

# **ANNUAL REPORT**

## **2013-14**

**BHARAT PETRORESOURCES JPDA LIMITED**

**Statutory Auditors**

Jeswani & Rathore  
Chartered Accountants,  
408/C, Niranjani,  
99, Marine Drive,  
Mumbai - 400 002

**Registered Office**

Bharat Bhavan,  
4& 6 Currimbhoy Road,  
Ballard Estate,  
Mumbai - 400 001  
Tel : 022-22713000  
Fax : 022-22713889  
CIN : U23209MH2006GOI165279

**Bankers**

State Bank of India  
BNP Paribas

**Corporate Office**

'E' Wing, 9<sup>th</sup> Floor,  
Maker Towers,  
Cuffe Parade,  
Mumbai - 400005  
Tel : 022-22175600  
Fax : 022-22154364

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## Board of Directors



**D. Rajkumar**



**Arun Kumar Singh**  
(w.e.f. 18.7.2013)



**P.C.Siva**  
(up to 18.7.2013)



**Indranil Mitra**  
(w.e.f. 27.5.2014)



**Vijayagopal N.**  
(upto 26.5.2014)

## NOTICE TO THE MEMBERS

Notice is hereby given that the seventh Annual General Meeting of the members of Bharat PetroResources JPDA Limited will be held at the Registered office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001, on Friday, 5<sup>th</sup> September, 2014, at 1030 hrs to transact the following Businesses:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the financial year ended 31<sup>st</sup> March 2014 and the Balance Sheet as at 31<sup>st</sup> March 2014 and the Directors' Report and the Report of the Statutory Auditors.
2. To appoint a Director in place of Shri Arun Kumar Singh (DIN 06646894), who retires by rotation. Shri Arun Kumar Singh, being eligible, offers himself for re-appointment.
3. To fix the remuneration of the Statutory Auditors.

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

“RESOLVED that pursuant to the provisions of Section 142 and all other applicable provisions of the Companies Act, 2013, remuneration of the Statutory Auditors to be appointed by the Comptroller & Auditor General of India (C&AG) under Section 139 of the said Act, be and is hereby approved at ₹60,000, in addition to the actual reasonable travelling and out of pocket expenses and service tax as applicable, for the financial year ending 2014-15 and also for subsequent financial years.”

### SPECIAL BUSINESS

#### 4. Appointment of Director

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

“RESOLVED that Shri Indranil Mitra(DIN 06883068) who was appointed as additional Director w.e.f. 27<sup>th</sup> May 2014 and in respect of whom the company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

## 5. Approval for Borrowing Powers of the Company

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

“RESOLVED that in supersession of the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the 3rd Annual General Meeting held on 13<sup>th</sup> August 2010 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and statutory guidelines, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of monies, from time to time for the business of the company, from the Govt. of India, any Bank(s), Financial Institutions, Bodies corporates, in India or abroad, whether secured or unsecured, in Indian or foreign currency or by way of any other securities, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from and/or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, provided that the total amount so borrowed and outstanding shall not at any time exceed ₹160 crore (Rupees One Hundred Sixty crore) over and above the paid up share capital and free reserves of the Company.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board or any Committee or person(s) authorised by the Board, be and is / are hereby authorised to finalise, settle all the terms and conditions, execute all such documents, deeds, agreements etc. and to do all acts, deeds, matters and things as may be required.”

For Bharat PetroResources JPDA Limited

Sd/-

**(Arun Kumar Singh)**

Director (DIN 06646894)

### Registered Office:

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

Date: 5<sup>th</sup> August 2014

Tel : 022-22713000 Fax : 022-22713889

CIN No U23209MH2006GOI165279

**Notes:**

1. The Explanatory Statement under Section 102 of the Companies Act, 2013, in respect of the items of Special Business is annexed hereto.
2. **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies, in the alternative, to attend and vote instead of himself and such proxy need not be a Member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.** A person can act as proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as proxy for any other person or shareholder.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013****Item No.4 Appointment of Director**

Shri Indranil Mitra was appointed as Additional Director, by the Board of Directors, under the provisions of Section 161 of the Companies Act, 2013, with effect from 27<sup>th</sup> May 2014. Shri Indranil Mitra, being an Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice, u/s 160 of the Companies Act, 2013 from a member proposing the name of Shri Indranil Mitra, as a candidate for the office of the Director of the Company. A brief resume of Shri Indranil Mitra, as required under the DPE guidelines on Corporate Governance is provided separately in the Corporate Governance Report enclosed to the Directors' Report.

The Directors recommend the Resolution at Item No 4 for the approval of the members of the Company. Shri Indranil Mitra is not disqualified from being appointed as Director in terms of the Section 164 of the Companies Act, 2013. He holds ten equity share in the Company.

Except Shri Indranil Mitra, no other Director or his relatives is interested in the Resolution.

**Item No.5 Approval for Borrowing Powers of the Company**

At the 3<sup>rd</sup> Annual General Meeting of the Company held on 13<sup>th</sup> August 2010, the members had, by way of Ordinary Resolution and in pursuance of provisions of Section 293(1)(d) of the Companies Act, 1956, approved the borrowing of monies on behalf of the Company (apart from the temporary loans obtained or to be obtained from the Companys Bankers in the ordinary course of Business) in excess of the aggregate of the paid up share capital of the company and its free reserves subject to the total amount so borrowed not exceeding a sum of ₹160 crore over and above the paid up share capital and free reserves of the Company. In terms of Section 180 of the Companies Act, 2013, such powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution. However, in terms of circular dated 25<sup>th</sup> March 2014 from the Ministry of Corporate Affairs, the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of the Act until 11<sup>th</sup> September 2014. Accordingly, separate approval is requested for said borrowings by way of Special resolution in terms of Section 180 of the Companies Act, 2013.

