50.25
March	63.25	39.40	63.50	40.05

Performance in Comparison to Broad Based Indices				
As on	KRL Share Price(Rs.)		BSE SENSEX	NSE 50 NIFTY
	BSE	NSE		
31.3.2001	47.95*	48.38*	3604.38	1148.20
31.3.2000	94.98	95.73	5001.28	1528.45
31.3.1999	130.40	130.80	3739.96	1078.05
31.3.1998	229.70	226.50	3892.75	1116.90
31.3.1997	100.50	102.90	3360.89	968.30

* Ex-Bonus 1:1

- f. Registrars & Share Transfer Agents:

Data Software Research Co. (Pvt.) Ltd.
 "Sree Sovereign Complex"
 22, 4th Cross Street, Trustpuram
 Kodambakkam, Chennai - 600 024
 Phone: 044 - 4833738 / 4834487 / 4801664
 Fax: 044 - 4834636
 E-mail: dsr@vsnl.net.in

- g. Share Transfer System:

The Sub-Committee of the Board for Share Transfer transacted 23 times during the Financial Year 2000-01 for transferring 207430 shares in physical form. Even though the shares of the Company are to be traded compulsorily in demat form, shareholders holding less than 500 shares can still sell the shares in physical form. Trading of shares directly from seller to buyer not routed through Stock Exchanges is also permissible. In view of the above, the Company is still receiving share transfers in physical form and the same are presently processed and the share certificates are normally returned within a maximum period of 15 days from the date of receipt.

The above Sub-Committee of the Board also transacted 190 times during the Financial Year 2000-01 for approving shareholders request for dematerialisation involving 77191171 shares.

The Company has, as per the guidelines issued by the Securities & Exchange Board of India, offered the facility of Transfer-cum-Demat Scheme with effect from April 2000.

KOCHI REFINERIES LIMITED

h. Distribution of Shareholding as on 31.3.2001:

Shareholding of nominal value	No. of Shareholders		No. of Shares		Total	%
	Physical	Demat	Physical	Demat		
Up to 5000	19482	30350	6290418	1150027	17790445	12.90
5001-10000	30	115	197291	834701	1031911	0.75
10001-20000	15	48	196040	681673	877713	0.64
20001-30000	5	13	121520	310241	431761	0.31
30001-40000		5		172860	172860	0.12
40001-50000		3		133240	133240	0.10
50001-100000		10		745067	745067	0.54
100001 & above	2	13	766660	109020123	116686783	84.64
Total	19534	30557	14471848	123397932	137869780	100.00

Shareholding Pattern as on 31.3.2001:

Shares held by	No. of shares under Physical mode	No. of shares under Electronic mode	Total Shares	Percentage
Bharat Petroleum Corporation Ltd.		75889660	75889660	55.04
Governor of Kerala	7000000		7000000	5.08
Life Insurance Corporation Of India	300	18539412	18539712	13.45
Unit Trust of India	12490	7686243	7698733	5.58
Other Insurance Companies	900	5572184	5573084	4.04
Nationalised Banks	3910	726327	730237	0.53
Mutual Funds	9500	116091	125591	0.09
KSIDC	666660		666660	0.48
Employees	82000	31400	113400	0.08
Non-Resident Indians	20540	89613	110153	0.08
Foreign Institutional Investors	1050	805290	806340	0.58
Non-Domestic Company		100	100	0.00
Bodies Corporate	65580	1268623	1334203	0.97
Indian Public	6772328	11988079	18760407	13.62
NSDL Transit Position		521500	521500	0.38
Total	14635258	123234522	137869780	100.00

i. Dematerialisation of Shares and Liquidity.

123234522 equity shares of your Company have been dematerialised as on 31.3.2001. To facilitate the Shareholders to demat their shares, the Company has entered into agreements with both National Securities Depository Ltd. and Central Depository Services (India) Ltd.

j. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has not issued any GDR/ADR/Convertible Instruments.

k. Plant Location: -

Kochi Refineries Limited

Post Bag : 2, Ambalamugal, Ernakulam District - 682 302

Phone: 0484-780262-9; Fax: 0484-780855-56

e-mail: kricom@kochirefineries.com; Website: www.kochirefineries.com

l. Address for Correspondence:

Kochi Refineries Limited

(Registered Office) Post Bag : 2, Kundannur, Maradu, Ernakulam District - 682 304

Phone: 0484-706100 / 705806-10; Fax: 0484-705556

e-mail: kricom@kochirefineries.com; Website: www.kochirefineries.com

AUDITORS' REPORT

The Shareholders
Kochi Refineries Limited
Ambalamugal.

We have audited the attached Balance Sheet of KOCHI REFINERIES LIMITED, as at 31st March 2001, and the annexed Profit and Loss Account for the year ended on that date and report that:

- I. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and on the basis of information and explanations given to us during the course of our audit, we give in the Annexure to this report, a statement on the matters specified in Paragraphs 4 and 5 of the said order.
- II. As stated in Note No. I (4) of Schedule 18 attached to the accounts, pending settlement of certain final bills/claims/counter claims, the cost of assets/facilities of the Diesel Hydro De-Sulphurisation Project capitalized continues to be provisional. The impact of the consequent adjustments to be made cannot be ascertained at this stage.
- III. Further to the above, we report that:
 1. 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, except to the extent stated in Paragraph II above;
 2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;
 4. In our opinion, the Balance Sheet of the company as at 31st March 2001 and the Profit & Loss Account for the year ended on that date are in compliance with the Accounting Standards referred to in sub-section 3(c) of Sec. 211 of the Companies Act, 1956 in all material respects.
 5. On the basis of information and explanations given to us and representations obtained by the company, there are no directors of the company who are disqualified under Section 274(1)(g) of the Companies Act, 1956 from being appointed as directors;
 6. a) Loans and Advances include Rs. 2411.13 lakhs (as stated in Note No. IV(3) (iv) of Schedule 18 attached to accounts), being terminaling charges taken credit during the year, which is awaiting final acceptance from Oil Coordination Committee (OCC).
 b) Increase/decrease in value of crude oil loans due to subsequent fluctuations in prices has not been recognised in the accounts as stated in Note No. V(5) of Schedule 18 attached to accounts, the effect of which is not ascertainable.
 c) As stated in Note No. V(6)(e) of Schedule 18 attached to the accounts, no adjustment has been made in the accounts for the issue of additional shares to the shareholders of Cochin Refineries Balmer Lawrie Ltd. consequent to the amalgamation of the said company with Kochi Refineries Limited for the reasons stated therein, which if done would result in the Amalgamation Reserve being lower and the Share Capital Suspense being higher by a sum of Rs. 30 lakhs. Also no provision is made for proposed dividend, if any, payable on such shares amounting to Rs. 6.30 lakhs and corporate dividend tax thereon Rs. 0.64 lakhs, which if provided will result in balance profit for the year being lower and provision for dividend/corporate tax being higher respectively by the said amounts.

- d) As stated in Note No. V(6)(d) of Schedule 18 attached to accounts, accumulated losses of the amalgamating company Cochin Refineries Balmer Lawrie Ltd. for the years ended 31-03-1999 and 31-03-2000 based on the audited accounts of the said company audited by the auditors appointed under Section 619(2) of the Companies Act, 1956 before the effective date of amalgamation have been transferred to the General Reserve and also the accounts for the year 2000-01 audited by such auditors have been incorporated in the accounts of the year after making certain adjustments as stated therein.
- e) As stated in Note No. V(6)(f) of Schedule 18 attached to the accounts, the company has taken credit for Rs. 1550 lakhs towards income tax relief that would be available to the company on amalgamation on the basis that the approval of the Central Government as contemplated in Section 72A of the Income Tax Act will be obtained from the Central Government. If such approval is not received, for any reason, the said excess provision written back requires to be reinstated, which would result in reduction in the profit for the year as also in General Reserve, and increase in provision for Income tax, by Rs. 1550 lakhs.
- f) As stated in Note No. V(6)(d) of Schedule 18 attached to the accounts, no provision is made for interest payable by the amalgamating company to Balmer Lawrie Company Ltd., for the prior years Rs. 291.18 lakhs and for the year Rs. 166.74 lakhs for reasons stated therein and if the same is provided, the profit for the year will be lower by Rs. 166.74 lakhs, General Reserve will be lower by Rs. 291.18 lakhs and current liabilities will be higher by Rs. 457.92 lakhs.
- g) As stated in Note No. V(8) of Schedule 18 attached to the accounts, the proposed dividend provided on the Bonus shares issued during the year for the full year in excess of the proportionate amount, amounting to Rs. 1094.65 lakhs is subject to the approval of the shareholders.
7. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, subject to the matters stated in paragraph II and III(6) above, and read together with the accounting policies and other notes and schedules thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- I) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2001; and
- II) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For VARMA & VARMA
Chartered Accountants

Kochi - 16
24th May, 2001

VENUGOPAL C. GOVIND
Partner



**ANNEXURE REFERRED TO IN PARAGRAPH 1
OF OUR AUDIT REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, except in the case of certain assets acquired on a turnkey basis under the Refinery Construction Contract, in respect of which quantitative particulars and cost of individual assets are not available, though the total cost of such assets is available, which as explained to us, have almost fully been depreciated. As explained to us, there is a regular programme of verification of fixed assets in a cycle of five years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets during the year and as informed to us no material discrepancies have been noticed on such verification.
2. None of the Fixed Assets has been revalued during the year except that the assets of CRBL taken over on amalgamation have been incorporated at fair value as stated in Note No. V(6)(b) of Schedule 18 attached to the accounts.
3. As explained to us, the stocks of finished products and raw materials other than stocks lying with contractors and in transit have been physically verified by the Management during the year and certified by them accordingly. Stocks of stores and spare parts other than Project Stores Stock are reported to be physically verified in accordance with the procedure followed by the Management so as to complete the verification of all items over a period of 3 years. In our opinion, the frequency of physical verification of stocks is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business, other than in respect of project stores for which no physical verification is carried out.
5. Discrepancies arising out of physical verification of stocks (other than project stores and spares for which no physical verification is carried out) as compared to the book records were, as explained to us, not material in relation to the operations of the company and to the extent reconciled have been properly dealt with in the books of accounts. In respect of cases where reconciliation is pending, according to the management, as stated in Note No. II (1) of Schedule 18 to the accounts, the same is a continuous process and discrepancies if any have to be appropriately dealt with on completion of reconciliation.
6. In our opinion and on the basis of our examination of the stock records, the valuation of stocks, *except as stated in Note No. II(1)(b) of Schedule 18 to the accounts, the cost of closing stock of stores and spares is taken as per financial ledger pending reconciliation with priced ledger, the effect of which is not ascertained* and having regard to the adjustment of Cenvat claims as stated in Note No. II(2) of Schedule 18 to the accounts, is fair and proper and is in accordance with the normally accepted Accounting Principles and is on the same basis as in the previous year.
7. The company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under Section 370 (1B) (made inoperative w.e.f. 31-10-1998) of the Companies Act 1956.
8. The company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370 (1B) (made inoperative w.e.f. 31-10-1998) of the Companies Act 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated by the management, and are also regular in payment of interest where applicable.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
11. As explained to us, during the year there has not been any transactions for purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements required to be entered in the register to be maintained under Section 301 of the Companies Act 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each such party.
12. As explained to us, the company has determined unserviceable or damaged stores, raw materials, finished goods and adequate provision for the loss arising on items so determined has been made in the accounts.
13. The company has not accepted deposit from the public and hence the provisions of Section 58 A of the Companies Act, 1956 and the rules framed thereunder are not applicable.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of general scrap. As explained to us the company has no by-products.
15. In our opinion, the company has an internal audit system, which is commensurate with the size and nature of its business, the coverage of which offers scope for improvement.
16. 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, in respect of the petrochemical products of the company to which the said rules are made applicable. On the basis of the information received, we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
17. As per the information and explanations furnished to us and according to the records of the company, the company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities, except for certain minor delays relating to contractors, employees, in respect of which the company has a secondary responsibility. The Ministry of Labour has granted exemption from application of ESI to the company's regular employees.
18. According to the information and explanations furnished to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, which have remained outstanding as at 31st March 2001 for a period of more than six months from the date they became payable.
19. As per the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a Sick Industrial Company within the meaning of Clause (c) of Sub Section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act 1985.

For **VARMA & VARMA**
Chartered Accountants

VENUGOPAL C. GOVIND
Partner

Kochi - 16
24th May, 2001

BALANCE SHEET AS AT 31ST MARCH 2001

		(Rupees in Lakhs)	
		As at 31st March 2001	As at 31st March 2000
I. SOURCES OF FUNDS:	Schedule No.		
(1) Shareholder's funds:			
(a) Capital	1	13,816.98	6,893.49
(b) Share Application money		0.21	0.21
(c) Reserves and surplus	2	<u>122,345.51</u>	<u>120,972.83</u>
		136,162.70	127,866.53
(2) Loan Funds:	3		
(a) Secured loans		1,775.43	6,272.99
(b) Unsecured loans		<u>86,421.28</u>	<u>74,466.12</u>
		88,196.71	80,739.11
TOTAL		<u>224,359.41</u>	<u>208,605.64</u>
II. APPLICATION OF FUNDS:			
(1) Fixed Assets	5A		
(a) Gross Block		199,918.59	190,474.91
(b) Less Depreciation		<u>(60,128.67)</u>	<u>(49,696.28)</u>
(c) Net block		139,789.92	140,778.63
(d) Capital Work in Progress	5A	4,861.96	3,800.13
(e) New projects in progress	5B	<u>8,453.36</u>	<u>8,516.26</u>
		153,105.24	153,095.01
(2) Investments	6	898.03	893.35
(3) Current Assets, Loans and Advances:			
(a) Inventories	7	60,640.01	86,831.84
(b) Sundry Debtors	8	7,439.92	10,017.59
(c) Cash/Bank balances	9	1,637.41	1,561.64
(d) Other Current Assets	10	696.62	541.28
(e) Loans and Advances	11	<u>286,497.69</u>	<u>269,175.02</u>
		356,911.65	368,127.37
Less: Current Liabilities and Provisions	4		
(a) Liabilities		282,674.46	304,098.94
(b) Provisions		<u>3,881.05</u>	<u>9,411.15</u>
		286,555.51	313,510.09
Net Current Assets		70,356.14	54,617.20
TOTAL		<u>224,359.41</u>	<u>208,605.64</u>

Schedules, Accounting Policies and Notes attached form part of Accounts

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For **VARMA & VARMA**
Chartered Accountants

N. VISWAKUMAR
Company Secretary

K.L. KUMAR
Chairman & Managing Director

E.S. MENON
Director (Finance)

VENUGOPAL C. GOVIND
Partner

Kochi
21st May, 2001

Kochi
24th May 2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

(Rupees in Lakhs)

For the year ended 31st March 2001	For the year ended 31st March 2000
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INCOME

Sale of products	692,943.41	569,379.49
Recoveries from/(surrender to) Govt of India under Pool Account (Note IV of Schedule 18)	<u>20,950.34</u>	<u>9,808.62</u>
	713,893.75	579,188.01
Add/(Less): Excise Duty adjustment *	<u>(319.08)</u>	<u>(2,355.38)</u>
	713,574.67	576,832.63
Products consumed internally	89.37	60.38
Intermediates transferred for New Unit Start up	-	605.80
Other Income (Schedule 12)	10,940.89	9,361.46
Profit/(Loss) on disposal of assets	<u>10.49</u>	<u>2.49</u>
	724,615.42	586,862.76

Add: Stock differential:

A. Finished Products :

Closing Stock	12,047.26	13,202.63
Less: Opening Stock	<u>(13,220.69)</u>	<u>(6,689.44)</u>
	(1,173.43)	6,513.19

B. Stock In Process :

Closing Stock	8,038.07	9,322.01
Less: Opening Stock	<u>(9,324.23)</u>	<u>(1,877.40)</u>
	(1,286.16)	7,444.61
	722,155.83	600,820.56

EXPENDITURE

Consumption of raw material	666,995.12	539,944.03
Manufacturing and other expenses (Schedule 13)	23,746.33	22,373.36
Provision for obsolete stores	4.15	61.80
Provision for Doubtful Advance	26.28	-
Depreciation	<u>10,145.56</u>	<u>6,272.08</u>
	700,917.44	568,651.27
Operating Profit (carried forward)	21,238.39	32,169.29

* Includes Excise Duty adjustment on closing stock amounting to Rs.1790.46 lakhs (Rs. 1825.49 lakhs)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001 (Contd.)

(Rupees in Lakhs)

	For the year ended 31st March 2001	For the year ended 31st March 2000
Operating Profit (brought forward)	21,238.39	32,169.29
Less: Interest (Schedule 14)	10,992.74	3,877.61
	10,245.65	28,291.68
Add/(Less) Prior period adjustments - Net (Schedule 15)	-	79.05
Profit Before Taxation	10,245.65	28,370.73
Provision for taxation	850.00	4,850.00
Add: Provision for tax of earlier year written back (Note V (6) (f) of Schedule 18)	1,550.00	-
Profit After Tax available for appropriation	10,945.65	23,520.73
Less: Appropriations :		
General Reserve	1,095.00	2,355.00
Proposed Dividend:		
1st Interim	-	4,411.83
2nd Interim	-	4,411.83
Final	2,901.57	2,619.52
	2,901.57	11,443.18
Corporate Dividend Tax	295.96	1,546.90
Balance carried to Schedule 2	6,653.12	8,175.65

Schedules, Accounting Policies and Notes attached form part of Accounts

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

For VARMA & VARMA
Chartered Accountants

N. VISWAKUMAR
Company Secretary

K.L. KUMAR
Chairman & Managing Director

E.S. MENON
Director (Finance)

VENUGOPAL C. GOVIND
Partner

Kochi
21st May, 2001

Kochi
24th May 2001

SCHEDULES

SCHEDULE 1 : SHARE CAPITAL

	(Rupees in Lakhs)	
	As at 31st March 2001	As at 31st March 2000
AUTHORISED :		
15,00,00,000 Equity shares of Rs. 10 each (7,50,00,000 Equity shares of Rs.10 each)	<u>15,000.00</u>	<u>7,500.00</u>
ISSUED :		
14,06,24,120 Equity shares of Rs. 10 each (7,16,89,230 Equity shares of Rs.10 each)	<u>14,062.41</u>	<u>7,168.92</u>
SUBSCRIBED AND PAID UP :		
13,78,69,780 Equity shares of Rs. 10 each (6,89,34,890 Equity shares of Rs. 10 each) fully paid up	<u>13,786.98</u>	<u>6,893.49</u>
Of the above:		
- 6,89,34,890 shares (nil) allotted as fully paid-up by way of Bonus Shares on 1:1 of shares held on 1st December 2000 by Capitalisation of Reserves		
- 7,58,89,660 (nil) equity shares are held by Bharat Petroleum Corporation Ltd., the Holding Company		
SHARE CAPITAL SUSPENSE: (Note V (6) (e) of Schedule 18)		
3,00,000 Equity shares of Rs.10 each, (Nil) fully paid up - to be allotted to the CRBL shareholders per amalgamation scheme	<u>30.00</u>	<u>NIL</u>
	<u>13,816.98</u>	<u>6,893.49</u>

SCHEDULE 2 : RESERVES AND SURPLUS

Capital Reserves :		
As per last Balance Sheet	0.92	0.92
Add: Surplus on Amalgamation [Note V (6) (c) of Schedule 18]	<u>1,232.29</u>	<u>—</u>
	1,233.21	0.92
Investment Allowance (Utilised) Reserve:		
As per last Balance Sheet	950.00	1,022.50
Less: Transfer to General Reserve on expiry of statutory period	<u>(950.00)</u>	<u>(72.50)</u>
	—	950.00
General Reserve:		
As per last Balance Sheet	18,794.30	16,366.80
Less: Capitalisation of Reserves	<u>(6,893.49)</u>	<u>—</u>
Losses for the years 1998-99 and 1999-2000 of the Amalgamating Company [Note V (6) (d) (i) of Schedule 18]	<u>(714.24)</u>	<u>—</u>
Add: Transfer from Investment Allowance (Utilised) Reserve	950.00	72.50
Transfer from P & L A/c	<u>1,095.00</u>	<u>2,355.00</u>
	13,231.57	18,794.30
Surplus as per P & L Account:		
As per last Balance Sheet	101,227.61	93,051.96
Add: Balance profit for the year	<u>6,653.12</u>	<u>8,175.65</u>
	<u>107,880.73</u>	<u>101,227.61</u>
	<u>122,345.51</u>	<u>120,972.83</u>

SCHEDULE 3 : LOAN FUNDS

SCHEDULES

		(Rupees in Lakhs)	
		As at	As at
		31st March 2001	31st March 2000
SECURED:			
Cash Credit from scheduled banks @	751.85		3,174.20
Demand loan from bank	—		3,000.00
Medium Term Loan from Banks *	845.16	751.85	6,174.20
Add: Interest Accrued and Due on above *	137.26	—	—
From Government of India/ International Bank for Reconstruction & Development * #	—	982.42	—
		41.16	98.79
		1,775.43	6,272.99
UNSECURED:			
Short-term Loans:			
(a) From Banks	4,200.00		—
(b) From Others	4,511.65		—
Other Loans:	8,711.65		—
From Oil Industry Development Board*	77,709.63		74,466.12
		86,421.28	74,466.12
		88,196.71	80,739.11

@ Secured by hypothecation of current assets - present and future and pending completion of documentation for the enhanced limit

Secured by a charge by way of hypothecation of the present and future immovable assets of the Refinery Rationalisation Project in favour of the President of India.

