IMPORTANT NOTICE

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IMPORTANT: You must read the following before continuing. The following applies to the note offering circular dated 10 January 2017 (the **Note Offering Circular** and together with the offering circular dated 18 November 2016 (the **Original Offering Circular)**, are referred to as the **Offering Circular)** following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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Confirmation of your Representation: The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission. The attached Offering Circular is being furnished in connection with an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S under the Securities Act (**Regulation S**).

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the relevant Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers nor any person who controls each of them nor any director, officer, employee nor agent of each of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

NOTE OFFERING CIRCULAR

BPRL INTERNATIONAL SINGAPORE PTE. LTD.

(incorporated with limited liability in Singapore)

Unconditionally and irrevocably guaranteed by

BHARAT PETROLEUM CORPORATION LIMITED

(incorporated with limited liability in the Republic of India)

Issue of
U.S.$600,000,000 4.375 per cent. Notes due 2027 issued pursuant to the
U.S.$2,000,000,000 Medium Term Note Programme

The U.S.$600,000,000 4.375 per cent. Notes due 2027 (the **Notes**) will be issued by BPRL International Singapore Pte. Ltd. (the **Issuer**) and unconditionally and irrevocably guaranteed by Bharat Petroleum Corporation Limited (the **Guarantee**) pursuant to the Issuer's U.S.$2,000,000,000 Euro Medium Term Note Programme (the **Programme**), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 120.0 per cent. of the total aggregate principal amount of the Notes (the **Guaranteed Amount**) The Notes will be constituted by an amended and restated trust deed dated 18 November 2016, entered into by the Issuer and Citicorp International Limited as Trustee.

The Notes will constitute the direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding. The obligations of the Guarantor under its Guarantee will be the direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and will rank pari passu and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding. The Guarantor's potentially liability under the Guarantee is capped at the Guaranteed Amount.

The Notes will bear interest at the rate of 4.375 per cent. per annum from and including 18 July 2017 to but excluding 18 July 2027 and interest will be payable semi-annually on 18 January and 18 July of each year, commencing on 18 July 2017 (the **Offering**). The Notes will mature on 18 January 2027. Prior to maturity, the Notes will be redeemable by the Issuer, in whole but not in part, in the event of certain changes in the laws or regulations of a Tax Jurisdiction (as defined in Condition 9). See "Terms and Conditions of the Notes".

Application has been made to the Singapore Exchange Securities Trading Limited (the SGX-ST) for the listing and quotation of Notes. Permission to list the Notes will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent in other currencies.

See "Investment Considerations" in the Original Offering Circular (as defined herein) for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes are expected to be rated Baa3 by Moody's Investors Services, Inc. and BBB- by Fitch Ratings Singapore Pte Ltd.. Such ratings of the Notes do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by either such rating organisation. Each such rating should be evaluated independently of any other rating of the Notes, of the Issuer's other securities or of the Issuer.

The Notes will be evidenced by a Registered Global Note (as defined in the Original Offering Circular) deposited with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and registered in the name of a nominee of such common depositary.

It is expected that delivery of the Registered Global Note will be made on 18 July 2017 or such later date as may be agreed (the Closing Date) by the Issuer and the Joint Lead Managers.

For the purposes of the Notes only, this Note Offering Circular is supplemental to, and should be read in conjunction with, the Original Offering Circular.and all documents which are deemed to be incorporated therein by reference in relation to the Programme. Words and expressions defined in the Original Offering Circular shall have the same meanings where used in this Note Offering Circular unless the context otherwise requires or unless otherwise stated herein.

This Note Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Note Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Note Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "Subscription and Sale" of the Original Offering Circular.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or, in certain circumstances, to U.S. persons (as defined in Regulation S under the Securities Act). The Notes are being offered outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "Subscription and Sale" of the Original Offering Circular.

Words and expressions defined in the Original Offering Circular shall have the same meaning where used in this Note Offering Circular unless the context otherwise requires or unless otherwise stated herein.

Joint Global Coordinators

Citigroup **Standard Chartered Bank**

Joint Lead Managers

Citigroup **DBS Bank Ltd.** **MUFG** **SBI Capital Markets** **Standard Chartered Bank**

The date of this Note Offering Circular is 10 January 2017.

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USE OF PROCEEDS

The gross proceeds of the issue of the Notes (without deducting the Joint Lead Managers' discounts, fees, commissions and other estimated expenses payable in connection with this Offering) will be U.S.$599,712,000. The Issuer will apply all of the net proceeds for the refinancing of its existing bridge loans extended by international banks, including some of the Joint Lead Managers and their affiliates for the financing of the acquisition of 33.0 per cent. equity stake in each of two special purpose vehicles named Taas India Pte. Ltd. & Vankor India Pte Ltd., through which Bharat Petroleum Corporation Limited (indirectly through Bharat PetroResources Limited and BPRL International Singapore Pte. Ltd.), along with two other Indian oil and gas companies as a consortium acquired equity stakes in two Russian companies comprising participatory shares representing 29.90 per cent. of the charter capital of LLC Taas -Yuryakh Neftegazodobycha and 23.90 per cent. of shares of JSC Vankorneft.

FORM OF PRICING SUPPLEMENT

The form of the Pricing Supplement (subject to any amendment or modification) is set out below. The terms and conditions of the Notes shall consist of the terms and conditions set out in the Original Offering Circular (the ***Base Conditions****) as amended and supplemented by the Pricing Supplement. References in the Base Conditions to the* ***Pricing Supplement*** *shall be deemed to refer to the terms set out below.*

PRICING SUPPLEMENT

10 January 2017

BPRL International Singapore Pte. Ltd.

Issue of U.S.$600,000,000 4.375 per cent. Notes due 2027
Guaranteed by Bharat Petroleum Corporation Limited
under the U.S.$2,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 18 November 2016 as supplemented by the Note Offering Circular dated 10 January 2017 (the **Offering Circular**). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

Where interest and discount income (other than discount income from secondary trading) is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available (subject to certain conditions) for interest and discount income derived from qualifying debt securities under the Income Tax Act (Chapter 134 of Singapore) (the **Income Tax Act**) shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest or discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such interest or discount income in a return of income made under the Income Tax Act.

1.	(a)Issuer:	BPRL International Singapore Pte. Ltd.
	(b)Guarantor:	Bharat Petroleum Corporation Limited
2.	(a)Series Number:	2
	(b)Tranche Number:	1
	(c)Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:	United States Dollar (U.S.$)
4.	Aggregate Nominal Amount:	

	(a)Series:	U.S.$600,000,000
	(b)Tranche:	U.S.$600,000,000
5.	(a)Issue Price:	99.952 per cent. of the Aggregate Nominal Amount
	(b)Net proceeds:	U.S.$599,712,000
6.	(a) Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)Calculation Amount:	U.S.$1,000
7.	(a)Issue Date:	18 January 2017
	(b)Interest Commencement Date:	Issue Date
8.	Maturity Date:	18 January 2027
9.	Interest Basis:	4.375 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/Payment Basis	Not Applicable
12.	(a)Date of board approval for issuance of Notes and Guarantee obtained	10 March 2016
	(b)Date of regulatory approval/consent for issuance of Notes obtained:	Approval dated 22 September 2016 issued by the Reserve Bank of India in connection with the Guarantee to be issued by the Guarantor
13.	Listing:	Singapore
14.	Method of distribution:	Syndicated
15.	Fixed Rate Note Provisions:	Applicable
	(a)Rate(s) of Interest:	4.375 per cent. per annum payable in arrear on each Interest Payment Date
	(b)Interest Payment Date(s):	18 January and 18 July in each year up to and including the Maturity Date commencing 18 July 2017
	(c)Fixed Coupon Amount(s):	U.S.$21.875 per Calculation Amount
	(d)Broken Amount(s):	Not Applicable
	(e)Day Count Fraction:	30/360

	(f)Determination Date(s):	Not Applicable
	(g)Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions:	Not Applicable
18.	Index Linked Interest Note Provisions:	Not Applicable
19.	Dual Currency Interest Note Provisions	Not Applicable
20.	Issuer Call:	Not Applicable
21.	Investor Put:	Not Applicable
22.	Final Redemption Amount:	U.S.$1,000 per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	U.S.$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	Registered Notes: Registered Global Note (U.S.$600,000,000 nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg
25.	Additional Financial Centre(s):	Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes in bearer form (and dates on which such Talons mature):	No
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
28.	Details relating to Instalment Notes:	Not Applicable
29.	Redenomination applicable:	Redenomination not applicable
30.	Other terms or special conditions:	As set out in the Note Offering Circular

31.	(a)If syndicated, names of Managers:	Citigroup Global Markets Singapore Pte. Ltd. and Standard Chartered Bank as Joint Global Coordinators Citigroup Global Markets Singapore Pte. Ltd., Standard Chartered Bank, DBS Bank Ltd., MUFG Securities Asia (Singapore) Limited and SBICAP (Singapore) Limited as Joint Lead Managers
	(b)Stabilising Manager(s) (if any):	Citigroup Global Markets Singapore Pte. Ltd.
32.	If non-syndicated, name of relevant Dealer:	Not Applicable
33.	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA not applicable
34.	Whether Category 1 or Category 2 applicable in respect of the Notes offered and sold in reliance on Regulation S:	Category 1
35.	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

36.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
37.	Delivery:	Delivery against payment
38.	Additional Paying Agent(s) (if any):	Not Applicable

ISIN:XS1548865911

Common Code: 154886591

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$2,000,000,000 Medium Term Note Programme of Bharat Petroleum Corporation Limited and BPRL International Singapore Pte. Ltd.

AMENDMENT TO THE TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes as presented in the Offering Circular are hereby amended by replacing Condition 8.3 (Redemption upon Change of Control) with the following.

8.3 **Redemption upon Change of Control**

Within 15 days following any Change of Control, the Issuer will give notice to the Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 15 stating that a Change of Control has occurred.

Following the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem, in whole but not in part, the Notes held by such Noteholder at their nominal amount outstanding together with interest (including additional amounts pursuant to Condition 9 if any) accrued to (but excluding) the date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Transfer Agent or the Registrar on any business day (being, in relation to any place, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a Put Notice) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Put Notice, be held to its order or under its control.

Subject to the receipt of RBI or AD Bank approval, where required, the Issuer is obliged to redeem any such Notes on the first business day in the place where such redemption notice is deposited falling 30 days after such deposit.

A Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, Transfer Agent or the Registrar pursuant to this Condition 8.3 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control is not conditional upon a Change of Control notice having been given by the Issuer, but will, if such notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such notice.

For the purposes of this Condition 8.3:

Control means (a) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the Guarantor or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's or the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

A **Change of Control** will have occurred if:

a) the Government of India will at any time cease to own, directly or indirectly, more than 50 per cent. of the voting securities of the Guarantor;

b) the Guarantor will at any time cease to own, directly or indirectly, more than 50 per cent. of the voting securities of the Issuer;

c) any Person or Persons acting together acquires or acquire Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on 18 January 2017;

d) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or

e) one or more Persons (other than any entity or Person referred to in sub-paragraph (c) above) acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital.

Person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's or the Guarantor's board of directors or any other governing board and does not include the Issuer's or the Guarantor's wholly-owned direct or indirect subsidiaries.

voting securities means stock (or equivalent interests) having voting power for the election of directors, commissioners, managers or trustees of a company (or otherwise the power to control the management and policies of such corporation or other entity).

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:	Signed on behalf of the Guarantor:
By:	By:
Duly authorised	Duly authorised

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The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the relevant Issuer in such jurisdiction.

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You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR

BHARAT PETROLEUM CORPORATION LIMITED

(incorporated with limited liability in the Republic of India)

BPRL INTERNATIONAL SINGAPORE PTE. LTD.

(incorporated with limited liability in Singapore)

U.S.$2,000,000,000
Medium Term Note Programme

Under the U.S.$2,000,000,000 Euro Medium Term Note Programme (the **Programme**), Bharat Petroleum Corporation Limited (**BPCL**), BPRL International Singapore Pte. Ltd. (**BISPL**), and any New Issuer (as defined herein) (the **Issuers**, and each an **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**). Notes issued by BISPL or any New Issuer (as defined herein) (the **Guaranteed Issuer**) will be guaranteed by BPCL (in such capacity, the **Guarantor**), such guarantee (the **Guarantee**) and such Notes (the **Guaranteed Notes**) provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 120.0 per cent. of the total aggregate principal amount of the Guaranteed Notes outstanding from time to time (the **Guaranteed Amount**). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Programme Agreement, the Trust Deed and the Agency Agreement (each as defined herein) each contain provisions enabling BPCL to, from time to time, nominate any subsidiary (as defined in the Conditions) of BPCL as an additional issuer (a **New Issuer**) to issue Notes. It is intended that such New Issuer shall accede to the terms of the Programme by executing, *inter alia*, a new issuer programme accession letter, a supplemental trust deed and a supplemental agency agreement, and thereafter, shall become, and be treated as, an issuer for the purpose of the Programme. In such event, BPCL and such additional New Issuer shall make a supplemental Offering Circular in relation to such accession. Unless and until a supplemental Offering Circular is published providing details of the accession of a New Issuer under the Programme, references in this Offering Circular to "the Issuer" or "Issuers" should be taken as references to BISPL and BPCL, as applicable, only.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any further Dealer appointed under the Programme from time to time by the relevant Issuer(s) (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the **Official List**). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuers, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the **Pricing Supplement**) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer. The Issuers may also issue unlisted Notes.

The Issuers and the Guarantor (in the case of Guaranteed Notes) may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

See "*Investment Considerations*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Each Tranche of Bearer Notes of each Series (as defined in "*Form of the Notes*") will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes**, and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg. On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series.

Registered Notes sold in an "offshore transaction" within the meaning of Regulation S (**Regulation S**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**), which will be sold outside the United States (**U.S.**), will initially be represented by a global note in registered form, without receipts or coupons, (a **Registered Global Note**) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of such common depositary.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable for definitive Bearer Notes in certain limited circumstances.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale*".

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or, in certain circumstances, to U.S. persons (as defined in Regulation S under the Securities Act). The Notes are being offered outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "*Subscription and Sale*".

Sole Arranger and Dealer

Citigroup Global Markets Limited

The date of this Offering Circular is 18 November 2016.

Each Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances under which they were made, misleading. Each Issuer and the Guarantor, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Programme and the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. Each Issuer and the Guarantor accepts responsibility accordingly.

No person is or has been authorised by any of the Issuers or the Guarantor to give any information or to make any representation other than those contained in this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorised by any Issuer, the Guarantor, any of the Arrangers or the Dealers or the Trustee.

Neither the Arrangers, the Dealers, the Trustee nor Agents (as defined herein) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arrangers or the Dealers, the Trustee or the Agents or any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by any of the Issuers or the Guarantor in connection with the Programme.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any of the Issuers, the Guarantor, any of the Arrangers, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), any of the Arrangers or the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning any of the Issuers or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. To the fullest extent permitted by law, the Arrangers, the Dealers, and the Trustee do not accept any responsibility for the contents of this Offering Circular. Each of the Arrangers, the Dealers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. The Arrangers, the Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of any of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuers, the Guarantor, the Arrangers, the Dealers, the Trustee and the Agents represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuers, the Guarantor, any of the Arrangers or the Dealers or the Trustee or the Agents which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Italy and the Netherlands), India, Singapore, Japan and Hong Kong, see "*Subscription and Sale*".

None of the Issuers, the Guarantor, the Arrangers, the Dealers and the Trustee and the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000 (**FSMA**) with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See "*Subscription and Sale*".

In connection with the offering of any series of Notes, each Dealer is acting or will act for the relevant Issuer and (in the case of Guaranteed Notes) the Guarantor in connection with the offering and no-one else and will not be responsible to anyone other than the relevant Issuer and (in the case of Guaranteed Notes) the Guarantor for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arrangers, the Dealers, the Trustee, the Agents or any person affiliated with the Arrangers, the Dealers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

For a description of other restrictions, see "*Subscription and Sale*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

BPCL has historically prepared its annual and interim financial statements in Rupees under Indian GAAP. However, moving forward public companies in India will be required to prepare annual and interim financial statements under IND-AS in accordance with the roadmap announced on 2 January 2015 by the Ministry of Corporate Affairs, Government of India (the MCA), in consultation with the National Advisory Committee on Accounting Standards (the MCA Press Release) for the Convergence of IND-AS with IFRS. On 16 February 2015, the MCA notified the public of the Companies (Indian Accounting Standards) Rules, 2015, which have come into effect from 1 April 2016. As such, BPCL announced its financial results under IND-AS for the first time for the quarter ended 30 June 2016.

For a discussion of the principal differences between Indian GAAP, IFRS and IND-AS as they relate to BPCL, see "*Summary of Significant Differences Between Indian GAAP, IFRS and IND-AS*" and Risk Factor — "*The adoption of IND-AS, which began for BPCL from 1 April 2016, could have a material adverse effect on the presentation of BPCL's financial statements and BPCL's financial statements prepared under IND-AS may not be directly comparable to financial statements prepared under Indian GAAP*". Unless otherwise stated, all financial data contained herein is that of BPCL, its subsidiaries and joint venture companies on a consolidated basis. The financial statements for the years ended 31 March 2015 and 31 March 2016 included in this Offering Circular have been audited by the auditors as set out in paragraphs 6 and 7, respectively, of the section entitled "*General Information*". Please see the auditors' report for the year ended 31 March 2016 on pages F-8 to F-10 and the auditors' report for the year ended 31 March 2015 on pages F-56 to F-58. The unaudited, reviewed financial statements of BPCL for the six months ended 30 September 2016 have been reviewed by the auditors as set out in paragraph 7 of the section entitled "*General Information*", and the auditors' review report, is set out on pages F-2 to F-3. Such financial statements have not been audited, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit.