The Directors recommend the Resolution at Item No 5 for the approval of the members of the Company. None of the Directors or their relatives is concerned or interested in the Resolution.

For Bharat PetroResources JPDA Limited

Sd/-

**(Arun Kumar Singh)**

Director (DIN 06646894)

**Registered Office:**

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

Date: 5<sup>th</sup> August 2014

Tel : 022-22713000 Fax : 022-22713889

CIN No U23209MH2006GOI165279



## DIRECTORS' REPORT

The Directors present their seventh Report of Bharat PetroResources JPDA Limited for the financial year ended 31<sup>st</sup> March, 2014.

### BACKGROUND & BUSINESS ACTIVITIES OF THE COMPANY

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

The Minimum Work Programme (MWP) Commitment in the block comprises a primary term of exploration phase of three years, a secondary term of two years and a third term of another two years. The block is currently in the primary term which includes MWP of drilling of four wells. ANP had granted conditional extension till January 2014 after relinquishment of 50% of the block area, subject to the Operator, on behalf of consortium, issuing a letter of intent for supply of Drilling Rig Stena Clyde or execute a contract for suitable drilling facility. Accordingly, a copy of Letter of Intent issued to M/s Stena has been submitted to ANP and two areas in the eastern and southern sector of the block, totaling 1871sqkm i.e 50% of the initial contracts area were surrendered as part of mandatory relinquishment, as required by ANP.

The two Commitment wells drilled in the block were found to be dry. Bazartete is identified as the prospect for drilling of the third commitment well and Rig operators were being approached for obtaining a suitable drilling slot to drill the third well. Regulator ANP had agreed that if the third commitment well turns out dry, ANP would consider waiver of drilling the fourth commitment well.

Meanwhile, Timor Leste Government has initiated arbitration proceedings against the Government of Australia to have the Certain Maritime Arrangements in Timor Sea (CMATS) Treaty declared void ab initio. The termination of CMATS results in automatic Termination of Timor Sea Treaty governing petroleum operations in the JPDA, and in effect the Production Sharing Contract (PSC). The consortium has approached the regulatory authority and the countries involved in this regard. In light of the uncertainty of tenure and no adequate response of the JV concerns, the JV has approached ANP for termination of PSC without claim or penalty. The PSC has been suspended temporarily and the decision of Regulator is awaited.



During the year, the Company has increased its authorized and paid up share capital from ₹25 crore to ₹60 crore. The amount of the unsecured loan was reduced from ₹68.30 crore to ₹38.41 crore. Further, the expenditure incurred by the company by way of payment of cash calls was ₹4.95 crore as on 31<sup>st</sup> March, 2014. The Company has recorded a cumulative loss of ₹95.78 crore as on 31<sup>st</sup> March, 2014.

The Comptroller and Auditor General of India (C&AG) have vide letter dated 30<sup>th</sup> July 2014 which is enclosed as Annexure B to the Directors' Report, communicated that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31<sup>st</sup> March, 2014 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

### **DIVIDEND**

The Directors do not recommend any dividend for the year ended 31<sup>st</sup> March 2014.

### **FIXED DEPOSITS**

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

### **HUMAN RESOURCES AND EMPLOYEES PARTICULARS**

There are no employees in the Company except the Directors on the Board who are nominees of holding company and are looking after the affairs of the Company. The Directors do not receive any remuneration from the Company. Hence, particulars of employees for the year ended 31<sup>st</sup> March, 2014, under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not required to be given. The Directors are being assisted by the employees of BPRL.

### **CITIZEN CHARTER, OFFICIAL LANGUAGE & FULFILLMENT OF SOCIAL OBLIGATIONS, RIGHT TO INFORMATION ACT, 2005, PUBLIC PROCUREMENT POLICIES FOR MICRO & SMALL ENTERPRISES, 2012**

All possible steps are taken with regard to Citizen Charter, Official Language implementation and fulfillment of Social obligations, Right to Information Act, 2005 with the support of the parent company. Further, the procurements if any, are made through the parent company BPCL which complies the requirements of Public Procurement policy for Micro & Small Enterprises, 2012.

### **VIGILANCE**

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

### **CORPORATE GOVERNANCE**

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1 In the preparation of the annual accounts, all the applicable Accounting Standards have been followed and there are no material departure from the same.
- 2 The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2014 and of the loss of the Company for the year ended on that date
- 3 The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4 These Accounts have been prepared on a going concern basis.

## DIRECTORS

Shri P.C.Siva resigned from the office of Director w.e.f. 19<sup>th</sup> July 2013 on change of his portfolio in BPRL. Shri Vijayagopal N. resigned from the office of Director w.e.f. 27<sup>th</sup> May 2014 on his transfer from BPRL. The Directors have place on record their deep appreciation and gratitude for the guidance and support provided by them during their tenure.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 & the Articles of Association of the Company, Shri Indranil Mitra, Vice President (Finance), BPRL was appointed as Additional Director w.e.f. 27<sup>th</sup> May 2014. Being Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing, under Section 160 of the Companies Act, 2013, from a member proposing his name as Director at the ensuing Annual General Meeting.

Pursuant to the provisions of Sections 152 of the Companies Act, 2013, Shri Arun Kumar Singh, Director will retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-appointment as Director at the said meeting.