* Repayable within a year Rs.7649.62 lakhs (Rs. 4314.13 lakhs)

SCHEDULE 4 : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES:

Sundry Creditors:

- (a) Small Scale Industrial Undertakings (Note VIII (2) of Schedule 18)
(b) Others (Note III of Schedule 18)

Other liabilities

Unclaimed dividend

Interest accrued but not due on Loans

PROVISIONS:

Taxation

Less: Set-off against Payments per contra

Retirement Benefits

Proposed Dividend

- 2nd Interim
- Final

Corporate Dividend Tax

Less: Payments

	41.28	28.66
	55,897.94	68,373.68
	226,633.73	235,568.91
	97.48	91.14
	4.03	36.56
	282,674.46	304,098.94
	15,914.50	27,099.90
	(15,914.50)	(26,374.56)
	—	725.34
	683.52	592.86
	—	4,411.83
	2,901.57	2,619.52
	2,901.57	7,031.35
	295.96	1,546.90
	—	(485.30)
	295.96	1,061.60
	3,881.05	9,411.15
	286,555.51	313,510.09

SCHEDULE 5 A : FIXED ASSETS

PARTICULARS	COST			
	As at 1st April 2000	Additions/ adjustments @	Disposals/ adjustments	As at 31st March 2001
1. Land				
a) General	3,677.08	553.38	-	4,230.46
b) Pipeline	8.43	-	-	8.43
2. Roads, Bridges and Culverts	1,551.69	0.04	-	1,551.73
3. Rail-road				
a) Land	15.95	-	-	15.95
b) Buildings & other erections	62.94	-	-	62.94
c) Permanent Way	733.87	-	-	733.87
4. Buildings & Other Erections	4,415.28	711.09	48.18	5,078.19
5. Housing & Township				
a) Building	1,453.33	36.93	-	1,490.26
b) Street Lighting	132.00	-	-	132.00
c) Fencing	14.25	-	-	14.25
6. Plant & Machinery	168,585.60	7,713.82	287.32	176,012.10
7. Pipelines	4,693.36	-	-	4,693.36
8. Transport Equipment	530.54	12.92	61.50	481.96
9. Office & Service Equipment	3,424.18	727.53	16.57	4,135.14
10. Jetty Facilities	15.88	-	-	15.88
11. Tank Wagon & Tank Truck Loading	530.85	50.73	-	581.58
12. Furniture & Fittings *	624.57	81.50	25.58	680.49
13. Assets held for disposal	5.11	-	5.11	-
	190,474.91	9,887.94	444.26	199,918.59
14. Capital Work-in Progress	-	-	-	-
15. Capital Advances	-	-	-	-
	190,474.91	9,887.94	444.26	199,918.59
16. Previous year	113,800.78	76,720.48	46.35	190,474.91

@ Includes fair value of Assets taken over on Amalgamation (Note V (5) (b) of Schedule 18)

Includes depreciation for the years 1998-1999 and 1999-2000 on assets taken over on Amalgamation as above

* Includes items on which depreciation is charged at 15% / 25%, which is higher than the rates specified in Schedule XIV of the Companies Act



SCHEDULES

(Rupees in Lakhs)

DEPRECIATION				NET VALUE		
As at 1st April 2000	For prior years	For the year	Adjustments/ disposals #	As at 31st March 2001	As at 31st March 2001	As at 31st March 2000
-	-	-	-	-	4,230.46	3,677.08
-	-	-	-	-	8.43	8.43
168.44	-	25.53	-	193.97	1,357.76	1,383.25
-	-	-	-	-	15.95	15.95
15.93	-	0.90	-	16.83	46.11	47.01
389.43	-	30.58	-	420.01	313.86	344.44
751.19	-	135.77	21.20	908.16	4,170.03	3,664.09
200.41	-	23.14	-	223.55	1,266.71	1,252.92
19.67	-	5.95	-	25.62	106.38	112.33
6.32	-	0.20	-	6.52	7.73	7.93
42,528.47	-	9,271.38	340.57	52,140.42	123,871.68	126,067.13
2,957.03	-	230.32	-	3,187.35	1,506.01	1,736.33
259.28	-	38.00	(49.78)	247.50	234.46	271.26
1,574.13	-	279.37	(6.10)	1,847.40	2,287.74	1,850.05
15.88	-	-	-	15.88	-	-
508.90	-	7.48	-	516.38	-65.20	21.95
301.20	-	96.94	(19.06)	379.08	301.41	323.37
-	-	-	-	-	-	5.11
49,696.28	-	10,145.56	286.83	60,128.67	139,789.92	140,778.63
-	-	-	-	-	4,517.82	3,572.36
-	-	-	-	-	344.14	227.77
49,696.28	-	10,145.56	286.83	60,128.67	144,651.88	144,578.76
43,458.36	9.30	6,272.08	(43.46)	49,696.28	144,578.76	72,794.66

SCHEDULES
SCHEDULE 5-B: NEW PROJECTS IN PROGRESS

		(Rupees in Lakhs)	
		As at 31st March 2001	As at 31st March 2000
1. Work in progress		6,288.66	4,082.48
2. Advances & Deposits-unsecured, considered good	934.23		3,755.34
Less : Provision for refund claims	(24.04)		(24.04)
		910.19	3,731.30
3. Other expenses pending allocation:			
(a) Consultancy fees	691.22		426.80
(b) Interest on loans	—		8.17
(c) Other expenditure	563.29		267.50
		1,254.51	702.47
		<u>8,453.36</u>	<u>8,516.25</u>

SCHEDULE 6 : INVESTMENTS - LONG TERM
Trade, Quoted at cost :

Nil (25,00,000) equity shares of Rs. 10 each fully paid up in Cochin Refineries - Bolmer Lawrie Limited *	—	875.00
Less: Provision for diminution in the value of investments	—	(788.25)
		86.75

Trade, Un-Quoted at cost :

11,50,000 (11,50,000) equity shares of Rs. 10 each fully paid up in Petronet CCK Limited	115.00	115.00
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Non-trade, Unquoted at cost :

500(500) shares of Rs. 10 each fully paid up in Cochin Refineries Employees Consumer Co-operative Society Limited	0.05	0.05
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Contribution in Petroleum India International

(An Association of Persons - AOP) #

Seed Capital	5.00	5.00
Retained Earnings	<u>777.98</u>	<u>686.55</u>
	782.98	691.55

Member Companies: #

Kochi Refineries Limited
 Bharat Petroleum Corpn. Limited
 Bongaigaon Refinery & Petrochem. Ltd.
 Engineers India Limited
 Hindustan Petroleum Corpn. Ltd.
 IBP Company Ltd.
 Indian Petrochemicals Corpn. Ltd.
 Chennai Petroleum Corpn. Ltd.
 Oil & Natural Gas Corpn. Ltd.
 Indian Oil Corporation Ltd.

<u>898.03</u>	<u>893.35</u>
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* Market Value of Quoted Investment - nil (Rs. 86.25 lakhs)

Each Member company has an equal share of 10% and the total capital of AOP is Rs. 50 lakhs.

SCHEDULE 7 : INVENTORIES

SCHEDULES

		(Rupees in Lakhs)	
		As at 31st March 2001	As at 31st March 2000
Stores in stock *	8,706.19		7,919.87
Less :Provision for obsolete stores	(780.35)		(803.70)
		7,925.84	7,116.17
Stores in transit		644.18	901.02
Crude oil:			
In stock		21,110.44	29,593.29
In transit		10,865.31	26,696.72
Stock in process *		8,038.07	9,322.01
Finished products * @		12,056.17	13,202.63
		<u>60,640.01</u>	<u>86,831.84</u>

* Include stock lying with others Rs.34.46 lakhs (Rs. 302.93 lakhs)

@ Includes value of LPG of the amalgamating company Rs. 8.91 lakhs (Nil)

SCHEDULE 8: SUNDRY DEBTORS

UNSECURED - CONSIDERED GOOD:

Over six months	—	2.70
Six months and less	7,439.92	10,014.89
	<u>7,439.92</u>	<u>10,017.59</u>

UNSECURED - CONSIDERED DOUBTFUL:

Over six months	37.94	634.74
Less: Provision for doubtful debts	(37.94)	(634.74)
	<u>—</u>	<u>—</u>
	<u>7,439.92</u>	<u>10,017.59</u>

SCHEDULES

SCHEDULE 9 : CASH AND BANK BALANCES

	(Rupees in Lakhs)	
	As at 31st March 2001	As at 31st March 2000
Cash, Cheques & Stamps on hand	13.15	6.50
Balance with Scheduled Banks in:		
Current accounts @	129.89	114.37
Cash Credit accounts	53.72	Nil
Term deposits/Certificates of Deposits *	1,440.64	1,440.76
	<u>1,637.40</u>	<u>1,561.63</u>
Balance with Citibank, New York @@	0.01	0.01
Time deposit (subject to confirmation)	<u>1,637.41</u>	<u>1,561.64</u>

@ Includes Rs.97.48 lakhs (Rs. 91.03 lakhs) deposited with Scheduled Bank in the accounts styled as "Unpaid Dividend Bank Account - Kochi Refineries Limited"

* Includes:

- Rs. nil (Rs.0.11 lakhs) deposited with Scheduled Bank in the account styled as "Cochin Refineries Limited : Tax deducted - Notified Person".
- Bank balances with Scheduled Banks include deposit of Rs.0.37 lakhs (Rs.0.37 lakhs) in the joint names of contractors and the Company towards Sales Tax on works contract.
- Rs. 1439.28 lakhs (Rs.1439.28 lakhs) earmarked for settlement of Banks dues of Amalgamating Company, taken over on amalgamation

@@ Maximum balance at any time during the year Rs.0.01 lakhs (Rs.0.01 lakhs)

SCHEDULE 10: OTHER CURRENT ASSETS

Interest accrued but not due:

On advances to staff

696.62	541.28
<u>696.62</u>	<u>541.28</u>



SCHEDULES

SCHEDULE 11 : LOANS AND ADVANCES

(Rupees in Lakhs)
As at 31st March 2001 As at 31st March 2000

SECURED-CONSIDERED GOOD

Advances to staff on hypothecation of vehicles & mortgage of properties *

3,972.31 3,197.83

UNSECURED

Advances recoverable in cash or in kind or for value to be received:
(Note III of Schedule 18)

Considered good **

Considered doubtful

273,451.96

55.70

273,507.66

(55.70)

260,996.34

27.52

261,023.86

(27.52)

Less: Provision for doubtful advance

273,451.96

260,996.34

3,130.71

4,380.42

278.58

283.52

Claims recoverable

Deposits

Balances with Customs, Port Trust, Excise, etc.

Prepaid expenses

Payment of Income tax

Less: Provision set-off per contra

758.57

253.53

179.83

63.38

20,640.23

26,374.56

(15,914.50)

(26,374.56)

4,725.73

286,497.69

269,175.02

* Includes :

Due from Officer of the Company - Rs.4.67 lakhs (Rs.5.32 lakhs)

Maximum amount due during the year Rs. 5.32 lakhs

** Includes :

- Due from Oil Co-ordination Committee Rs.47863.21 lakhs (Rs. 26959.39 lakhs)

- Adhoc payments towards salary revision for workmen pending final settlement - Rs.561.03 lakhs (Rs.328.71 lakhs)

- Adhoc sum paid to Petronet CCK Ltd. towards share application money of 2,07,00,000 shares - Rs. 1517.50 lakhs (Rs. 517.50 lakhs)

SCHEDULE 12: OTHER INCOME

For the year ended 31st March 2001 For the year ended 31st March 2000

Interest received including tax deducted at source
Rs.57.33 lakhs (Rs.176.39 lakhs)

2,909.45

1,867.00

Income from buildings

56.93

78.66

Income from investments

101.43

89.95

Income from marketing rights

6,208.91

6,118.23

Provisions no longer required written back (Note V (6) (d) (III))

831.15

373.00

Miscellaneous receipts

833.02

834.63

10,940.89

9,361.46

SCHEDULES

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

	(Rupees in Lakhs)	
	For the year ended 31st March 2001	For the year ended 31st March 2000
Payments to and provisions for employees:		
Salaries, wages & ex-gratia [^]	4,047.00	4,046.10
Contribution to provident, pension & gratuity funds	460.40	533.74
Staff welfare expenses	1,071.65	980.23
	<u>5,579.05</u>	<u>5,560.07</u>
Stores consumed:*		
Stores, spares & loose tools	161.76	140.21
Chemicals & catalysts	1,534.94	2,255.62
	<u>1,696.70</u>	<u>2,395.83</u>
Other expenses:		
Power and fuel	38,921.00	28,723.18
Water	456.28	228.69
	<u>39,377.28</u>	<u>28,951.87</u>
Less : Consumption of fuel for own production	<u>(38,267.08)</u>	<u>(27,892.60)</u>
	1,110.20	1,059.37
Demurrage on crude oil **	3,595.50	1,032.57
Repairs & Maintenance: @		
Buildings	253.45	174.20
Plant & Machinery	2,716.76	3,703.17
Others	416.15	410.32
	<u>3,386.36</u>	<u>4,287.69</u>
Insurance	1,023.24	1,433.66
Rent	532.79	725.51
Rates & Taxes	4,565.04	3,651.95
Donations #	350.26	407.14
Remuneration to Auditors:		
Audit Fees @@	4.25	1.50
Taxation matters	0.16	0.26
Other services	0.63	-
Reimbursement of expenses	-	0.67
Entertainment	5.55	4.24
Publicity & Advertisement	89.70	107.81
General Administrative Expenses	1,216.88	1,017.52
Technical Assistance Fees \$	31.34	281.38
Community Welfare Expenses	132.68	20.45
Bitumen Packing Expenses *	426.00	385.74
	<u>23,746.33</u>	<u>22,373.36</u>

[^] Includes effect of pay revision for executives from 01.01.1997

* Includes net of cenvat credit availed Rs.180.56 lakhs (Rs. 501.26 lakhs)

** Includes provision made based on fair estimate of the liability

@ Includes materials consumed Rs.651.08 lakhs (Rs. 761.59 lakhs) which is net of cenvat credit of Rs.200.45 lakhs (Rs.145.76 lakhs)

Includes contribution to external R & D Institution - Rs. nil (Rs. 1.76 lakhs)

\$ Includes consultancy charges of Rs. nil (Rs. 105.97 lakhs) on discontinued project

@@ Includes arrears of Rs.1.25 lakhs (nil); and subject to approval of Annual General Meeting.



SCHEDULES

SCHEDULE 14 : INTEREST

	(Rupees in Lakhs)	
	For the year ended 31st March 2001	For the year ended 31st March 2000
On Fixed Loans	10,127.11	3,385.15
On Other Accounts	865.63	492.46
	<u>10,992.74</u>	<u>3,877.61</u>

SCHEDULE 15: PRIOR PERIOD ADJUSTMENTS

Crude Demurrage	—	75.51
Depreciation	—	(9.30)
Income from Investment	—	12.84
	<u>—</u>	<u>79.05</u>

Figures in brackets indicate debit balance.

SCHEDULES

SCHEDULE 16

Quantitative and other information as required pursuant to the provisions
in Part II of Schedule VI of the Companies Act, 1956

(Rupees in Lakhs)

		For the year ended 31st March 2001	For the year ended 31st March 2000
1	Class of goods manufactured	Petroleum & Petrochemical Products	Petroleum & Petrochemical Products
2	Licensed Capacity :		
	Petroleum Products - crude run per annum working triple shift	MT 7,500,000	7,500,000
	Benzene	MT 87,200	87,200
	Toluene	MT 33,000	33,000
	Mixed Aromatic Solvent	MT 1,500	1,500
	Petroleum Hydrocarbon Solvent	MT 10,000	10,000
	Polybutene Feedstock	MT 6,300	6,300
	Mineral Turpentine Oil	MT 15,000	15,000
	Poly Isobutene	MT 5,000	-
	Cable Jelly (Poly Isobutene Unit)	MT 6,500	-
	Others in Poly Isobutene Unit	MT 14,000	-
3	Installed Capacity :		
	(as certified by the Management)		
	Petroleum Products - crude run per annum working triple shift	MT 7,500,000	7,500,000
	Benzene & Toluene	MT 99,200	99,200
	Mixed Aromatic Solvent	MT 1,500	1,500
	Petroleum Hydrocarbon Solvent	MT 8,820	8,820
	Polybutene Feedstock	MT 6,300	6,300
	Mineral Turpentine Oil	MT 15,000	15,000
	Poly Isobutene	MT 5,000	-
	Cable Jelly (Single Shift)	MT 2,500	-
	Others (Poly Isobutene Unit)	MT 1,000	-
4	Opening Stock :		
	a) Petroleum Products		
	Finished stage - Qty.	MT 126,170	139,323
	Value	Rs. 12,648.99	6,311.71
	Stock in Process - Qty.	MT 83,275	30,125
	Value	Rs. 7,669.84	1,271.38
	b) Benzene and Toluene		
	Finished stage - Qty.	MT 2,414	3,620
	Value	Rs. 455.51	240.24
	Stock in Process - Qty.	MT 12,131	11,820
	Value	Rs. 1,576.58	620.09
	c) Petroleum Hydrocarbon Solvent		
	Finished stage - Qty.	MT 444	906
	Value	Rs. 86.55	67.40
	d) Polyisobutene, Slop Cut & others		
	Finished stage - Qty.	MT 101	388
	Value	Rs. 29.64	70.09
	Stock in Process - Qty.	MT 383	510
	Value	Rs. 77.81	85.93



SCHEDULE 16(Contd.)

SCHEDULES

(Rupees in Lakhs)

		For the year ended 31st March 2001	For the year ended 31st March 2000
5	Production :		
	Petroleum Products	MT	
	Benzene and Toluene	MT	
	Petroleum Hydrocarbon Solvent	MT	
	Polysobutene and Stop Cut	MT	
	Mineral Turpentine Oil	MT	
6 A)	Sales :		
	i) Petroleum Products :		
	Quantity	MT	
	Value	Rs.	
	ii) Benzene and Toluene		
	Quantity	MT	
	Value	Rs.	
	iii) Petroleum Hydrocarbon Solvent		
	Quantity	MT	
	Value	Rs.	
	iv) Polysobutene and Stop Cut		
	Quantity	MT	
	Value	Rs.	
	v) Mineral Turpentine Oil		
	Quantity	MT	
	Value	Rs.	
6 B)	Transfer of Petroleum products for further processing/consumption :		
	i) Transfer for Benzene and Toluene Production		
	Quantity	MT	
	Value	Rs.	
	ii) Transfer for production of Petroleum Hydrocarbon Solvent		
	Quantity	MT	
	Value	Rs.	
	iii) Transfer for production of Polysobutene and Stop Cut		
	Quantity	MT	
	Value	Rs.	
	iv) Transfer for production of Mineral Turpentine Oil		
	Quantity	MT	
	Value	Rs.	
	iv) Own Consumption		
	Quantity	MT	
	Value	Rs.	
7	Closing Stock :		
	a) Petroleum Products :		
	Finished stage - Qty.	MT	
	Value	Rs.	
	Stock in Process - Qty.	MT	
	Value	Rs.	

SCHEDULES

SCHEDULE 16(Contd.)

(Rupees in Lakhs)

		For the year ended 31st March 2001		For the year ended 31st March 2000	
b)	Benzene and Toluene				
	Finished stage - Qty.	MT	3,921		2,414
	Value	Rs.	747.63		455.51
	Stock in Process - Qty.	MT	11,209		12,131
	Value	Rs.	1,523.02		1,576.58
c)	Petroleum Hydrocarbon Solvent				
	Finished stage - Qty.	MT	473		444
	Value	Rs.	95.92		86.55
d)	Polysobutene, Slap Cut & Others				
	Finished stage - Qty.	MT	559		34
	Value	Rs.	238.88		11.58
	Stock in Process - Qty.	MT	332		370
	Value	Rs.	72.19		75.59
e)	Mineral Turpentine Oil				
	Finished stage - Qty.	MT	913		-
	Value	Rs.	132.34		-
8	Consumption of raw materials/Stores and Spares :				
a)	Raw Materials (Crude Oil)	MT	7,520,286		7,830,010
	Quantity				
			Rs.	%	Rs.
	Value - Imported		470,398.01	70.52	396,768.12
	- Indigenous		196,597.11	29.48	143,175.91
	Total		666,995.12	100.00	539,944.03
b)	Stores and Spares #				
	Value - Imported		1,281.30	54.57	1,917.36
	- Indigenous		1,066.48	45.43	1,240.06
	Total		2,347.78	100.00	3,157.42
9	CIF Value of Imports:				
a)	Raw Materials * @	Rs.	449,082.02		346,727.16
b)	Stores and Spares @	Rs.	1,361.38		1,549.85
c)	Capital Goods @	Rs.	472.91		279.60
10	Expenditure in Foreign Currency:				
a)	Technical Service Fee	Rs.	296.60		12.37
b)	Others	Rs.	675.92		1,286.78
11	Amount remitted during the year				
	In Foreign Currency on account of dividend	Rs.	Nil		Nil
12	Earnings in Foreign Currency				
	Export of goods	Rs.	2,695.99		Nil
#	Includes Direct Consumption for Repairs & Maintenance.				
*	Represents crude oil canalised through Indian Oil Corporation Limited including crude oil loaned to other companies excluding loan receipts.				
@	Includes Goods-in-transit - Crude Oil Rs. 11386.79 lakhs (Rs. 24749.82 lakhs), Stores and Spares Rs. 148.15 lakhs (Rs. 252.16 lakhs) and Capital Goods Rs. 42.54 lakhs (Rs. 13.79 lakhs).				