CERTAIN DEFINITIONS

In this Offering Circular, references to **India** are to the Republic of India, references to the **Government** are to the Government of India and references to the **RBI** are to the Reserve Bank of India. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to **fiscal** or **fiscal year** are to the year ending on 31 March.

Unless the context otherwise indicates, all references to **BPCL** are to Bharat Petroleum Corporation Limited and its subsidiaries and joint venture companies on a consolidated basis. All references to **BISPL** are to BPRL International Singapore Pte. Ltd.

Industry and market share data in this Offering Circular are derived from various government and private publications or obtained in communications with government ministries in India. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although BPCL believes that the industry data used in this Offering Circular is reliable and takes responsibility for the accurate extraction of such data from publicly available sources, it has not been independently verified by any of the Issuers, the Guarantor, the Arrangers, the Dealers or the Trustee.

All references in this document to **U.S. dollars**, **U.S.$** and **$** refer to United States dollars, to **Rupee**, **Rupees**, **INR**, **Rs.** and **₹** refer to Indian Rupees and to **SGD** refers to Singapore dollars. In addition, references to **Sterling**, **GBP** and **£** refer to pounds sterling and to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

References to **crores** and **lakhs** in BPCL's financial statements are to the following:

One lakh	100,000	(one hundred thousand)
One crore	10,000,000	(ten million)
Ten crores	100,000,000	(one hundred million)
One hundred crores	1,000,000,000	(one thousand million or one billion)

In this Offering Circular, where information has been presented in millions or billions of units, amounts may have been rounded, in the case of information presented in millions, to the nearest ten thousand or one hundred thousand units or, in the case of information presented in billions, one, ten or one hundred million units. Accordingly, the totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

FORWARD-LOOKING STATEMENTS

BPCL has included statements in this Offering Circular which contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "projected", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of BPCL with respect to, but not limited to, regulatory changes relating to the oil and gas in India and BPCL's ability to respond to them, BPCL's ability to successfully implement its strategy, BPCL's growth and expansion, including BPCL's ability to complete its capacity expansion plans, technological changes, BPCL's exposure to market risks, general economic and political conditions in India which have an impact on BPCL's business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in BPCL's industry.

For a further discussion on the factors that could cause actual results to differ, see the discussion under "*Investment Considerations*" contained in this Offering Circular.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

BPCL is a limited liability public company incorporated under the laws of India and BISPL is a limited liability public company incorporated under the laws of Singapore. All of BPCL's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of BPCL and such persons are located in India. As a result, it may not be possible for investors to effect service of process on the Issuers or Guarantor or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of the Issuers, Guarantor, or such directors and executive officers under laws other than Indian law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in India in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Each Issuer understands that the statutory basis for recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (the **Civil Code**). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom has been declared by the Government to be a reciprocating territory and the High Courts in England as the relevant superior courts. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution whereas, a judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India.

Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Also, a party may file suit in India against any of the Issuers, the Guarantor, their directors or their executive officers as an original action.

ENFORCEMENT OF THE GUARANTEE

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (**FEMA**). Pursuant to FEMA, the Indian Government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control.

The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended, read with "Master Direction-Direct Investment by Residents in Joint Venture (JV) /Wholly Owned Subsidiary (WOS) Abroad dated 1 January 2016 issued by the RBI, as amended and updated from time to time, (the **RBI Master Direction**) (collectively the **FEMA ODI Regulations**) are the primary regulations governing overseas direct investments outside India by Indian residents as well as issuances of guarantees by Indian companies in favour of their overseas subsidiaries. The term "direct investment outside India" has been defined by the FEMA ODI Regulations to mean investment by way of contribution to the capital or subscription to the Memorandum of Association (i.e. charter documents) of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange, but does not include portfolio investment.

A guarantee issued by an Indian company on behalf of its non-Indian wholly owned subsidiaries or joint ventures is also governed by the Foreign Exchange Management (Guarantees) Regulations, 2000, as amended, (the FEMA Guarantees Regulations). Indian entities may offer any form of guarantee — corporate or personal (including the personal guarantee by indirect resident individual promoters of the Indian Party)/primary or collateral, guarantee by the promoter company, guarantee by group company, sister concern or associate company in India subject to certain conditions laid down under FEMA ODI Regulations.

Pursuant to the FEMA ODI Regulations, an Indian company is permitted to make direct investments outside India in its wholly owned subsidiaries and joint ventures, as per the ceiling prescribed by the RBI from to time.

With effect from 3 July 2014, any financial commitment exceeding U.S.$1 billion (or its equivalent) in a financial year would require prior approval of the RBI even when the total financial commitment of the Indian party is within the eligible limit under the automatic route (i.e. within 400.0 per cent. of the net worth as per the last audited balance sheet). The Indian party can extend a guarantee only to an overseas joint ventures/wholly owned subsidiaries in which it has equity participation. Under the FEMA ODI Regulations, all financial commitments including all forms of guarantees should be within the overall ceiling prescribed by the Indian party.

For purposes of the FEMA ODI Regulations, "total financial commitment" includes, inter alia, 100.0 per cent. of the amount of guarantee (other than performance guarantee) issued by the Indian party. The Indian company (which is making the direct investment outside India) should not be on the RBI's exporters' caution list or list of defaulters to the system circulated by specified entities or is under investigation by any investigation or enforcement agency or regulatory body. However, all such guarantees must specify a maximum amount and duration of the guarantee upfront i.e. no guarantee can be open-ended or unlimited.

The Indian company is required to disclose certain terms of the guarantee to the RBI, in Form ODI Part II, through an authorized dealer (bank) in India.

If a guarantee issued by an Indian company on behalf of its wholly owned subsidiary is enforced by a competent court in a territory other than a "reciprocal territory", the judgment must be enforced in India by a new suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment.

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforced against the Guarantor in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunctions;

- Indian courts have sole discretion to grant specific performance of the Guarantee and may not grant specific performance in instances such as where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;

- actions may become barred under the Limitation Act, 1963, or may be or become subject to set-off or counterclaim, and failure to exercise a right of action within the relevant prescribed limitation period will operate as a bar to the exercise of such right;

- any certificate, determination, notification, opinion or the like will not be binding on an Indian court, which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the relevant documents to the contrary; and

- all limitations resulting from the laws of reorganisation, suretyship or similar laws of general application affecting creditors' rights.

At all times, the Guarantee shall be in respect of an amount not exceeding 120.0 per cent. of the outstanding principal amount of the Guaranteed Notes. See "*Terms and Conditions of the Notes—Status of the Notes and the Guarantee in Respect of the Notes*".

GLOSSARY OF TERMS USED IN THIS OFFERING CIRCULAR

Below are certain terms relating to the oil and gas sector used in this Offering Circular.

Unless otherwise indicated in the context, references to:

ATF refers to aviation turbine fuel.

CBFS refers to carbon black feed stock.

CDU refers to Crude Distillation Unit.

FO refers to fuel oil.

HSD refers to high speed diesel.

km refers to kilometre.

LABFS refers to linear alkyl benzene feedstock.

LDO refers to light diesel oil.

LNG refers to liquefied natural gas.

LPG refers to liquefied petroleum gas.

LSHS refers to low sulphur heavy stock.

MMSCMD refers to million metric standard cubic metre per day.

MMT refers to million metric tonnes.

MMTPA refers to million metric tonnes per annum.

MS refers to motor spirit.

MTO refers to mineral turpentine oil.

RLNG refers to regassified liquid natural gas.

SKO refers to superior kerosene oil.

CONTENTS

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published audited or reviewed, as the case may be, interim non-consolidated financial results of BPCL, (see "*General Information*" for a description of the financial statements currently published by BPCL); and

(b) all supplements or amendments to this Offering Circular circulated by any Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Each Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the relevant Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of the principal paying agent in London (which for the time being is Citibank, N.A.) (the **Principal Paying Agent**) for the Notes listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Programme, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.$2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

The offering of the Notes will be made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Notes are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Notes will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Notes may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of, such persons, unless determined otherwise in compliance with applicable law.

Each Issuer will issue Notes under the Programme in accordance with applicable laws including without limitation the ECB Guidelines.

The Government does not provide any guarantee or financial support in relation to any payment or obligation in respect of the Notes and has no commitment or obligation whatsoever in relation to any payment or obligation in respect of the Notes.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuers:	Bharat Petroleum Corporation Limited BPRL International Singapore Pte. Ltd.
Guarantor:	Bharat Petroleum Corporation Limited (where relevant)
Investment Considerations:	There are certain factors that may affect the relevant Issuer's and (in the case of Guaranteed Notes) the Guarantor's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Investment Considerations*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Investment Considerations*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited.
Dealer:	Citigroup Global Markets Limited and any other Dealers appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*").
Certain Restrictions:	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.
Trustee:	Citicorp International Limited
Principal Paying Agent:	Citibank, N.A., London Branch
Transfer Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Programme Size:	U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") in aggregate nominal amount of Notes outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) including but not limited to the minimum maturity period specified under the ECB Guidelines (as defined in Condition 1) or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer and/or registered form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate, subject to any regulatory requirement including but not limited to the ECB Guidelines, determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

	The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes, subject to any regulatory requirement (including but not limited to the ECB Guidelines). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Other provisions in Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a relation to maximum interest rate, a minimum interest rate or both, subject to any regulatory requirement including but not limited to the ECB Guidelines. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Dual Currency Notes:.	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree, subject to any regulatory requirement (including but not limited to the ECB Guidelines).
Partly Paid Notes:	Each Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the relevant Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes:	The relevant Issuer and the Guarantor (in the case of Guaranteed Notes) may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:	Unless otherwise indicated in the applicable Pricing Supplement the relevant Notes cannot be redeemed prior to their stated maturity other than (i) in specified instalments, if applicable, (ii) for taxation reasons, (iii) following a Change in Control (as defined in Condition 8) or (iv) following an Event of Default (as defined in Condition 11). Please note that any redemption of the Notes prior to their average stated maturity will require the prior approval of the RBI under the ECB Guidelines (save and except where such Notes are issued by a New Issuer that is not incorporated in India). The applicable Pricing Supplement may provide that Notes may be redeemable in separate instalments in such amounts and on such dates as are indicated in the applicable Pricing Supplement, subject to any regulatory requirement including but not limited to the ECB Guidelines.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 9), subject as provided in Condition 9. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted. Without prejudice to the relevant Issuer's or, as the case may be, the Guarantor's (in the case of Guaranteed Notes) obligation to pay additional amounts as described above, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 7.8.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

Guarantee:	In the event that the Notes are guaranteed by the Guarantor, the guarantee will be unconditional and irrevocable. The obligations of the Guarantor under its guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding. The Guarantor's potential liability under the Guarantees is capped at an amount equal to 120.0 per cent. of the total aggregate principal amount of the Guaranteed Notes outstanding from time to time. The Guarantee requires that demands by Noteholders with respect to the Notes must be received by the Guarantor by the first anniversary of the Maturity Date of the Notes (the **Guarantee Period**). See "*Investment Considerations—Risks Relating to the Notes and the Guarantees*—The Guarantee of the Notes by the Guarantor is capped at 120.0 per cent. of the total aggregate principal amount of the Guaranteed Notes outstanding from time to time, and may not be sufficient to pay all amounts due under the Notes or the Trust Deed" and "*Terms and Conditions of the Notes—Status of the Notes and the Guarantee in Respect of the Notes*".
Use of Proceeds:	The net proceeds from each issue of Notes will be applied by The relevant Issuer to finance capital expenditure of ongoing and/or new projects or to refinance existing borrowings or for such other purpose under the relevant guidelines, as may be set forth in the Pricing Supplement applicable to such Notes.
Rating:	The rating of the Notes to be issued under the Programme may be specified in the applicable Pricing Supplement.
Listing:	Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least SGD200,000. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

Clearing System:	The Euroclear, Clearstream, Luxembourg (each as defined in Condition 1) and/or any other clearing system, as specified in the applicable Pricing Supplement (see "*Form of Notes*").
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes under the Prospectus Directive and in the United States, the European Economic Area (including the United Kingdom, Italy and the Netherlands), Japan, India, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
United States Selling Restrictions: . .	Regulation S, Category 1 or 2, TEFRA C or D, or TEFRA not applicable as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

The Notes of each Series will either be in bearer form, with or without interest coupons (**Coupons**) attached (**Bearer Notes**), or registered form, without interest coupons attached (**Registered Notes**). The Notes will be issued outside the United States and, in certain instances, only to non-U.S. persons, in reliance on Regulation S.

Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Bearer Notes

Each Tranche of Bearer Notes will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes**, and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg. Whilst any Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes (**Definitive Bearer Notes**) of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or(ii) only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect from an authorised officer of the relevant Issuer has been given to the Trustee. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Permanent Bearer Global Notes and all Definitive Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form (**Definitive Registered Notes**).

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Registered Global Notes. None of the Issuers, the Guarantor (in the case of Guaranteed Notes), any Paying Agent or the Registrar (each as defined under "*Terms and Conditions of the Notes*") will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event (as defined under "*Form of the Notes — Bearer Notes*").

The relevant Issuer will promptly give notice to the Noteholders and the Trustee in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear andor Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) of the definition of Exchange Event under "*Form of the Notes — Bearer Notes*", the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN number which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note (each a **Global Note**) held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Trustee, the relevant Issuer , the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the Trust Deed and the expressions **Noteholder** and **Holder of Notes** and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee and the Principal Paying Agent.

No Noteholder, Receiptholder (as defined below) or Couponholder shall be entitled to proceed directly against the relevant Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8.2), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the relevant Issuer (other than BISPL) shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Bharat Petroleum Corporation Limited
BPRL International Singapore Pte. Ltd.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Bharat Petroleum Corporation Limited (if applicable)]
under the U.S.$2,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 18 November 2016 [and the supplement[s] to it dated [ ] and [ ]] (the **Offering Circular**). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated *[original date]*. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated *[current date]*, save in respect of the Conditions which are extracted from the Offering Circular dated *[original date]* and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

Where interest and discount income (other than discount income from secondary trading) is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available (subject to certain conditions) for interest and discount income derived from qualifying debt securities under the Income Tax Act (Chapter 134 of Singapore) (the **Income Tax Act**) shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest or discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such interest or discount income in a return of income made under the Income Tax Act.

1.	(a)	Issuer:	[Bharat Petroleum Corporation Limited/ BPRL International Singapore Pte. Ltd./*specify other*]
	(b)	Guarantor:	[Not Applicable/Bharat Petroleum Corporation Limited]
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue] Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [*date*]] [Not Applicable]
3.		Specified Currency or Currencies:	[ ]
4.		Aggregate Nominal Amount:	[ ]
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	(a)	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (in the case of fungible issues only, if applicable)]*
	(b)	[Net proceeds:	[ ]]
6.	(a)	Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of €100,000 or equivalent) (Note where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")* *(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)* *(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*

	(b)	Calculation Amount:	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8.		Maturity Date:	[*Fixed rate specify date/Floating rate Interest Payment Date falling in or nearest to [specify month and year]*]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.		Change of Interest Basis or Redemption/Payment Basis:	[Applicable/Not Applicable] *(If applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis)*
12.	(a)	Date of board approval for issuance of Notes [and Guarantee] obtained:	[ ] [and [ ], respectively]]/[None required] *(N.B. Only relevant where board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
	(b)	Date of regulatory approval/consent for issuance of Notes obtained:	[ ]/[None required] *(N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
13.		Listing:	[Singapore/specify other/None] *(N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)*
14.		Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date *(Amend appropriately in the case of irregular coupons)*
	(c)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(d)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
	(e)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)] [*specify other*]
	(f)	Determination Date(s):	[[ ] in each year] [Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
16.	Floating Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]/[*specify other*]

(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	Reference Rate: [ ] month [LIBOR/EURIBOR/*specify other Reference Rate*]
	• Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	• Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(g)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ] *(in the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
(h)	Margin(s):	[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:	[ ] per cent. per annum
(j)	Maximum Rate of Interest:	[ ] per cent. per annum

	(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] *[specify other]* *(See Condition 6 for alternatives)*
17.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]
18.	Index Linked Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[give *name*]
	(c)	Calculation Agent responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[ ]
	(d)	Provisions for determining Coupon where calculation by reference to Index and/ or Formula is impossible or impracticable:	[ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provision)*

	(e)	Specified Period(s)/ Specified Interest Payment Dates:	[ ]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(g)	Additional Business Centre(s):	[ ]
	(h)	Minimum Rate of Interest:	[ ] per cent. per annum
	(i)	Maximum Rate of Interest:	[ ] per cent. per annum
	(j)	Day Count Fraction:	[ ]
19.	Dual Currency Interest Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	*[give or annex details]*
	(b)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[ ]
	(c)	Provisions for determining Coupon where calculation by reference to Index and/ or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:			[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):		[ ]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):		[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c)	If redeemable in part:		
		(i)	Minimum Redemption Amount:	[ ]
		(ii)	Maximum Redemption Amount:	[ ]
	(d)	Notice period (if other than as set out in the Conditions):		[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*
21.	Investor Put:			[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):		[ ]
	(b)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):		[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c)	Notice period (if other than as set out in the Conditions):		[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*

22.	Final Redemption Amount:	[ ] per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at anytime/only upon an Exchange Event]] [Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:* *"[€100,000] and integral multiples of [€,000] in excess thereof up to and including [€99,000].* *No Notes in definitive form will be issued with a denomination above [€199,000]" . Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary/Permanent Bearer Global Note exchangeable for Definitive Bearer Notes.*) [Registered Notes: Registered Global Note ([ ] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (*specify nominal amounts*)]
25.	Additional Financial Centre(s):	[Not Applicable/give details] *(Note that this item relates to the place of payment and not Interest Period end dates to which items 16(c) and 18(g) relate)*
26.	Talons for future Coupons to be attached to Definitive Notes in bearer form (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]
28.	Details relating to Instalment Notes:	[Not Applicable]
	(a) [Instalment Amount(s):	[*give details*]]
	(b) [Instalment Date(s):	[*give details*]]
29.	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
30.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

31.	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
32.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name(s)*]
33.	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]
34.	Whether Category 1 or Category 2 applicable in respect of the Notes offered and sold in reliance on Regulation S:	[Category 1/Category 2] *[(Notes offered in reliance on Category 1 must be in registered form)]*
35.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

36.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]

37.	Delivery:	Delivery [against/free of] payment
38.	Additional Paying Agent(s) (if any):	[ ]

ISIN:	[ ]
Common Code:	[ ]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$2,000,000,000 Medium Term Note Programme of Bharat Petroleum Corporation Limited and BPRL International Singapore Pte. Ltd.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ______________________________
Duly authorised

[Signed on behalf of the Guarantor:

By: ______________________________
Duly authorised]

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer, the Guarantor (where relevant) and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by the issuer named in the applicable Pricing Supplement (as defined below) (the **Issuer**) and constituted by a Trust Deed dated 18 November 2016 (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between BPRL International Singapore Pte. Ltd. (**BISPL**) as an issuer, Bharat Petroleum Corporation Limited (**BPCL**) as an issuer and guarantor in respect of Notes issued by BISPL and any New Issuer (as defined below) (BPCL in its capacity as such, the **Guarantor**) and Citicorp International Limited (the **Trustee** which expression shall include any successor as Trustee). BPCL may, from time to time, nominate its Subsidiaries (as defined below) as additional issuers to issue the Notes pursuant to the Programme (each a **New Issuer**). It is intended that such New Issuer shall accede to the terms of the Programme by executing new, amended or restated contractual documents, as appropriate, and shall become and be treated as an "Issuer" and a "Guaranteed Issuer" for the purpose of the Programme. The parties agree that, in the case of any New Issuer, the term Issuer or Issuers as used herein shall only apply from the time of accession of such New Issuer to the Programme.