## STATUTORY AUDITORS & INTERNAL AUDITORS

M/s Jeswani & Rathore, Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year ended 31<sup>st</sup> March, 2014 by the C&AG under the provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing AGM. The application for the appointment of Statutory Auditors for the financial year ending 2014-15 has been made to C&AG.

M/s A. P. Sanzgiri & Co., Chartered Accountants were appointed as internal auditors for the financial year ended 2013-14 to carry out internal audit covering specific areas. The Auditors have not reported any significant findings.

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

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

Foreign Exchange Inflow - NIL

Foreign Exchange Outgo - ₹148.25 lakh

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

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

Date : 5<sup>th</sup> August, 2014

Place: Mumbai

## Annexure - A

**Report on Corporate Governance****1. Company's Background and Board of Directors**

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

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

25 <sup>th</sup> Apr 2013	16 <sup>th</sup> May 2013	18 <sup>th</sup> Jul 2013	11 <sup>th</sup> Sept 2013	25 <sup>th</sup> Oct 2013
17 <sup>th</sup> Dec 2013	27 <sup>th</sup> Jan 2014			

**2. Audit Committee**

The Company has constituted the Audit Committee comprising all the Non-Executive Directors on 30<sup>th</sup> March 2011 in terms of Section 292A of the Companies Act, 1956. Presently, Shri D. Rajkumar, Shri Arun Kumar Singh and Shri Indranil Mitra are the members. Shri Indranil Mitra was appointed as a member of Audit Committee w.e.f. 27<sup>th</sup> May, 2014 on resignation of Shri Vijayagopal N., Director. Shri Arun Kumar Singh was appointed as member, on the resignation of Shri P.C.Siva, Director w.e.f. 19<sup>th</sup> July 2014. The quorum for the meetings of the Committee is two members. Shri D. Rajkumar Chairs all the Audit Committee meetings. Shri Indranil Mitra possesses the requisite knowledge of finance & Accounting for effective functioning of the Audit Committee.

There were five Audit Committee meetings held during the financial year on the following dates:-

25 <sup>th</sup> Apr 2013	16 <sup>th</sup> May 2013	18 <sup>th</sup> Jul 2013	25 <sup>th</sup> Oct 2013	27 <sup>th</sup> Jan 2014
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The details of attendance of members are as under:-

Name of Member	No of meetings	Name of Member	No of meetings
Shri D. Rajkumar	5	Shri Arun Kumar Singh	Nil out of 2 meetings held during his tenure
Shri Vijayagopal N.	5	Shri P.C.Siva	3 out of 3 meetings held during his tenure

The Audit Committee reviewed the annual financial statements for the financial year 2013-14 at its meeting held on 15<sup>th</sup> May 2014.

**3. Annual General Meeting**

The Annual General Meeting (AGM) will be held on Friday, 5<sup>th</sup> September 2014 at 1030 hrs at the Registered office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001.

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

Meeting type	Date and Time of the Meeting	Venue	Subject for Special Resolution Passed
Annual General Meeting	29 <sup>th</sup> August 2011 at 10.30 a.m.	Registered office at Bharat Bhavan, 4 &6 Currimbhoy Road, Ballard Estate, Mumbai 400001	----
Annual General Meeting	10 <sup>th</sup> September 2012 at 10.30 a.m.	Registered office at Bharat Bhavan, 4 &6 Currimbhoy Road, Ballard Estate, Mumbai 400001	----
Extraordinary General Meeting	28 <sup>th</sup> September 2012 at 3.00 p.m.	Corporate office at Maker Towers, 9 <sup>th</sup> floor, E wing, Cuffe parade, Mumbai 400005	Enhancement of Authorised Share Capital & consequent amendments to the Memorandum of Assosiation & Articles of Assosiation, Further Issue of shares to BPRL.
Annual General Meeting	26 <sup>th</sup> August 2013 at 3.30 p.m.	Corporate office at Maker Towers, 9 <sup>th</sup> floor, E wing, Cuffe parade, Mumbai 400005	----
Extraordinary General Meeting	27 <sup>th</sup> September 2013 at 11.00 a.m.	Corporate office at Maker Towers, 9 <sup>th</sup> floor, E wing, Cuffe parade, Mumbai 400005	Enhancement of Authorised Share Capital & consequent amendments to the Memorandum of Assosiation & Articles of Assosiation, Further Issue of shares to BPRL.
Extraordinary General Meeting	28 <sup>th</sup> November 2013 at 2.15 p.m.	Corporate office at Maker Towers, 9 <sup>th</sup> floor, E wing, Cuffe parade, Mumbai 400005	Enhancement of Authorised Share Capital & consequent amendments to the Memorandum of Assosiation & Articles of Assosiation, Further Issue of shares to BPRL.

All the Directors have attended the last AGM held on 26<sup>th</sup> August 2013.

#### 5. Brief Resume of Directors seeking appointment / re-appointment

##### 1. Shri Arun Kumar Singh

Shri Arun Kumar Singh is a Mechanical Engineer with first rank from National Institute of Technology, Patna (Formerly BCE, Patna). He has held senior positions in BPCL in Marketing-Retail Engg, Operations, Distribution and Sales and has vast experience over last 29 years. Presently, he is a President (Africa & Australasia) in BPRL.

Shri Arun Kumar Singh is liable to retire by rotation at the ensuring AGM and being eligible, offers himself for reappointment.