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

I. FIXED ASSETS

- (1) Expenditure incurred on improvement or replacement, which in the opinion of the Management, is likely to substantially increase the life of the asset and future benefits from it, is capitalised.
- (2) Modifications resulting in additions, upto the value of Rs.25,000 per item, are treated as revenue expenses.
- (3) Machinery spares (other than those initially capitalised along with the machinery) are charged as revenue expenditure as and when consumed.
- (4) Interest, upto the date of capitalisation of the respective projects, on the loans identified for the same, and identified overheads, are capitalized.
- (5) Depreciation
 - (i) Depreciation on Fixed Assets is provided on straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 but for certain assets at the camp offices of senior executives as well as those hired out to employees, depreciation is charged at the Company's rates, which are not lower than the rates specified in Schedule XIV.
 - (ii) Depreciation is charged on pro-rata basis in respect of:
 - (a) major assets installed/completed during the year costing Rs.5 lakhs and above; and
 - (b) assets disposed off in the year, the opening net block of which is Rs.5 lakhs and above.
 In all other cases, depreciation is charged for the full year.

II. INVESTMENTS

Long term investments are stated at cost and provision is made for any diminution in such value which is not temporary in nature.

III. INVENTORIES

- (1) Raw Material:

Stocks in refinery tanks, pipelines and in-transit are valued at cost or net realisable value, whichever is lower. Cost is ascertained separately for indigenous and imported crude oil in stock on first-in-first-out basis, and those in-transit on C & I basis.
- (2) Stock-in-Process:

Stock-in-Process is valued at raw material cost calculated on first-in-first-out basis plus fifty percent of conversion cost or net realisable value, whichever is lower.
- (3) Finished products:

Finished products are valued at cost or net realisable value whichever is lower.
- (4) Stores:
 - (i) Stores are valued at cost (on weighted average basis) or under (estimated realisable value).
 - (ii) Stores in transit are valued at cost or under (estimated realisable value).
- (5) Duties on Bonded Stocks:

Customs Duty and Excise Duty payable at the applicable rates based on end use, is included in inventory valuation, except where the liability to pay Duty is transferred to the consignee.

IV. CRUDE OIL LOANED

- (1) Crude oil loaned to oil companies is valued at C&F cost.
- (2) Crude oil taken on loan from oil companies is valued at cost.

V. SALES

- (1) Sales are accounted net of discounts and exclude taxes and duties.
- (2) Sale of LPG as feedstock through pipeline transfer during a day is accounted net of returns received during that day.

VI. RETIREMENT BENEFITS

Liability towards gratuity and other retirement benefits is determined based on actuarial valuation done at the year end. Liability so determined is funded in the case of gratuity and provided for in other cases, by charge to revenue.

SCHEDULE 17(CONTD.)

VII. FOREIGN EXCHANGE VARIATION

Assets and Liabilities relating to transactions involving foreign currency are converted at exchange rates prevailing at the year end. Any loss or gain arising out of settlements/conversions is adjusted to the concerned assets, if the liability is incurred for the purpose of acquisition of Fixed Assets, and in the Profit & Loss Account, in other cases.

VIII. RESEARCH & DEVELOPMENT EXPENDITURE

All revenue expenditure on research and development are charged to the Profit & Loss Account. Fixed Assets used for research and development are capitalised.

IX. PRIOR PERIOD ITEMS

Income/expenditure are disclosed as prior period items only when the value exceeds Rs.5.00 lakhs in each case.

X. INCOME/EXPENDITURE

Income/Expenditure, which cannot be reasonably ascertained, are accounted as and when ascertained.

XI. CONTINGENT LIABILITIES AND OUTSTANDING CAPITAL COMMITMENTS

Contingent liabilities/outstanding capital commitments are considered only in cases of items exceeding Rs.5.00 lakhs in each case. Contingent liabilities in all direct and indirect tax matters are recognised only in respect of those demands against which the Company has appealed or decided to appeal to the appellate authorities.

SCHEDULE 18: NOTES ON ACCOUNTS

I. FIXED ASSETS

- (1) Title deeds in respect of approximately 385.10 acres (384.94 acres) of land acquired till 31.3.2001, for which the Company has expended an amount of Rs.3946.87 lakhs (Rs.3877.49 lakhs) have not been received yet from Revenue Authorities.
- (2) Pending receipt of final bills/statements of accounts from Southern Railway, the cost of modification to Rail Road facilities has been capitalised in prior years on a provisional basis. This cost is subject to revision with consequential adjustments in depreciation charged, upon receipt and verification of final bills/statements of account from Southern Railway.
- (3) Expenditure during construction period including interest of Rs.8.17 lakhs (Rs.6657.60 lakhs) and other overheads of Rs.108.73 lakhs (Rs.4222.99 lakhs) have been capitalised.
- (4) Cost of assets/facilities of Diesel Hydro De-sulphurisation Project capitalised in the previous year has been re-worked based on settlement of final bills made during the year. However, since a few final bills/claims/counter claims are outstanding, the effect of which is not ascertainable at this stage, the cost of assets/facilities of this project is, to this extent provisional. Cost of the assets/facilities shall be finalised on settlement of the remaining final bills.

II. INVENTORIES

- (1) (a) Reconciliation between physical stock of stores and spares with priced stores ledger, is a continuous process and is being attended to.
- (b) Cost of closing stock of stores and spares is taken as per financial ledger and the reconciliation with priced ledger is in progress.
- (2) Cenvat claims relating to certain stores (excluding capital stores) procured during the year up to 31.1.2001 and held as inventory at the year end have been estimated on adhoc basis and reduced from the value of such stores as per financial ledger. However, with effect from 1.2.2001, all these items are accounted net of Cenvat.

III. LOANS AND ADVANCES

- (1) Value of crude oil given to other oil companies and received from the respective oil companies as loans, have been adjusted against each other and the resultant balances due from/due to such companies of Rs.83423.94 lakhs (Rs.63510.60 lakhs) and Rs.138472.73 lakhs (Rs.167932.59 lakhs), have been included under Loans and Advances (Schedule 11) and Current Liabilities and Provisions (Schedule 4) respectively.
- (2) Deposits received from other oil companies and deposits given to the respective oil companies for crude oil loans, have been adjusted against each other and resultant balances due from/ due to such companies of Rs.138387.52 lakhs (Rs.167592.03 lakhs) and Rs.83743.96 lakhs (Rs.63588.12 lakhs) have been included under Loans and Advances (Schedule 11) and Current Liabilities and Provisions (Schedule 4) respectively.



SCHEDULE 18(CONTD.)

(3) Loans & Advances (Schedule 11) Include -

- Amounts recoverable from OCC towards claims raised in the previous year, which are subject to final acceptance by them, including Rs. nil (Rs. 179.72 lakhs) towards settlement of Central Excise Duty liabilities on reprocessing of certain contaminated petroleum products during the previous years.
- An amount of Rs. 1000.00 lakhs (Rs. 1000.00 lakhs) paid as advance Sales Tax at the request of the Government of Kerala.

IV. POOL ACCOUNT CLAIMS

- Consequent upon abolition of Administered Pricing Mechanism (APM) with effect from 1 April 1998, the refinery selling prices of petroleum products are linked to their import parity prices and the system of Pool Account adjustments discontinued, except for certain agreed items.
- Claims and provisions on Pool Accounts are generally accounted on the basis of available instructions/clarifications, subject to adjustments when they are finally accepted by OCC. It includes claims/surrenders relating to previous years, based on guidelines/circulars received during the year.
- Recoveries from Government of India under Pool Account in the Profit and Loss Account include:

(Rupees in lakhs)		
Claims on account of:	2000-01	1999-2000
i) Arrears of increase in refining cost and margin for earlier years	2532.50	NIL
ii) Reimbursement of dues on account of expenditure incurred by the company on transportation and delivery of BH crude oil in excess of price of crude oil payable by the company, approved in principle but awaiting final clearance from Ministry of Petroleum and Natural Gas, Government of India	NIL	345.62
iii) Arrears consequent to employees' pay revision	NIL	496.00
iv) Terminalling charges claims for the years 1998-99 and 1999-2000.	2411.13	NIL
(4) Provision for disputed liability towards Excise Duty (net of modvat credit) on account of revisions in assessable value of asphalt drums being considered by the Central Excise Department amounting to Rs.23.14 lakhs (Rs.117.09 lakhs) approx., for the period up to 31 March 1998 has not been made in the accounts as the same, if paid, is recoverable from OCC Pool Account.		

V. OTHERS:

- Credits for transit loss claims recoverable on crude oil transportation will be accounted for, as and when realised after technical scrutiny and acceptance.
- Remuneration paid or payable to Whole-time Directors

(Rupees in lakhs)		
	2000-01	1999-2000
i) Salaries and allowances	16.79	17.58
ii) Contribution to Provident Fund	1.73	2.35
iii) Other benefits and perquisites	0.88	2.75
Total	19.40	22.68

In addition to these, the Directors are allowed the use of company cars up to a ceiling of 9000 kilometres per annum on payment of Rs.400 and Rs.250 per month for airconditioned and non airconditioned cars, respectively.

- Cenvat on account of purchase of eligible items amounting to Rs.230.46 lakhs (Rs.222.48 lakhs), which has been adjusted against the Central Excise Duty liabilities of the company in earlier years, is under review by the Central Excise Department.
- Rent payable for the occupation of Government land in Emakulam for the company's pipeline, is still under negotiation and provision is made as per the original rate fixed by the Government of Kerala.
- Impact, if any, on account of increase/decrease in the value of net crude loans relating to the year and outstanding on the Balance Sheet date, due to subsequent fluctuations in the price of crude oil, has not been recognised in the accounts for the year, as these transactions are continuing in nature, and, therefore, can be ascertained only when the loan transactions are finally settled.

SCHEDULE 18(CONTD.)

(6) Amalgamation of CRBL with the Company:

- a) Pursuant to the Scheme of Amalgamation of the Cochin Refineries Balmer Lawrie Ltd., the amalgamating company (CRBL) engaged in the business of manufacturing of Polyisobutene, with the company as sanctioned by the High Court of Kerala on 9 April 2001 all assets and liabilities stand vested in the company with effect from 1 April 1998.
 - b) Since, as per the Scheme of Amalgamation the consideration shall be allocated to individual identifiable assets and liabilities on the basis of their fair value at the appointed date, the assets and liabilities of the CRBL as on 1st April 1998 have been incorporated at their fair value adopted as per the valuation report of the valuers taken for purpose of amalgamation as regards assets and as determined by the Board of Directors of the company as regards liabilities. Accordingly the amalgamation has been accounted under the "Purchase Method" as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India.
 - c) The net excess value of Rs.1232.29 lakhs arising on incorporation of assets and liabilities as stated in (b) above, after extinguishing the investment in equity shares held by the company in the amalgamating company, has been credited to Capital Reserve and shown as surplus on amalgamation.
 - d) After making the following adjustments to the accumulated losses of CRBL of Rs.1592.36 lakhs for the years ended 31 March 1999 and 31 March 2000, without reopening the accounts of the company for the previous years, the company has transferred the balance sum of Rs.714.24 lakhs to the General Reserves
 - consequent to adoption of fair value for amalgamation of Rs.115.09 lakhs and
 - for interest of Rs.763.03 lakhs provided by CRBL to Banks and Balmer Lawrie Co. Ltd., since relief on interest to banks has been agreed to by them and interest to Balmer Lawrie Co. Ltd. is not accepted by the Company and is pending settlement (included under "Others" in item VI (1) below - Rs.291.18 lakhs).
 - i) The transactions for the year ended 31 March 2001 have been incorporated in the accounts of the Company, (other than the inter company transactions) after making adjustments towards interest relating to the year (in view of the explanation given in (i) above) amounting to Rs.532.81 lakhs (including Rs.166.74 lakhs relating to Balmer Lawrie Co. Ltd., shown as Others in item VI (1) hereunder), which has been reduced from the interest paid and not provided for.
 - ii) Provision made in prior year in the Accounts of the company in respect of amounts due from CRBL - Rs.634.74 lakhs no longer required on account of amalgamation has been written back and included under Other Income (Schedule 12).
 - e) Pursuant to the Scheme of Amalgamation and after extinguishing the investments in the equity shares held by the company in CRBL, 3,00,000 equity shares of the company are to be issued to the equity shareholders of CRBL. Pending allotment of the shares as on 31.03.2001, the amount representing the nominal value of such shares has been shown as Share Capital Suspense under Share Capital.
After 1 April 1998 and on 22 January 2001, the company had issued and allotted Bonus Shares to its existing shareholders in the ratio of 1:1. Since the Bonus issue as above affects the exchange ratio of shares to the shareholders of CRBL on Amalgamation, issue of additional shares to them is being considered, subject to necessary approvals and hence no adjustments have been made for the same.
 - f) Accumulated losses and unabsorbed depreciation of CRBL for the period up to 31 March 1998 are available to be set off against the taxable income of the company in accordance with the provisions of Section 72A of the IT Act as they then stood, subject to fulfilment of the conditions specified therein. The company has taken necessary steps for obtaining the Declaration of the Central Government as required thereunder. Based on legal opinion obtained, the Company is eligible to set off such losses and unabsorbed depreciation on compliance as above. Accordingly, the excess tax provision of Rs. 1550.00 lakhs has been written back and credited to Profit & Loss Account and shown as provision for tax of earlier year written back.
- (7) R&D revenue expenses of Rs.98.00 lakhs (Rs.104.21 lakhs) have been included in the respective heads under Manufacturing and Other Expenses (Schedule 13).
- (8) As per Resolution of the company in General Meeting convened on 27 September 2000, bonus shares issued in January 2001 are entitled to only proportionate dividend (from the date of allotment) to be declared in respect of the financial year 2000-01. However, in view of the stipulation of Securities Exchange Board of India (SEBI) that the bonus shares issued by the company after 18 February 2000 shall be paripassu in all respects, dividend for the financial year 2000-01 on these shares is provided for the whole year, which is subject to approval of the company in General Meeting.

SCHEDULE 18(CONTD.)

VI. CONTINGENT LIABILITIES AND OUTSTANDING CAPITAL COMMITMENTS NOT PROVIDED FOR :

(1) CONTINGENT LIABILITIES:

On account of:	(Rupees in lakhs)	
	2000-01	1999-2000
1. Customs Duty*	166.77	166.77
2. Excise Duty*	5341.90	5160.46
3. Income Tax	5757.15	5342.22
4. Sales Tax	3139.97	2602.70
5. Land Acquisition	648.13	534.39
6. Others	12809.91	4215.21
7. Letters of Credit	292.72	419.50

* These items except for Rs.12.47 lakhs (Rs.573.97 lakhs) are recoverable from Marketing Companies/OCC and there will not be any material impact on revenue of the company.

(2) OUTSTANDING CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account Rs.4565.63 lakhs (Rs.8512.39 lakhs).

VII. No provisions have been made in the accounts for the liabilities which have not yet crystallised, on account of:

	(Rupees in lakhs)	
	2000-01	1999-2000
1. Customs duty @	1024.11	688.41
2. Excise duty @	80228.64	149556.87
3. Income tax	671.63	643.98
4. Sales tax	46.62	46.62

@ There will be no significant impact on profit on account of this as substantial part of the amount, if paid, will be recoverable from OCC/customer(s).

VIII. MISCELLANEOUS

- (1) Sundry Creditors, Sundry Debtors and Loans & Advances include certain items for which confirmations are yet to be received and include certain long outstanding balances which are considered payable/realisable, as the case may be.
- (2) The Company owes no amounts exceeding Rs. 1.00 lakh which is outstanding for more than 30 days as on the Balance Sheet date to the Small Scale Industrial Undertakings.
- (3) Previous year's figures have been regrouped wherever necessary and indicated within brackets.

Signature to Schedules 1 to 18

As per our report of even date

For and on behalf of the Board

For VARMA & VARMA
Chartered Accountants

N. VISWAKUMAR
Company Secretary

K.L. KUMAR
Chairman & Managing Director

E.S. MENON
Director (Finance)

VENUGOPAL C. GOVIND
Partner

Kochi
21st May, 2001

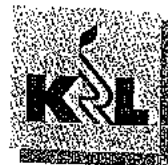
Kochi
24th May 2001

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2001

(Rupees in Lakhs)

	For the year ended 31st March 2001	For the year ended 31st March 2000
A. Cash Flow from Operating Activities :		
Net Profit Before Tax	10,245.65	28,370.73
Adjustments for :		
Depreciation	10,145.56	6,281.38
Investment income	(101.43)	(102.79)
(Profit)/Loss on sale of assets	(10.49)	(2.49)
Interest on borrowings	10,992.74	3,877.61
Interest other than on long term borrowings	-	-
Interest income	(2,909.45)	(1,867.00)
Operating Profit before working capital changes	28,362.58	36,557.44
Adjustments for :		
Trade and other receivables	(9,019.27)	(31,401.26)
Inventories	26,191.83	(42,232.99)
Trade payables	(21,307.62)	35,557.48
Cash generated from operations	24,227.52	(1,519.33)
Interest other than on fixed loans	(896.96)	(458.11)
Direct Taxes paid	(4,751.07)	(9,350.93)
Net cash (used in) / from Operating Activities (A)	18,579.49	(11,328.37)
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(10,176.89)	(35,678.55)
Sale of Fixed Assets	31.59	5.38
Purchase of / Accretion to Investments*	(1,091.43)	(619.84)
Reduction in Investments consequent to Amalgamation	86.75	-
Interest received	2,754.11	2,794.20
Income from investments	101.43	102.79
Net cash (used in) / from Investing Activities (B)	(8,294.44)	(33,396.02)
C. Cash Flow from Financing Activities :		
Issue of Equity Share Capital @	30.00	-
Accretion to Reserves on account of Amalgamation (Net)*	518.06	-
Proceeds from long term borrowings	17,194.07	35,000.00
Repayment of loans	(4,314.13)	(3,826.51)
Interest on fixed loans	(10,128.32)	(8,316.45)
Dividends paid	(7,025.01)	(6,835.66)
Corporate Dividend Tax	(1,061.60)	(758.28)
Net cash (used in) / from Financing Activities (C)	(4,786.93)	15,263.10
Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)	5,498.12	(29,461.29)
Cash and cash equivalents - Opening	(4,612.56)	24,848.73
Cash and cash equivalents - Closing	885.56	(4,612.56)

(Contd..)



Notes on Cash Flow Statement for the year ended 31st March 2001

1. In Part A of the Cash Flow Statement, figures in brackets indicate deductions made from Net Profit for deriving cash flow from operating activities. In Parts (B) and (C), figures in brackets indicate cash outflows.

2. **Cash & Cash Equivalents:**

	(Rupees in Lakhs)		
	2000-01 Closing	1999-2000 Closing	1999-2000 Opening
Cash & Bank balances	1,637.41	1,561.64	21,934.73
Cash Credit from Scheduled Banks	(751.85)	(6,174.20)	(86.00)
Short term Deposit with Financial Instns.	-	-	3000.00
Total	885.56	(4,612.56)	24,848.73

3. Interest paid include 'nil' capitalised interest (Rs. 4924.28 lakhs)
4. • Includes application money paid towards investment in shares Rs 1517.50 lakhs (Rs. 517.50 lakhs)
- To be allotted to the Share holders of Amalgamating Company
- # Consequent to Amalgamation - Capital Reserves is increased by Rs. 1232.29 lakhs and General Reserves is decreased by Rs. 714.23 lakhs

This is the Cash Flow Statement referred to in our certificate of even date

For and on behalf of the Board

N. VISWAKUMAR
Company Secretary

K.L. KUMAR
Chairman & Managing Director

E.S. MENON
Director (Finance)

For VARMA & VARMA
Chartered Accountants

VENUGOPAL C. GOVIND
Partner

Kochi
21st May, 2001

Kochi
24th May, 2001

AUDITORS' CERTIFICATE

We have examined the Cash Flow Statement of Kochi Refineries Limited for the year ended 31st March 2001. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Cochin Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For VARMA & VARMA
Chartered Accountants

Kochi
24th May, 2001

VENUGOPAL C. GOVIND
Partner

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

2 0 2 6

State Code

0 9

Balance Sheet Date

3 1 0 3 2 0 0 1

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public issue

N I L *

Rights issue

N I L

* Rs.3000 to be allotted to the shareholders of Amalgamating company (CRBL)

Bonus issue

6 8 9 3 4 9

Private Placement

N I L

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

Total Liabilities

2 2 4 3 5 9 4 1

Total assets

2 2 4 3 5 9 4 1

Sources of Funds

Paid up Capital *

1 3 8 1 7 1 9

Reserves and Surplus

1 2 2 3 4 5 5 1

* Including share application money Rs. 21

Secured Loans

1 7 7 5 4 3

Unsecured Loans

8 6 4 2 1 2 8

Application of Funds

Net Fixed Assets \$

1 5 3 1 0 5 2 4

\$ Including capital work-in-progress

Investments

8 9 8 0 3

Net Current Assets

7 0 3 5 6 1 4

Misc. expenditure

N I L

Accumulated Losses

N I L

(Contd..)