The Notes to be issued by BISPL or any New Issuer (the **Guaranteed Issuers**) will be guaranteed by BPCL (in such capacity, the **Guarantor**) on a senior or subordinated basis as specified in the applicable Pricing Supplement. The Notes to be issued by BPCL will not be guaranteed.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note in bearer form (a **Bearer Global Note**);

(iii) any Global Note in registered form (a **Registered Global Note**);

(iv) definitive Notes in bearer form (**Definitive Bearer Notes**, and together with Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Bearer Global Note; and

(v) definitive Notes in registered form (**Definitive Registered Notes**, and together with Registered Global Notes, the **Registered Notes**), whether or not issued in exchange for a Registered Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 18 November 2016 (such Agency Agreement as amended and/or supplemented or restated from time to time, the **Agency Agreement**) and made between BISPL, BPCL, the Trustee, Citibank, N.A., London Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and as transfer agent (the **Transfer Agent**, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar and together with the Paying Agents and Transfer Agents, the **Agents**).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (**Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose names the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being, at 39th Floor, Citibank Tower, 3 Garden Road, Central, Hong Kong) and at the specified office of each of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes may be in bearer form (**Bearer Notes**) and/or in registered form (**Registered Notes**) and, in the case of definitive Notes, will be serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) in each case, as specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement, which Interest Basis shall be as per the applicable laws including but not limited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No. FEMA 3/2000), as amended, and the Master Directions on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016 as issued by the Reserve Bank of India and as updated and amended from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the Reserve Bank of India or other governmental authority of India in relation to external commercial borrowings (the "**ECB Guidelines of India**").

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor (where relevant), the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where relevant), the Trustee, any Paying Agents, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer, the Guarantor (where relevant), the Trustee, any Paying Agent, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of the Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of the Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

The Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Guarantor (where relevant), the Trustee and the Principal Paying Agent.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear and/or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for the Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes Generally

The Registered Notes may not be exchanged for Bearer Notes and vice versa.

Holders of Definitive Registered Notes may exchange such Definitive Registered Notes for interests in a Registered Global Note of the same type at any time.

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Guarantor, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent may prescribe (such initial regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive

Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Costs of Registration

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any duty, tax or other governmental charges which may be imposed in relation to it provided that the Issuer shall not be responsible for any documentary stamp duty payable on the transfer of Notes effected in the Republic of India (**India**) unless the Issuer is the counterparty directly liable for that documentary stamp duty.

3. STATUS OF THE NOTES AND THE GUARANTEE IN RESPECT OF THE NOTES

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3.2 Status of the Guarantee

In the event the Notes are guaranteed by the Guarantor, the payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed will be unconditionally and irrevocably guaranteed by the Guarantor (the **Guarantee**). The payment obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) will rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

All guarantees by BPCL, as the Guarantor, which would be applicable to the Notes when the Notes are issued by BISPL or a New Issuer shall be subject to applicable laws including, but not limited to, the Foreign Exchange Management (Guarantees) Regulations, 2000, as amended (the ***FEMA Guarantees Regulations****), the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended (the* ***FEMA ODI Regulations****) and the Master Direction on Direct Investment by Residents in Joint Venture (****JV****)/Wholly Owned Subsidiary (****WOS****) Abroad, dated 1 January 2016 (as amended and restated from time to time).*

3.3 Limitation on Amount of the Guarantee

The Guarantor's potential liability under the Guarantee is capped at an amount equal to 120.0 per cent. of the total aggregate principal amount of the Guaranteed Notes outstanding from time to time. Such aggregate potential liability will (i) be increased in an amount equal to 120.0 per cent of any increase in the aggregate principal amount of the Guaranteed Notes outstanding and (ii) be decreased in an amount equal to 120.0 per cent of any decrease in the aggregate principal amount of the Guaranteed Notes outstanding, in each case, concurrently with any such increase or decrease. The Guarantor will comply with all requirements under applicable law, including the ODI Regulations, that may be required to give effect to such increase or decrease in its aggregate potential liability under the Guarantee.

3.4 **Release of the Guarantee**

The Guarantee in respect of each Series of Notes shall be in effect for the period commencing on (and including) the relevant Issue Date and ending on (and including) the first anniversary of the relevant Maturity Date (the **Guarantee Period**). The Guarantee requires that demands under the Guarantee must be received by the Guarantor within the Guarantee Period. The Guarantee given by the Guarantor will be released upon repayment in full of amounts due under the relevant Guaranteed Notes.

4. NEGATIVE PLEDGE

4.1 **Negative Pledge**

So long as any of the Notes remains outstanding, the Issuer and the Guarantor (where relevant) will ensure that no Relevant Indebtedness of the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries (as defined below) will be secured by any Security Interest (as defined below) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries unless the Issuer, the Guarantor (where relevant) or the relevant Principal Subsidiary, as the case may be, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 **Interpretation**

For the purposes of these Conditions:

(a) **Approved Investor** means (i) a person which has been duly registered with the Securities Exchange Board of India as a Foreign Institutional Investor in terms of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, (ii) a Qualified Foreign Investor as defined by the Securities and Exchange Board of India and the Reserve Bank of India, and includes (iii) a person who is duly registered as a 'foreign portfolio investor' under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.

(b) **Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

    (i) a holder of a Note in definitive form which is not held in an account with any Clearing System;

    (ii) a bearer of any voting certificate;

    (iii) a proxy specified in any block voting instruction; and

    (iv) a proxy appointed by a holder of a Note in definitive form which is not held in an account with any clearing system;

(c) **Principal Subsidiary** means at any time a Subsidiary of BPCL:

(i) whose total revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of BPCL and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total revenues, or, as the case may be, consolidated total assets of BPCL and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of BPCL and its Subsidiaries, provided that in the case of a Subsidiary of BPCL acquired after the end of the financial period to which the then latest audited consolidated accounts of BPCL and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of BPCL and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by BPCL;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of BPCL which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (d)(ii) on the date on which the consolidated accounts of BPCL and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (d)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of BPCL and its Subsidiaries relate, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of BPCL and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (d)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of BPCL and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (d)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (d)(iii) on the date on which the consolidated accounts of BPCL and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (d)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition, A certificate (given at the request of the Trustee) by the Director (Finance) of BPCL addressed to the Trustee that in their opinion a Subsidiary of BPCL is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, or proven error be conclusive and binding on all parties.

(d) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (together, Securities) which (a) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate nominal amount of which is initially distributed outside of India (provided that, for these purposes, Securities sold to an Approved Investor will not be regarded as being distributed outside of India) by or with the authorisation of BPCL and (b) are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity of any such indebtedness;

(e) **Security Interest** means any mortgage, charge, pledge, lien or other security interest; and

(f) **Subsidiary** means, any company (i) in which BPCL holds a majority of the voting rights or (ii) of which BPCL is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which BPCL is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of BPCL.

5. REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving 30 days' prior notice to the Trustee, the Principal Paying Agent, Euroclear and/or Clearstream, Luxembourg as applicable, and at least 30 days prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of 0.01 with a nominal amount in euro for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes are for the time being listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than 1,000 or such smaller denominations as the Issuer in conjunction with the Principal Paying Agent may determine) euro 0.01 and such other denominations as the Issuer shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

5.2 **Definitions**

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro and **€** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph 5.1(a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

6. INTEREST

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines of India and in accordance with any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

6.1 **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest is required to be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Fixed Rate Note shall have an interest rate which shall be in accordance with applicable Indian regulatory requirements (including but not limited to the ECB Guidelines of India) or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

(a) if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:

  (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

  (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

    (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

    (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if **30/360** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or

(c) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

The Rate of Interest shall be in accordance with applicable Indian regulatory requirements (including without limitation, the ECB Guidelines of India) or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of sub-paragraph (A) above, no such offered quotation appears or, in the case of sub-paragraph (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum and/or maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Where applicable, the Rate of Interest shall not exceed the rate of interest as specified under the ECB Guidelines of India or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. If required to be calculated by it, the Principal Paying Agent or, as the case may be, the Calculation Agent shall cause the Final Redemption Amount, Early Redemption

Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Each Floating Rate Note or Index Linked Interest Note shall have an interest rate which shall be in accordance with applicable Indian regulatory requirements (including but not limited to the ECB Guidelines of India) or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if **30E/360 (ISDA)** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph (e), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith, manifest or proven error) be binding on the Issuer, the Guarantor (where relevant), the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (where relevant), the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 **Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

Each Dual Currency Interest Note shall have an interest rate which shall be in accordance with applicable Indian regulatory requirements (including but not limited to the ECB Guidelines of India) or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

6.4 **Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

Each Partly Paid Note shall have an interest rate which shall be in accordance with Indian regulatory requirements (including but not limited to the ECB Guidelines of India) or any specific approval received by the Issuer (where relevant) from the RBI or any other governmental or regulatory authority.

6.5 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from and including the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and(ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and

(ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor system (the **TARGET2 System**) is open.

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

7.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America and its possessions).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9.2) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 7 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Guarantor (where relevant), the Trustee, the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or the Guarantor (where relevant) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or the Guarantor (where relevant) in respect of such Global Note to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor (where relevant), adverse tax consequences to the Issuer or the Guarantor (where relevant).

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (i) in the case of Notes in definitive form only, the relevant place of presentation; and

    (ii) any Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.4); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7.8 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment; and (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the **Code**); and (iii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

8.2 **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Notes are neither a floating Rate Note, an Index Linked Interest Note, nor a Dual Currency Note) or on any Interest Payment Date (if the Notes are either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9, or the Guarantor (where relevant) would be required to pay such additional amounts, in each case, as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9.2(ii)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or the Guarantor (where relevant) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (where relevant) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (1) a certificate signed by an authorised officer of the Issuer or the Guarantor (where relevant) stating that the Issuer or the Guarantor (where relevant) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor (where relevant) has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.4 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

*ECB Guidelines of India may require the Issuer to obtain the prior approval of the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines of India (**AD Bank**) as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.*

8.3 **Redemption upon Change of Control**

Within 15 days following any Change of Control, the Issuer and/or the Guarantor will give notice to the Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 15 stating that a Change of Control has occurred.

Following the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem, in whole but not in part, the Notes held by such Noteholder at their nominal amount outstanding together with interest (including additional amounts pursuant to Condition 9 if any) accrued to (but excluding) the date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Paying Agent, in the case of Bearer Notes, or of any Transfer Agent or the Registrar, in the case of Registered Notes, on any business day (being, in relation to any place, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Put Notice, be held to its order or under its control.

Subject to the receipt of RBI or AD Bank approval, where required, the Issuer is obliged to redeem any such Notes on the first business day in the place where such redemption notice is deposited falling 30 days after such deposit.

A Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, Transfer Agent or the Registrar pursuant to this Condition 8.3 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control is not conditional upon a Change of Control notice having been given by the Issuer and/or the Guarantor, but will, if such notice is given by the Issuer and/or the Guarantor, be exercised by such Noteholder within 45 days of the giving of such notice.

A **Change of Control** will have occurred if the Government of India will at any time cease to own, directly or indirectly, more than 50 per cent. of the voting securities of BPCL.

In this Condition 8.3, **voting securities** means stock (or equivalent interests) having voting power for the election of directors, commissioners, managers or trustees of a company (or otherwise the power to control the management and policies of such corporation or other entity).

ECB Guidelines of India require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

8.4 **Early Redemption Amounts**

For the purpose of Conditions 8.2 and 8.3 above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1+AY)^y$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365),

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.5 **Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.4 above.

8.6 **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8 and the applicable Pricing Supplement.

8.7 **Purchases**

The Issuer, the Guarantor (where relevant) or any Subsidiary may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation.

8.8 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (which shall notify the Registrar of such cancelled Notes in the case of Registered Notes) and may not be reissued or resold.

8.9 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2 or 8.3 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.4(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

9.1 **Payment without Withholding**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor (where relevant) will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or the Guarantor (where relevant) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the **Additional Amounts**); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6); or

(c) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(d) where such withholding or deduction is required pursuant to an agreement described in (i) Section 871(m) of the Code or (ii) agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9.2 Interpretation

As used herein:

(i) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15; and

(ii) **Tax Jurisdiction** means India, Singapore or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor (where relevant) becomes subject in respect of payments made by it of principal and interest in respect of the Notes, Receipts and Coupons.

In the circumstance that the Issuer is based in India any payments made by the Issuer (where relevant), are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines of India and in accordance with any specific approvals from the RBI obtained by such Issuer (where relevant) in this regard.

9.3 Transfers or Sales

The Issuer or the Guarantor (where relevant) has agreed to indemnify any transferor or transferee of a Note (or any beneficial interest therein), other than a transferor or transferee who is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income, capital gains or gift tax on the transfer or sale of a Note outside India. The foregoing indemnity will terminate following an appropriate amendment of the Income Tax Act, 1961 of India and/or a reasoned legal opinion in writing of a practising eminent Indian taxation lawyer that the Notes are not and are not deemed to be situated in India. The Issuer or the Guarantor (where relevant) will first obtain approval from the RBI, or such other governmental or regulatory authority, prior to making any payments under such indemnity, if required.

10. PRESCRIPTION

The Notes (whether bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9.2) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. EVENTS OF DEFAULT AND ENFORCEMENT

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) to(d) (other than the winding up or dissolution of the Issuer or the Guarantor), (e) to (g), (i), (j), (m) and (n) inclusive below, only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer and the Guarantor (where relevant) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their nominal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

(a) If a default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days in the case of principal or seven days in the case of interest; or

(b) if the Issuer or the Guarantor (where relevant) fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or the Guarantor (where relevant) of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor (where relevant) or the Principal Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor (where relevant) or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer, the Guarantor (where relevant) or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor (where relevant) or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this Condition 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) inclusive above which have occurred and are continuing, amounts to at least U.S.$25,000,000 (or its equivalent in any other currency); or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(e) if the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if (i) proceedings are initiated against the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 14 days; or

(g) if the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) if any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer, the Guarantor (where relevant) or any of the Principal Subsidiaries without fair compensation, unless, and for so long as such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or

(i) if at any time the Government of India ceases to own (directly or indirectly) at least 50.0 per cent. of the voting securities of BPCL; or

(j) a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer or the Guarantor (where relevant) in respect of any Indebtedness for Borrowed Money (including any obligations arising under guarantees (where relevant)) of the Issuer or any of its Subsidiaries; or

(k) if the Issuer, the Guarantor (where relevant) or any of its Principal Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by, immunity (sovereign or otherwise) and Condition 20.4 is held to be invalid or unenforceable; or

(l) the Guarantee (where relevant) ceases to be, or is claimed by the Guarantor (where relevant) not to be, in full force and effect; or

(m) it is or will become unlawful for the Issuer or the Guarantor (where relevant) to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(n) if any events occur which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (h) inclusive, (k) and (l).

Interpretation

For the purposes of this Condition, **Indebtedness For Borrowed Money** means any indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

ECB Guidelines of India require the Issuer (where relevant) to obtain the prior approval of the RBI or the AD Bank, as the case may be, before effecting a redemption of Notes prior to their stated maturity, even in case of an event of default and such approval may not be forthcoming.

11.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor (where relevant) as it may think fit to enforce the provisions of the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor (where relevant) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. PAYING AGENTS, REGISTRAR AND TRANSFER AGENTS

The names of the initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled, after consultation with the Trustee, to vary or terminate the appointment of the Principal Paying Agent, Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrar or Transfer Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be the Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent, which may be the Principal Paying Agent, and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and

(c) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST[2].

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given promptly to the Noteholders in accordance with Condition 15 and clause 27.1 of the Agency Agreement.

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[2] This is required for foreign, non-Singapore incorporated issuers.

In acting under the Agency Agreement, the Paying Agents, Registrar and the Transfer Agents act solely as agents of the Issuer and the Guarantor (where relevant) and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery by mail of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor (where relevant) or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than one tenth in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of these Conditions or the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor (where relevant), the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer and the Guarantor (where relevant) to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any Subsidiary or the Guarantor (where relevant), subject to (a) except in the case of the substitution of the Issuer by the Guarantor (where relevant), the Notes being unconditionally and irrevocably guaranteed by BPCL, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND WHERE APPLICABLE, THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor (where relevant) and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or the Guarantor (where relevant), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer and/or the Guarantor (where relevant) under an indemnity clause may require the prior approval of the RBI or such other governmental or regulatory body under applicable law.