**2. Shri Indranil Mitra**

Shri Indranil Mitra is a member of the Institute of Chartered Accountants of India. He is a Cost Accountant from the Institute of the Cost Accountants of India. He is also post-graduate in Executive Management. He has held senior positions in BPCL and handled various areas of finance covering Corporate Accounts, Treasury Management, Risk Management, Budgeting, Fund Management etc. He has vast experience of 25 years in financial management in BPCL and presently he is a Vice-President (Finance) in BPRL.

Shri Indranil Mitra was appointed as Additional Director w.e.f. 27<sup>th</sup> May, 2014, by the Board of Directors. Being, an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing, under Section 160 of the Companies Act, 2013, from a member proposing his name as Director of the Company.

**6. Remuneration of Directors**

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

None of the Directors have any pecuniary relationship / transactions with the Company, during the year.

**7. Particulars of Directors including their attendance at the Board meetings during the year 2013-14**

Names of the Directors	Academic Qualifications	Attendance out of 7 Board Meetings held during the year and percentage thereof		Details of Directorships held in other Public Limited Companies	Memberships held in Committees
		No. of Meetings Attended	%		
Non Executive Directors					
Shri D. Rajkumar	B. Tech (Elect) PGDM from I.I.M.	7	100	Director Bharat PetroResources Ltd <sup>@</sup>	Audit Committee- Bharat PetroResources JPDA Ltd- Chairman
Shri Vijayagopal N.	A.C.A., L.L.B.	7	100	Director 1. BPRL International BV 2. BPRL Ventures BV 3. BPRL Ventures Mozambique BV 4. BPRL Ventures Indonesia BV	Audit Committee - Bharat PetroResources JPDA Ltd - Member
Shri P.C. Siva (upto 18.07.2013)	B.E. (Mech)	3	100*	---	Audit Committee- Bharat PetroResources JPDA Ltd- Member
Shri Arun Kumar Singh (w.e.f. 18.07.2013)	B.Sc. (Engg.) (Mech)	2	40*	---	Audit Committee- Bharat PetroResources JPDA Ltd- Member

<sup>@</sup> indicates Managing Director in BPRL

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



## 8. Disclosures

There were no transactions of material nature that may have potential conflict with the interest of the Company at large. The Company has been adhering to the provisions of all the laws and guidelines of respective regulatory authorities/applicable DPE guidelines from regulatory authorities. There was no instance of non compliance of any provisions of law, guidelines from regulatory authorities. There are no items of expenditure in the books of accounts, which are not for the purpose of business. Further, no expenses were incurred which were personal in nature and incurred for the Board of Directors. The revenue expenditure mainly consists of Administrative & other office expenses.

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

### **Auditor's Certificate on Corporate Governance**

To,  
The Members of  
Bharat PetroResources JPDA Limited

I have examined the compliance of the conditions of Corporate Governance by Bharat PetroResources JPDA Limited, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, for the financial year ended 31<sup>st</sup> March, 2014.

The Compliance of conditions of Corporate Governance as stipulated in the Guidelines is the responsibility of the management. My examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

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

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

Sd/-  
**U. C. Shukla**  
Company Secretary  
FCS: 2727/CP: 1654

Place : Mumbai  
Date : 5<sup>th</sup> August, 2014

**Annexure - B****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT PETRORESOURCES JPDA LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

The preparation of financial statements of Bharat PetroResources JPDA Limited for the year ended 31<sup>st</sup> March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15<sup>th</sup> May 2014.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the Accounts of Bharat PetroResources JPDA Limited for the year ended 31<sup>st</sup> March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Sd/-

**Parama Sen**

Principal Director of Commercial Audit  
& ex-officio Member Audit Board II  
Mumbai

Place : Mumbai

Date : 30<sup>th</sup> July 2014

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

1. We have audited the accompanying financial statements of BHARAT PETRORESOURCES JPDA LIMITED ("the Company") which comprise the Balance sheet as at March 31, 2014, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of the Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.
5. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. As regards information pertaining to interest in Joint Venture, we would like to state that the information relating to the same is provided on the basis of Audited Financial Statements, as received from the Operator of the Joint Venture for the year ended December 31, 2013 and unaudited billing statement for three months period ended March 31, 2014, as received from the Operator of the Joint Venture.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.

- b. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs in 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examinations of those books;
  - iii. The Company's Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - v. The Central Government by Notification vide G.S.R. 829 dated 21<sup>st</sup> October, 2003 have clarified that the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to a Government Company. So declaration from the directors is not required under Section 274(1) (g) of the Companies Act, 1956;
  - vi. Since the Company has no turnover or gross receipt, no cess is due and payable by the Company u/s 441 A of the Companies Act, 1956.

As regards information pertaining to interest in Joint Venture, we would like to state that, the information relating to the same is provided on the basis of Audited Financial Statements, as received from the Operator of the Joint Venture for the year ended December 31, 2013 and unaudited billing statement for three months period ended March 31, 2014, as received from the operator of the Joint Venture.

**For JESWANI & RATHORE**

Chartered Accountants  
F.R.N. 104202W

Sd/-

**D.K.RATHORE**

Partner

M.No.115126

Place: Mumbai

Date: May 15, 2014

## ANNEXURE TO THE AUDITOR'S REPORT

- 1) The Company does not own any fixed assets during the period hence sub-clause (a), (b) and (c) is not applicable to the Company.

The Company has incurred expenditure totaling to ₹8640.20 lacs up to March 31, 2014 on exploration and production of Oil/Gas. The same has been considered as capital work in progress. We have been informed that such expenditure is recorded by the Company based on details of such expenditure received from the Operators of the respective exploration. Operation(s) of this exploration have ceased due to a treaty dispute between the Government of Australia and the Government of East Timor. Accordingly, the Company has provided for the total capital expenditure in its Profit and Loss Account for the year. In our view, however, this provision would not affect the 'going concern' of the Company.