IV. Performance of Company (Amount in Rs.Thousands)

Turnover

7 1 3 5 7 4 6 7

Total Expenditure

7 0 3 3 2 9 0 2

Profit/Loss Before Tax

+ 1 0 2 4 5 6 5

Profit/Loss After Tax

+ 1 0 9 4 5 6 5

Earnings per share in Rs.

7 . 9 2

Dividend rate percentage

2 1

V. Generic names of three principle products of the Company (as per monetary terms)

Item Code No.(ITC Code)

2 7 1 0

Product Description

H I G H S P E E D

D I E S E L O I L

Item Code No.(ITC Code)

2 7 1 0

Product Description

S U P E R I O R K E R O S E N E

Item Code No.(ITC Code)

2 7 1 0

Product Description

R A W N A P H T H A

For and on behalf of the Board

For VARMA & VARMA
Chartered Accountants

N. VISWAKUMAR
Company Secretary

K.L. KUMAR
Chairman & Managing Director

E.S. MENON
Director (Finance)

VENUGOPAL C. GOVIND
Partner

Kochi
21st May, 2001

Kochi
24th May, 2001

EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31ST MARCH 2001

(Rupees in Lakhs)

1. On Township:

a) Salaries, Wages and PF. Contribution	12.36
b) Power	37.32
c) Water	18.14
d) Repairs & Maintenance	51.48
e) Depreciation	45.42
	<u>164.72</u>
Less: Recovery of House Rent including Service Charges	<u>6.18</u>

158.54

2. On other Social Overheads:

a) Maintenance of Club and Educational Facilities	121.87
b) Medical Facilities	273.66
c) Expenditure on Subsidised Transport	126.97
d) Subsidy for Social and Cultural Activities	<u>2.57</u>

525.07

683.61



HUMAN RESOURCES ACCOUNTING 2000-01

KRL believes that its greatest asset is its human resources, who puts the monetary and physical resources available to optimum use to achieve the corporate goals. The Human Resource Profile, as given in the table below, shows that KRL has a blend of youth and experience.

CATEGORY	AGE				Total
	18-30	31-40	41-50	Over 50	
Executives			12	19	31
Officers	100	205	148	86	539
Non-supervisors	466	486	283	183	1418
Total	566	691	443	288	1988 *
* (excluding apprentices - 74 Nos.)					
AVERAGE AGE 37 YEARS					

Accounting for Employees

Using the 'Lev and Schwarts' model of present value of future earnings, the human assets have been evaluated with the following assumptions:

- Continuity of present pattern in employee compensation, both direct and indirect;
- Career growth as per present policy of the Company; and
- Discount factor at 15% per annum.

	(Rupees in Lakhs)	
	2000-01	1999-2000
Value of Human Resources		
Executives	890.27	490.93
Officers	26902.41	15346.22
Non-supervisors	22535.49	23773.13
Total Value	50328.17	39610.28
Human Assets vis-a-vis Total Assets		
Value of Human Assets	50328.17	39610.28
Net Fixed Assets	139789.92	140778.63
Net Current Assets	70356.14	54617.28
	260474.23	235006.19
Profit Before Tax	10245.66	28370.73
Value Added (from performance profile MIS)	44072.00	52990.00
Ratio of:		
Profit to Human Resources	0.20	0.72
Value added to Human Resources	0.88	1.34
Human Resources to Total Resources	0.19	0.17

SOCIAL BALANCE SHEET AS AT 31 MARCH, 2001

Liabilities	31-3-2001	31-3-2000	Assets	(Rs. in Lakhs)	
				31-3-2001	31-3-2000
Organisation Equity	2317.96	2212.16	Social Capital Investment (Gross)		
Social Equity	50328.17	39610.28	Buildings	1609.87	1565.33
(Contribution by Employees)			Equipments	112.56	87.89
			Other Social Assets	595.53	558.94
			Human Assets	50328.17	39610.28
	<u>52646.13</u>	<u>41822.44</u>		<u>52646.13</u>	<u>41822.44</u>

SOCIAL INCOME STATEMENT 2000-01

I. SOCIAL BENEFITS & COSTS TO EMPLOYEES	(Rupees in Lakhs)	
	2000-01	1999-2000
a) Social Benefits to Employees:		
Welfare Facilities - Canteen & Club	258.96	250.29
Ex-gratia/Awards	328.67	293.78
Medical Facilities	202.26	229.34
Retirement Benefits	547.37	604.29
Interest Concessions	224.13	141.64
Training and Career Development	49.14	54.29
Clothing and Uniform	119.16	88.46
Holiday Benefits	192.40	132.65
Transport Facilities	126.97	97.09
Insurance	27.88	17.79
Educational Facilities	109.59	100.05
Township Costs	158.54	157.96
Others	77.38	52.41
Total (a)	2422.45	2220.04
b) Social Cost to Employees:		
Extra hours put in by Officers/Executives	17.04	23.70
Total (b)	17.04	23.70
Net Social Income to Employees (a - b)	2405.41	2196.34
 II. SOCIAL BENEFITS TO COMMUNITY		
Local Tax paid to Panchayath	23.62	25.75
Environmental Improvements	47.47	53.64
Generation of job potential to local people	1171.14	1337.84
Generation of business	5228.60	10951.98
Total Social Income to Community	6470.83	12369.21

(Contd...)



(Rupees in Lakhs)
2000-01 1999-2000

III. SOCIAL BENEFITS & COSTS TO GENERAL PUBLIC

a) Benefits to General Public:

Taxes paid to State Government (from performance profile MIS)	36004.00	29616.00
Taxes and Duties paid to Central Government (from performance profile MIS)	150718.00	175605.00
Total (a)	186722.00	205221.00

b) Costs to General Public:

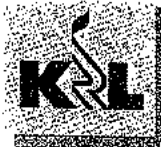
Purchased Power (Sch. 13 Power less own consumption)	653.92	830.00
Purchased Water	456.28	228.69
Total (b)	1110.20	1058.69
Net Social Income to Public (a - b)	185611.80	204162.31
Net Social Income to Employees, Community and General Public (I + II + III)	194488.04	218727.86

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
KOCHI REFINERIES LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH, 2001.**

I have to state that the Comptroller and Auditor General of India
has no comments upon or supplement to the Auditor's Report
under Section 619(4) of the Companies Act, 1956 on the accounts of
Kochi Refineries Limited, Kochi for the year ended 31st March 2001.

Chennai-34
August 17, 2001

Sd/-
(U. SANKAR)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI



**REVIEW OF ACCOUNTS OF KOCHI REFINERIES LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2001
BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

Note: Review of accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and qualification contained in the Statutory Auditors' Report.

1. FINANCIAL POSITION:

		(Rupees in lakhs)	
	1998-99	1999-2000	2000-2001
LIABILITIES			
a) Paid up Capital			
i) Government.....	3,794.48	3,794.48	NIL
ii) BPCL.....	-	-	7,588.97
iii) State Govt.....	350.00	350.00	700.00
iv) State Govt Companies.....	33.33	33.33	66.67
v) Others.....	2,715.89	2,715.89	5,461.55
b) Reserves & Surplus			
i) Free Reserves & Surplus.....	110,441.26	120,971.91	121,112.30
ii) Share Premium Account.....	-	-	-
iii) Capital Reserve.....	0.92	0.92	1,233.21
c) Borrowings from			
i) Govt. of India.....	268.28	98.79	41.16
ii) From Financial Institutions.....	-	-	-
iii) Foreign Currency Loans.....	-	-	-
iv) Cash Credit.....	86.00	6,174.20	751.85
v) OADB.....	43,123.14	74,466.12	77,709.63
vi) Others.....	-	-	9,556.81
vii) Interest accrued and due.....	-	-	137.26
d) i) Current Liabilities and Provisions.....	277,497.29	313,418.54	286,555.51
ii) Provision for Gratuity.....	-	91.55	-
Total.....	438,310.59	522,115.73	510,914.92
ASSETS			
e) Gross Block.....	113,800.78	190,474.91	199,918.59
f) Less: Cumulative Depreciation.....	43,458.36	49,696.28	60,128.67
g) Net Block (e-f).....	70,342.42	140,778.63	139,789.92
h) Capital work in progress.....	48,434.03	12,316.38	13,315.32
i) Investments.....	790.56	893.35	898.03
j) Current Assets, Loans and Advances.....	318,743.58	368,127.37	356,911.65
k) Miscellaneous Expenditure not written off.....	-	-	-
l) Accumulated Loss.....	-	-	-
Total.....	438,310.59	522,115.73	510,914.92
m) Working Capital (j-d (i) - c (vii)).....	41,246.29	54,708.83	70,218.88
n) Capital Employed (g + m).....	111,588.71	195,487.46	210,008.80
o) Net Worth (a+b (i) + b (ii)-k-l).....	117,334.96	127,865.61	134,929.49
p) Net Worth per rupee of Paid-up Capital (In Rs.).....	17.02	18.55	9.77

KOCHI REFINERIES LIMITED

2. RATIO ANALYSIS :

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under:

(In percentage)			
	1998-99	1999-2000	2000-2001
A. LIQUIDITY RATIO:			
Current Ratio $\{[(d(i)+c(vii))]/(c(i-))\}$ (Current Assets to Current Liabilities & Provisions and Interest accrued & due but excluding provision for Gratuity)	114.86	117.46	124.49
B. DEBT EQUITY RATIO :			
Long term debt to equity (c(i-) to (v) but excluding short term loan/o)	36.98	58.32	57.62
C. PROFITABILITY RATIOS :			
a) Profit before tax to			
i) Capital employed	44.47	14.51	4.88
ii) Net Worth	42.29	22.19	7.59
iii) Sales	11.90	4.90	1.44
b) Profit after tax to equity	28.82	18.39	8.11
c) Earning per share (in rupees)	49.06	34.12	7.92

3. SOURCES AND UTILISATION OF FUNDS:

SOURCES OF FUNDS

(Rupees in lakhs)

i) Funds from operations			
Profit after tax		10,945.65	
Depreciation		10,145.56	
(Including prior period adjustments)			
		21,091.21	
Less: Profit on sale of fixed assets	10.49		
Tax on dividend	1,061.60		
		1,072.09	
			20,019.12
ii) Sale of fixed assets			31.59
iii) Increase in share capital (pending allotment)			30.00
iv) Increase in Reserves on Amalgamation.....			518.06
v) Increase in Borrowing Funds.....			7,457.60
			<u>28,056.37</u>

APPLICATION OF FUNDS

i) Increase in Investments		4.68
ii) Increase in working capital		10,849.79
iii) Increase in Fixed assets	9,177.95	
Add: Increase in capital work in progress	998.94	
		<u>10,176.89</u>
iv) Dividend Payments		7,025.01
		<u>28,056.37</u>

4. RESERVES AND SURPLUS:

Reserves and Surplus as on 31st March 2001 amounted to Rs.1,22,345.51 Lakhs being 8.85 times of paid up capital. Free Reserves & Surplus increased by Rs.7,748.12 Lakhs (excluding amalgamation items Rs.714.24 Lakhs) (6.40%) as compared to Rs.10,530.65 Lakhs (9.53%) during the previous year.

During the year, the Company capitalised Reserves to the extent of Rs.6,893.49 Lakhs by way of issue of Bonus Shares in the ratio of 1:1. Consequently, the net increase to free reserves is Rs. 854.63 Lakhs excluding amalgamation items (Rs.714.24 Lakhs)

5. WORKING CAPITAL:

The Working Capital (i.e., Current Assets less Current Liabilities and Interest accrued and due) increased from Rs. 41,246.29 Lakhs in 1998-1999 to Rs. 54,708.83 Lakhs in 1999-2000 and increased to Rs. 70,218.88 Lakhs in 2000-2001. As a percentage of sales, It was 9.89% in 1998-1999 and 9.45% in 1999-2000 and is 9.84% in 2000-2001.

6. WORKING RESULTS:

The working results of the Company in the last three years were as given below:

	(Rupees in lakhs)		
	1998-99	1999-2000	2000-2001
i) Sales (excluding excise)	417,101.46	579,188.01	713,893.75
ii) Profit before tax/(Loss)	49,622.75	28,370.73	10,245.65
iii) Profit after tax/(Loss)	33,822.75	23,520.73	10,945.65
iv) Closing stock in process	1,877.40	9,322.01	8,038.07
v) Closing stock of finished products	6,689.44	13,202.63	12,047.26
vi) Value of production	421,094.01	593,145.81	711,434.16
Closing stock in terms of value of production per month (in days)	6	8	6

7. INVENTORY LEVELS:

i) Raw Materials	27,385.62	56,290.01	31,975.75
(crude oil in stock including in transit)			
ii) Stores and spares	8,646.39	8,017.19	8,570.02
(in stock and in transit)			
iii) Stock-in-process	1,877.40	9,322.01	8,038.07
iv) Finished products	6,689.44	13,202.63	12,056.17

N.B: i) There is a decrease (2000/2001) in Raw materials (crude oil) Stock by 43.19% over previous year, in terms of value.

8. SUNDRY DEBTORS :

The sundry debtors vis-a-vis sales increased from 1.55% (in 1998-99) to 1.84% (in 1999-2000) but decreased to 1.05% (in 2000-2001).

As on 31st March	Sundry debts Considered good	Sundry debts Considered doubtful	Total Sundry debtors	Sales (excluding excise)	Percentage of Sundry debts to sales
1999	5,838.08	634.74	6,472.82	417,101.46	1.55
2000	10,017.59	634.74	10,652.33	579,188.01	1.84
2001	7,439.92	37.94	7,477.86	713,893.75	1.05

Chennai-34
August 17, 2001

Sd/-
(U. SANKAR)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI.



New Headquarters

New Registered Office at Maradu being inaugurated by the then Secretary, MOPNG, Shri P.Shankar. Looking on the extreme right is Shri M.B. Lal, Director (Refineries), BPCL.



Aiming for a Healthier Nation

Shri K. Mohammad Ali, Hon'ble Member of Kerala Legislative Assembly receiving cheque for Rs. 6 lakhs towards assistance to Primary Health Centre, Kalamasserry from Shri M.A. Mohammad Ali, Executive Director (Projects)

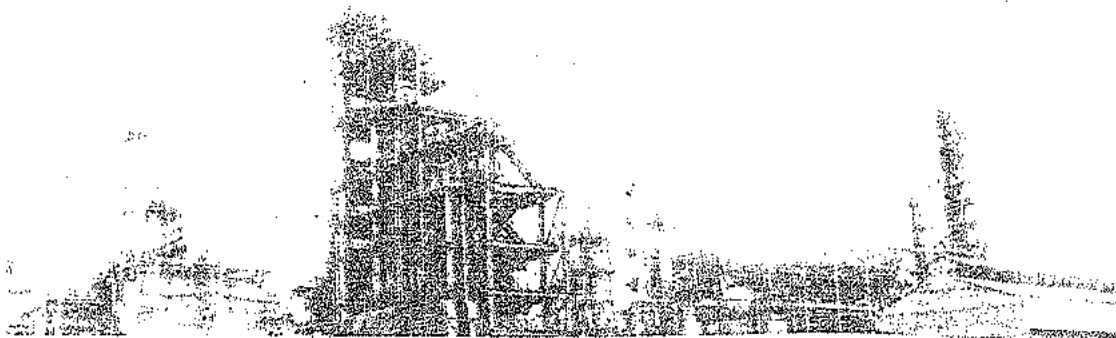
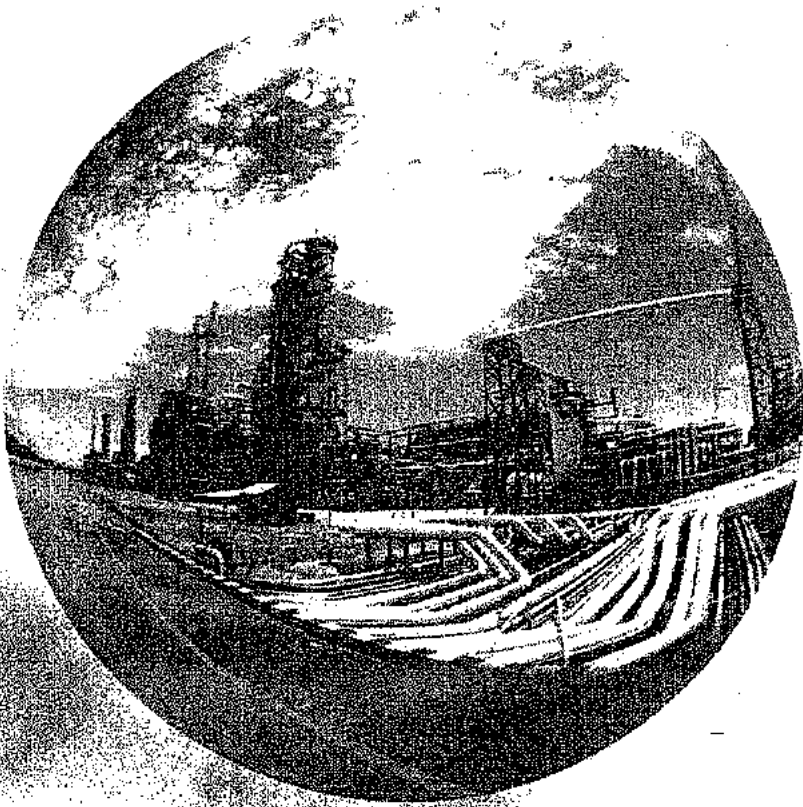
ANNUAL REPORT 2000 - 2001

Fully Operational



NRL

Committed to attain
sustainable excellence in
performance, safety standards,
customer care and
environment management.



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Bankers

State Bank of India
Standard Chartered Grindlays Bank
Union Bank of India
United Bank of India
Canara Bank
Indian Bank

Auditors

Messrs K. C. Das & Co.
Chartered Accountants
Ambari
Guwahati - 781 001.

Site Office

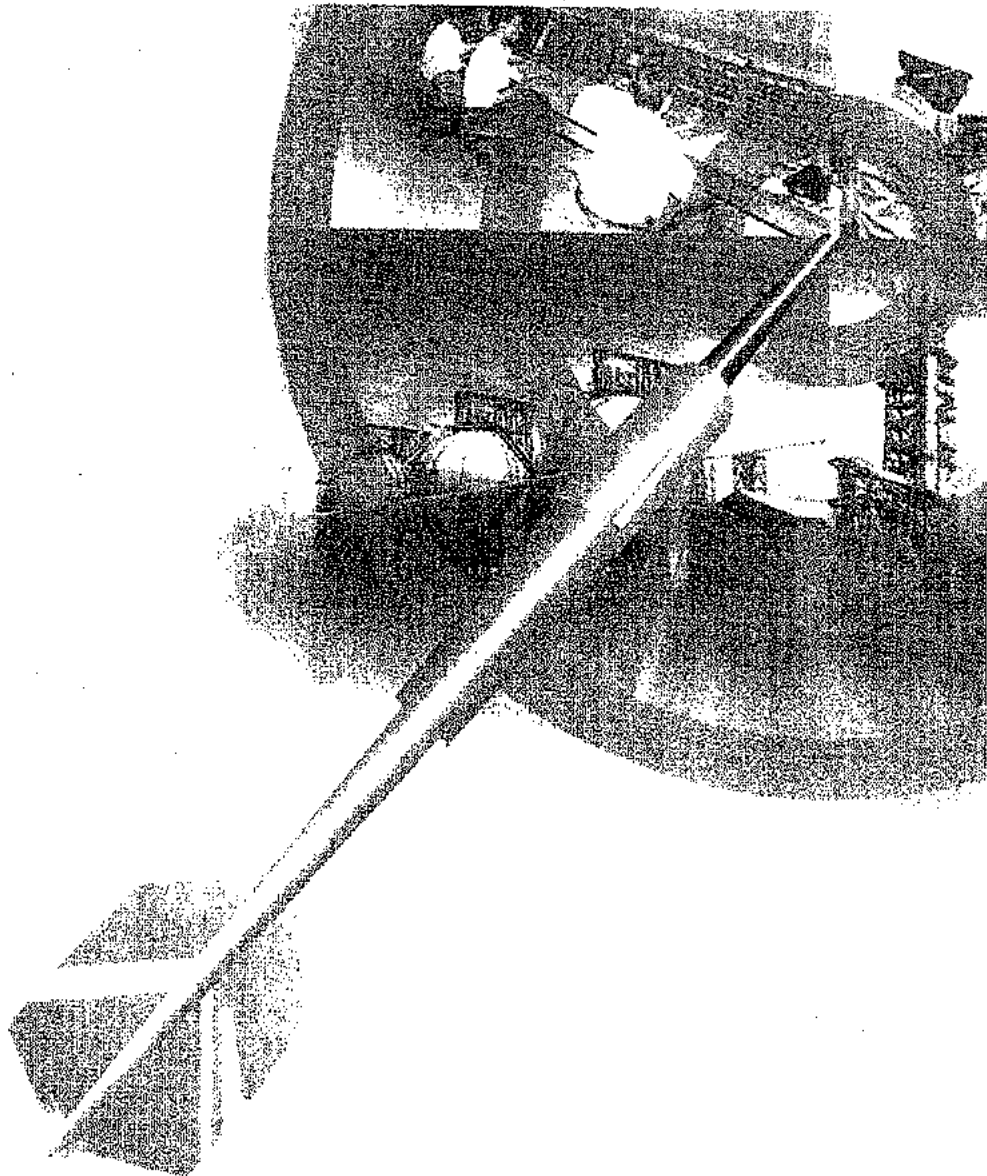
Pankagrath,
P. O. : Numaligarh Refinery Complex
Dist. : Golaghat, Assam
Pin - 785699

Co-ordination Office

Tolstoy House, 6th Floor
15 - 17 Tolstoy Marg
New Delhi - 110 001

Registered Office

Lotus Tower, G.S. Road,
Dispur, Guwahati - 781 005.