18. FURTHER ISSUES

The Issuer and the Guarantor (where relevant) shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

20.2 **Submission to jurisdiction**

(a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a **Dispute**) and accordingly the Issuer and Guarantor submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 20.2, the Issuer and Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 **Appointment of Process Agent**

The Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of such agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute acceptable to the Trustee, failing which the Trustee may appoint another process agent for this process. The Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 **Waiver of Immunity**

To the fullest extent permitted by law, the Issuer and the Guarantor irrevocably and unconditionally:

(a) submits to the jurisdiction of the English courts in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;

(b) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any other jurisdiction in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no such claim is made on its behalf; and

(c) consents to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation: (i) relief by way of interim or final injunction or order for specific performance or recovery of any property; (ii) attachment of its assets; and (iii) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use) and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer to finance capital expenditure of ongoing and/or new projects or to refinance existing borrowings or for such other purpose under the relevant guidelines, as may be set forth in the Pricing Supplement applicable to such Notes.

CAPITALISATION

Set out below is BPCL's total debt, shareholders' equity and capitalisation as of 30 September 2016 as derived from its unaudited but reviewed unconsolidated financial statements as of 30 September 2016 and as adjusted to reflect the issue of the Notes. For additional information, see BPCL's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 30 September 2016(1)	
	Actual	
	Rs. billion	U.S.$ billion(2)
Non-current Liabilities		
Long-term borrowings	137.21	2.06
The Notes	—	—
Total	**137.21**	**2.06**
Current Liabilities		
Current maturities of long-term borrowings	22.98	0.34
Short-term borrowings	0.37	0.01
Total	**23.35**	**0.35**
TOTAL INDEBTEDNESS	**160.56**	**2.41**
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share capital	14.46	0.22
Reserves and surplus	293.02	4.40
TOTAL SHAREHOLDERS' EQUITY	**307.48**	**4.62**
TOTAL INDEBTEDNESS AND SHAREHOLDERS' EQUITY	**468.04**	**7.02**

Note:

(1) Except as disclosed herein, there have been no material changes to BPCL's capitalisation since 30 September 2016.

(2) For figures as of 30 September 2016, U.S. dollar translations have been made using the exchange rate reported by the Reserve Bank of India on 30 September 2016, which was Rs.66.6596 = U.S.$1.00.

INVESTMENT CONSIDERATIONS

Each investor should carefully consider the following investment considerations as well as the other information contained in this Offering Circular and any pricing supplement prior to making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of BPCL and the terms of the offering of the Notes, including the merits and risks involved. The risks described below are not the only ones that may affect the Notes. Additional risks not currently known to BPCL or factors that we currently deem immaterial may also adversely affect our business, financial condition and results of operations. The market price of the Notes could decline due to any one or more of these risks or such factors and all or part of an investment in the Notes could be lost.

Risks Relating to BPCL's Business

Cyclical downturns in the refining industry may adversely affect BPCL's margins and BPCL's operating results.

A significant portion of BPCL's revenue is attributable to sales of petroleum products in India, the prices of which are affected by worldwide prices of feedstock and end products and in some cases, Government regulation. Historically, the prices of feedstock and end products have been cyclical and sensitive to relative changes in supply and demand, the availability of feedstock and general economic conditions. From time to time, the markets for BPCL's petroleum products have experienced periods of increased imports or capacity additions, which have resulted in oversupply and declining prices and margins in the domestic market, and BPCL has therefore been forced to look to the export of products like naptha, fuel oil, etc. Exports typically result in lower margins as export prices are lower than domestic prices. This is due to domestic prices having historically been linked to import parity prices.

Any downturn resulting from the existing or future excess industry capacity or otherwise would have a material adverse effect on BPCL's business, financial condition and results of operations. These conditions may be sustained or further aggravated by anticipated or unanticipated capacity additions or other events.

BPCL's operations are affected by the volatility of prices for, and availability of, crude oil.

BPCL's operations largely depend on the supply of crude oil, one of BPCL's principal raw materials. BPCL typically stocks approximately 18 days of crude oil in its storage tanks, pipelines and in transit. BPCL obtains approximately 75 per cent. of its crude oil requirements from abroad, including amongst others, Saudi Arabia, Iraq, Kuwait, United Arab Emirates, Malaysia, Brunei, Iran and Azerbaijan. Events such as hostilities, strikes, natural disasters, political developments in petroleum-producing regions, domestic and foreign government regulations and other events could interrupt the supply of crude oil which could have a material adverse effect on BPCL's business, financial condition and results of operations. In addition, these events or other events, such as changes in the regulatory environment in India or elsewhere, may adversely affect prices of crude oil generally or the price at which BPCL is able to obtain a supply of crude oil. Under the term contracts that BPCL has entered into for the purchase of crude oil, purchase prices are determined by prevailing market prices. A significant increase in the price of crude oil would have an adverse effect on BPCL's business, financial condition and results of operations if BPCL is unable to pass on any such higher costs to its customers. BPCL's refineries and other infrastructure such as depots, installations and pipelines are subject to operational risks that may cause significant interruption to BPCL's business.

BPCL's operations are subject to certain risks generally associated with oil and petroleum businesses, and the related receipt, distribution, storage and transportation of feedstocks, products and waste. These risks are particularly significant for BPCL, as most of BPCL's operations are integrated and inter-dependent. As such, the occurrence of any of these hazards in one area of BPCL's business may have a direct and adverse effect on the performance of other areas of BPCL's business. These hazards include, but are not limited to explosions, fires, earthquakes and other natural disasters, mechanical failures, accidents, acts of terrorism, operational problems including refinery closure for scheduled and unscheduled maintenance and repairs, transportation interruptions, chemical or oil spills, discharges of toxic or hazardous substances or gases, and other environmental risks. These hazards can cause personal injury and loss of life, environmental damage and severe damage to or destruction of property and equipment, and may result in the limitation or interruption of BPCL's business operations and the imposition of civil or criminal liabilities.

In addition, BPCL's ability to continue to use the ports and related facilities in the Western and Southern coastal areas of India, through which BPCL receives crude oil, is critical to BPCL's business. BPCL is also dependent on its pipeline network as well as rail and road links for the transportation of its products. Any damage to, or blockage at, these facilities could interrupt the supply of crude oil and the transportation of BPCL's petroleum products. Such damage or blockage could result from a variety of factors, including natural disasters, ship accidents, deliberate attacks on pipelines or operating problems. If one or more of such events were to occur, it could have a material adverse effect on BPCL's business, financial condition and results of operations, including the temporary or permanent cessation of certain of BPCL's facilities or operations.

A change in the Government's policy on tariffs, direct and indirect taxation and fiscal or other incentives and payment for petroleum goods could adversely affect BPCL's business.

BPCL's profitability is significantly affected by the difference between import tariffs currently imposed by the Government on crude oil, which is BPCL's most significant raw material, and tariffs currently imposed on certain refined petroleum products. Increases in import tariffs on crude oil or decreases in import tariffs on certain refined petroleum products could have a material adverse effect on BPCL's business, financial condition and results of operations. There can be no assurance that there will not be a significant change in Government policy which could adversely affect BPCL's financial condition and results of operations in this way. BPCL's profitability is also significantly dependent on the policies of the central and state governments relating to various direct and indirect taxes (including sales tax and income tax), duties (including excise duties and import duties) and fiscal or other incentives. Any change in Government policies relating to such taxes or duties or incentives could adversely affect BPCL's profitability.

Furthermore, there can be no assurance that the Government will not intervene with regard to the timing of payments by purchasers of certain petroleum products in the interest of public policy. In recent years, payments by a few domestic airline companies in respect of ATF to their suppliers, including BPCL, were deferred. In select cases of payment deferment, the Government facilitated discussions between the concerned airline companies and BPCL. Any prolonged or additional significant changes in Government policy with respect to payment for any of BPCL's products could adversely affect BPCL's business, financial condition and results of operations.

Government intervention in the pricing decisions of BPCL may adversely affect its business.

The Government has historically sought to control inflation and achieve other social and economic objectives through intervention in prices of BPCL's petroleum and gas products such as motor spirit (until June 2010), diesel (until October 2014), LPG for domestic use and kerosene sold under the public distribution system (**PDS**) (collectively, **Controlled Products**). The Government has the ultimate discretion to regulate the prices at which BPCL may sell its Controlled Products. Government intervention in BPCL's petroleum product pricing has, from time to time, resulted in BPCL incurring gross losses on the sale of Controlled Products. Historically, the Government has sought to compensate for such gross losses incurred by public sector oil marketing companies

(**OMCs**), including BPCL, through the issue of oil bonds, cash subsidies and discounts from upstream companies. Any change in the Government's policy to provide these subsidies without making corresponding changes to the pricing policy of these Controlled Products will materially affect BPCL's business, financial condition and results of operations.

Furthermore, there can be no assurance that the Government will not intervene with regard to the pricing of certain petroleum products in the interest of public policy. In recent years, the Government decided to continue with the subsidised price of diesel for retail consumers and fishermen, while the industrial customers were required to pay a non-subsidised price. Thus, there was a wide gap between the prices offered to industrial and retail customers. As a result, many of the industrial customers of diesel shifted their purchases to retail outlets. However, Government control on pricing of diesel sold through retail outlets ended with the deregulation of diesel prices in October 2014.

The adoption of IND-AS, which began for BPCL from 1 April 2016, could have a material adverse effect on the presentation of BPCL's financial statements and BPCL's financial statements prepared under IND-AS may not be directly comparable to financial statements prepared under Indian GAAP.

BPCL has historically prepared its annual and interim financial statements under Indian GAAP. However, moving forward public companies in India will be required to prepare annual and interim financial statements under IND-AS in accordance with the roadmap announced on 2 January 2015 by the Ministry of Corporate Affairs, Government of India (the **MCA**), in consultation with the National Advisory Committee on Accounting Standards (the **MCA Press Release**) for the Convergence of IND-AS with IFRS. On 16 February 2015, the MCA notified the public of the Companies (Indian Accounting Standards) Rules, 2015, which have come into effect from 1 April 2016. As such, BPCL announced its financial results under IND-AS for the first time for the quarter ended 30 June 2016. BPCL was not required to prepare, and did not prepare, financial statements under Indian GAAP for the first quarter ended 30 June 2016 or the first half ended 30 September 2016. During this ongoing transition to IND-AS reporting, BPCL could encounter difficulties in the continuing process of implementing and enhancing management information systems. Moreover, there is increasing competition for the small number of IND-AS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Furthermore, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. Therefore, there can be no assurance that BPCL's adoption of IND-AS has not or will not adversely affect BPCL's reported results of operations or financial condition.

BPCL began adoption of IND-AS from 1 April 2016 and therefore it announced its financial results under IND-AS for the first time for the quarter ended 30 June 2016 and subsequently and also under IND-AS for the first half ended 30 September 2016. Prior to the first quarter ended 30 June 2016, BPCL had prepared its annual and interim financial statement under Indian GAAP. Due to the differences in accounting standards, there can be no assurance that BPCL's financial condition, results of operations, cash flows or changes in shareholders' equity do not appear materially different under IND-AS than under Indian GAAP. Therefore, BPCL's financial statements prepared under IND-AS may not be directly comparable to financial statements prepared under Indian GAAP. For example, BPCL's profit after tax for the first half ended 30 September 2015 was Rs.33,951.77 million under IND-AS whereas profit after tax for the same period under Indian GAAP was Rs.33,941.95 million. As a further illustration, BPCL's financial statements for the first half ended 30 September 2015 prepared pursuant to Indian GAAP are incorporated by reference into this Offering Circular and a comparison of those Indian GAAP financial statements versus the IND-AS financial statements including in this Offering Circular, and each for the same period, the first half ended 30 September 2015, will provide further insight into the resulting differences due to the change in accounting standards. Finally, for a qualitative description of the differences in accounting standards, see "Summary of Significant Differences between Indian GAAP, IFRS and IND-AS". As a result of the foregoing, BPCL's IND-AS financial statements and its Indian GAAP financial statements may not be directly comparable.

BPCL's financial results for the first half ended 30 September 2015 prepared under IND-AS have not been subject to a review by BPCL's auditors and that may make evaluating BPCL's financial performance difficult.

Included in this Offering Circular are BPCL's financial statements for the first half ended 30 September 2015 and 2016, with the September 2015 figures serving as a comparative period to indicate, among other things, trends from period to period in certain line-items. These interim financial statements including in this Offering Circular are prepared pursuant to IND-AS. While BPCL's financial statements for the first half ended 30 September 2016 have been subject to a limited review by its auditors, the figures for the first half ended 30 September 2015 have not been the subject of a review and instead are based on management accounts. Management of BPCL has stated that these management account figures for the first half ended 30 September 2015 were prepared by them with the necessary due diligence to ensure that that they give a true and fair view of the financial condition of BPCL as at the dates as at which they were prepared and all reasonable enquiries have been made to verify the accuracy of such information. However, there can be no assurance that if these management account figures for the first half ended 30 September 2015 was subject to a review by auditors, those reviewed figures would not differ, perhaps substantially, from the corresponding figures included in this Offering Circular. Therefore, since BPCL's financial results for the first half ended 30 September 2015 prepared under IND-AS have not been subject to a review by BPCL's auditors, this may make evaluating BPCL's financial performance difficult. Such financial statements have not been audited and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate BPCL's financial condition and results of operation.

BPCL is subject to many environmental and safety regulations.

The operation of a refinery, the distribution of petroleum products and the related production of by-products and waste entail environmental risks. BPCL is subject to extensive central, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, BPCL is continually subject to environmental inspections and monitoring by government enforcement authorities. BPCL may incur substantial costs, including fines, damages and criminal or civil sanctions, and experience interruptions in BPCL's operations for actual or alleged violations arising under applicable environmental laws or implementing preventive measures. In addition, BPCL's refining and storage facilities require operating permits that are subject to renewal, modification and, in some circumstances, revocation. Violations of operating permit requirements or environmental laws can also result in restrictions to, or prohibitions on, plant operations, substantial fines and civil or criminal sanctions.

BPCL's operations involve the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Changes in regulations regarding BPCL's operations involving hazardous substances and waste materials could inhibit or interrupt BPCL's operations and have a material adverse effect on BPCL's business. Potentially significant expenditures could be necessary in order to comply with future environmental laws. Such capital expenditures and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on BPCL's operations.

BPCL faces competition from other petroleum companies.

To the extent that BPCL seeks to export its products to, or source raw materials (such as crude oil) from, the international markets, it faces competition from petroleum companies elsewhere in the world. In addition, the continued deregulation and liberalisation of industries in India, when combined with any reductions in customs duties and import tariffs, could lead to increased competition from other international or domestic private companies in BPCL's domestic market. In addition, BPCL also faces competition from other OMCs in BPCL's domestic market. This may, in turn, have a material adverse effect on BPCL's business, financial condition and results of operations.

BPCL faces competition due to alternative sources of energy.

BPCL is primarily engaged in the refining and distribution of petroleum products, although it does have a growing portfolio of alternative energy sources. BPCL faces growing competition from companies engaged in the marketing of alternative sources of energy. Increases in the sale of alternative energy sources may have an adverse effect on the sale of BPCL's petroleum products and hence may affect BPCL's business, financial condition and results of operations.

BPCL may be unable to fully execute its business strategy.

BPCL's business strategy contemplates growth through expansion and acquisition in its principal businesses such as refining and upstream and downstream integration of its business. See "*Description of Bharat Petroleum Corporation Limited — Strategy*". This strategy includes constructing and installing new technologies at its refineries, widening its pipeline distribution network and acquiring new E&P projects, among others. This strategy will require substantial new financing which may not be available to BPCL. In addition, if BPCL's cost of capital is high, BPCL may not be able to finance its planned projects necessary to implement its business strategy. If BPCL cannot raise sufficient funds on terms and at a price reasonably acceptable to BPCL, it may be unable to execute its strategy, which may have a material adverse effect on its business, financial condition and results of operations.

BPCL's expansion plans are subject to a number of risks and uncertainties.

BPCL's expansion plans are subject to a number of factors, including changes in laws and regulations, governmental action, delays in obtaining permits or approvals, movements of global prices of crude oil and products, accidents, natural calamities, and other factors beyond BPCL's control. Oil and gas projects generally have long gestation periods due to the process involved in the commissioning phase. Construction contracts and other activities relating to the projects are awarded at different times during the course of the projects. In addition, BPCL's projects are dependent on external contractors for construction, installation, delivery and commissioning, as well as for supply and testing of key plants and equipments. BPCL may only have a limited control over the timing or quality of services, equipment or supplies provided by these contractors. BPCL is highly dependent on some of the external contractors who supply specialised services and sophisticated and complex machinery. There can be no assurance that the performance of the external contractors will meet the BPCL's specifications or performance parameters or that they will remain financially sound. The failure of the external contractors to perform or delay in performance could result in incremental cost and time overruns, or the termination of a project. There can be no assurance that BPCL would be able to complete its expansion plans in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors.

Further, BPCL's ability to acquire sites for its expansion plans depends on many factors, including whether the land involved is private or state-owned, whether such land is classified in a manner that allows it to be used as planned by BPCL and the willingness of the owners of such land to sell or lease their land, as in most situations a suitable site is owned by numerous small landowners. Acquisition of private land in India can involve many difficulties, including litigation relating to ownership, liens on the land, inaccurate title records, lengthy negotiations with many land owners and obtaining all Government approvals. Acquisition of Government land may also involve providing rehabilitation and resettlement to displaced individuals. There is no assurance that BPCL or the concerned agency will be able to obtain all the necessary approvals or clearances with respect to BPCL's expansion plans. Any of these factors could have a material adverse effect on BPCL's business, financial condition and results of operations.