- 2) As per information and explanation given to us and in our opinion, since the Company is still in exploration stage, the Company is not carrying any inventory and hence sub-clause (a) regarding physical verification of stock (b) regarding procedure of physical verification and (c) regarding material discrepancies on physical verification of stock are not applicable to the Company.
- 3) The Company has taken unsecured loan from its parent company.
- 4) In our opinion and according to the information and explanation given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any such internal control weakness in such internal control.
- 5) (a) In our opinion and according to the information and explanation given to us, there were no transactions that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.  
(b) Sub-clause (b) of sub-para (v) of para 4 of the Order regarding responsibilities of prices at which such transactions that have been entered into is not applicable as there are no such transaction that needed to be entered in the register maintained in pursuant to Section 301 of the Act.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and accordingly the provisions contained in Sections 58A and 58AA of the Act and the Rules thereunder are not applicable to the Company, in this regards.
- 7) The Company has internal audit system commensurate with its size and nature of its business.
- 8) The Ministry of Corporate Affairs has notified the cost accounting records, however the management is of the view that the said requirements are not applicable to the company as it has not commenced production.

- 9) (a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, wherever applicable. According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31<sup>st</sup> March 2014 for a period of more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us and records examined by us, there are no disputed dues of Income Tax/Sales Tax/Wealth Tax/Service Tax/Customs Duty/Excise Duty/Cess.
- 10) The Company's accumulated loss at the end of the financial year is more than fifty per cent of net worth of the Company. The Company has incurred cash loss during the year, and during the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the records made available to us, the Company has not raised any loans from Financial Institutions or Bank or on Debentures.
- 12) According to the information and explanations given to us and based on our examination of the records made available to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of this clauses are not applicable to the company.
- 14) (a) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (b) The Company does not hold any shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institutions.
- 16) According to the information and explanations given to us and the records made available to us, the Company has not given any term loans during the period covered by our audit report.
- 17) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-terms basis have been utilized for long-term investment.



- 18) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year. Hence, the question of reporting under clause 4(xviii) of the Order regarding whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- 19) The Company has not issued any debentures hence the question of reporting under clause 4(xix) of the Order regarding creation of securities or charge does not arise.
- 20) According to the information and explanations given to us and the records made available to us, the Company has not raised any money by public issue during the period covered by our audit report.
- 21) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the Company has been noticed or reported during the year by the Company.

**For JESWANI & RATHORE**

Chartered Accountants

F. R.N.: 104202W

Sd/-

**DHIREN K. RATHORE**

(Partner)

Membership No.: 115126

Place: Mumbai

Date: May 15, 2014

**BALANCE SHEET AS AT 31st MARCH, 2014**

	Particulars	Note no.	₹ in '000	₹ in '000
			As at 31-03-2014	As at 31-03-2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholders' Funds</b>			
	(a) Share Capital	1	600,000.00	250,000.00
	(b) Reserves & Surplus	2	(957,818.94)	(94,037.57)
			<b>(357,818.94)</b>	<b>155,962.43</b>
(2)	<b>Non-current liabilities</b>			
	Long-term borrowings	3	384,119.66	683,017.33
			<b>384,119.66</b>	<b>683,017.33</b>
(3)	<b>Current liabilities</b>			
	Other current liabilities	4	1,852.83	19,574.64
			<b>1,852.83</b>	<b>19,574.64</b>
	<b>TOTAL</b>		<b>28,153.55</b>	<b>858,554.40</b>
<b>II</b>	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	Capital work-in-progress	5	-	847,631.98
			-	<b>847,631.98</b>
(2)	<b>Current assets</b>			
	(a) Cash and cash equivalents	6	26,635.06	10,922.42
	(b) Other current assets	7	1,518.49	-
			<b>28,153.55</b>	<b>10,922.42</b>
	<b>TOTAL</b>		<b>28,153.55</b>	<b>858,554.40</b>

**Statement of Significant Accounting Policies & Notes 9**

As per our attached report of even date

For and on behalf of the Board of Directors

For and on behalf of  
**Jeswani & Rathore**  
 Chartered Accountants  
 Firm No. 104202W

Sd/-  
**Arun Kumar Singh**  
 Director

Sd/-  
**Vijayagopal N.**  
 Director

Sd/-  
**D.K. Rathore**  
 Partner  
 Membership No. 115126

Place: Mumbai  
 Dated: 15<sup>th</sup> May, 2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

		Notes	₹ in '000	₹ in '000
			For the year 2013-14	For the year 2012-13
I	Other Income		-	-
II	<b>Total Revenue</b>		-	-
III	Expenses:			
	Provision towards impairment		864,020.64	-
	Operating and Administration expenditures	8	2,783.66	18,083.06
	<b>Total expenses</b>		<b>866,804.30</b>	<b>18,083.06</b>
IV	<b>Profit (Loss) before tax (II - III)</b>		<b>(866,804.30)</b>	<b>(18,083.06)</b>
V	Tax Expense:			
	(i) Current tax		-	-
	(ii) Deferred Tax		-	-
	(iii) Short/(Excess) provision of current tax relating to earlier years		(3,022.93)	-
VI	<b>Profit (Loss) for the period from continuing operations (IV - V)</b>		<b>(863,781.37)</b>	<b>(18,083.06)</b>
VII	Profit (Loss) from discontinuing operations		-	-
VIII	Tax expense of discontinuing operations		-	-
IX	<b>Profit (Loss) from discontinuing operations (after tax) (VII-VIII)</b>		-	-
X	<b>Profit / (Loss) for the period (VI+IX)</b>		<b>(863,781.37)</b>	<b>(18,083.06)</b>
XI	Earnings per share			
	(i) Basic		(22.32)	(0.93)
	(ii) Diluted		(22.32)	(0.93)