SHRI R. K. DUTTA
MANAGING DIRECTOR



SHRI B. K. DAS
DIRECTOR (FINANCE)



SHRI M. B. LAL
DIRECTOR



SHRI R.S. GUHA
DIRECTOR



SHRI U. SUNDARARAJAN
CHAIRMAN



SHRI S.N. MATHUR
DIRECTOR



SHRI R. C. CHOUDHARY
DIRECTOR (TECHNICAL)



SHRI S.C. DAS
DIRECTOR



SHRI H. S. DAS
DIRECTOR



SHRI A. P. RAM
DIRECTOR



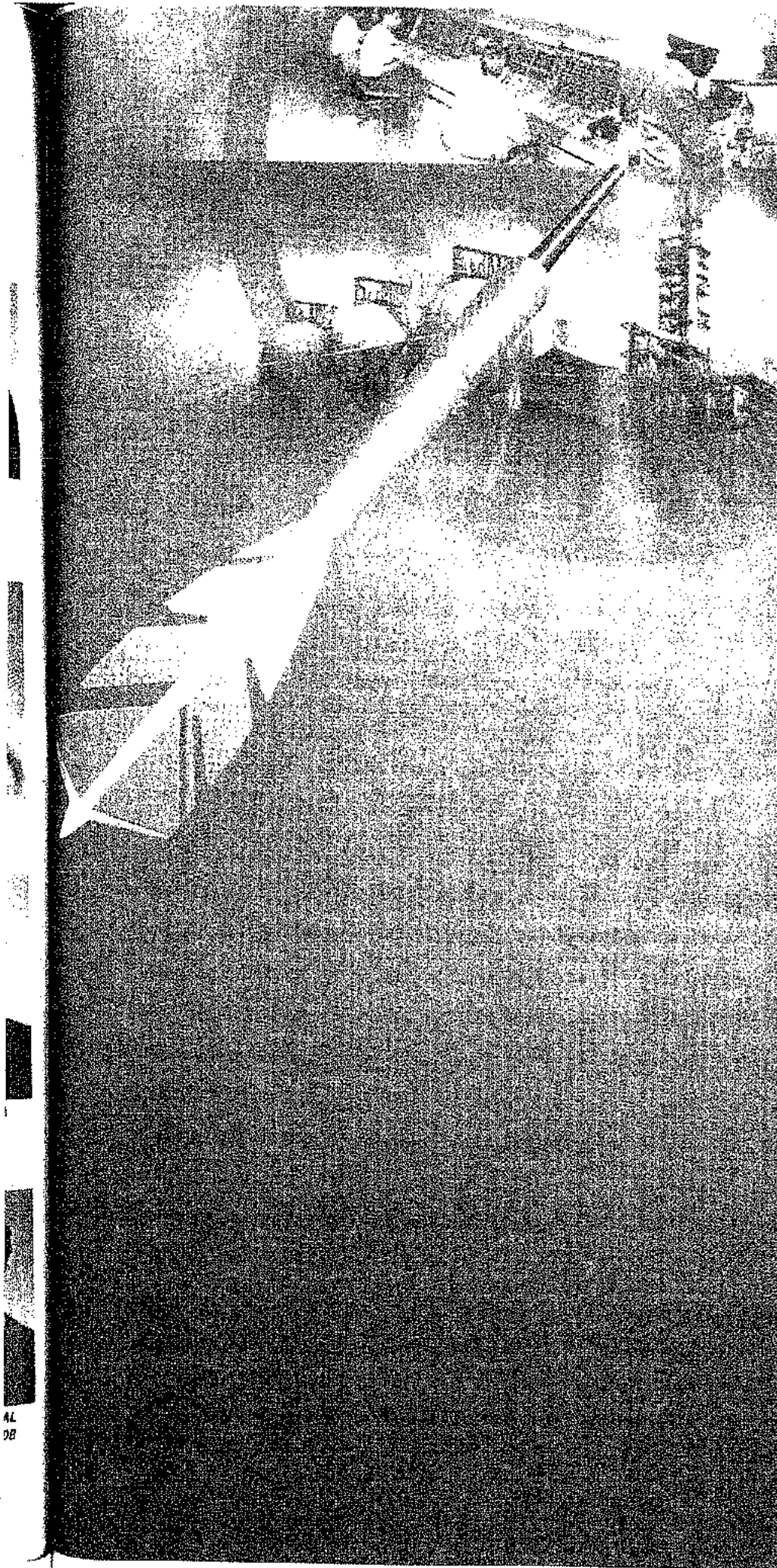
SHRI MOHIT SINHA
DIRECTOR



SHRI S. BEHURIA
DIRECTOR



SMT. V. SINGHAL
OBSERVER - OIGB



C O N T E N T S

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 8th Annual General Meeting of the Shareholders of Numatigarh Refinery Limited will be held at the Company's Registered Office, Lotus Tower, G. S. Road, Guwahati - 781005 on Friday, the 14th September, 2001 at 3.30 P.M. to transact the following Ordinary and Special business :-

A. Ordinary Business

1. To receive and adopt the Directors' Report including the Audited Profit & Loss Account for the year ended 31st March, 2001, and the Balance Sheet as at that date with reports of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri S. N. Mathur, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956 and is eligible for re-appointment.
4. To appoint a Director in place of Shri R. S. Guha, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956 and is eligible for re-appointment.
5. To appoint a Director in place of Shri M. B. Lal, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956 and is eligible for re-appointment.
6. To fix the remuneration of the Statutory Auditors for the years 2000-2001 and 2001-2002.

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

"RESOLVED that pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any of the Companies Act, 1956, remuneration of the Statutory Auditors be and is hereby approved to be fixed at Rs. 50,000/-, in addition to actual reasonable travelling and out of pocket expenses to be paid to the Statutory Auditors to be appointed by the Comptroller & Auditor General of India (C&AG) under Section 619(2) of the Act for the year 2001-2002 and for subsequent years, till further recommendation for increase in the remuneration is approved.

FURTHER RESOLVED that pursuant to the provisions of the said Act, fixation of the remuneration of the Statutory Auditors by the Comptroller & Auditor General of India at Rs. 40,000/- plus actual reasonable travelling and out of pocket expenses for the year 2000-2001, be and is hereby approved and ratified."

B. Special Business

7. Appointment of Shri Mohit Sinha, Dy. Secretary (Finance & Distribution), Ministry of Petroleum & Natural Gas as a Director of the Company

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

"RESOLVED that Shri Mohit Sinha, Dy. Secretary(Finance & Distribution), Ministry of Petroleum & Natural Gas, be and is hereby appointed as a Director of the Company."

Registered Office :
Lotus Tower, G.S.Road
Guwahati - 781005
Date : 20th August, 2001

By Order of the Board of Directors

(H.K.Sarmah)
Dy. Company Secretary

Notes :

1. Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of the above item of Special Business is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies in the alternative to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Following is the Explanatory Statement in respect of Special Business indicated in the Notice dated 20th August, 2001.

Item No.7: Appointment of Shri Mohit Sinha as a Director of the Company

Shri Mohit Sinha, Deputy Secretary (Finance & Distribution), Ministry of Petroleum & Natural Gas was appointed as Director w.e.f. 27th December, 1999 by the Board of Directors in the casual vacancy caused by resignation of Shri S. Velumani, pursuant to Section 262 of the Companies Act, 1956 read with Article 100 of the Articles of Association of the Company.

Shri Mohit Sinha, being appointed as Director in the casual vacancy is eligible for appointment by the Company as Director at 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 Mohit Sinha for the office of Director.

The Directors recommend appointment of Shri Mohit Sinha as Director of the Company.

None of the Directors, except Shri Mohit Sinha, is interested in the Resolution.

By Order of the Board of Directors

Registered Office :
Lotus Tower, G.S.Road
Guwahati - 781005
Date : 20th August, 2001

(H.K.Sarmah)
Dy. Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

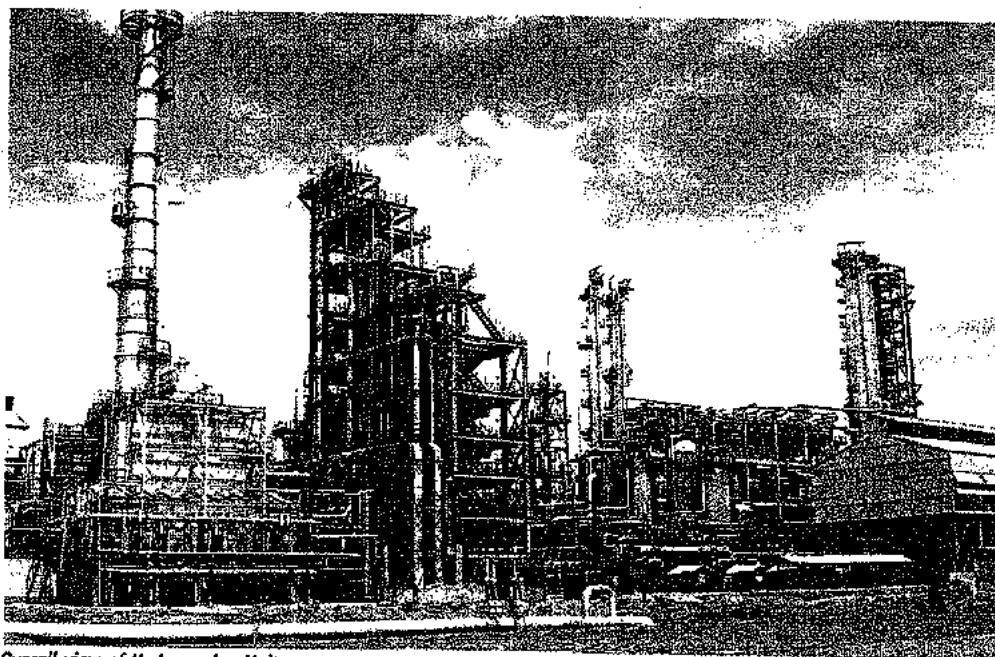
The Board of Directors of Numaligarh Refinery Limited (NRL) takes great pleasure in presenting the Eighth Annual Report of NRL together with the audited accounts for the year ended 31st March, 2001.

Financial Results

The working of NRL during 2000-2001 has two distinct phases of half yearly periods. While the first half signifies the last lap of the project phase, which includes the commissioning of the sophisticated Hydrocracker Unit in June, 2000, the second half represents the operating

period of the Refinery since the declaration of commercial production effective 1-10-2000.

During the year under review, the Company registered a profit before interest, depreciation and tax of Rs 182.88 crores relating to the period of operation. The profit before tax, after providing for depreciation and interest amounted to Rs. 23.60 crores and the net profit after tax amounted to Rs. 21.60 crores. The Company being exempted under section 80IB of the Income Tax Act, 1961 has provided the Minimum Alternate Tax (MAT) as required under the Act.



Overall view of Hydrocracker Unit

Financial performance at a glance are given below :

	(Rupees in Crores)
Sales Turnover	839.97
Gross Profit before	
Interest, Depreciation & Tax	182.88
Interest	92.24
Depreciation	67.04
Profit before Tax	23.60
Provision for Tax	2.00
Profit after Tax	21.60
Amount available for disposal	21.60

The Directors propose to appropriate this amount as under :

Towards Dividend	6.62
Towards Corporate Dividend Tax	0.68
Balance carried to	
Balance Sheet	14.30

The Directors are pleased to recommend in the very first year of commercial production a dividend of Rs.0.09 per share of Rs. 10/- for the financial year ended 31st March, 2001 for your approval. In terms of monetary implication, this will absorb Rs. 6.62 crores out of the profit after tax. After providing Rs. 0.68 crores for tax on corporate dividend, balance Rs.

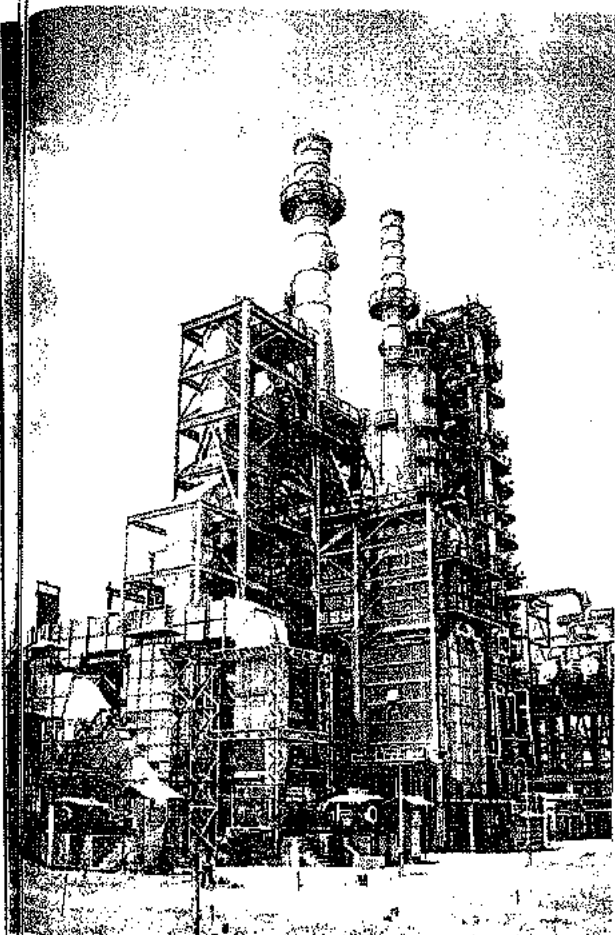
14.30 crores would be carried forward to Balance Sheet. NRL's net worth on the date of Balance Sheet stood at Rs. 839.89 crores.

The earnings per share (Profit after tax/ No. of shares) translates to Rs. 0.29 and cash earnings per share stands at Rs. 1.23. Total contribution made by NRL to the exchequer by way of taxes and duties amounts to Rs. 304.27 crores.

As on 31st March, 2001, total borrowings by way of term loan from banks and financial institutions stood at Rs. 1656.20 crores. In addition, the Company has availed loans from commercial banks amounting to Rs. 100 crores for working capital.

Consequent upon declaration of commercial production, the value of total assets capitalised on 30-9-2000 was Rs. 2513 crores which had increased to Rs. 2567 crores on 31st March, 2001. The debt equity ratio on 31st March, 2001 stood at 2:1.

The Government of India in line with its commitment for providing the required thrust towards expeditious development of the North Eastern Region, has extended various incentive package for this



Crude Distillation Unit/Vacuum Distillation Unit

developmental project. These incentives include the 'Excise Exemption' benefit for a period of 10 years, freight subsidy scheme till March, 2002, income tax holiday for a period of 7 years, reduction of interest rate by Oil Industry Development Board (OIDB) to 10% from earlier 16%/14% with effect from 1st April, 1999 for a period of three years subject to review thereafter on the entire loan of Rs. 1334

crores extended to NRL. These incentives would go a long way in improving the viability of the refinery under de-regulated scenario and NRL is expected to earn a reasonable level of return on its investment.

Share Capital

During the year, the paid-up share capital of the Company has increased from Rs. 642.46 crores to Rs. 735.63 crores. In terms of the approval of the Government, Oil India Limited (OIL) has subscribed 10% of NRL equity amounting to Rs. 90.82 crores. In addition, Govt. of Assam has also paid their remaining promoters contribution amounting to Rs. 2.35 crores. For raising balance portion of equity, NRL has initiated actions for deciding an opportune time-frame for accessing the capital market with a public issue.

As per the decision of the Government of India to strengthen the stand alone refineries in public sector by making them subsidiaries of integrated PSU refining and marketing companies, 172560522 no. of fully paid equity shares of Rs. 10/- each held by IBP Co. Limited (IBP) in NRL has been acquired by Bharat Petroleum

Corporation Limited on 31st March, 2001. Consequent upon above, NRL has become subsidiary of BPCL with effect from that date.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility Statement, it is hereby confirmed :

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- iii) that the directors had taken proper and sufficient care for the maintenance of the 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;

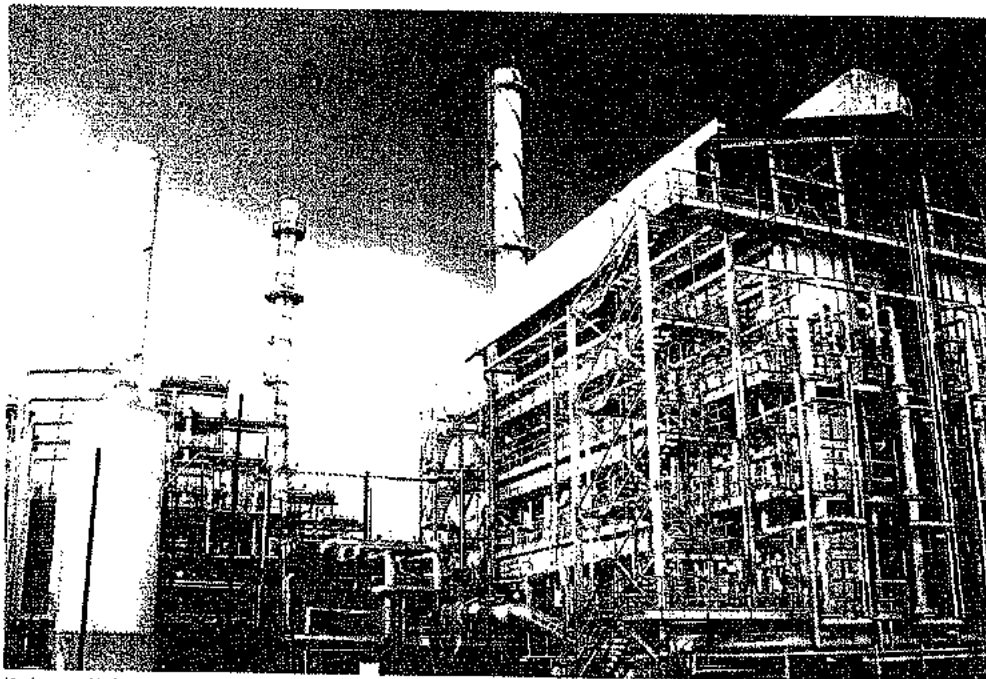
- iv) that the directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

Project Highlights

The state-of-the-art 3 MMTPA grass root refinery and the adjacent marketing terminal have been completed within the approved total project cost of Rs. 2724.64 crores and in good time despite tremendous odds typical to putting up a project in North East.

From the conceptual stage itself, NRL has taken strategies for ensuring optimised return and efficient and safe operations, some of which are :

- i) Technology was so chosen so as to give a high distillate yield of 93%, of which around 74% would be middle distillates alone and making it almost a zero bottom refinery.
- ii) Both the refinery and marketing terminal are fully automated supported by business system driven by ERP.



Hydrogen Unit

iii) Manpower of the refinery has been optimised and adequate training both within the country and abroad arranged for its employees.

iv) To ensure reasonable level of profit from the very beginning, emphasis has been given on cost control including reduction of interest burden by borrowing funds at lowest possible cost.

The refinery has been built adhering to the highest standards of safety and environmental protection, and has the technical capability to deliver products of

international specifications of HSD conforming to Euro II norms, without additional infrastructure support.

The Commissioning process of the refinery, undertaken in phases, has been successfully completed in June, 2000. All the units of the refinery except Coke Calcination unit (which was undertaken at a later stage and had no impact on the operation of the other processing units) were stabilised smoothly within a very short period along with the marketing terminal and the refinery commenced commercial production from 1st October, 2000.

Performance Highlights of the Refinery

In the first half of financial year i.e. during June to September, 2000, the company made sales of products made available from trial run of processing 416 TMT crude and earnings were netted off against pre-operative expenditure. During the operative period which covers the second half of the year i.e. from 1st October to 31st March, 2001, the refinery processed 1035 TMT of crude and 934 TMT of finished products were sold covering both controlled and decontrolled products. Thus the total crude throughput during the year was 1451 TMT representing 48.3% capacity utilisation (93.54% of OEB target). However, it may be worth mentioning that the refinery units were successfully tested for 100% capacity utilisation. The capacity utilisation of the refinery is closely linked to crude oil availability from OIL and ONGC fields of Upper Assam which is allocated by OCC.

Despite lower refinery Gate prices, arising out of relatively lower CIF prices of product ruling in the market, the Company has registered a modest net profit of Rs. 21.60 crores during the very first year of operation starting commercial production from October, 2000.

For the current year (2001-2002), the OEB target for crude processing has been pegged at 2.5 MMT equivalent to 83% capacity utilisation. OCC and MOP&NG have, however, been requested for higher allocation of crude for the year 2001-2002.