BPCL may be unable to attract and retain the requisite skilled personnel to successfully implement its business strategy.

BPCL requires personnel with specialised skills to implement and operate many aspects of its business strategy. Competition for such individuals is intense due to the relatively small number of qualified people and the many industrial projects being undertaken locally, regionally and globally. BPCL's success in building a fully capable and multifunctional workforce depends principally on its ability to continue to attract, retain and motivate sufficient qualified personnel. Failure to successfully manage its growth and personnel needs could have a material adverse effect on its business, financial condition and results of operations.

Currency exchange rate fluctuations could have an adverse effect on BPCL's financial results.

In the fiscal years ended 31 March 2014, 2015, and 2016, BPCL generated substantially all of its total income in Indian Rupees whilst incurring a significant portion of its expenses in currencies other than Indian Rupees (comprising mainly costs related to the purchase of crude oil from overseas sources and paid for in foreign currencies). To the extent that it is unable to match income received in Indian Rupees with costs paid in foreign currencies or is unable to completely hedge against its currency exchange risk, exchange rate fluctuations in any such currency could have an adverse effect on BPCL's revenues and financial results. Furthermore, hedging transactions are intended to limit the negative effect of further price decline, but it may also prevent BPCL from realising the benefits of price increases above the levels reflected in any hedging transactions entered into by BPCL.

BPCL's exploration and production activities may be subject to unforeseen risks.

BPCL, through participating interests (**PI**) in exploration blocks held by its wholly owned subsidiary, BPRL, has expanded its investment base to focus on oil and gas E&P activities in countries such as Brazil, Mozambique, Indonesia, East Timor, Australia and India. These operations are subject to special risks that can materially affect BPCL's business, financial condition and results of operations.

These risks include:

- unsettled political conditions, war, civil unrest, and hostilities in some gas or petroleum producing countries;
- undeveloped legal systems;
- underdeveloped infrastructure facilities;
- economic instability in the markets in which BPRL operates;
- the impact of inflation;
- fluctuations and changes in currency exchange rates;
- governmental action such as expropriation of assets, general legislative and regulatory environment, exchange controls, changes in global trade policies; and
- increased reliance on oil and gas revenues and potential exposure to increased price volatility.

To date, BPCL believes that instability in the political and economic environments in which BPRL operates has not had a material adverse effect on BPCL's business, financial condition or results of operations. BPCL cannot predict, however, the effect that the current conditions affecting various economies or future changes in economic or political conditions in the countries in which BPRL operates could have on the economics of conducting E&P activities in such countries. Any of the foregoing factors may have a material adverse effect on BPCL's operations and, therefore, its business, financial condition and results of operations.

Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the retrieval of such reserves. In addition, the actual size of deposits may differ materially from such estimates.

BPCL, through its wholly owned subsidiary Bharat PetroResources Limited (**BPRL**), is engaged in E&P activities. Crude oil and natural gas E&P activities are subject to various uncertainties, including those relating to the physical characteristics of crude oil and natural gas fields. These physical characteristics, including the proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields, are difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting the reserve estimates include, but are not limited to, the following: new production or drilling activities; assumptions regarding future performance of wells and surface facilities; field reviews; the addition of new reserves from discoveries or extensions of existing fields; the application of improved recovery techniques; and changed economic conditions.

The reliability of reserve estimates depends on the quality and quantity of technical and economic data, the production performance of the fields, and consistency in oil and gas policies of the Government, as well as the governments of other countries where BPRL has operations. In addition, changes in the price of crude oil and natural gas may also materially adversely affect the estimates of BPRL's proved plus probable reserves because the reserves are evaluated based on prices and costs as of the appraisal date. The quantities of crude oil and natural gas that are ultimately recovered could be materially different from the reserve estimates, and downward revisions of such estimates could affect BPRL's, and therefore BPCL's, results of operations and business plan.

BPCL cannot give any assurance that the reserves estimates upon which BPRL has made investment decisions accurately reflect actual reserve levels, or even if accurate, that technical limitations will not prevent them from retrieving these reserves.

Hydrocarbon exploration is risky, capital intensive and may involve cost overruns that may adversely impact BPRL's, and therefore BPCL's, business, financial condition and results of operations.

Finding oil and gas is an uncertainty in any exploration venture. Generally, only a few of the properties that are explored are ultimately developed into hydrocarbon producing fields. There is no certainty of finding commercial hydrocarbon deposits below the surface of the earth. Commercial deposits of hydrocarbon lie deep in the bowels of the earth whose exact location and depth below the surface is the ultimate objective of exploration work. Unfortunately, no instrument or methodology has yet been invented that would directly point to the existence of a commercially viable deposit. Present methods used in exploration are indirect probes whose data are subject to interpretation or "best judgement".

In addition, the business of hydrocarbon exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to prevent. These risks include, but are not limited to, encountering unusual or unexpected geological formations or pressures, seismic shifts, unexpected reservoir behaviours, unexpected or different fluids or fluid properties, premature decline of reservoir, uncontrollable flow of oil, natural gas or well fluids, equipment failures, extended interruptions due to, among others, inclement or adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, mechanical and technical failures, explosions, pollution, oil seepage, industrial action and shortages of manpower necessary to implement BPCL's or BPRL's development plans. These risks and hazards could also result in damage to, or in the destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses, and possible legal liabilities as well as delays in other construction, fabrication, installation or commissioning activities.

Hydrocarbon exploration is also capital intensive. Exploration and development of the existing assets and acquisition of new assets may be dependent upon BPCL's or BPRL's ability to obtain suitable financing or ability to generate sufficient cash from operations. There can be no assurance that such funding will be available and, if such funding is made available, that it will be offered on economical terms suitable to BPCL or BPRL. Any of the foregoing may have an adverse effect on BPRL's, and therefore BPCL's, business, financial condition and results of operations.

BPCL and BPRL have limited experience in developing oil and gas reserves which may affect their ability to successfully develop their reserves.

BPCL, through BPRL, is engaged in E&P activity. BPRL's management team has relatively limited experience in developing oil and gas reserves. If BPRL is unable to develop its reserves economically or in a timely manner, or at all, BPRL's, and therefore BPCL's, business, financial condition and results of operations may be adversely affected to the extent of their joint stake in the reserves.

Changes to, or termination of, BPRL's arrangements with its exploration partners could have an adverse impact on BPCL's business operations.

To reduce exploration risks, BPRL participates in joint operating or consortium agreements for exploration projects. The agreements include sharing of revenues, costs and technical expertise for the projects. Changes to, or termination of, such arrangements may impede the success of the projects.

In order to mitigate the risk, BPRL attempts to ensure that its partners for any of its business ventures are credible and reliable. BPRL also ascertains that every agreement it enters into contains remedy provisions that the defaulting or terminating party shall remain liable for its proportionate share in accordance with its PI at the time of default of all costs, expenses and all liabilities. If BPRL were to experience difficulties with the agreements with its exploration partners, it could have a material adverse effect on BPRL's, and therefore BPCL's, business, financial condition and results of operations.

Certain countries in which BPCL operates, such as Russia, are subject to U.S. and international trade restrictions, economic embargoes and sanctions.

BPCL conducts business activities with countries and persons that are subject to sanctions and export controls administered or enforced by the United States, including the U.S. Department of Treasury's Office of Foreign Assets Control (**OFAC**), the U.S. Department of State, and the U.S Department of Commerce; the United Nations Security Council; the European Union (the **EU**) and Her Majesty's Treasury of the United Kingdom.

Specifically, BPCL deals directly with a number of entities that are targeted by the United States and other sanctions programmes targeting Russia. BPCL also participates in projects and other activities in a number of other countries or regions subject to heightened sanctions enforcement and scrutiny, including Iraq and Iran. There can be no assurance that further sanctions will not adversely affect BPCL's operations in these or other countries or regions and those investors in the Notes will not incur reputational or other risk as a result of BPCL's dealings with sanctioned persons, entities or countries.

In addition, BPCL indirectly through BPRL and BISPL holds participatory shares representing 9.9 per cent. of the charter capital of LLC Taas -Yuryakh Neftegazodobycha (**TYNGD**) as well as 7.9 per cent. of shares of JSC Vankorneft (**Vankorneft**), both being subsidiaries of Rosneft Oil Company (**Rosneft**). Rosneft, TYNGD and Vankorneft are each U.S. and EU sectoral sanctions targets. The President and Chairman of the Rosneft board, Igor Sechin, and one of the Russian government's nominees to the Rosneft board, Sergei Chernezov, are each identified on OFAC's Specially Designated Nationals and Blocked Persons List (the **SDN List**). In addition, Sergei Chernezov is the target of an EU asset freeze.

Existing sanctions against Iran, Russia and Iraq present challenges in conducting normal business operations, including international financial transfers. If these sanctions were to expand further, either in severity or in terms of the range of countries applying them, it could have a material adverse impact on BPCL's ability to conduct business in or with any of these countries. In addition, the United States maintains comprehensive primary sanctions with respect to the following countries: Cuba, Iran, North Korea, Sudan and Syria, as well as the region of Crimea (collectively, **Sanctioned Countries**). As an entity organised in India, BPCL is generally not directly subject to these primary sanctions, except to the extent that it engages in activities that occur from, through or within the United States or otherwise involve U.S. persons. However, the United States also maintains a secondary sanctions regime applicable to persons worldwide who knowingly engage directly or indirectly in certain activities in Iran or involving certain Iranian counterparties or with certain other designated persons or entities, as well as a secondary sanctions regime applicable to persons worldwide who engage in certain activities in North Korea or in support of the Government of North Korea or the Workers' Party of Korea.

The United States' implementation of the Joint Comprehensive Plan of Action (the **JCPOA**) ON 16 January 2016 resulted in the lifting of many of the United States' secondary sanctions with respect to Iran's nuclear programme. It also resulted in the removal of a number of parties, including the National Iranian Oil Company (**NIOC**), from the SDN List. However, a number of activities in Iran or involving certain Iranian counterparties remain subject to secondary sanctions. Moreover, some or all of the sanctions that were lifted upon implementation of the JCPOA could "snap back" into place if any party to the JCPOA initiates the process delineated in the JCPOA. The United States also maintains sanctions with respect to individuals and entities identified on lists administered by OFAC, including the Sectoral Sanctions Identifications List (the **SSI**), the SDN List, and the Foreign Sanctions Evaders List (the **FSE List**). The EU and other authorities maintain similar lists, and the individuals and entities identified on the SDN List, the SSI List, the FSE List and other similar lists are generally referred to as Prohibited Parties. In addition, the EU and the United States target particular countries or territories and persons or entities involved in certain transnational activities, such as terrorism, narcotics trafficking, and proliferation of weapons of mass destruction. Under the United States programmes, these list-based sanctions extend to entities that are directly or indirectly: (i) majority owned by one or more individuals or entities identified on the SDN List or (ii) majority owned by one or more individuals or entities identified on the SSI List pursuant to the same SSI directive. Individuals or entities who engage in any transactions or dealings with individuals or entities identified on the SDN List or the FSE List may themselves be subject to sanctions (including identification on such lists). Violations of U.S. sanctions laws can result in substantial civil monetary and criminal fines and penalties, loss of business and other licenses, freezing or forfeiture of assets or funds involved in or derived from the violative conduct, and reputational damage.

In addition, BPCL directly or through its subsidiaries, holds participating interests in exploration projects as well as discovered/producing projects in exploration projects in Iran and Iraq. United States and EU sanctions, including those directed at United States and non-United States financial institutions, have made banks reluctant to open letters credit or otherwise provide financial services in connection with certain of these projects, particularly those in Iran. Even with the recent easing of sanctions against Iran, there can be no assurance that certain financial institutions will not continue to avoid involvement in Iran-related transactions, even if technically not prohibited by applicable sanctions.

Given the amount of BPCL's crude oil feedstock that is sourced from Iran, any failure to find a mutually acceptable payment method for its crude oil from Iran that complies with all applicable sanctions or a readily available alternative source of crude oil meeting its refinery's specifications could have a material adverse impact on its business, financial condition and results of operations.

Furthermore, as a result of its business activities with countries and persons that are subject to international sanctions, BPCL may be subject to negative media or investor attention, which may distract management, consume internal resources and affect certain international investors' perceptions of BPCL. If BPCL were to increase its business in or with these countries, particularly relative to its total business, this could have a negative impact on its ability to raise money in international capital markets and on the international marketability of its securities.

There can be no assurance that the countries in which BPCL currenty operates will not be subject to further and more restrictive sanctions in the future. There can be no assurance that OFAC or other U.S. and international government agencies will not impose sanctions on other countries or entities with which BPCL currently operates or may in the future operate. There can be no assurance that BPCL will not make future investments in countries subject to OFAC or other U.S. and international sanctions, or itself become subject to such sanctions.

BPCL has, in the past, had certain oil purchase agreements and other business dealings with entities in Iran, and may engage in transactions with countries or entities that are or could be subject to U.S. and international trade restrictions, economic embargoes and sanctions.

In the past, BPCL had oil purchase agreements with the NIOC and has had previous business dealings with certain other Iranian entities for tanker services and the purchase of crude oil. Iran is a country which is currently subject to U.S. and international trade restrictions, economic embargoes and sanctions. There have been no purchases from NIOC during fiscal 2016, fiscal 2015, fiscal 2014 and fiscal 2013. However in fiscal 2017, BPCL has started procuring crude oil from NIOC after relaxation of sanctions by the United States. BPCL's crude imports from NIOC in fiscal 2017 is expected to be less than 5 per cent. of its total crude oil procurement for the fiscal year ending 31 March 2017.

The OFAC administers a number of sanctions programmes and maintains a list of persons and entities which are subject to trade restrictions and economic embargoes that prohibit U.S. incorporated entities, U.S. citizens and permanent residents, and persons in the U.S. as well as in certain circumstance persons owned or controlled by U.S. persons, from engaging in, either directly or indirectly, commercial, financial, or trade transactions with such entities, unless authorised by OFAC or exempt by statute. BPCL intends to set up a segregated account so that funds raised from persons investing in this Offering are not commingled with funds for the purchase of oil from any country subject to OFAC or other U.S. or international sanctions, including Iran. Nevertheless, investors in the Notes may incur reputational or other risks as a result of BPCL's dealings with sanctioned persons or countries.

BPCL engages in transactions including the procurement of crude oil, with various entities in multiple countries, including Saudi Arabia, Iraq, Kuwait, UAE, Malaysia, Brunei and Azerbaijan. There can be no assurance that other persons and entities with whom BPCL now, or in the future may, engage in transactions and employ will not be subject to U.S. and international sanctions. There can be no assurance that the countries in which BPCL currently operates will not be subject to further and more restrictive sanctions in the future. There can be no assurance that OFAC or other U.S. and international government agencies will not impose sanctions on other countries or entities with which BPCL currently operates or may in the future operate. There can be no assurance that BPCL will not make future investments in countries subject to OFAC or other U.S. and international sanctions, or itself become subject to such sanctions.

BPCL may be involved in litigation which, if determined adversely, could subject BPCL to significant liabilities.

BPCL is currently, and may in the future be, implicated in lawsuits in the ordinary course of its business, including lawsuits involving allegations of improper delivery of goods or services, product liability, product defects, quality problems and intellectual property infringements. Litigation could result in substantial costs to, and a diversion of effort by, BPCL or subject BPCL to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm BPCL's business, reputation or standing in the marketplace or that BPCL will be able to recover any losses incurred from third parties, regardless of whether BPCL is at fault. BPCL maintains insurance to cover fire, property damage, business interruption and third party liability, among others. However, there can be no assurance that (i) losses relating to litigation will not be incurred beyond the limits, or outside the coverage, of such insurance or that any such losses would not have a material adverse effect on the results of BPCL's operations or financial condition or (ii) provisions made for litigation related losses will be sufficient to cover BPCL's ultimate loss or expenditure.

BPCL's insurance may not be adequate to protect it against all potential losses to which it may be subject.

BPCL intends to maintain comprehensive insurance coverage for a significant range of onshore and offshore risks, including business interruption, fire, and accidents at BPCL's premises, which it believes are in accordance with relevant regulations and customary industry practices in India. However, the amount of BPCL's insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that BPCL may suffer, should a risk materialise. Also, BPCL's transportation of crude oil, and other feedstock and refined petroleum products will be exposed to potential vessel accidents and spills. As per customary industry practices BPCL takes an insurance policy for the marine transit of crude oil and petroleum products but this may not be sufficient to cover all financial losses that BPCL may suffer.

Furthermore, there are many events that would expose BPCL to losses or third party liabilities, including war and nuclear events, that could cause significant damages to its operations, for which it is not insured or not fully insured. If BPCL were to incur a significant liability for which it were not fully insured, there could be a material adverse effect on its business, results of operations and financial condition.

In addition, BPCL's policy of covering third-party risks through contractual limitations of liability, indemnities and insurance may not always be effective. BPCL's third party contractors may not have adequate financial resources to meet their indemnity obligations to BPCL. Losses may derive from risks not addressed in BPCL's indemnity agreements or insurance policies. It may not be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover itself against engineering and design risks for any of these reasons could expose BPCL to substantial costs and potentially lead to material losses.

BPCL's ongoing projects have significant capital expenditure requirements and BPCL's capital expenditure plans are subject to various risks.

BPCL requires significant capital expenditure relating to development of BPCL's business and the implementation of BPCL's business strategy, including investments in BPCL's subsidiaries and joint ventures. BPCL's ability to maintain and increase BPCL's sales turnover, net income and cash flows may depend upon continued capital spending. BPCL's capital expenditure plans are subject to a number of risks, contingencies and other factors, some of which are beyond BPCL's control, including:

- BPCL's ability to generate sufficient cash flows from operations and financings to fund its capital expenditure, investments and other requirements or to provide debt or equity contributions to its subsidiaries;
- the availability and terms of external financing;
- the Government's policies relating to foreign currency borrowings;
- the amount of capital other Indian entities and foreign oil and gas companies may seek to raise in the international capital markets;
- the cost of financing and the condition of financial markets; and
- cost overruns or delays in the commencement of commercial production from a new project.