Statement of Significant Accounting Policies &amp; Notes 9

As per our attached report of even date

For and on behalf of the Board of Directors

For and on behalf of  
**Jeswani & Rathore**  
Chartered Accountants  
Firm No. 104202W

Sd/-  
**Arun Kumar Singh**  
Director

Sd/-  
**Vijayagopal N.**  
Director

Sd/-  
**D.K. Rathore**  
Partner  
Membership No. 115126

Place: Mumbai  
Dated: 15<sup>th</sup> May, 2014

Cash Flow Statement for the year ended 31<sup>st</sup> March 2014

	2013-14 ₹ in '000	2012-13 ₹ in '000
<b>Cash Flow from Operating Activities</b>		
Profit / (Loss) before tax	(863,781.37)	(18,083.06)
<i>Adjustments for:</i>		
Miscellaneous Exp Written off	-	-
Provision towards impairment	864,020.64	
Net unrealised exchange (gain) / loss	-	80.13
<b>Operating Profit / (Loss) before Working Capital changes</b>	<b>239.27</b>	<b>(18,002.93)</b>
(Increase) / Decrease in Current Assets	(1,518.49)	8,573.55
Increase / (Decrease) in Current Liabilities	(17,721.81)	6,866.93
<b>A Net Cash Flow from/ used in Operating Activities</b>	<b>(19,001.03)</b>	<b>(2,562.45)</b>
<b>Net Cash Flow from Investing Activities</b>		
Additions to Capital Work-in-progress	(16,388.66)	(38,715.32)
<b>B Net Cash Flow from/used in Investing Activities</b>	<b>(16,388.66)</b>	<b>(38,715.32)</b>
<b>Net Cash Flow from Financial Activities</b>		
Issue of Equity Share Capital	350,000.00	100,000.00
Conversion of long-term borrowings	(350,000.00)	(100,000.00)
Proceeds from long-term borrowings	51,102.33	38,500.00
<b>C Net Cash Flow from/used in Financing Activities</b>	<b>51,102.33</b>	<b>38,500.00</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>15,712.64</b>	<b>(2,777.77)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2013-14</b>	<b>2012-13</b>
	<b>₹ in '000</b>	<b>₹ in '000</b>
Bank Balance	1,293.40	32.17
Share of Interest in Joint Venture	9,629.02	13,668.02
	<b>10,922.42</b>	<b>13,700.19</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2013-14</b>	<b>2012-13</b>
	<b>₹ in '000</b>	<b>₹ in '000</b>
Bank Balance	3,141.99	1,293.40
Share of Interest in Joint Venture	23,493.07	9,629.02
	<b>26,635.06</b>	<b>10,922.42</b>
<b>Net change in Cash and Cash equivalents</b>	<b>15,712.64</b>	<b>(2,777.77)</b>

**Notes:-**

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

As per our attached report of even date

For and on behalf of the Board of Directors

For and on behalf of  
**Jeswani & Rathore**  
Chartered Accountants  
Firm No. 104202W

Sd/-  
**Arun Kumar Singh**  
Director

Sd/-  
**Vijayagopal N.**  
Director

Sd/-  
**D.K. Rathore**  
Partner  
Membership No. 115126

Place: Mumbai  
Dated: 15<sup>th</sup> May, 2014

Note '1' - SHARE CAPITAL		As at 31 March, 2014		As at 31 March, 2013	
		Number of shares	₹ in '000	Number of shares	₹ in '000
<b>Equity Share Capital</b>					
i	<b>Authorised</b>				
	Equity shares of ₹ 10 each with voting rights *	60,000,000	600,000	25,000,000	250,000
	<b>Total</b>	<b>60,000,000</b>	<b>600,000.00</b>	<b>25,000,000</b>	<b>250,000</b>
ii	<b>Issued, subscribed and paid-up Capital:</b>				
	<b>Issued and Subscribed Capital:</b>				
	Equity shares of ₹10 each fully paid-up with voting rights *	60,000,000	600,000	25,000,000	250,000
	<b>Paid up Capital:</b>				
	Equity shares of ₹10 each fully paid-up with voting rights *	60,000,000	600,000	25,000,000	250,000
	<b>Total</b>	<b>60,000,000</b>	<b>600,000</b>	<b>25,000,000</b>	<b>250,000</b>
iii	<b>Par value of equity shares:</b>		₹ 10 each		₹ 10 each
iv	<b>No. of shares outstanding</b>				
	<b>Equity shares of ₹10 each fully paid-up</b>				
	As at beginning of the year	25,000,000	250,000	15,000,000	150,000
	Issued during the year	35,000,000	350,000	10,000,000	100,000
	<b>As at the year end</b>	<b>60,000,000</b>	<b>600,000</b>	<b>25,000,000</b>	<b>250,000</b>
v	<b>Shareholders holding more than 5% shares</b>		<b>No. of Shares</b>		<b>No. of Shares</b>
	<b>Name of shareholder</b>	<b>% holding</b>	<b>31<sup>st</sup> March 2014</b>	<b>% holding</b>	<b>31<sup>st</sup> March 2013</b>
	Bharat Petroresources Limited	100.00	6,00,00,000#	100.00	2,50,00,000#
vi	<b>Shareholders held by Holding Company</b>		<b>No. of Shares</b>		<b>No. of Shares</b>
	<b>Name of shareholder</b>		<b>31<sup>st</sup> March 2014</b>		<b>31<sup>st</sup> March 2013</b>
	Bharat Petroresources Limited	100.00	6,00,00,000#	100.00	2,50,00,000#