Marketing

During the year, the 'state-of-the-art' marketing terminal adjacent to the refinery with fully automated facilities for rail and road loading of various products produced in the refinery was commissioned and a total volume of 1.1 million metric tonnes of products has been despatched during the year 2000-2001 from this marketing terminal.

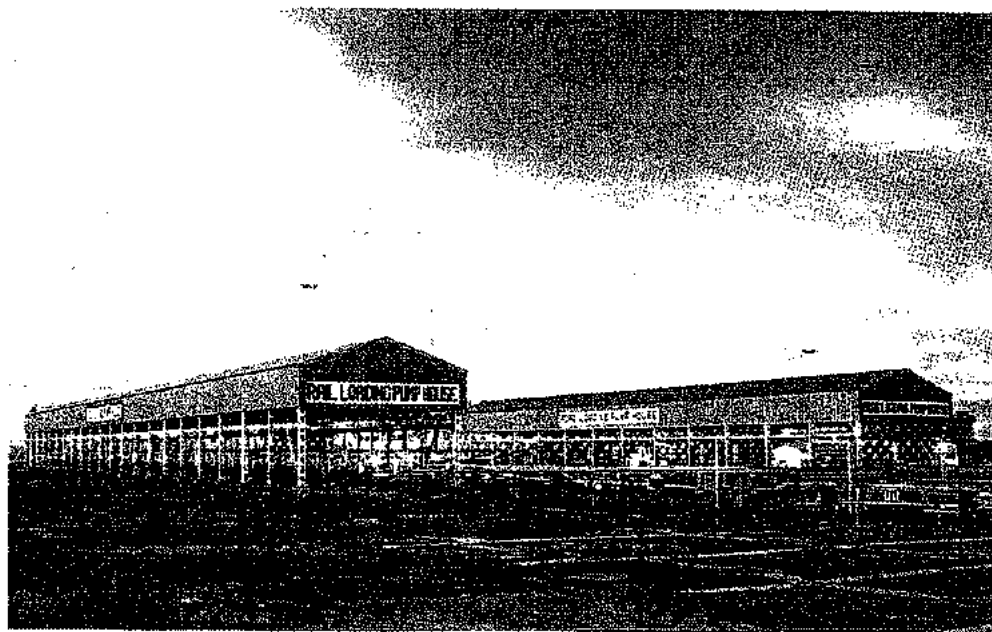
Availability of products from this refinery has totally eliminated the deficit of LPG and Kerosene from North East and the region is now surplus in all petroleum products. After fully meeting the demand of North East, around 77% of NRL products are being moved out of the region to the States of West Bengal, Bihar, Jharkhand, Orissa, Uttar Pradesh and Madhya Pradesh. NRL products are also being marketed in Bhutan and the quality of Winter Grade Diesel (HSD) produced by NRL has been highly appreciated in the Kingdom. A

small quantity of EURO-II HSD of 0.05% Sulphur content from Numaligarh Refinery had also been marketed on a trial basis.

The controlled products produced by Numaligarh Refinery during 2000-2001 were LPG, SKO and HSD and these were marketed through PSU Oil Marketing Companies, namely, BPCL, IOCL, HPCL and IBP Co. The decontrolled products produced by the refinery, namely, Naphtha, Furnace Oil, Raw Petroleum Coke and Sulphur are being marketed either directly by NRL or through BPCL and other PSU Marketing Companies. Marketing of ATF will start from the year 2001-2002.

While most of the surplus products

produced at Numaligarh Refinery are being evacuated to the locations outside North East by rail, a special approval was obtained from the Ministry of Petroleum and Natural Gas for generation of Tank Truck Fleet for evacuation by road upto 10% of the surplus products to outside North East locations. The required Tank Truck Fleet have been put in place by Oil Marketing Companies and accordingly, road bridging of surplus products to out side North East locations from Numaligarh Refinery has been carried out to the limited extent. This has established an alternative fall-back mode of evacuation for surplus NRL products. Further,



Rail/Road loading facilities at NRLMT

possibility of movement of products by barges using the riverways through Bangladesh to Budge Budge / Haldia is also being explored to keep the option open for a third alternative mode of transportation for evacuation of NRL products, keeping in view the vulnerability of North East region to rail/road disruptions due to natural calamities and other disturbances.

Efforts are also on for export of NRL products to geographically contiguous countries like Bangladesh and Myamar that are logistically easy to access from Numaligarh Refinery through road, rail and river route.

Enterprise -wide Resource Planning

The Company has been guided by the principle of making use of information technology as a strategic tool for management. An integrated IT environment has been developed with ERP as the key element to manage information needs of the organisation and to enhance operational efficiency in controlling resources. The ERP suite of applications have already been put in place and made

operational in phases, except for the Production module which is in an advanced stage of implementation. Enterprise connectivity has facilitated seamless information integration between ERP and real time process control systems including DCS and Terminal Automation System.

Energy Conservation

Energy conservation efforts have received continuous focus since conceptualisation of this refinery by adopting state-of-the-art refining technology and other energy conservation measures. The Specific Energy Consumption (MBTU/BBL/NRGF) which is a measure of fuel efficiency vis-a-vis complexity of refinery processing units has also improved month to month and is expected to achieve the design parameter in the current financial year.

To optimise the energy consumption, a few in-house projects have been initiated such as :

- ❖ Installation of slop oil coalescer for diversion of slop oil of VDU to gas oil pool
- ❖ To optimise the fuel consumption in stream reformer of Hydrogen Unit, a

Naphtha Coalescer is being installed in SR.Naphtha R/D.

- ❖ Use of neutraliser in CDU/VDU overhead for controlling the corrosion.
- ❖ Installation of Drum Skimmer to reduce the liquid hydrocarbon loss from ETP.

of the system. Adequate care is taken to ensure that the fire fighting infrastructure is always in a state of comprehensive readiness to meet any situation. Any incident of fire, accident as well as near miss incidents come for strict scrutiny by the management for taking remedial measures. A Safety Management System has been implemented in line with OISD guidelines.

Safety training is an ongoing activity covering all employees, security personnel, contractors' supervisors and workmen and emphasis is laid on specific 'in action' discharge of responsibilities in an hour of crisis.

Pre-commissioning safety audits were conducted by Oil Industry Safety Directorate. During operating period, the Company is undertaking safety inspection and audits at regular intervals. During the year under review, a total of 849200 Loss Time Accidents (LTA) free manhours was achieved after commissioning of the refinery.

Health

NRL accords high priority to providing adequate medical service as well as to



Fire Water Pump House

Safety Management System

NRL is committed to making the refinery a safe place for its employees and the community around and has accordingly invested substantially in automated safety and process control systems to ensure safe operations.

Risk analysis and Hazop studies have been carried out and the recommendations are implemented. Emergency mock drills are carried out periodically to check alertness of the staff and to check the effectiveness

prevention of work related health hazards. On World Environment Day i.e. 5th June, 2000, Refinery Medical Centre was reorganised as 'Occupational Health Service Centre'. The Company extends medical services to the employees and people in the neighbourhood on a round the clock basis at its hospital set up in the township.

Ecology and Environment

Numaligarh Refinery was conceptualised as one of the most environment friendly refineries in the country. Right from its inception, conscious efforts had been taken at every stage to preserve the environment complying with statutory norms prescribed by concerned authorities. Besides normal pollution control measures specific steps had been taken to ensure that there was no adverse impact on the adjacent Kaziranga National Park. In spite of processing low sulphur 'Assam Crude', a Sulphur Recovery Unit is established which is the first amongst the refineries processing 'Assam Crude'. The Effluent Treatment Plant with tertiary treatment facilities along with provision for re-use of treated effluents is considered to be one of

the most modern with latest technology. Installation of non-illuminating ground flare in the refinery is one amongst the firsts in the country. In addition, 100 meter Green Belt around the refinery and 25 meter around the marketing terminal has been created. Facilities are also provided for continuous monitoring of furnace stacks. Five continuous air monitoring stations are being installed. Meanwhile symbolic to our concern for environment, Guwahati University has been engaged for monitoring of ambient air quality in the vicinity of the refinery and also Kaziranga National Park. A modern sewage treatment facility in township and an incinerator system at hospital are also provided to take care of hygiene of the locality.

As a part of tree plantation programme, about 10,000 teak tree and about 2,400 other plants have been planted in and around the refinery and marketing terminal area.

Projects under Implementation

Coke Calcination Unit

The only significant unit provided in the refinery configuration presently under

implementation is the Coke Calcination Unit which would add value to the raw petroleum coke produced in the refinery. The project is in advanced stage of completion and is due for commissioning within the current financial year.

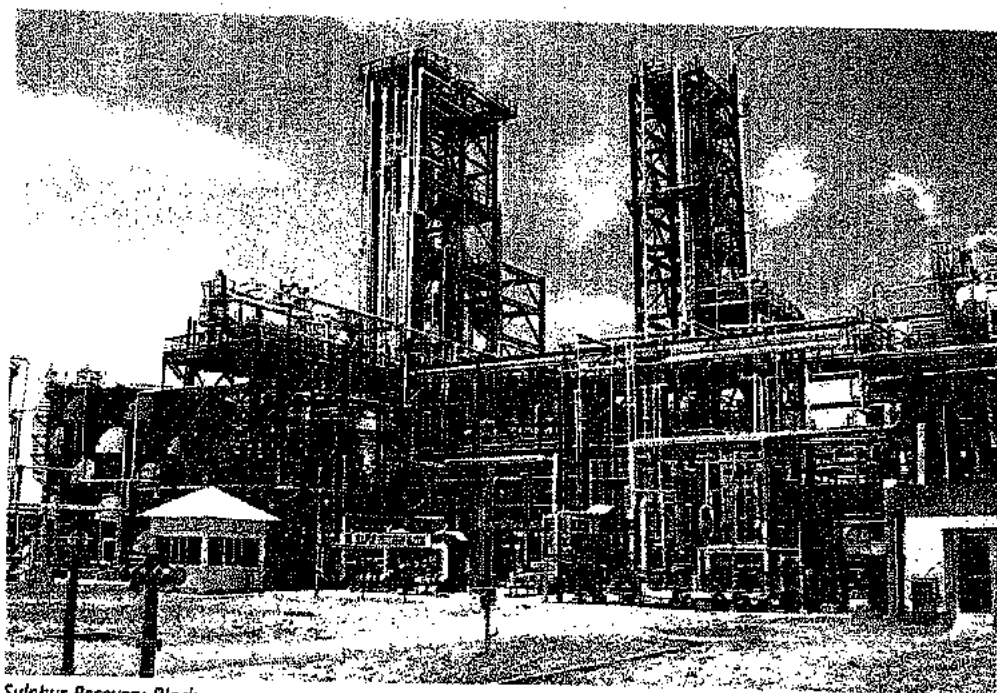
LPG Bottling Plant

In order to improve the viability of the refinery as well as to meet the demand of packed LPG in the region, a 10 TPA capacity LPG Bottling Plant is being set up within the marketing terminal premises at an estimated cost of Rs. 8.00 crores. All jobs pertaining to engineering, ordering

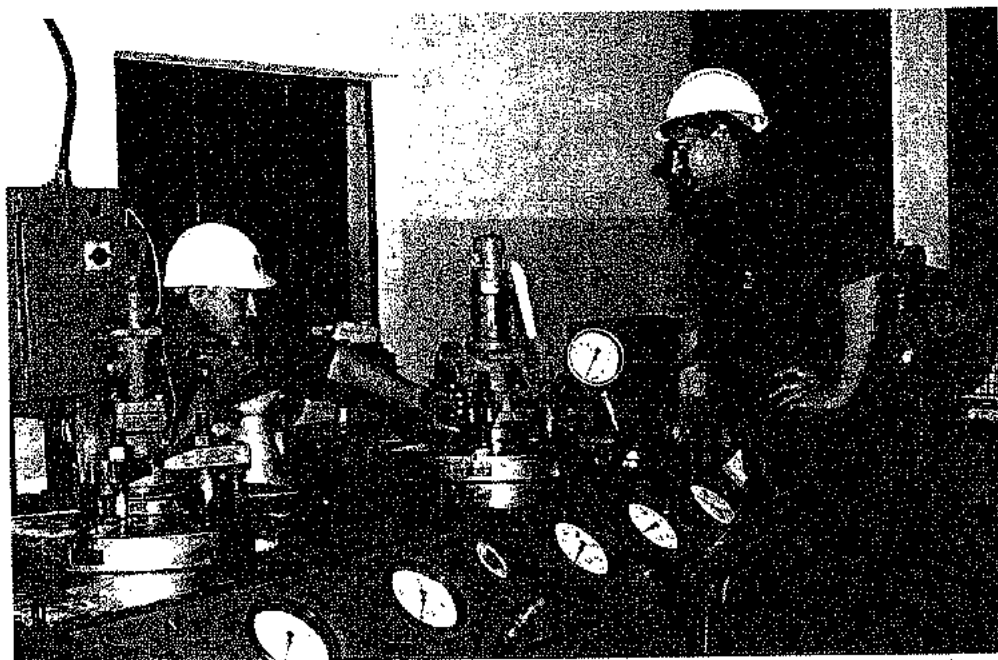
and contracting have been completed and the plant is scheduled for commissioning by December, 2001.

Preparedness for Meeting Future Challenge

This refinery, though relatively small in size, is exploring the possibility of producing low volume high value products based on inherent strength of the North East crude. Accordingly, for achieving consolidation and growth, NRL has incorporated in its long range plan, proposals for production of Wax including Micro-crystalline Wax, Aromatic recovery from Naphtha and setting up of a reformer



Sulphur Recovery Block



Men at work

for production of MS and setting up of a DHDS plant for meeting Euro III specification for HSD. NRL has also kept flexibility in the master plan for expansion by additional 3 MTPA in future subject to crude oil availability and demand growth.

To improve viability, NRL proposes, subject to Govt. approval, to take up marketing of POL products (both retail and consumer) in the North East and contiguous areas including exploring export possibility to Bangladesh and Myanmar.

Human Resource

NRL has continuously focused on its Human Resource development objective

which has played a key role in smooth and safe commissioning and subsequent operation of the refinery during the year. The total manpower of NRL as on 31st March, 2001 was 632 comprising 260 officers and 372 Non-Management Staff. Amongst these, there are 22 women employees and 3 physically challenged employees. Your company as on 31st March 2001 employed 101 employees belonging to SC/ST community and 155 employees belonging to Other Backward Class category. In line with its commitment to the welfare of its employees along with their families and to improving the quality of life, NRL has provided the best possible residential, educational and recreational facilities.

As a philosophy, NRL believes that the employees should be continuously enabled to acquire capabilities for effective performance of new roles / tasks that may arise in the process of organisational growth and change in the environment. In the current competitive market driven economy, positive work culture plays an important role. Hence, in order to foster collective responsibility, promote better interaction among employees and to inculcate the skills and qualities required under changing competitive environment, major thrust was provided to various behavioural training programmes during the year 2000-2001. Additionally, the Company has continued its policy of providing HR inputs in technical areas to develop their knowledge, skills and attitudes. Accordingly employees were deputed to attend various training programmes conducted by premier institutes in the country which enabled them to interact with other professionals and to imbibe best business practices. In addition, Simulator Training was provided to process personnel to familiarise in the key areas of plant operation. This has promoted a well knit cohesive team.

SC/ST Employees

The prescribed information on SC/ST Employees of the Company (Appendix 8, 8A & 9) are given in Annexure - B.

Industrial Relations

NRL is operating in a congenial industrial relations environment. All the issues are resolved through structured discussions between the representatives of employees and the management held regularly in pursuance with the principle of participative management.

Community Welfare

As a good corporate citizen, NRL's endeavour towards meeting its social objectives continues in right earnest through implementation of a structured 'community development plan' covering a range of community welfare projects and activities.

Promotion of Hindi Language

NRL has continued its efforts to propagate the use of Hindi in its official work and to lay emphasis on Hindi implementation in line with the Policy of Government of India for development and use of official language 'Hindi'.

Vigilance

The Vigilance Department has been strengthened with the joining of Shri Shankar Barua, IPS as Executive Director(Vigilance) in the rank of Inspector General of Police with effect from January, 2001. During the year, the compact and independent Vigilance Department carried out surprise and routine checks and conducted investigations into complaints and allegations as required. As a part of bringing awareness on the importance of vigilance, a slogan writing competition on the theme 'Dangers and evil consequences of corruption' was held amongst all employees. A seminar was also held to highlight the importance of Preventive Vigilance emphasising the role of vigilance as part of management function. The aforesaid activities have helped creation of a conducive vigilance environment in the organisation and have reinforced NRL's commitment towards maintaining highest standard of ethics and corporate integrity.

Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the particulars of employees are not required

to be furnished as none of the employees of the Company was in receipt of remuneration in excess of Rs. 12,00,000/- per annum or Rs. 1,00,000/- per month (when employed for part of the year).



Residential Complex at NRL Township

Conservation of Energy, Technology Absorption

Particulars required to be furnished pursuant to section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in the annexure A forming part of this report.

Foreign Exchange Earnings and Outgo

In absence of export activities, there is no foreign exchange earnings. Foreign exchange outgo during the year has been

Rs. 22.52 crores on account of procurement of capital goods component, chemicals, stores and spares, technical know how, basic engineering, Royalty, travelling etc.

Statutory Auditors

M/s K.C.Das & Co. Chartered Accountants, Guwahati were appointed by the Comptroller & Auditor General of India, for the year 2000-2001 under newly amended provisions of section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting. As required under newly introduced Section 224(8)(aa) of the said Act, a proposal for fixation of the remuneration payable to the Statutory Auditors is being placed at the ensuing Annual General Meeting for your consideration.

Directors

Since the last Annual General Meeting, Shri R. P. Singh, General Manager (JVR), BPCL had relinquished his office as Director w.e.f. 31st January, 2001. The Board has placed on record its appreciation of the valuable services rendered by Shri R. P. Singh during his tenures as Director of NRL.

As per the provisions of Section 262 of the Companies Act, 1956 read with Article 100 of the Articles of Association of the

Company, Shri S. Behuria, Director (Marketing), BPCL was appointed by the Board as Director with effect from 31st January, 2001 in the casual vacancy caused by the resignation of Shri R.P. Singh. Shri Behuria having been appointed in casual vacancy shall hold office upto the date to which Shri R.P. Singh would have held office as Director, had he not resigned as aforesaid.

Shri Mohit Sinha, Deputy Secretary (Finance & Distribution), Ministry of Petroleum & Natural Gas was appointed as Director under Section 262 of the Companies Act, 1956 w.e.f. 27th December, 1999 by the Board of Directors in the casual vacancy caused by resignation of Shri S. Velumani, pursuant to the Article 100 of the Articles of Association of the Company.

Shri Mohit Sinha will hold office upto the date to which Shri S. Velumani would have held office as Director, had he not resigned as aforesaid. The company has received notice under Section 257 of the Companies Act, 1956 proposing the name of Shri Mohit Sinha for appointment as Director at the ensuing Annual General Meeting.

As per the provisions of Section 256 of the Companies Act, 1956, three Directors - Shri S. N. Mathur, Shri R. S. Guha and Shri M. B. Lal will retire by rotation at the

ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Directors at the said meeting.

Acknowledgement

The Company has succeeded in registering a modest profit during the very first year of its operation that has generated tremendous confidence and enthusiasm amongst the employees which augurs well for future growth of the Company. The Directors take this opportunity to congratulate all the employees to make this dream refinery come true and place on record the sincere appreciation of the commitment, initiative and hard work exhibited by the members of NRL family.

The Directors wish to take on record the contributions made by M/s Engineers India Limited, the Prime Consultant and all other agencies including contractors and their employees in successful commissioning and subsequent operations of the refinery and the marketing terminal.

The Directors are thankful to Oil India Limited and ONGC for making available the required crude oil to this refinery and to N.F. Railways for timely evacuation of products.

The Directors are grateful for all the help, guidance and support received from the Government, particularly from the Ministry of Petroleum & Natural Gas. The Directors are also grateful to the other concerned Ministries of the Government, Oil Coordination Committee, Oil Industry Development Board, Banks and Financial Institutions for extending their cooperation and timely support to this developmental project.

Last but not the least, the Directors wish to thank the promoters, namely Bharat Petroleum Corporation Limited and Govt. of Assam and other valued shareholders for reposing confidence in the management by investing in the shares of the Company. The Directors are confident that with the continued support from its employees, shareholders and all other concerned agencies, NRL would sustain excellent performance in the deregulated environment and live up to the expectation of the people of Assam.

For and on behalf of the Board of Directors

U. Sundararajan
Chairman

13th August, 2001

ANNEXURE 'A' TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Energy conservation efforts received continuous focus since conceptualisation of this refinery by adopting state-of-the-art refining technology and other energy conservation measures like 'Pinch' technology, maximisation of air cooling, high level furnace efficiency, state-of-the-art instrumentation and digital control etc.

In the current financial year, efforts are being put in to reduce energy consumption and loss by means of process units optimisation and stabilisation.