Therefore, BPCL's actual future capital expenditures and investments may be different from BPCL's current planned amounts and such differences may be significant.

BPCL may encounter problems relating to the operations of its joint ventures.

As of the date of this Offering Circular, BPCL has formed 16 operating joint venture companies with various third parties for undertaking specific business activities. Additionally, there are two other joint ventures, Petronet CI Limited (in which BPCL held 11 per cent. interest) which is under liquidation and Bharat Renewable Energy Limited (**BREL**, in which BPCL held a 33.3 per cent. interest). The operations of BREL ceased in September 2014 and a petition was filed with the High Court of Allahabad (Lucknow Bench) for its winding up. By order, high court has instructed the Official Liquidator to proceed for liquidation of BREL in accordance with the provisions of the Companies Act. BPCL may encounter problems with its joint venture partners such as the joint venture partners (a) being unable or unwilling to fulfill either its financial or other obligations, (b) having economic or business interests or goals that are inconsistent with BPCL's interests and goals, (c) taking actions contrary to BPCL's instructions, policies and objectives (d) taking actions that are not acceptable to regulatory authorities, (e) becoming involved in litigation, and (f) having financial difficulties or disputes with BPCL.

Any of the foregoing may have an adverse effect on the business, prospects, financial condition and results of operations of BPCL.

BPCL has incurred significant indebtedness, and BPCL must service this debt and comply with its covenants to avoid default risk.

BPCL has incurred significant indebtedness in connection with BPCL's operations and investments. As of 30 September 2016, BPCL's long term indebtedness was Rs.160.19 billion (including current maturity of long term borrowings) (U.S.$2.40 billion) and its debt-to-equity ratio was approximately 0.52. In addition, BPCL may incur additional indebtedness in the future, including indebtedness incurred to fund capital contributions to its subsidiaries and joint ventures, subject to certain limitations imposed by BPCL's existing financing arrangements. Although BPCL believes that its current levels of cash flows from operations and working capital borrowings are sufficient to service its existing debt, there can be no assurance that its level of cash flows will not decrease or will remain sufficient to service its debt.

BPCL's failure to comply with any of the covenants contained in its financing arrangements could result in a default which would permit the acceleration of the maturity of the indebtedness under such agreements and, if BPCL is unable to refinance such indebtedness in a timely fashion or on acceptable terms, would have a material adverse effect on BPCL's business, financial condition and results of operations.

BPCL may not be able to collect all of its receivables.

BPCL carries collection risk when it does not demand up-front cash payment for delivered products. BPCL must be able to collect promptly from its customers to be able to pay its obligations and finance its operations.

In order to manage its collection risk, BPCL assesses the financial health of its customers, and whether to extend credit accordingly. In certain cases, a credit line may also be backed by a bank guarantee. To ensure prompt payment, BPCL grants a discount if the customer pays within a specified period. Obligations not paid to BPCL on the due date shall bear interest computed from the first day after it becomes due and payable, equivalent to the prevailing interest rate or the specified rate in the agreement. Overdue accounts are charged with interest.

BPCL believes that its customers have good credit standing. In case a customer encounters financial difficulty, however, BPCL may reduce its product supply, invoke the bank guarantee, cut off credit entirely or demand payment in advance to reduce exposure to collection risk and subsequent payment defaults. Any failure on the part of BPCL to effectively manage its collection risk could have an adverse impact on its business, financial condition and results of operations.

Inability to obtain adequate financing to meet BPCL's liquidity and capital resource requirements may have an adverse effect on its results of operations.

BPCL has had, and expects to continue to have, substantial liquidity and capital resource requirements for meeting its working capital requirements as well as capital expenditures. BPCL will be required to supplement its cash flow from operations with external sources of financing to meet these requirements. The inability of BPCL to obtain such financing may impair its business, results of operations, financial condition or prospects. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet BPCL's requirements.

Risks Relating to BISPL's Business

Delays in commissioning the "Power of Siberia" pipeline could delay the gas final investment decision (FID) in TYNGD, thereby potentially reducing the anticipated returns from the project.

Commercial gas production from TYNGD is expected from 2019 and is dependent upon the timely construction of "Power of Siberia" pipeline (which is being constructed by M/s Gazprom, another National Oil Company of Russia under a MoU with CNPC, one of the major Chinese National Oil Company) for export of Gas. As per information received from Rosneft, tendering for construction of sections of pipeline began in December 2015 and a Joint task force is currently working on engineering of sections and use of gas in China. The pipeline has strategic importance for both Russia (development of Eastern gas) and China (supply security, diversification away from LNG dependence). Currently, only Gazprom is allowed to export gas. Rosneft is making efforts for getting the export rights for the gas to be produced from the asset. Delay in commissioning of the pipeline may delay the Gas FID, and may affect the returns from the project.

Risks Relating to India

A significant change in the Government's economic liberalisation and deregulation policies could adversely affect general business and economic conditions in India and BPCL's business.

All of BPCL's refining facilities are located in India and approximately 98 per cent. of its sales turnover for the year ended 31 March 2016 were in the Indian domestic market. As a result, BPCL is heavily influenced by the prevailing economic conditions in India.

The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government and the state governments in the Indian economy and the effect on producers, consumers, service providers and regulators has remained significant over the years. The governments have in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive governments have pursued policies of economic liberalisation, including significantly relaxing restrictions in the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers, service providers and regulators has remained significant, which can directly or indirectly affect BPCL's operations. For example, the Government places price caps on sales of selected fuels by Government-owned entities, including BPCL, which directly impacts the sales turnover of BPCL given the volatility of commodity prices experienced in recent years.

Although the current Government has continued India's economic liberalisation and deregulation programmes, there can be no assurances that these liberalisation policies will continue in the future. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India in general as well as BPCL's business and BPCL's future financial performance.

Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The recent global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the USA, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the effect of the global financial turmoil, which is evident from the sharp decline in indexes of stock exchanges. On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave (**Brexit**). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, Brexit, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on our business, financial condition and results of operations.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on BPCL's cost of funding, loan portfolio, business, future financial performance and the trading price of any Notes issued under the Programme. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt in other emerging market countries, may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

A slowdown in economic growth or increased volatility of commodity prices in India could have an adverse effect on BPCL's business.

The growth of the Indian oil industry and BPCL's performance are dependent on the health of the overall Indian economy. The Indian economy has shown sustained growth over recent years with real gross domestic product (**GDP**) (that is, GDP adjusted for inflation) growing at 7.6 per cent. in the year 2016, 7.3 per cent. in the year 2015, 6.2 per cent. in the year 2014 and 4.7 per cent. in the year 2013. However, the growth in industrial production in India has been variable. Any slowdown in the Indian economy or future volatility of global commodity prices could adversely affect BPCL's business, including its expansion plans, its financial performance and the trading price of the Notes.

Currently inflation has been contained considerably; any increase in inflation in the future, because of increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact BPCL's business, financial condition and results of operations.

Business disruptions could adversely affect BPCL's future revenue and financial condition and increase its costs and expenses.

BPCL's operations could be disrupted due to war, expropriation, terrorism, earthquakes, power shortages, telecommunications failures, water shortages, tsunamis, floods, hurricanes, typhoons, fires, Extreme weather conditions, medical epidemics, and other natural or manmade disasters or business interruptions. The occurrence of any of these business disruptions could adversely affect BPCL's revenue and financial condition and increase its costs and expenses. The ultimate impact on BPCL, its significant suppliers and its general infrastructure as a result of such natural or manmade disasters or business interruptions is unknown, but its revenue, profitability and financial condition could suffer in the event of any such natural or manmade disasters or business interruptions.

Natural calamities could have an adverse impact on the Indian economy which could adversely affect BPCL's business, financial condition, results of operations and the price of the Notes.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to a weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled over U.S.$368.00 billion as of 4 November 2016 *(Source: RBI Website as on 11*

November 2016). Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee which could result in reduced liquidity and higher interest rates that could adversely affect BPCL's future financial performance.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, for fiscal 2016 and fiscal 2017 in relation to a domestic company is 30 per cent. However, for assessment year 2017-2018, the tax rate will be 29 per cent. if the turnover or gross receipt of the company does not exceed Rs. 50 million. Additionally, a company is subject to a surcharge on tax and an education cess on tax and surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, BPCL is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, BPCL cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on our business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries from where our raw materials are sourced or in which our end markets are located, which could have an adverse effect on our business. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus has affected several countries, primarily in the Middle East. Although BPCL has not been adversely affected by such outbreaks yet, BPCL can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on BPCL's business.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on BPCL's business and the trading price of the Notes.

As of the date of this Offering Circular, India was rated Baa3 with positive outlook by Moody's, BBB with stable outlook by Fitch and BBB- with stable outlook by S&P. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect BPCL's ratings and the terms on which BPCL is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on BPCL's capital expenditure plans, business, cash flows and financial performance, and the trading price of the Notes.

Investors may have difficulty enforcing foreign judgments in India against BPCL or its management.

BPCL is a public limited company incorporated under the laws of India. All of its directors and substantially all of its key management personnel reside in India and all or a substantial portion of the assets of BPCL and such persons are located in India. As a result, it may not be possible to effect service of process within the United States or elsewhere outside India upon BPCL or any of the BPCL's subsidiaries or any of BPCL's directors and senior executive officers, including with respect to matters arising under United States federal securities laws or applicable state securities laws.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of similar nature or in respect of a fine or other penalties and does not apply to arbitration awards, even if such award is enforceable as a decree or judgment.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws.

Depreciation of the Rupee against foreign currencies may have an adverse effect on BPCL's business, financial condition and results of operations.

As of 30 September 2016, BPCL's non-consolidated borrowings in foreign currency were approximately Rs.139.44 billion (U.S.$2.09 billion), while substantially all of BPCL's revenues are denominated in Rupees. Accordingly, depreciation of the Rupee against these currencies will increase the Rupee cost to BPCL of servicing and repaying BPCL's foreign currency borrowings. A depreciation of the Rupee would also increase the costs of imports by BPCL and may have an adverse impact on BPCL's business, financial condition and results of operations.

Terrorist attacks, civil disturbances and regional conflicts in South Asia and elsewhere may have a material adverse effect on BPCL's business and on the market for securities in India.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Present relations between India and Pakistan continue to be fragile on the issue of terrorism. In November 2008, coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital, which resulted in loss of life, property and business. Further, India has also experienced social unrest in some parts of the country. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Notes.

There may be less company information available in Indian securities markets than in securities market in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. The Securities and Exchange Board of India (**SEBI**) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, investors may have access to less information about the business, results of operations and financial condition, and those of the competitors that are listed on the Bombay Stock Exchange and the National Stock Exchange of India and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants than in certain organisations for economic cooperation and development (**OECD**) countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, the SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. However, there may still be less publicly available information about Indian companies than is regularly made available by public companies in certain OECD countries.

BPCL's business and activities are regulated by the Competition Act, 2002. Any application of the Competition Act, 2002 to it may be unfavourable, and may have an adverse effect on its business and results of operations.

The Indian Parliament has enacted the Competition Act, 2002 (the **Competition Act**) under the auspices of the Competition Commission of India to prevent business practices from having an adverse effect on competition. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Competition Act and the Competition Commission of India may affect industries in India. Any application of the Competition Act to BPCL may be unfavourable, and may have an adverse effect on its business and results of operations.

The proposed new taxation system could adversely affect BPCL's business and the trading price of the Notes.

The Government has proposed two major reforms in Indian tax laws, namely the goods and services tax, and provisions relating to general anti-avoidance rules (**GAAR**).

As regards the implementation of the goods and service tax (**GST**), the Government of India has indicated 1 April 2017 as the date of implementation of GST. As pertaining to the Model GST Law, major products handled by BPCL like Motor Sprit, High Speed Diesel, Aviation Turbine Fuel, Natural Gas and Crude Oil are not covered by GST and will continue to be governed by the existing taxes, for example Excise duty and VAT etc. The date from which GST will be levied on these products will be recommended by GST council. Model GST Law in its current form has an adverse effect on oil refining entities.

GAAR is being implemented from 1 April 2017. As per the new proposal, GAAR will not apply to income accruing, arising or received by any person from transfer of investments made before 1 April 2017.

As pertaining to the notification dated 23 September 2013 issued by the Central Board of Direct Taxes, provisions for GAAR have been introduced by the Finance Act 2012, which is scheduled to come into effect from 1 April 2017. The GAAR provisions are intended to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Finance Act 2012 as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for *bona fide* purposes. The onus to prove that the transition is an "impermissable avoidance agreement" is on the tax authorities. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is intended to undergo a significant overhaul, the consequential effects on BPCL cannot be determined as of the date of this Offering Circular and there can be no assurance that such effects would not adversely affect BPCL's business, future financial performance or the trading price of the Notes.

Inflation in India may adversely affect BPCL's business

India has experienced in the past high rates of inflation. BPCL can provide no assurance that high rates of inflation will not increase in the future, which could have an effect on the demand for petroleum products and BPCL's ability to sell those products. In addition, from time to time, the Government has taken measures to control inflation, which have included tightening monetary policy by raising interest rates, restricting the availability of credit and inhibiting economic growth.

Inflation, measures to combat inflation and public speculation about possible governmental actions to combat inflation have also contributed significantly to economic uncertainty in India and heightened volatility in the Indian capital markets. Periods of higher inflation may also slow the growth rate of the Indian economy which could also lead to a reduction in demand for petroleum products and a decrease in BPCL's sales thereof. Inflation may also increase some of the Guarantor's costs and expenses. Moreover, the reporting currency of BPCL's financial statements is the Indian Rupee, and fluctuations in the value of the Indian Rupee that result from inflation, could affect BPCL's results of operations and financial condition. To the extent demand for BPCL's products decreases or costs and expenses increase and BPCL is not able to pass those increases in costs and expenses on to its customers, its operating margins and operating income may be adversely affected, which could have a material adverse effect on BPCL's business, financial condition and results of operations.

Risks Relating to the Notes and the Guarantee

The Guarantor's potential liability under the Guarantee will be capped at its respective Guaranteed Amount and will end after its respective Guarantee Period. Any demands by the Noteholders must be received by the Guarantor within the respective Guarantee Period. Further, any payment in excess of each of the Guaranteed Amount will require an RBI approval under the FEMA ODI Regulations.

The primary foreign exchange control legislation in India is FEMA. Pursuant to FEMA, the central government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control. A guarantee issued by an Indian company on behalf of its non-Indian direct or indirect wholly owned subsidiaries or joint ventures is subject to certain regulations under FEMA, such as the FEMA Guarantees Regulations and the FEMA ODI Regulations as well as the provisions of the RBI's Master Direction — Direct Investment by Residents in Joint Venture (JV)/Wholly-Owned Subsidiary (WOS) Aboard dated 1 January 2016, as updated from time to time (the **ODI Master Direction**).

Under the FEMA Guarantees Regulations, an Indian company can provide a guarantee on behalf of its non-Indian direct or indirect wholly owned subsidiaries or joint ventures provided that it is in compliance with the FEMA ODI Regulations. Pursuant to the FEMA ODI Regulations and the ODI Master Direction, an Indian company is permitted to provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures, subject to certain conditions including, without limitation: such Indian company's total financial commitment does not exceed 400.0 per cent. of its net worth set forth in its last audited balance sheet at the time of issuance of any such guarantee. Under the FEMA ODI Regulations, all financial commitments including all forms of guarantees should be within overall ceiling prescribed for the Indian party.

For purposes of the FEMA ODI Regulations, "total financial commitment" includes the aggregate of 100.0 per cent. of the amount of equity shares, 100.0 per cent. of the amount of compulsorily and mandatorily convertible preference shares, 100.0 per cent. of the amount of other preference shares, 100.0 per cent. of the amount of loan, 100.0 per cent. of the amount of guarantee (other than performance guarantee) issued by the Indian company, 100 per cent. of the amount of bank guarantees issued by a resident bank on behalf of joint venture or non-Indian wholly owned subsidiaries of the Indian company provided the bank guarantee is backed by a counter guarantee/collateral by the Indian company, and 50.0 per cent. of the amount of performance guarantee issued by the Indian company.

In addition, the Indian company (which is providing the guarantee outside India) is not on the RBI's exporters' caution list or list of defaulters and should not be under investigation by any investigative, enforcement agency or regulatory body. The guarantees must specify a maximum amount and duration of the guarantee upfront, i.e. no guarantee can be open-ended or unlimited; and the Indian company may extend the guarantee only to a joint venture or non-Indian wholly-owned subsidiaries in which it has equity participation.

In light of the above, the Guarantor's potential liability under the Guarantee will be capped at an amount equal to 120.0 per cent. of the total aggregate principal amount of the Guaranteed Notes outstanding from time to time.

In addition, the Guarantees in respect of each Series of Notes shall be in effect for its respective Guarantee Period only and require that demands under the Guarantee must be received by the Guarantor within their respective Guarantee Period. The Guarantees will be released upon repayment in full of the respective Notes. See "*Terms and Conditions of the Notes*" and "*Enforcement of the Guarantee*."

Further, any payment in excess of the Guaranteed Amount will require prior RBI approval under the FEMA ODI Regulations.

The guarantee of the Notes by the Guarantor will be capped at the Guaranteed Amount, and may not be sufficient to pay all amounts due under the Notes or the Trust Deed.

The Guarantee by the Guarantor will be capped at its Guaranteed Amount. Under certain circumstances, including as a result of the accrual of interest over time, amounts due under the Trust Deed or as a result of amounts due under a currency indemnity under the Trust Deed, may exceed each of the Guaranteed Amount. With respect to any such excess amount, you would not have any claim against the Guarantor under the Guarantee. Further, any payment in excess of each of the Guaranteed Amount will require prior RBI approval under the FEMA ODI Regulations.