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

# 60 Shares held by Nominee Shareholders

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

Note '2' - RESERVES & SURPLUS	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
<b>Surplus (Deficit) in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(94,037.57)	(75,954.51)
Profit / (loss) for the year	(863,781.37)	(18,083.06)
<b>Total</b>	<b>(957,818.94)</b>	<b>(94,037.57)</b>

Note '3' - Long-term borrowings	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
<b>Unsecured</b>		
Term Loan from Parent Company	384,119.66	683,017.33
<b>Total</b>	<b>384,119.66</b>	<b>683,017.33</b>

Terms & Repayment Schedule of Term Loans:	₹ in '000	₹ in '000		
Loans & Borrowings	Book value as on 31st March, 2014	Book value as on 31st Mar, 2013	Date of Maturity	Rate of Interest (%)
Loan from Parent Company	384,119.66	683,017.33	15 years from date of disbursement of the loan	0.00%

Note '4' - Other current liabilities	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
Other Payables:		
(i) Payable for Legal and Professional fees	115.17	101.94
(ii) Statutory Dues Payable	-	0.70
In respect of Joint Venture:		
Payable for Contract Supplies/works	1,737.66	19,472.00
<b>Total</b>	<b>1,852.83</b>	<b>19,574.64</b>

Note '5' - Capital Work-In-Progress	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
<b>Capital work-in-progress (at cost)</b>		
Acquisition Cost	8,178.71	8,178.71
Exploration Cost		
- Geological & Geophysical Cost	276,840.37	276,840.38
- Drilling Cost	566,959.61	562,612.89
- General & Administration	12,041.95	-
	<b>864,020.64</b>	<b>847,631.98</b>
Less: Provision towards impairment [Refer Note 9 (6)]	864,020.64	-
<b>Total</b>	<b>-</b>	<b>847,631.98</b>



<b>Note '6' - Cash and cash equivalents</b>	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
Cash on Hand	-	-
<b>With Scheduled banks :</b>		
In current accounts	3,141.99	1,293.40
With Bank in Current Accounts* (in respect of Joint Venture)	23,493.07	9,629.02
<b>Total</b>	<b>26,635.06</b>	<b>10,922.42</b>

\* Earmarked for Joint Venture Operations

<b>Note '7' - Other current assets</b>	₹ in '000	₹ in '000
	As at 31-03-2014	As at 31-03-2013
Share of interest in Joint Venture	1,518.49	-
<b>Total</b>	<b>1,518.49</b>	<b>-</b>

<b>Note '8' - Other expenses</b>	₹ in '000	₹ in '000
	For the year 2013-14	For the year 2012-13
Legal and Professional Fees	160.79	1,634.72
Rate and Taxes	2,550.21	800.00
Share in Operators Expenditure	-	15,480.50
Pre Incorporation Expenses	-	-
Bank Charges	2.49	7.86
Foreign Exchange fluctuations (net)	-	80.13
Payment to Auditors	70.17	79.85
Other Expenses	-	-
<b>Total</b>	<b>2,783.66</b>	<b>18,083.06</b>

<b>Payment to Auditors</b>	₹ in '000	₹ in '000
	For the year 2013-14	For the year 2012-13
As Auditor	67.36	72.83
For Other Services	2.81	7.02
<b>Total</b>	<b>70.17</b>	<b>79.85</b>

**NOTE 9****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS****A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****1 BASIS FOR PREPARATION**

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

**2 USE OF ESTIMATES**

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

**3 OIL AND NATURAL GAS PRODUCING ACTIVITIES**

**3.1** The Company follows the “Full Cost” method of accounting for its oil and natural gas exploration and production activities read with the Guidance Note (A) 15 (Revised 2013) on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to the gross block of assets regardless of whether or not the results of specific costs are successful. Depletion is charged on all capitalised costs according to the unit of production method. On Completion of the minimum work programme or on the expiration of licence period and if hydrocarbons are not found in any of the block or the cost centre then expenditure accumulated under the head Capital work-in-progress in relation to the block or cost centre is written off.

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

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

### 3.3 DEPLETION

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

### 3.4 SITE RESTORATION COSTS

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

## 4 IMPAIRMENT OF ASSETS

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

## 5 FOREIGN CURRENCY TRANSACTIONS

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

**6 PRELIMINARY EXPENSES**

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

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

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

**8 TAXES ON INCOME**

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

**9. CLASSIFICATION OF INCOME/EXPENSES**

Being not material:

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

**NOTE '9' (Continued)****B. NOTES:**

- 1) The Company was incorporated as a 100% subsidiary of Bharat PetroResources Limited (BPRL) on 28<sup>th</sup> October 2006 to hold 25% participating interest in block "JPDA 06-103" located in the Joint Petroleum Development Area between Australia and Timor. Currently, the ownership interest is 20%.
- 2) The Company is engaged in the business of Exploration and Production of Hydrocarbons, with a single segment as per Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India (ICAI). There are no geographical segments.
- 3) As per the revised guidance note on "Accounting for Oil and Gas Producing Activities", issued by Institute of Chartered Accountants of India, and applicable from 1st April 2013, General & Administrative expenses, which were earlier taken to Profit and Loss Account, have now been capitalized as Capital Work In Progress in respect of the block. The impact of the same for the year is ₹12,041.95 ('000).
- 4) Earnings Per Share (EPS):