The following activities are planned to reduce energy consumption and loss :

1. Utilisation of LP fuel gas in crude distillation unit heater.
2. Slop processing in Delayed Coker Unit as quench
3. Commissioning of power recovery turbine in Hydrocracker Unit
4. Commissioning of Auto Sampler in crude oil pipeline
5. Optimisation of furnace efficiency
6. Enhancing oil recovery from ETP
7. Online blending of the products
8. Maximisation of fuel gas utilisation
9. Pre-heat Train optimisation
10. Hot feed to secondary processing unit

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, ADAPTATION & INNOVATION

In terms of technology, this refinery is one of the most modern, energy efficient and environment friendly refineries of the contemporary era with the incorporation of the state-of-the-art technologies.

The refinery units are operated by a distributed control system out of one central control room, which allows very good communication between the units. All data from this control system can be made available on the desktop PC of every engineer, allowing very efficient and effective unit monitoring.

The refinery constantly provides feedback to process licensors - namely M/s. Chevron of USA for Hydrocracker and M/s. Haldor Topsoe of Denmark for Hydrogen unit for their suggestions and comments.

Hydrocracker technology benefited towards the maximisation of middle distillates production, upgradation of inferior quality products to superior quality of products, reduction in heavy ends of crude oil etc. The Hydrogen Unit is required to supply of Hydrogen to Hydrocracker unit. Due to this technology, it was possible, with the current level of operation, to produce HSD with EURO-II specification without DHDS unit.

In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following as required are furnished :

Technology Imported	Year of Import
Hydrocracking	1994-95/1995-96
Hydrogen generation	1994-95/1995-96
Coke calcination	1997-98
Has technology been fully absorbed?	Except Coke Calcination, Hydrocracking and Hydrogen technology have been absorbed fully.
If not fully absorbed, area where this has not taken place, reasons thereof and future plans of action	Coke Calcination unit is under construction and the same is expected to be commissioned during the current year.

Research & Development Activities

During the year under review, efforts were concentrated towards successful commissioning of the refinery and the marketing terminal and subsequent operation of all the units on a sustained basis out-turning commercially viable quantities of products. Therefore, no major R&D activities could be taken up. However, as a part of R&D initiative through internal innovation, NRL has established its capability to produce entire HSD pool conforming to EURO-II specification at the current level of operation without changing the existing refinery configuration.

FORM A

Form for disclosure of particulars with respect of conservation of energy

A. Power & Fuel Consumption		2000 / 01
1 Electricity		
a) Purchased		
Unit (million KWH)		0.21
Total Amount (Rs. Lakhs)		7.82
Rate / Unit (Rs./KWH)		3.70
b) Own Generation		
Captive Power Plant		
Net (million KWH)		136.83
Fuel Consumption (Qty - MT)		
Naphtha		36678
HSD		24746
Total Fuel (MT)		61424
Total Amount (Rs. Lakhs)		6994.92
Cost / Unit (Rs./KWH)		5.11
2 Internal Consumption		
a) Liquid Fuel		
Quantity (MT)	Naphtha	28162
	FO	46028
	LPG	430
	Total Fuel (MT)	74621
	Total Amount (Rs. Lakhs)	7329
	Avg. Rate (Rs./Unit)	9822
b) Refinery Gas		
Quantity (MT)		30914
Total Amount (Rs. Lakhs)		2195
Avg. Rate (Rs./Unit)		7101.34

Due to first year of commercial production comparison could not be carried out. However it is expected that the energy consumption will tend to reduce as all the units have been stabilised and guarantee test runs of all the units completed.

Energy Consumption per unit of production

	UNIT	STD. IF ANY	2000 / 01
ELECTRICITY	KG/MT		48.32
LIQUID FUEL	KG/MT		58.70
REFINERY GAS	KG/MT		24.32

ANNEXURE 'B' TO THE DIRECTORS' REPORT

APPENDIX 8

Ministry - MINISTRY OF PETROLEUM & NATURAL GAS

Name of PSU - NUMALIGARH REFINERY LIMITED

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 31.3.2001

Group/Class	Permanent/ Temporary	Total No. of employees	Scheduled Castes	% of total employees	Scheduled Tribes	% of total employees	Remarks
Group - A Other than lowest rung of Group - A	Permanent	260	14	5.38%	11	4.23%	-
Lowest rung of Group-A	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total		260	14	5.38%	11	4.23%	-
Group - B	Permanent	-	-	-	-	-	-
Group - C	Permanent	366	25	6.83%	50	13.66%	-
Group - D (Excluding Sweepers)	Permanent	6	-	-	1	16.6%	-
Group - D (Sweepers)	NIL	-	-	-	-	-	-
Total		632	39	6.17	62	9.81 %	

APPENDIX 8 A

Statement showing representation of Scheduled Castes & Scheduled Tribes in each Service Controlled by the Ministry

Ministry : MINISTRY OF PETROLEUM & NATURAL GAS

Name of PSU: NUMALIGARH REFINERY LIMITED

(a) Position as on 31.3.2001

Grades of the Service including Scale of Pay		Groups	Total no. of Posts	Total No. of employees	Employees belong to		
Grades	Scale of Pay				Other Community	SC	ST
1	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NON-SUPERVISORY EMPLOYEES							
I	Rs. 2230-40-2510-50-2910-60-3450	D	6	6	5	-	1
II	Rs. 2250-50-2600-60-3080-70-3710	C	-	-	-	-	-
III	Rs. 2300-60-2720-70-3280-80-4080	C	21	21	15	1	5
IV	Rs. 2360-75-2855-85-3565-95-4515	C	4	4	3	1	-
V	Rs. 2450-85-2960-95-3530-105-4895	C	96	96	69	7	20
VI	Rs. 2550-100-3150-110-3810-120-5370	C	224	224	187	15	22
VII	Rs. 2660-105-3185-115-3990-130-5680	C	21	21	17	1	3
VIII	Rs. 2780-110-3330-125-4205-140-6025	B	-	-	-	-	-
SUPERVISORY EMPLOYEES							
01	Rs. 6550- 11350	A	-	-	-	-	-
02	Rs. 10750-16750	A	-	-	-	-	-
A	Rs. 12000- 17500	A	128	128	112	12	4
B	Rs. 13750-18700	A	58	58	54	1	3
C	Rs. 16000-20800	A	26	26	24	-	2
D	Rs. 17500-22300	A	25	25	23	1	1
E	Rs. 18500-23900	A	10	10	9	-	1
F	Rs. 19000-24750	A	9	9	9	-	-
G	Rs. 19500-25600	A	1	1	1	-	-
H	Rs. 20500-26500	A	3	3	3	-	-

APPENDIX 9 Para (14.1)

Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes

Ministry : **MINISTRY OF PETROLEUM & NATURAL GAS**

Name of PSU : **NUMALIGARH REFINERY LIMITED**

(During the year 2000)

Class of Posts	Total No. of Vacancies		Scheduled Castes						Scheduled Tribes						Remarks
	Notified	Filled	No. of Vacancies reserved		No. of SC	No. of SCs	No. of STs candidates	No. of reservation lapsed	No. of Vacancies reserved						
			Out of Col. 2	Out of Col. 3	Candidates appointed	Vacancies carried forward	Appointed against vacancies reserved for SCs in the 3rd year of carry forward	After carrying forward for three years	Out of Col. 2	Out of Col. 3	No. of STs candidates appointed	No. of STs vacancies carried forward from the previous year	No. of SCs candidates appointed against vacancies reserved for STs in the 3rd year of carry forward	No. of reservations lapsed after carrying forward for three years	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Posts filled by Direct Recruitment															
Group - A	21	21	3	2	2	-	-	-	1	1	1	-	-	-	-
Other than lowest rung of Group -A															
Lowest rung of Group -A															
Group - B	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group - C	42	42	2	2	2	-	-	-	4	6	6	-	-	-	-
Group - D (Excluding Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group - D (Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Posts filled by Promotion	No promotions have taken place to attract reservation.														
Group - A															
Other than lowest rung of Group -A															
Lowest rung of Group -A															
Group - B	No Promotions have taken place.														
Group - C	No Promotions have taken place.														
Group -D (Excluding Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group -D (Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF NUMALIGARH REFINERY LIMITED,
GUWAHATI FOR THE YEAR ENDED 31ST MARCH, 2001**

I have to state that the Comptroller and Auditor General of India has no comments upon or supplements to the Auditors' Report under Section 619(4) of the Companies Act 1956 on the accounts of Numaligarh Refinery Limited for the year ended 31st March, 2001.

Dated, Kolkata
The 16th August, 2001

(A. Pattanayak)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - I,
Kolkata

AUDITORS' REPORT TO THE SHAREHOLDERS OF NUMALIGARH REFINERY LIMITED

We have audited the attached Balance Sheet as at 31st March, 2001 and also the annexed Profit & Loss Account for the year ended on that date together with schedules referred to therein of NUMALIGARH REFINERY LIMITED and to report that -

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order, wherever applicable.
2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - 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 accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
 - C) The said Balance Sheet is in agreement with the books of accounts.
 - D) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - E) On the basis of the records available and confirmations given by companies, we report that none of the directors have defaulted in complying with the provisions of the Companies Act, 1956 (wherever applicable) on the matters as enumerated in clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956 as on 31st March, 2001 and they are not disqualified from being appointed as a director.

- F) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the Notes and Significant Accounting Policies in Schedules 24 & 25 respectively gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view of the state of affairs of the Company as at 31st March, 2001.
- G) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Statement of Significant Accounting Policies (Schedule 25), Notes on Accounts (Schedule 24) and other Schedules give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2001; and
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place : Guwahati
Dated : July 4, 2001

For K.C.DAS & CO
Chartered Accountants

(K.C.Das)
Proprietor

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph (1) of our report of even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of the fixed assets. We are informed that all these fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
2. None of the Fixed assets have been revalued during the year.
3. The stock of finished products, stores and spares and raw materials have been physically verified by the management during the year at reasonable interval. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of its business.
4. In our opinion, the procedures of physical verification of stock of finished products, stores and spares and raw materials followed by the company are reasonable and adequate in relation to the size of the company and nature of business.
5. We have been informed that discrepancies noticed on physical verification of stocks were not material as compared to book records and have been properly dealt with in the accounts.
6. We are of the opinion that the valuation of stock is fair and were done as per normally accepted accounting principle. The valuation of stock is same as in the previous year except as stated in note no. 1 of schedule 24 to the accounts, regarding change in the method of valuation of intermediate stocks. As a result of these change, the value of closing stock of intermediates is higher by Rs. 1.12 crores and the profit for the year is higher by Rs. 1.12 crores
7. The Company has not taken any loans, secured or unsecured, from Companies, Firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
8. The company has not granted any loans to the Companies, Firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
9. The Company has granted loans to some of its employees who are repaying principal & interest as per stipulation.
10. In our opinion, there are adequate internal control procedures commensurate with the size of Company and the nature of its business for the purpose of purchase of stores, raw materials, plant & machinery, equipment and other assets and for sale of goods.

11. In our opinion and according to the information and explanation given to us, there are no purchase of goods/ materials and sale of goods/materials exceeding Rs.50000.00 in value for each type thereof made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act except purchase from /sale to Government owned Companies.
12. As explained to us, the company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and no provision for loss is provided in the books based on the assessment of the management.
13. The Company has not accepted any deposits from public during the year.
14. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
15. The Cost Accounting Record Rules are not applicable to any of the products.
16. The company is regular in depositing provident fund dues with the appropriate authority. The Employees State Insurance Scheme does not apply to the employees of the Company.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at the last day of the financial year for a period of more than 6 months from the date they became payable.
18. According to the information and explanations given to us, no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
19. The Company is not a sick industrial company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. Other paragraph of the aforesaid order are either not applicable for this year or do not require our comments.

For K.C.DAS & CO
Chartered Accountants

Place : Guwahati
Dated : July 4, 2001

(K.C.Das)
Proprietor



BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule	As at 31.03.2001		As at 31.03.2000	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUND					
(1) Shareholders' Fund					
a) Capital	1	7,356,315,440		6,424,558,260	
b) Reserve and Surplus	2	1,143,020,416	8,499,335,856	1,000,000,000	7,424,558,260
Advance for Share Capital	2(a)				184,209,789
(2) Loan Funds					
a) Secured Loans	3	5,859,706,347		3,709,955,414	
b) Unsecured Loans	4	12,510,995,689	18,370,702,036	13,025,772,047	16,735,727,461
TOTAL			26,870,037,892		24,344,495,510
APPLICATION OF FUND					
(1) Fixed Assets					
(a) Gross Block	5	25,629,980,163		5,347,712,629	
(b) Less : Depreciation	5	670,432,140		378,498,835	
(c) Net Block	5	24,959,548,023		4,969,213,794	
(d) Capital Work-in-Progress	6	1,056,323,421	26,015,871,444	20,240,619,140	25,209,832,934
(2) Investments					
(3) Current Assets, Loans & Advances					
a) Inventories	7	3,106,799,918		1,394,303,278	
b) Sundry Debtors	8	605,332,089			
c) Cash & Bank Balances	9	233,447,576		18,842,808	
d) Other Current Assets					
e) Loans & Advances	10	1,145,480,661		190,945,780	
		5,091,060,244		1,604,091,866	
Less : Current Liabilities & Provisions					
a) Liabilities	11	4,209,220,596		2,470,604,917	
b) Provisions	12	128,132,999		70,562,685	
Net Current Assets			753,706,649		(937,075,736)
(4) Miscellaneous Expenditure to the extent not written off or adjusted	13		100,459,799		71,738,312
TOTAL			26,870,037,892		24,344,495,510
Notes to the Accounts	24				
Significant Accounting Policies	25				

The schedules referred to above form an integral part of Accounts

For and on behalf of the Board of Directors

R. K. Dutta
Managing Director

B. K. Das
Director (Finance)

New Delhi
Date : July 3, 2001

H. K. Sarmah
Dy. Company Secretary

As per our attached report of even date

For K. C. Das & Co.
Chartered Accountants

K. C. Das
Proprietor
Guwahati
Date : July 4, 2001

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule	2000-2001 Rs.	1999-2000 Rs.
INCOME			
Sale of Products	14	8,399,695,842	—
Excise duty refund		2,305,886,126	—
Interest and other income	15	35,011,837	10,848,939
Increase/(decrease) in stocks	16	489,555,231	—
Total Income		11,230,149,036	10,848,939
EXPENDITURE			
Raw materials consumed	17	5,996,949,442	—
Duties		3,015,927,061	—
Consumption of Chemicals		15,009,192	5,495,398
Consumption of stores, spares and materials		17,337,932	22,266,011
Power & Fuel	18	27,192,014	148,719,277
Employees remuneration and other benefits	19	94,588,184	152,788,571
Interest	20	922,368,072	1,531,613,523
Other operating and administration expenses	21	214,212,520	221,042,434
Depreciation	5	670,436,105	226,630,096
Write off. of Misc. Expenditure incurred during construction period		20,092,000	—
Total Expenditure		10,994,112,522	2,308,555,310
Profit for the year		236,036,514	—
Excess of Expenditure over Income - previous year			2,297,706,371
Prior period expenses	22	—	(4,366,056)
Profit before tax (2000 : Excess of Expenditure over Income after prior period adj-previous year)		236,036,514	2,293,340,315
Provision for Taxation		20,056,161	3,177,632
Excess/(Short) provision for taxation in earlier years	23	—	(35,690,592)
Surplus/(Deficit for the year)		215,980,353	2,260,827,355
Transfer to Pre-operative Expenditure a/c		—	2,260,827,355
Disposable Profit		215,980,353	—
Appropriations :			
Proposed Dividend		66,206,839	
Tax on Dividend		6,753,098	
Transfer to General Reserve		—	
Balance carried to Balance Sheet		143,020,416	—
Notes to the Accounts	24		
Significant Accounting Policies	25		

The schedules referred to above form an integral part of Accounts

For and on behalf of the Board of Directors

As per our attached report of even date

R. K. Dutta
Managing Director

For **K. C. Das & Co.**
Chartered Accountants

B. K. Das
Director (Finance)

H. K. Sarmah
Dy. Company Secretary

K. C. Das
Proprietor

New Delhi
Date : July 3, 2001

Guwahati
Date : July 4, 2001

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
Schedule - 1		
SHARE CAPITAL		
Authorised		
100,00,00,000 Equity Shares of Rs. 10 each	10,000,000,000	10,000,000,000
Issued, Subscribed and Paid-up		
(73,56,31,544 fully paid equity shares of Rs. 10/- each)	7,356,315,440	6,424,558,260
(2000 : 64,24,55,826 Equity Shares of Rs. 10/- each)		
(46,31,88,824 fully paid equity shares of Rs. 10/- each was held by the Holding Company - BPCL as on 31-03-2001)		
Total	<u>7,356,315,440</u>	<u>6,424,558,260</u>
Schedule - 2		
RESERVE AND SURPLUS		
Capital Reserve		
As per last Account	1,000,000,000	1,000,000,000
Add : Transferred during the year	—	—
General Reserve		
As per last Account	—	—
Add : Transferred from Profit and Loss Account	—	—
Profit and Loss Account		
(As per Annexed Report)	143,020,416	—
Total	<u>1,143,020,416</u>	<u>1,000,000,000</u>
Schedule - 2 (a)		
ADVANCE FOR SHARE CAPITAL		
Oil India Limited	—	184,209,789
Total	<u>—</u>	<u>184,209,789</u>
Schedule - 3		
SECURED LOANS		
Loans and Advances From Banks		
(Secured by Hypothecation of Plant & Machinery)	4,180,164,512	3,225,665,414
(Includes Rs. 109186/- (2000 : Rs. 45665414/-) Interest Accrued and due		
Working Capital Loan	1,202,275,835	—
(Secured by Hypothecation of Current Assets)		
(Includes Rs. 359041/- (2000 : Nil) Interest Accrued and due		
Other Loans and Advances		
HUDCO	477,266,000	484,290,000
(Secured by Equitable Mortgage on Township Land & Building)		
(Includes Rs. 82624000/- (2000 : Rs. 82624000/-) due for payment within one year)		
Total	<u>5,859,706,347</u>	<u>3,709,955,414</u>

As at 31.3.2001
Rs.

As at 31.3.2000
Rs.

Schedule - 4

UNSECURED LOANS

Other Loans and Advances :

Others :

Oil Industry Development Board

12,510,995,689

13,025,772,047

(Includes Interest Accrued & Due of Rs. 606345688/-)

(Includes Rs. 1841000000/- (2000 : Rs. 1290272046/-) due for payment within one year)

Total

12,510,995,689

13,025,772,047

Schedule - 5

FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-04-2000	Addition	Disposal/Adjustment	As at 31-03-2001	As at 01-04-2000	For the Year	Disposal/Adjustment	Upto 31-03-2001	As at 31-03-2001	As at 31-03-2000
Land	98,150,007	2,017,982	—	100,167,989	—	—	—	—	100,167,989	98,150,007
Furniture & Fittings	30,245,419	11,846,023	15,517,384	26,574,058	13,015,718	4,160,181	15,517,715	1,658,184	24,915,874	17,229,701
Equipment	104,187,326	187,324,108	25,260,696	266,250,738	18,702,191	16,433,677	23,898,088	11,437,780	254,812,958	85,485,135
Plant & Machinery	3,963,576,502	19,492,406,568	454,744,824	23,001,238,246	293,818,577	722,747,494	380,621,562	635,944,509	22,365,293,737	3,669,757,925
Building	1,143,744,089	1,196,194,048	110,391,531	2,229,546,606	51,752,169	30,181,770	60,930,450	21,003,489	2,208,543,117	1,091,991,920
Transport Equipment	7,809,286	92,326	1,699,086	6,202,526	1,210,180	877,082	1,699,084	388,178	5,814,348	6,599,106
TOTAL	5,347,712,629	20,889,881,059	507,613,521	25,629,980,163	378,498,835	774,400,204	482,466,899	670,432,140	24,959,548,023	4,969,213,794
Previous Year	2,915,083,885	2,438,217,696	5,588,952	5,347,712,629	137,758,016	242,271,054	1,530,236	378,498,835	4,969,213,794	2,777,325,869

- Notes:** (1) Out of total depreciation of Rs. 77,44,00,204/-, Rs. 10,39,64,099/- was transferred to Construction Period Expenditure on Capitalisation as on 30th September, 2000.
- (2) On Capitalisation as on 30th September, 2000 Cumulative Depreciation of Rs. 46,54,97,969/- was adjusted against the Gross Block of Assets.
- (3) Borrowing cost capitalised during the year on capitalisation of various assets on commencement of commercial production is Rs. 578,56,84,047/-.

As at 31.3.2001
Rs.

As at 31.3.2000
Rs.