There is no public market for the Notes.

The Notes will be a new issue of securities with no existing trading market. The relevant Issuer has, through its listing agent, filed an application to list the Notes on the official list of the SGX-ST. However, the relevant Issuer cannot make any assurances that the Notes will qualify for listing on the exchange or that a liquid trading market will develop for the Notes. Though the Notes may be listed on an exchange, the relevant Issuer cannot make any assurances that an active market will develop for the Notes or as to the liquidity of, or the trading market for, the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates; BPCL's results of operations and financial condition, performance and prospects, political and economic developments in India; and the market for securities similar to the Notes and the financial condition and stability of the oil and gas sector. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The price of the Notes following the Offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in BPCL's revenues, earnings and cash flows and proposals of new investments, strategic alliances or acquisitions, interest rates, fluctuations in prices for comparable companies and the Government's policy with respect to subsidy or compensation to OMCs could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

i. have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

ii. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

iii. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

iv. understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

v. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are not guaranteed by the Republic of India.

The Notes are not the obligations of, or guaranteed by, the Republic of India. Although the Government owned 54.93 per cent. of BPCL's issued and paid up share capital as of the date of this Offering Circular, the Government is not providing a guarantee in respect of the Notes. In addition, the Government is under no obligation to maintain the solvency of BPCL. Therefore, investors should not rely on the Government to ensure that BPCL fulfils its obligations under the Notes.

Notes where denominations involve integral multiples: definitive Notes.

In relation to these Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that these Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system.

The Notes will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the relevant Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Payments in connection with the Guarantee under the Notes are subject to RBI guidelines regarding the remittance of funds outside of India.

Payments with respect to Guarantees under any Guaranteed Notes are subject to applicable law, including without limitation, the ECB Guidelines governing the remittance of funds outside of India. Payments in connection with the Guarantees under any Guaranteed Notes are also subject to the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 and the

FEMA ODI Regulations, including without limitation, approval from the RBI, governing the remittance of funds outside India. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and the Authorised Dealer Category — I banks, as the case may be, and the Guarantor can give no assurance that it will be able to obtain such approvals.

The Conditions of the Notes are subject to the risk of change of law.

The conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders.

The "*Terms and Conditions of the Notes*" contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, and without regard to the interests of particular Noteholders, Couponholders or Receiptholders agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, in the circumstances described in the "*Terms and Conditions of the Notes*".

Noteholders' right to receive payments is junior to certain tax and other liabilities preferred by law.

The Notes are unsecured obligations of the relevant Issuer or the Guarantor (where relevant) and will rank subordinated to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the relevant Issuer's or (where relevant) the Guarantor's business. In particular, in the event of bankruptcy, liquidation or winding-up, the relevant Issuer's or (where relevant) the Guarantor's assets will be available to pay obligations on the Notes only after all of the above liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

Risks Relating to the Market Generally

Payments of principal and interest are subject to exchange rate risks and exchange controls.

The relevant Issuer will pay principal and interest on the Notes in the relevant currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Investment in the Notes is subject to interest rate risks.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks.

Moody's and Fitch have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Noteholders are subject to risks of changes in Singapore taxation laws.

The Notes are intended to be issued as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfilment of certain conditions more particularly described in "Taxation — Singapore Taxation" of this Offering Circular. However, there is no assurance that the Notes will continue to be "qualifying debt securities" or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws be amended or revoked at any time.

Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Whilst the Notes are held within Euroclear Bank S.A./N.V. and Clearstream Banking S.A.(together, the **ICSDs**), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The relevant Issuer's obligations under the Notes are discharged once it has paid the ICSDs and the relevant Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Prospective investors should refer to the section "*Taxation —Foreign Account Tax Compliance Act*".

Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes

The U.S. Hiring Incentives to Restore Employment Act (the **HIRE Act**) imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. While significant aspects of the application of the relevant provisions of the HIRE Act to the Notes are uncertain, if the relevant Issuer or any withholding agent determines that withholding is required, neither the relevant Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation —Hiring Incentives to Restore Employment Act*".

DESCRIPTION OF BHARAT PETROLEUM CORPORATION LIMITED

BPCL is an Indian energy company primarily operating in downstream petroleum segment, which involves the refining, distribution and marketing of petroleum products. Through its wholly owned subsidiary BPRL, BPCL also carries out upstream operations, which involves exploration and production (**E&P**) of hydrocarbons. BPCL's principal products include petroleum products motor spirit (gasoline), diesel (gas oil), superior kerosene oil (**SKO**), aviation turbine fuel, liquefied petroleum gas (**LPG**), lubricants, fuel oil, naphtha, bitumen and solvents. BPCL's distribution infrastructure includes installations, pipelines, depots, retail outlets, aviation fuelling stations, LPG bottling plants and lube blending plants.

BPCL directly operates two refineries located in the western city of Mumbai and the southern city of Kochi, with refining capacities of 12 MMTPA and 9.5 MMTPA, respectively. Through its subsidiary, Numaligarh Refinery Limited (**NRL**), BPCL also operates a refinery located in northeast India at Numaligarh, with a refining capacity of 3 MMTPA. BPCL's joint venture company, Bharat Oman Refineries Limited (**BORL**), also operates a refinery at Bina in central India. The refinery at Bina, which became operational in June 2011, has a capacity of 6 MMTPA. With a combined total refining capacity of 30.5 MMTPA from strategically located facilities, BPCL believes it is well positioned to meet market demand across India.

In 2006, BPCL diversified its business model by venturing into the upstream business of E&P through its wholly owned subsidiary, BPRL. BPCL believes it has achieved significant vertical integration through its operations and those of its four subsidiaries namely NRL, BPRL, Petronet CCK Limited (**PCCKL**) and BPCL-KIAL Fuel Farm Private Limited (**BKFFPL**), and 16 joint venture companies namely BORL, Petronet LNG Limited (**PLL**), Indraprastha Gas Limited (**IGL**), Central UP Gas Limited (**CUGL**), Maharashtra Natural Gas Limited (**MNGL**), Sabarmati Gas Limited (**SGL**), Haridwar Natural Gas Private Limited, Matrix Bharat Pte. Limited (**MBPL**), Bharat Stars Services Private Limited (**BSSPL**), Delhi Aviation Fuel Facility Private Limited (**DAFFPL**), Kannur International Airport Limited (**KIAL**), Mumbai Aviation Fuel Farm Facility Private Limited (**MAFFFL**) Petronet India Limited (**PIL**), GSPL India Gasnet Limited (**GIGL**), GSPL India Transco Limited (**GITL**) and Kochi Salem Pipeline Private Limited (**KSPPL**) in refining, marketing and distribution of petroleum products, E&P, sourcing, regasification, marketing and transmission of gas.

In fiscal 2016, BPCL's consolidated gross sales turnover was Rs.2,192.53 billion and its consolidated net profit after tax was Rs.84.63 billion. For the six month period ended 30 September 2016, BPCL's non-consolidated gross sales turnover was Rs.1,119.30 billion and the non-consolidated net profit after tax was Rs.39.26 billion. As of 31 March 2016, BPCL's consolidated total assets were Rs.937.88 billion. BPCL's aggregate refinery throughput in fiscal 2016 was 29.82 MMT and 12.59 MMT for the six month ended 30 September 2016.These figures include output from BPCL's refineries in Mumbai and Kochi as well as that of NRL and its proportionate 50 per cent. share of output from its joint venture company, BORL.

As of the date of this Offering Circular, the Government owned 54.93 per cent. of BPCL's issued share capital. BPCL's shares have been listed on the Bombay Stock Exchange since September 1992 and the National Stock Exchange of India since September 1995. Consequent to the merger of Kochi Refineries Limited (**KRL**) into BPCL in 2006, BPCL's shareholding in KRL was transferred to a trust and constitutes 9.33 per cent. of BPCL's issued share capital.

History

BPCL traces its history to 1928, when the Burmah Shell Oil Storage & Distribution Company of India was incorporated to import and market kerosene in India. In 1952, Burmah Shell Refineries Limited was incorporated as a private limited company under the Companies Act to install a refinery in Trombay. The refinery in Trombay was built on 454 acres of land in the village of Mahul in Maharashtra and became operational on 30 January 1955, which allowed BPCL to become the first Indian refiner to process newly found indigenous crude oil known as "Bombay High". In January 1976, the Burmah Shell Group of Companies was acquired by the Government to form Bharat Refineries Limited. In August 1977, Bharat Refineries Limited was renamed as Bharat Petroleum Corporation Limited.

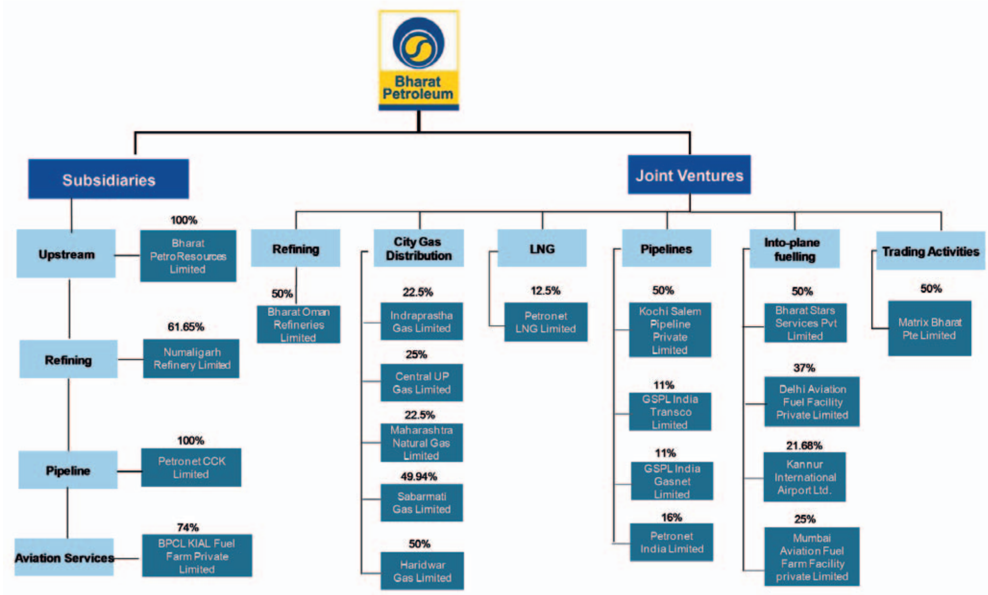
Until 1998, the majority of petroleum products were covered under the "administered price mechanism" (**APM**). Under the APM, pricing of petroleum products was based on the concept of retention price, by which refiners were allowed to retain out of their sale proceeds the cost of crude, refining cost and a reasonable return on investment. The same mechanism was extended to marketing and distribution companies, which were compensated for operating costs along with an assured return. In addition, the price at which the finished products were finally sold was set by the Government and was completely unrelated to the returns of oil companies. In 1998, the APM was dismantled by the Government in several phases, beginning with refining and other products soon thereafter. However, the Government continued to control the prices of superior kerosene oil distributed by way of the public distribution system (**PDS**), domestic LPG, motor spirit (**MS**) (until June 2010) and high speed diesel (**HSD**) (until October 2014).

In 1998, in order to face the competition and meet the challenges resulting from this dismantling, BPCL replaced its functional-based structure with a process-based structure. BPCL restructured its business into a corporate centre, strategic business units (**SBUs**) and shared services and entities. The organisational design, comprising six customer-facing SBUs, including aviation, industrial and commercial, gas, LPG, lubricants and retail, and one asset-focused SBU refinery, is based on the philosophy of greater customer focus and greater autonomy to the business, thereby enabling faster decision making.

BPCL's strategic plan of becoming an integrated player was initiated in 2004 when it made its entry into the upstream E&P sector. In 2006, a wholly owned subsidiary company, BPRL, was formed with the primary objective of implementing BPCL's plans for the upstream sector through participation in exploration and development of oil blocks in India and other parts of the world in collaboration with other government owned and private oil exploration companies. BPRL, in cooperation with various partners, currently has participating interests in 17 oil and gas blocks. Of this, seven blocks are in India and ten are abroad. Besides India, BPRL has Participating Interest (**PI**) in blocks in Australia, Brazil, East Timor, Indonesia and Mozambique. Recently, BPRL has acquired equity stakes in two Russian companies which have oil and gas producing assets in their portfolio and hold licenses for four blocks (each Russian company holding two blocks).

Group Structure

BPCL's organisational structure (including its Group) is reflected in the diagram below:



Strategy

BPCL's strategy is to maintain its strong position in the Indian oil and gas sector in terms of market share by leveraging on the growth in the Indian economy. BPCL's business plan is under continuous review and adjustments are made in accordance with prevailing market conditions. To achieve its business plan, BPCL has adopted the following key strategies:

Strategically expanding its upstream activities. BPCL believes it is making a strong foothold in the E&P of oil and natural gas. BPRL along with two other Indian oil and gas PSUs, acting jointly as a consortium acquired participatory shares representing 29.90 per cent. of the charter capital of TNYGD from LLC RN Razvedka I Dobycha, a wholly-owned subsidiary of Rosneft Oil Company, the national oil company of Russia and in addition acquired 23.90 per cent of the shares of JSC Vankorneft a subsidiary of Rosneft Oil Company. BPCL intends to continue evaluating strategic organic and inorganic expansion opportunities in the oil, natural gas and shale gas sectors and will continue to cautiously explore opportunities after in-depth studies have been undertaken.

Investments in refining and distribution capacity to bridge the gap between sales volumes and production. BPCL continuously strives to meet the growing demand in the central and northern parts of India by bringing its own product to those areas through pipelines. To meet growing demand, BPCL has entered into a joint venture company in central India at Bina with a refining capacity of 6 MMTPA. BPCL is transporting the majority of its finished products, thereby helping it to meet demand in central and north India and reduce the need to make purchases from other oil companies, including private companies and importers. Since its commissioning in 2011, BPCL's 259 km cross-country pipeline from Bina to Kota in Rajasthan helped facilitate the swift transportation of petroleum products from its new refinery at Bina to the markets of northern India. Furthermore, to economise transportation of MS/SKO/HSD from BPCL's Mumbai refinery as well as BORL's refinery at Bina, BPCL has laid a 210 km long and 14" (35.6 cm) in diameter cross-country pipeline from Kota to Jobner, in Rajasthan. Furthermore, BORL has launched a project for low cost de-bottlenecking of its existing facilities to enhance its current capacity to 7.8 MMTPA in the next 3 years and also to meet product quality specifications as stipulated in the Auto Fuel Vision and Policy 2025 guidelines. Basic engineering and design work for the process units has been completed and detailed engineering of open-art as well as licensed units has commenced. BPCL has also commenced the Integrated Refinery Expansion Project at the Kochi refinery, with the aim of increasing its refining throughput to 15.5 MMTPA from current levels of 9.5 MMTPA. The project will also modernise the Kochi refinery's processing facilities to allow the production of auto-fuels conforming to Euro-IV/V specifications. The project involves a capital outlay of Rs.165,040.00 million. The crude distillation unit (**CDU**), vacuum distillation unit (**VDU**) and first gas turbine generator (**GTG**) are mechanically completed and pre-commissioning activities are in progress. Other major units are planned for completion sequentially pursuant to commissioning requirements. The project is expected to be operational and stabilized during the third quarter of the current fiscal 2017.

Expand distillation capacities, make quality improvements and seek out strategic acquisitions. BPCL continuously strives to increase its production capabilities through organic growth, improved efficiencies and strategic acquisitions. BPCL intends to achieve this increase through several means, including (i) the removal of limitations within sections of each refinery that are currently not designed for additional refining capacity, (ii) the improvement of the refining capacity, quality, yield and margins for its petroleum products through targeted capital expenditures and (iii) the improvement of refining capacity utilisation to achieve improved economies of scale by eliminating the current bottlenecks at its refining facilities. BPCL's primary focus is operating its oil refineries at high capacities and continuing to improve efficiencies.

Create opportunities with niche petrochemicals. As part of the expansion of the Kochi refinery, BPCL is in the process of setting up a petrochemical fluid catalytic cracking unit with a capacity to produce 0.50 MMTPA of propylene which is primarily used in the chemicals and plastics industries. BPCL intends to use a portion of this feedstock to manufacture niche petrochemicals. The approved cost of the project is Rs.45.88 billion with scheduled completion in May 2018.

Value enhancement through facility upgrades. BPCL has established several initiatives to install improved technologies at its refineries to help enable it to generate a larger proportion of higher-margin distillates. In an effort to continue increasing this proportion, BPCL intends to modernise its existing refining facilities to enable the refineries to produce auto fuels conforming to Euro IV/VI specifications.

BPCL is currently implementing the installation of a diesel hydrotreatment unit (**DHT**) of 2.6 MMTPA capacity and conversion of catlytic reformer unit (**CRU**) to isomerization unit (**ISOM**) at its Mumbai refinery to achieve Euro IV specifications. Mumbai refinery is also implementing a gasoline hydro treatment project to produce MS confirming to BS VI specifications. Similar project to produce BS VI MS is also planned at the Kochi refinery.

Refining

Refining of crude oil is a core activity of BPCL. BPCL, together with its subsidiary, NRL, and joint venture company BORL, operate four refineries, each employing state-of-the-art technology. Strategically located to cover India's large geographic presence, BPCL's Mumbai refinery in western India and the Kochi refinery in southern India have refining capacities of 12 MMTPA and 9.5 MMTPA, respectively. BORL's refinery at Bina in central India and NRL's facility at Numaligarh in northeast India have capacities of 6 MMTPA and 3 MMTPA, respectively. BPCL believes that the strategic locations of its refineries, coupled with an extensive pipeline infrastructure, allow it to effectively service the needs of its customers across the large geographic expanse of India. In fiscal 2016, the total throughput achieved by BPCL's four refineries was 29.82 MMT.