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

		2013-14	2012-13
Net profit/ (loss) after tax	₹ in '000	(8,63,781.37)	(18,083.06)
Weighted average equity shares outstanding during the period	Nos. in '000	38,698.63	19,383.56
Basic earnings per equity share	₹	(22.32)	(0.93)
Diluted earnings per equity share	₹	(22.32)	(0.93)

<b>Calculation of Weighted Average Number of Shares as at March 31, 2014:- (In '000)</b>	
Additional issue of shares on October 25, 2013	25,000.00
Weighted Average Number of Equity Shares issued during the year	10,821.92
Additional issue of shares on December 17, 2013	10,000.00
Weighted Average Number of Equity Shares issued during the year	2,876.71
Opening Share capital	25,000.00
Weighted Average Number of Equity Shares for EPS Calculation	38,698.63

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

In case of the block held by the Company, the reporting period is year ended 31<sup>st</sup> December, 2013. Therefore, audited financial statements as received from the operator of the joint venture for the year ended 31<sup>st</sup> December, 2013 and unaudited billing statements for three months ended 31<sup>st</sup> March, 2014 have been used for the purpose of reporting expenditures and share of interest in jointly controlled assets.

a) Jointly controlled Assets : Country of Incorporation	Percentage of Ownership interest as on	
	31.03.2014	31.03.2013
JPDA 06-103 Block	20.00	20.00

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

	(₹ in '000)	
	31.03.2014	31.03.2013
(i) Current Assets	25,011.56	9,629.02
(ii) Liabilities	1,737.66	19,472.00
(iii) Income	-	-
(iv) Expenses	-	15,480.50

- 6) Company has a participating interest of 20% in JPDA 06-103 block. The continuation of activities in the block has been adversely affected due to dispute between the Government of Timor Leste and the Government of Australia with respect to the Certain Maritime Arrangements in the Timor Sea Treaty (CMATS) for which the Timor Leste Government has initiated arbitration proceedings against the Government of Australia.

These developments have created significant commercial uncertainty which has negatively impacted the ability of the Joint Venture partners to meet the obligations under the PSC. The consortium partners have requested ANP to terminate the PSC with all parties remaining in good standing. The decision of authority is awaited.

In light of the uncertainties, the management has provided ₹8,64,020.64 (in '000) being the cumulative expenditure accounted under capital work-in-progress in the financial statements for the year.

## 7) Capital commitments and Contingent Liabilities:

(₹ in '000)

31.03.2014 31.03.2013

**(a) Capital Commitments :-**

Estimated amount of contracts

Remaining to be executed on capital account  
and not provided for

USD Nil - (Previous year USD 10 Mn) NIL 543,900.00

**(b) Contingent Liabilities**

NIL NIL

8) As at March 31, 2014, there are no creditors covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence no disclosures under the Act are made.

## 9) Expenditure in Foreign Currency

(₹ in '000)

31.03.2014 31.03.2013

**(a)** Professional Consultancy Fees 98.04 1,564.99**(b)** General & Administration Expense(G&A) 12,041.95 15,480.50**(c)** Exploration Drilling Expenses 2,685.43 35,980.60

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

11) Foreign Exchange differences (net) of ₹1,661.31 (in '000) have been capitalized to the carrying amount of CWIP (Previous year Nil).

## 12) Taxation:-

**(a) Deferred Tax Provision**

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

**(b) Current Tax Provision**

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



- 13) Exchange Rate - 1 USD = INR 60.10, 1 AUD = INR 55.22 as at 31.03.2014.
- 14) Figures of previous year have been regrouped wherever necessary, to conform to current year presentation.

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

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

For and on behalf of

**Jeswani & Rathore**

Chartered Accountants

Firm No. 104202W

Sd/-

**Arun Kumar Singh**

Director

Sd/-

**Vijayagopal N.**

Director

Sd/-

**D.K. Rathore**

Partner

Membership No. 115126

Place: Mumbai

Dated: 15<sup>th</sup> May, 2014

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every sale, purchase, and payment must be properly documented to ensure the integrity of the financial statements. This includes recording the date, amount, and purpose of each transaction.

The second part of the document provides a detailed breakdown of the company's revenue streams. It identifies the primary sources of income and analyzes their contribution to the overall financial performance. This section also discusses the seasonal fluctuations in revenue and the impact of market conditions.

The third part of the document details the company's operating expenses. It categorizes these expenses into fixed and variable costs and provides a thorough analysis of their trends over time. This section highlights areas where the company has successfully reduced costs and identifies opportunities for further optimization.

The fourth part of the document presents a comprehensive analysis of the company's profit margins. It compares the gross, operating, and net profit margins against industry benchmarks and historical performance. This analysis provides valuable insights into the company's operational efficiency and its ability to generate sustainable profits.

The fifth part of the document discusses the company's financial position and liquidity. It examines the balance sheet, cash flow statement, and debt-to-equity ratio. This section assesses the company's ability to meet its short-term and long-term obligations and its overall financial health.

The sixth part of the document provides a forward-looking perspective on the company's financial outlook. It discusses the key factors that will influence the company's performance in the coming years, including market trends, competitive dynamics, and internal strategic initiatives.

The seventh part of the document concludes with a summary of the key findings and recommendations. It reiterates the strengths of the company's financial performance and identifies areas for improvement. The recommendations are designed to help the company achieve its long-term financial goals and maintain its competitive edge in the market.

# **Bharat PetroResources JPDA Limited**

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