Schedule - 6

CAPITAL WORK-IN-PROGRESS

Work-in-Progress	632,763,701	12,894,505,312
Capital Advance	199,970,460	513,967,091
Construction period expenditure pending allocation :		
Amount brought from previous year	6,832,146,737	4,951,363,482
Add : Excess interest capitalised in P/Y written back	71,926,300	—
Add : Net expenditure during the year (as per annexure)	1,192,234,640	2,260,827,355
Sub-total (a)	8,096,307,677	7,212,190,837
Less : Capitalised during the year (b)	7,808,848,998	59,606,100
Less : Transferred to Deferred Revenue Expenditure (c)	63,869,419	—
Less : Interest on GOI written off (d)	—	320,438,000
Balance pending allocation at the end of the year : (a-b-c-d)	223,589,260	6,832,146,737
Total	1,056,323,421	20,240,619,140

Schedule - 7

INVENTORIES

Stores & Spares	682,821,504	74,748,000
Stores & Spares in Transit	89,950,318	56,900,697
Raw Material	87,152,676	470,265,330
Stock in Process	384,567,462	792,389,251
Finished Goods	1,862,307,958	—
Total	3,106,799,918	1,394,303,278

Schedule - 8

SUNDRY DEBTORS

Over six months	—	—
Secured Considered Good	—	—
Unsecured Considered Good	1,306,634	—
Others	—	—
Unsecured Considered Good	604,025,455	—
Total	605,332,089	—

Schedule - 9

CASH AND BANK BALANCES

Cash/Cheques in Hand (includes cheques of Rs. 210295110 on hand)	210,558,233	157,084
With Schedule Banks :		
In Current Account	6,732,725	11,426,141
In Term Deposit Account	15,877,570	6,963,750
Interest accrued on Term Deposits	279,048	295,833
With others	233,447,576	18,842,808
Total	233,447,576	18,842,808

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
Schedule - 10		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
a. Secured and considered good	25,047,626	14,200,034
b. Unsecured and considered good	175,551,532	53,225,579
Claims		
Unsecured and considered good	840,539,082	2,587,389
Balance with Tax authorities		
Unsecured and considered good	95,645,918	110,721,600
Sundry deposits		
Unsecured and considered good	8,696,503	10,211,178
Total	<u>1,145,480,661</u>	<u>190,945,780</u>
Schedule - 11		
CURRENT LIABILITIES		
Sundry Creditors		
Total dues of SSI's	516,636	1,158,736
Total dues of creditors other than SSI's	<u>3,623,981,681</u>	<u>1,703,323,106</u>
Deposits payable	3,624,498,317	1,704,481,842
Other Liabilities	56,366,916	68,981,232
	528,355,363	41,481,626
Interest accrued but not due	—	655,660,217
Total	<u>4,209,220,596</u>	<u>2,470,604,917</u>
Schedule - 12		
PROVISIONS		
Provision for Taxation	45,073,046	63,575,859
Provision for Post Retirement Benefits	3,215,848	3,859,113
Provision for Leave Encashment	6,884,168	3,127,713
Provision for Dividend	66,206,839	—
Provision for tax on Dividend	6,753,098	—
Total	<u>128,132,999</u>	<u>70,562,685</u>

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
Schedule - 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenditure	23,533,909	28,240,908
Deferred Revenue Expenditure	76,925,890	43,497,404
(Other indirect expenditure not related to construction incurred during the project period)		
Total	<u>100,459,799</u>	<u>71,738,312</u>
Schedule - 14		
SALES		
Sales	8,219,695,842	—
Net claim from/(surrender) from Industry Pool Account	180,000,000	—
Total	<u>8,399,695,842</u>	<u>—</u>
Schedule - 15		
INTEREST AND OTHER INCOMES		
Interest Earned on		
Loans and Advances	213,794	3,721,606
Short Term Deposits with Banks	482,153	1,177,515
Others	—	4,586,846
Profit on Sale of Scrap/Stores	1,819,947	—
Profit on Sale and Disposal of Assets	—	2,550
Recoveries from employees	293,658	752,177
Other Miscellaneous Income	32,202,285	608,245
Total	<u>35,011,837</u>	<u>10,848,939</u>
Schedule - 16		
INCREASE/(DECREASE) IN INVENTORY		
Value of Closing stock of		
Stock-in-process	384,567,462	—
Finished goods	<u>1,862,307,958</u>	—
	2,246,875,420	—
Less : Value of stock as on 01/10/2000		
Stock-in-process	638,731,506	—
Finished goods	<u>1,118,588,683</u>	<u>1,757,320,189</u>
Total	<u>489,555,231</u>	<u>—</u>

	As at 31.3.2001		As at 31.3.2000	
	Rs.		Rs.	
Schedule - 17				
RAW MATERIALS CONSUMED				
Opening Balance as on 01/10/2000	166,102,747		138,886,530	
Add : Purchases	5,917,999,371		331,378,800	
	<u>6,084,102,118</u>		<u>470,265,330</u>	
Less : Closing Stock	87,152,676	5,996,949,442	470,265,330	
Total		<u>5,996,949,442</u>		
Schedule - 18				
POWER & FUEL				
Power & Fuel	537,497,642		148,719,277	
Less : Consumption of fuel out of own production	510,305,628	27,192,014	—	148,719,277
Total		<u>27,192,014</u>		<u>148,719,277</u>
Schedule - 19				
EMPLOYEES REMUNERATION AND OTHER BENEFITS				
Salaries and Wages	65,277,822		118,175,077	
Contribution to Provident Fund & other Funds	5,747,479		6,182,387	
Staff Welfare Expenses	23,562,883		28,439,107	
Total		<u>94,588,184</u>		<u>152,796,571</u>
Schedule - 20				
INTEREST				
On Fixed Period Loans	879,890,865		1,529,186,729	
Others	42,477,207		2,426,796	
Total		<u>922,368,072</u>		<u>1,531,613,523</u>

Schedule - 21

OTHER OPERATING AND ADMINISTRATION EXPENSES

Repairs and Maintenance :

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
Machinery	34,144,200	16,432,699
Building	8,209,687	17,713,592
Others	<u>7,562,762</u>	<u>17,606,065</u>
Rent	6,015,276	51,752,356
Insurance	44,516,256	11,310,645
Rates & Taxes	171,148	6,605,010
Auditor's Remuneration	60,584	120,055
Advertisement & Publicity Charges	2,586,217	32,500
Travelling & Conveyance	21,027,773	6,203,900
Communication Expenses	4,049,295	61,825,280
Bank Charges	356,169	14,316,172
Legal/Professional & Advisory Fees	2,758,445	3,390,386
Loss on Assets sold, Lost or written off	43,691	6,089,082
Printing & Stationary	1,363,179	50,955
Security Expenses	15,576,506	6,102,961
Freight and Transportation charges	58,664,625	24,550,707
Other expenses	<u>7,106,707</u>	<u>576,528</u>
Total	<u><u>214,212,520</u></u>	<u><u>221,042,434</u></u>

Schedule - 22

PRIOR PERIOD EXPENSES/INCOME

Income pertaining to previous year	—	1,636,495
Expenses adjustment	—	(1,839,364)
Advance Tax Adjustment	—	(19,832,090)
Interest charge	—	27,945
Depreciation	—	15,640,958
Total	<u><u>—</u></u>	<u><u>(4,366,056)</u></u>

Schedule - 23

EXCESS/(SHORT) PROVISION OF EARLIER YEARS

Short Provision of Income Tax : F/Y : 1996-97	—	17,661,549
Excess Provision of Income Tax : F/Y : 1997-98 written back	—	(4,702,498)
Provision for Income Tax for the F/Y : 1998-99 written back	—	(48,649,643)
Total	<u><u>—</u></u>	<u><u>(35,690,592)</u></u>

Annexure to Schedule 6

Net expenditure during the year :

Expenditure

	As at 31.3.2001 Rs.	As at 31.3.2000 Rs.
Salary	51,200,107	121,681,426
Contribution to Provident Fund	11,048,918	5,480,263
Staff Welfare Expenses	19,759,857	25,099,362
Repairs and Maintenance	44,189,815	51,752,356
Power & Fuel	275,857,946	148,719,277
Rent	3,308,663	11,310,645
Rates & Taxes	59,562	120,055
Insurance	11,510,436	6,605,010
Auditor's Remuneration	16,816	32,500
Advertising & Publicity	297,063	5,215,907
Bank Charges	5,108,127	3,390,386
Travelling & Transportation	21,636,485	61,820,767
Printing & Stationary	1,088,743	6,102,961
Communication & Postage	6,289,946	14,316,172
Legal/Professional/Advisory Fees	1,558,860	6,089,082
Security Expenses	11,132,642	24,550,707
Miscellaneous Expenses	26,776,101	58,024,815
Interest	918,899,499	1,531,613,523
Depreciation	103,964,099	226,630,096
Sub-total (a)	1,513,703,686	2,308,555,310
Prior Period Expenses	75,603,073	(4,366,056)
Profit & Loss Adjustment A/c	—	(32,512,960)
Sub-total (b)	75,603,073	(36,879,016)
	1,589,306,759	2,271,676,294
Less : Income		
Interest Income	1,189,373	9,485,967
Other Incomes	395,882,746	1,362,972
	397,072,119	10,848,939
Net Expenditure during the year transferred to Pre-operative Expenditure	1,192,234,640	2,260,827,355

Schedule - 24

NOTES ON ACCOUNTS

1. Intermediate stocks have been valued "at raw materials cost plus conversion cost as applicable" on commencement of commercial production as against the same being valued at "crude cost or net realizable value whichever is lower" adopted during the trial run period. As a result of this change, value of intermediate stocks and profit for the year are higher by Rs.1.12 crores.
2. The separate accounting policy on Capital Work-in-Progress, Pre-Operative Expenditure, Preliminary Expenses and Pre-operative incomes have been suitably modified/combined in the new accounting policy. Deposits with Government agencies for perennial nature of service have been charged to revenue as against deposits in the earlier years. Machinery spares connected to an item of fixed asset whose usage is irregular have been capitalized. Stores and spares are valued at cost on weighted average basis. These changes do not have any material impact on the profit.
3. During the year as per the decision of Government of India to integrate stand alone public sector refineries with public sector marketing companies, 172560522 no. of fully paid equity shares of Rs. 10/- each held by IBP Co. Limited (IBP) in the Company have been transferred to the demat account of Bharat Petroleum Corporation Limited (BPCL) on 31st March, 2001. Consequent to the above, the Company has become subsidiary of BPCL with effect from that date.
4. No provision has been made in the accounts for the doubtful debts and loans and advances as the company does not foresee any problem in collection of these dues.
5. Pending decision on project allowance / salary revision in respect of non-management staff, liability for the period from 1.1.97 to 31.3.2001 has not been provided in the accounts as the same is indeterminable except to the extent of recoverable advance paid to the employees during the year amounting to Rs. 1.38 crores (Rs. 0.73 crores).
6. Land includes Rs. 3.54 crores in respect of 588.14 acres of land acquired through Government of Assam for which the process of registration is on and the registration in the name of the company is pending.
7. During the year, on completion of Railway Siding and BTPN inspection facilities created through Northeast Frontier Railways (NFR) on 'deposit work' basis have been capitalised at an estimated cost of Rs.29.31 crores pending receipt of final adjustment bill from NFR for the said jobs. Depreciation for the same has been provided as per normal rates.

8. An amount of Rs. 20.49 crores on account of crude surcharge/freight differential paid/payable to OCC pertaining to the period prior to the commencement of commercial production has been treated as part of crude cost and capitalised as part of trial run expenditure.
9. An amount of Rs. 3.16 crores is included in other miscellaneous income to the extent of excess production of SKO by NRL vis-a-vis OCC norm with the lesser production of SKO by M/s. BPCL in order to meet the minimum production requirement stipulated by OCC by M/s. BPCL. Consequently, M/s. BPCL has agreed to surrender an amount of Rs. 3.16 crores to NRL on account of differential margin. The amount of Rs. 3.16 crores has been considered in the books to the extent of confirmation by M/s. BPCL.
10. An amount of Rs.18.00 crores is included as a claim from OCC on account of Marketing Terminal Charges based on the conservative estimate of the management pending finalisation of the charges/claim by OCC.
11. An amount of Rs. 6.30 crores is included as a claim from OCC on account of reimbursement of under recovery of transportation charges incurred in the evacuation of decontrolled products based on the conservative estimate of the management pending finalisation of the claim by OCC.
12. Govt. of India in the Ministry of Finance (Department of Revenue) vide Notification No. 33/99 - Central Excise dated 8-7-1999 as amended by Notification No.3/2000 - Central Excise dated 9-2-2000 have included "goods cleared from Numaligarh Refinery" for the purpose of Central Excise Exemption. The refund on account of excise is accounted on accrual basis.
13. The company is eligible for 100% Income Tax exemption pursuant to the provisions of section 80IB of the Income Tax Act, 1961. However, provision in respect of Minimum Alternate Tax (MAT) has been made as per the requirements of the provisions of section 115 JB of the Income Tax Act.
14. The sales tax assessments of the company are not finalized. The company does not expect any additional liability in respect of pending assessments.
15. Miscellaneous expenditure incurred during the project period and not capitalized either directly or indirectly is shown in the balance sheet to the extent not written off. During the current year, considering six months operational period, an amount of Rs. 2.01 crores has been written off.

16. The Company has availed working capital facilities from State Bank of India and United Bank of India against hypothecation of its current assets.

17. Capital Reserve represents grant of Rs.100.00 crores received from the Government of India during the project period.

18. The names of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days are as under :-

- a) M/s Assam Air Products
- b) M/s T. Borah & Co

The above information is given to the extent available with the Company.

19. The company commenced commercial production with effect from 1st October 2000 on synchronization of the entire plant and achieving stabilization with regard to production of various products. Accordingly, the capitalization of various expenses is carried out in the following manner :-

- a) The direct expenditure on Plant and Machinery and Buildings is allocated to the respective heads.
- b) The indirect expenditure is apportioned on appropriate basis, taking into consideration Guidelines issued by the Institute of Chartered Accountants of India.
- c) Expenditure of miscellaneous which are not capitalised as per standard accounting practice has been shown in the Balance Sheet under the head Miscellaneous Expenditure which shall be written off as per the accounting policy of the company.
- d) The expenditure incurred upto 30th September 2000 has been capitalized as shown in annexure to Schedule 6 of Capital Work in Progress and a balance of Rs.22.36 crores is carried in Pre-operative expenditure account on account of ongoing jobs such as CCU.

20. Capital commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 5.12 crores (Rs. 74.94 crores).

21. Contingent Liabilities

	(Rs. in crores)	
In respect of letter of credit :	0.71	(2.71)
Claims against the company not acknowledged		
Debts		
In respect of taxation matters	6.85	(6.85)

(Income tax/Sales Tax/Central Excise)

Claim by contractors	52.28	(58.83)
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(Arbitration cases/other extra claims)

Others	20.55	(14.31)
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22. Remuneration to Wholetime Directors

Salary & Allowances	Rs. 19,10,270	(Rs. 9,86,754)
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Contribution to Provident Fund	Rs. 2,40,567	(Rs. 95,286)
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Other benefits	Rs. 4,31,195	(Rs. 5,62,182)
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Includes Rs.8,67,619 (Rs. Nil) paid on account of salary revision as per directive of Department of Public Enterprise/Ministry of Petroleum & Natural Gas in respect of which individual pay fixation is awaited from Ministry of Petroleum & Natural Gas.

23. Auditor's remuneration includes

Audit Fee	Rs. 40,000	(Rs. 40,000)
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Tax Audit Fees	Rs. 10,000	(Rs. 10,000)
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Certificate jobs	Rs. Nil	(Rs. Nil)
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Last year's figures as revised subsequently .

24. Licensed capacity , installed capacity (as certified by the Management) and actual production(inclusive of trial run production) in respect of goods manufactured:

	Licensed Capacity	Installed Capacity	Quantity (MT) Actual Production
Crude throughput	30,00,000	30,00,000	14,50,918
Products :			
Light Distillates			1,62,417
Middle distillates			11,01,692
Others			75,975

25. Raw materials consumed (inclusive of trial run production) :

Quantity MT	Value Rs./crores
Crude Oil	
14,50,918	860.98

26. Finished goods sold (inclusive of trial run production/sales) and stocked:

Petroleum Products	Opening Stock		Trf. from trial run (+) Production	
	Qty.(MT)	Value(Rs./Lakh)	Qty.(MT)	Value(Rs./Lakh)
Light Distillates	Nil	Nil	1,62,417	17970.57
Middle Distillates	Nil	Nil	11,01,692	92469.41
Others	Nil	Nil	75,975	3922.08
Total :	Nil	Nil	13,40,084	114362.06

Petroleum Products	Sales		Closing Stock	
	Quantity	Value	Quantity	Value
Light Distillates	79121	10387.72	83288	7582.85
Middle Distillates	999359	82595.17	102106	9874.25
Others	47166	2756.10	28739	1165.98
Total :	1125646	95738.99	214133	18623.08

27. Value of imports calculated on C.I.F. basis :

	Rs. in Lakhs
Value of Import of CIF basis - Capital Goods, Components and spare parts (including chemicals And catalysts)	1581.53 (1777.08)

28. Expenditure in foreign currency on account of :

	Rs. in Lakhs
Technical Know-how, Basic Engineering, Detailed Design follow-up, Royalty	499.49 (28.44)
Travelling	19.34 (23.24)
Others	152.38 (68.35)

29. Value of Raw materials, stores/spares parts and components including chemicals and catalysts consumed (on derived basis) :

	Imported		Indigenous		Total
	Rs./lakhs	%	Rs./lakhs	%	Rs./lakhs
Crude Oil	Nil		86097.77	100.00	86097.77
Stores/Spares parts And Component	2.93	0.90	320.54	99.10	323.47

30. Earnings in Foreign Exchange :

Rs. NIL (NIL)

31. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Corresponding previous year's figures of Profit and Loss account relate to the indirect expenditure incurred during the project period and the current year indirect expenditure incurred during the project period is included as annexure to schedule 6 of the Balance Sheet.

32. STATUTORY INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile.

Registration No. : 02-03893 of 1993-94 State Code : 02

Balance Sheet Date : 31st March 2001

Capital raised during the year (Amount in Rs. Thousands)

Public Issue	-----	Right Issue	23544
Bonus Issue	-----	Private Placement	908213

Position and Mobilisation and Deployment of funds : (Amount in Rs. Thousands)

Total Liabilities	26870038	Total Assets	26870038
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Sources of Funds

Applications of Funds

Paid up Capital	7356315	Net Fixed Assets *	26015871
Reserve & Surplus	1143020	Investments	-
Secured Loans	5859707	Net Current Assets	753707
Unsecured Loans	12510996	Miscellaneous Expenditure	100460
		Accumulated Losses	-

(*) Includes capital work in progress.

Performance of the Company : (Amount in Rs. Thousands)

Turnover	8254707*	Total Expenditure	8018671
Profit/Loss before tax	(+) 236036	Profit/Loss after tax	(+) 215980
Earnings per Share(Rs)	0.29	Dividend Rate	0.9%

* includes misc. income

Generic Names of principal products, services of the Company :

Item Code No.(ITC Code) : 2710

Product Description : Petroleum Products.

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.

Schedule - 25**SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The accounts are prepared under historical cost convention on accrual system of accounting in accordance with financially accepted accounting principles and provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed assets are stated at their original cost inclusive of freight, duties, taxes and other incidental expenses related to acquisition and any other cost attributable to bringing the same to their working condition.

Machinery spares that can be used in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to Profit and Loss Account.

Construction period expenses including the borrowing cost exclusively attributable to projects are capitalised. However, indirect expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue.

3. Depreciation

Depreciation on the fixed assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. There is no change in the method of depreciation followed by the company. Assets costing upto Rs. 5000/- are depreciated fully in the year of capitalisation.

4. Valuation of Inventories**Raw Material**

Crude oil inventory is valued at cost on First-In-First-Out basis.

Intermediate stock is valued at Crude cost plus conversion cost on weighted average basis as applicable.

Stock-in Trade

Cost of Finished Products is valued at Crude cost plus conversion cost on weighted average basis as applicable or net realisable value whichever is lower.

Stores and spares are valued at weighted average cost.

5. Claims and Provisions

Claims/surrenders on/to Oil Co-ordination Committee are booked on in principle acceptance thereof on the basis of available instructions/clarifications. Other claims are booked when there is a reasonable certainty of recovery.

6. Sales

Sales are net of trade discounts and include, inter alia, taxes and duties, claims from Oil Coordination Committee.

7. Deposits with Government Agencies

Initial Deposits with Government agencies for perennial nature of facility is charged as expenses in the year of payment.

8. Retirement Benefits

Contribution made to Provident Fund is charged to Profit and Loss Account.

Liability towards gratuity is paid to a Fund maintained by LIC and administered through a separate trust set up by the Company. Difference between the fund balance and the accrued liability, determined based on the actuarial valuation as at the year end, is charged to Profit & Loss Account.

Other retirement benefits are actuarially valued at the year end and provided for in the accounts.

9. Duties on Stock in the Warehouse

Excise duty on Finished stocks in the warehouse is provided for, at the average of the assessable value applicable for each product at maximum rates.

10. Government Grant

Government grants in the nature of promoters' contribution is credited to capital reserve and is treated as shareholders' funds.

11. Capital Commitments & Contingent Liabilities

Capital Commitments & Contingent liabilities are considered only where the value exceeds Rs. 1 lakh in each case.

Contingent liabilities in respect of show cause notices issued by various Government authorities are considered only when converted into demand.

12. Miscellaneous Expenditure

Expenditure such as preliminary expenditure and deferred revenue expenditure incurred during the project period and not capitalised either directly or indirectly is shown in the Balance Sheet as Miscellaneous Expenditure and is written off proportionately over a period of 36 months from 1-10-2000, the date of commencement of commercial production.

The schedules referred to above form an integral part of Accounts.

For and on behalf of the Board of Directors.

R. K. Dutta
Managing Director

B. K. Das
Director (Finance)
New Delhi
Date : July 3, 2001

H. K. Sarmah
Dy. Company Secretary

For **K. C. Das & Co.**
Chartered Accountants

K. C. Das
Proprietor
Guwahati
Date : July 4, 2001