The table and map below shows the location of the refineries and the pipeline network owned and operated by BPCL, BORL and NRL.

Name of Refinery	State of Location	Area	Date of Commissioning
Mumbai	Maharashtra	1,852,300 sq m	1955
Kochi	Kerala	5,121,421 sq m	1966
Numaligarh	Assam	4,107,559 sq m	1993
Bina	Madhya Pradesh	7,740,000 sq m	2011

BPCL believes the modern process units at all four refineries help to provide operational flexibility and enables it to maximise value from processing several different varieties of crude oil. The refineries have various units through which products of various distillates are manufactured. In addition to the CDU, the refineries' infrastructure includes the VDU, fluid catalytic cracker unit, hydrocracker unit, aromatic recovery unit, lube oil base stock unit and MS block. In addition, the facilities include diesel hydro de-sulphurisation units and reverse osmosis mineralisation units, which ensure that the fuels produced are environmentally-friendly and conform to BPCL's high quality standards.

BPCL's refinery infrastructure also helps facilitate safe and efficient operations. Initiatives such as the substitution of naphtha as feed and fuel by re-gasified LNG, recovery of hydrogen from a catalytic reformer unit off-gas, and production of light lube fractions also enhance efficiencies at the refineries. Information technology applications are used to help streamline processes and improve decision making. These applications include manufacturing execution systems which consist of software solutions for planning, scheduling, blending, production and laboratory information management systems.

Over the last three fiscals, the operational efficiencies at BPCL's refineries have steadily improved. The crude oil throughput at BPCL's refineries (excluding BORL and NRL) has increased from 23.351 MMT in fiscal 2014 to 24.12 MMT in fiscal 2016.

The table below shows certain key operating data of BPCL's refineries (excluding BORL and NRL).

Refinery	2014			2015			2016		
	Refining Capacity	Crude Oil Throughput	Utilisation Rate	Refining Capacity	Crude Oil Throughput	Utilisation Rate	Refining Capacity	Crude Oil Throughput	Utilisation Rate
	(MMT)	(MMT)	(%)	(MMT)	(MMT)	(%)	(MMT)	(MMT)	(%)
Mumbai . . .	12	13.0	108.6	12	13.0	108.0	12	13.41	111.7
Kochi	9.5	10.3	108.6	9.5	10.4	109.5	9.5	10.71	112.7

BPCL strives to continuously upgrade its refineries to increase refining capacity, identify and improve bottlenecks, implement bottom upgrades, and improve the overall quality of its end products.

Mumbai Refinery

Commissioned in 1955, BPCL's refinery in Mumbai has been modernised and expanded over the years from its initial capacity of 2.2 MMTPA to its current 12 MMTPA capacity. During fiscal 2016, the Mumbai refinery achieved a throughput of 13.41 MMT of feedstock (crude oil and other feedstock) as compared to 12.96 MMT in fiscal 2015. The throughput in fiscal 2016 represented a capacity utilisation of 111.76 per cent., as compared to 108 per cent. in fiscal 2015.

BPCL believes its refinery in Mumbai is among the most versatile refineries in India as the refinery is capable of processing 80 different types of crude oil. The Mumbai refinery's product offering includes light (MS, LPG and others) middle (SKO, HSD, ATF, etc.) and heavy distillates (furnace oil (**FO**), bitumen, lube oil base stock, etc.) as well as petrochemicals such as benzene, toluene and polypropylene feed stock. BPCL also markets sulphur derived from the refinery as an operational by-product.

The gross refining margin (**GRM**) at Mumbai refinery was an impressive USD 6.37 per barrel in fiscal 2016 as compared to USD 3.97 per barrel realised in fiscal 2015. Commissioning of energy efficient and heat integrated CDU, implementation of blend property control for increasing first time right batches, higher capacity utilization of secondary units, and revamp of reformer feed unit are some of the prime reasons for this stellar performance of Mumbai refinery.

The refinery currently envisages conversion of CRU to ISOM along with associated facilities. This would enable Mumbai refinery to meet 100 per cent. Euro IV MS production.

The refinery is also planning installation of 2.6 MMTPA capacity DHT to meet the Government mandate of producing 100 per cent. BS-IV HSD with effect from April 2017. The project also involves setting up of associated facilities such as new amine regeneration unit and revamp of existing sour water stripped unit to maximize capacity of sulphur recovery. The scheduled completion of the project is December 2017.

Mumbai refinery is implementing a gasoline hydro treatment project to produce 100 per cent. BS VI MS. The estimated cost of the project is Rs.5.54 billion and with completion of this project it is expected to produce 100 per cent. BS VI auto fuels by April 2020 to meet the Auto Fuel Vision and Policy 2025 requirements. The project management contract has been awarded and application has been made for environmental clearance. Licensor selection process is currently in progress.

Kochi Refineries Limited

KRL was commissioned in 1966 as a standalone refinery (without its own marketing network) with stakes held by the Government, Phillips Petroleum Company of the United Stated of America and Duncan Brothers of Kolkata. The facility had an initial capacity of 2.5 MMTPA which was subsequently increased to 7.5 MMTPA in 1994. KRL, which was a subsidiary of BPCL, was merged with BPCL with effect from 1 April 2005, and the capacity was subsequently enhanced to 9.5 MMTPA in fiscal 2010.

The Kochi refinery achieved a crude throughput of 10.71 MMT in fiscal 2016, as compared to 10.4 MMT in fiscal 2015. This was the highest throughput ever achieved by the refinery in a single fiscal and is the fourth year in succession that the throughput of the refinery has crossed the 10 MMT mark. KRL reported its best ever production of LPG (558.5 TMT), BS-III MS (1647.1 TMT), BS-IV MS (419.8 TMT), ATF (480.3 TMT) and BS-IV HSD (844.7 TMT) during the year fiscal 2016. The refinery has a single point mooring (**SPM**) that allows very large crude carriers to berth in the high sea and unload crude oil through an underground pipeline to the refinery.

The refinery's product portfolio includes petrochemical feedstocks and speciality products in addition to its range of quality fuels such as LPG, naphtha, MS, SKO, ATF, HSD, fuel oils and bitumen. Specialty products for the domestic market include benzene, toluene, propylene, special boiling point spirit, natural rubber modified bitumen and sulphur.

BPCL is in the process of implementing further capacity expansion at the Kochi refinery, which will help BPCL to meet the growing demand for petroleum products in India. BPCL expects to incur a capital expenditure of approximately Rs.165.04 billion for the integrated refinery expansion project (**IREP**), which is expected to increase the refining capacity of the Kochi refinery to 15.5 MMTPA. The project is also expected to modernise the refining facilities which will enable the refinery to produce auto fuels conforming to Euro IV/V specifications and the upgrade of the residue streams to produce distillates and petcoke. The CDU/VDU and first GTG are mechanically completed and pre-commissioning activities are in progress. Raw water quarry and raw water treatment plant have been commissioned. Other major units such as diesel hydro treater (**DHDT**), two GTG, two utility boilers, vacuum gas oil hydro treater, sulphur recovery unit, delayed coker unit and fluid catalytic cracking unit are planned for completion sequentially pursuant to commissioning requirements.

BPCL is also in the process of setting up a petrochemical complex at the Kochi refinery to produce niche petrochemicals such as acrylic acid, acrylates and oxo alcohols, which are predominantly being imported into the country using the polymer grade propylene that will be available after the ongoing IREP is completed. The approved cost of the project is Rs.45.88 billion with scheduled completion in May 2018.

Pursuant to the directives of Ministry of Petroleum and Natural Gas and the Auto Fuel Policy guidelines, Kochi refinery plans to implement a BS VI MS block project. Thereafter, the refinery will be able to produce petrol and diesel complying with BS VI specifications. The estimated cost of the project is Rs.33.13 billion and it is expected to produce BS VI compliant auto fuels by April 2020. The project management contract has been awarded and application has been made for environmental clearance. Licensor selection is currently in progress.

Numaligarh Refinery

NRL was set up at Numaligarh in the district of Golaghat (Assam) as a conduit for speedy industrial and economic development of the northeast region of India. The 3 MMTPA Numaligarh refinery, owned and operated by NRL, began commercial production in October 2000. The refinery was awarded the status of "Category-I" Miniratna PSU in the year 2003. As at 31 March 2016, the authorised capital of NRL was Rs.10 billion and its paid up equity share capital was Rs.7,356.31 million. The shareholder composition as of 31 March 2016 is given below:

Shareholder	% Holding
BPCL	61.65
Oil India Limited	26.00
Government of Assam	12.35

The range of products processed at NRL includes LPG, naphtha, MS, ATF, SKO, HSD, raw petroleum coke (**RPC**), calcined petroleum coke and sulphur.

In addition to, NRL has two marketing terminals, one at Numaligarh and the other at Siliguri for evacuation of products. NRL also has a 10 TMTPA LPG bottling plant at Numaligarh.

Bharat Oman Refineries

BORL, a 50-50 joint venture company promoted by BPCL and Oman Oil Company Limited, owns and operates a 6 MMTPA refinery at Bina in the district of Sagar, Madhya Pradesh. This facility is connected to a crude supply system consisting of a SPM, crude oil storage terminal at Vadinar in the district of Jamnagar, Gujarat and a 935 km cross-country crude oil pipeline from Vadinar to Bina. The refinery began commercial production in May 2011.

The range of products processed at BORL includes LPG, naphtha, MS, ATF, SKO, HSD, RPC, CPC and sulphur.

Maintenance

Each of the units at BPCL's refineries requires regular maintenance, repair and upgrade shutdowns (referred to as turnarounds), during which times these units are not operational. BPCL's Mumbai and Kochi refineries have multiple trains of units. Therefore maintenance does not require shutdown of the entire refinery and turnarounds are taken in a staggered manner so as to minimise production disruptions. Regular maintenance and inspection turnaround for a process unit is performed once every four years. A five-year turnaround schedule is prepared for all units, utilities and offsites. During each turnaround, the remaining trains are in operation and the affected product(s) are adequately stocked prior to each scheduled turnaround to help ensure that customers are not affected. The turnaround plan of NRL and BORL refineries is generally synchronised with the operations of the Mumbai and Kochi refineries and the affected products are adequately stocked prior to each scheduled turnaround to ensure continuous product availability.

Turnarounds are planned more than a year in advance based upon the recommendation and requirements of the maintenance, inspection, technology and operations group. BPCL's refineries employ a systematic approach to turnaround management. BPCL has also adopted the latest turnaround techniques and best practices such as chemical decontamination of the unit, mechanical decoking of heater coils, rope access technology for high rise structure painting, dedicated safety organisation of contractor and comprehensive contract including project jobs. Turnaround work is executed on a 24-hour basis without any breaks to minimise unit down time.

For the last three years, most of the critical units have been operating at more than 98 per cent. capacity. Minor unscheduled interruptions did not result in any delay in product supply to BPCL's customers.

Products

BPCL produces a wide range of refined petroleum products, including LPG, MS (gasoline), jet fuel/SKO, HSD (gas oil), bitumen, fuel oil, naphtha and other products, including lubricants and greases, and special products.

Petroleum Products

HSD— HSD is a middle-distillate and is commonly referred to as gas oil. HSD constitutes more than 50 per cent. of the total sales volume and is mainly used as an automotive fuel.

Jet fuel/SKO— Jet fuel is a colourless, combustible, straight-run petroleum distillate liquid with a principal use as jet engine fuel. BPCL's jet fuel serves the fuel requirements of the Indian defence services and several major airports in India. SKO is used as domestic fuel.

LPG— LPG is a mixture of hydrocarbon gases liquefied under pressure and is used as fuel for heating, cooking and lighting. BPCL's LPG is marketed under the brand name "Bharat Gas" for domestic, commercial and industrial use.

MS— MS, or gasoline, is the most well-known product derived from the refining of crude oil. It is used primarily as fuel for motor vehicle engines and sold at retail outlets for direct delivery to automobiles. BPCL produces different grades of gasoline for supply to the domestic markets. BPCL's higher grade MS is marketed under the brand name "SPEED", which contains proprietary components including a detergent dispersant, a friction modifier and a corrosion inhibitor.

Bitumen— Bitumen is a common binder for bituminous road constructions. It is a residual product in petroleum refineries after higher fractions such as gas, petrol, kerosene and diesel are removed by distillation from crude oil.

Heavy fuel oil— Fuel oil is the least valuable product obtained from the refining of crude oil. It is used mainly as fuel for furnaces and bunkers for ships. BPCL produces fuel oil of various specifications depending on its end use.

Naphtha— Naphtha is a colourless flammable distillate used primarily as feedstock by the petrochemical industry for producing olefins in steam crackers and in the chemical industry generally. It is also used as fuel for gas turbines.

Other Products

Lubricants and greases— Lubricants and greases are used to reduce friction between rubbing or rolling surfaces. BPCL produces a range of lubricants and greases for use in the retail market under the brand name "MAK" as well as a range of lubricants used as bunker supplies at ports, jetties and inner anchorages.

Special products— BPCL also manufactures several petroleum products for specific applications that could be used as feedstock for the chemical industry, raw materials in certain industries and solid fuels. These products include propylene, benzene, toluene, mineral turpentine oil and LABFS.

The following table shows BPCL's annual production (excluding subsidiaries and joint ventures) for the fiscals 2016, 2015 and 2014.

	For Fiscal 31 March					
	2016		2015		2014	
	'000 MT	% of Total	'000 MT	% of Total	'000 MT	% of Total
Light Distillates						
Naphtha	1,135	4.9	1,291	5.8	2,184	9.9
LPG	1,048	4.6	955	4.3	931	4.2
Motor Spirit	4,207	18.3	3,686	16.6	2,966	13.5
Special Boiling Point Spirit/Hexane	28	0.1	32	0.1	36	0.2
Benzene	95	0.4	78	0.4	37	0.2
Toluene	18	0.1	25	0.1	16	0.1
Polypropylene Feedstock/Propylene	104	0.5	108	0.5	103	0.5
Industrial Reformate	0	0.0	12	0.1	164	0.7
Others	1	0.0	1	0.0	0	0
Sub Total	6,636	28.9	6,187	27.9	6,437	29.2
Middle Distillates						
Aviation Turbine Fuel	1,284	5.6	1,268	5.7	1,226	5.6
Superior Kerosene Oil	534	2.3	530	2.4	534	2.4
High Speed Diesel	11,579	50.4	11,005	49.7	10,397	47.1
Light Diesel Oil	91	0.4	80	0.4	62	0.3
Mineral Turpentine Oil	83	0.4	82	0.4	97	0.4
Lube Oil Base Stock	270	1.2	246	1.1	239	1.1
Others	—	0.0	—	0.0	20	0.1
Sub Total	13,841	60.3	13,211	59.6	12,575	57.0
Heavy Ends						
Furnace Oil	1,537	6.7	1,706	7.7	1,912	8.7
Low Sulphur Heavy Stock	81	0.4	221	1.0	191	0.9
Sulphur	89	0.4	93	0.4	92	0.4
Bitumen	781	3.4	731	3.3	845	3.8
Others	—	—	—	—	—	—
Sub Total	2,488	11.2	2,751	12.4	3,040	13.8
TOTAL	22,965	100.0	22,149	100.0	22,052	100.0

The table below shows the lubricant blending and LPG bottling activities at BPCL's plants across India.

	For Fiscal March		
	2016	2015	2014
		(MT)	
Lubricants production (MT)	295,509	287,649	258,112
Quantity of LPG filled in cylinders (MT)	4,616,172	4,267,898	3,831,127

Crude Oil Procurement

The total crude oil requirement for BPCL and its group companies is approximately 34.50 MMTPA. Approximately 22.5 per cent. of this requirement is met through indigenous crude production by the Oil and Natural Gas Corporation (**ONGC**) and Oil India Ltd. (**OIL**). The balance of BPCL's crude oil requirement is met through imports on both term and spot basis.

Currently, approximately 62 per cent. of BPCL's imported crude oil feedstock is secured from the national oil companies of Saudi Arabia, Iraq, Kuwait, United Arab Emirates, Malaysia, Brunei, Azerbaijan and Iran under term contracts. The remainder is secured through term contracts with multinational oil companies (approximately 9 per cent.) and balance through competitive tenders. See "*Investment Considerations*". Currently, public sector companies in India, such as BPCL, are given an annual allotment of domestic crude oil. Since the production of crude oil is limited within India, the amount allocated to each public sector company is decided by the Government on an annual basis based on certain criteria such as their respective refinery capacities and functionality, geographical locations and distribution network.

To help ensure the supply of crude oil to its refineries, BPCL hedges the risk of supply discontinuance by entering into term contracts for physical settlement with the national oil companies of crude oil producing and exporting countries, where the quantity of crude oil purchased is pre-determined and deliverable against a price to be set at the prevailing market prices of a later date. BPCL believes the combination of term and spot contracts gives it both security of supplies and the flexibility to respond to changes in crude requirements due to unforeseen problems.

BPCL has a commodity risk management policy in place to minimise the risks associated with crude and product prices. This is done through hedging of cracks in the over the counter (**OTC**) swap market. BPCL hedges its refinery margins in the OTC swap market. BPCL believes it has adopted strong risk management principles in its day to day operations. The risk management committee defines the risk appetite of BPCL and the risk strategy committee oversees the implementation of BPCL's commodity risk management policy.

Pipelines

BPCL owns and operates petroleum product pipelines in India. As of 31 March 2016, BPCL's petroleum product pipeline network covered 3,178 km with a delivery capacity of 23.84 MMTPA.

Common Carrier

Common carriers include pipelines for the transportation of petroleum, petroleum products and natural gas by more than one entity as the Petroleum and Natural Gas Regulatory Board (**PNGRB**) may declare or authorise from time to time on a non-discriminatory, open access basis. Common carriers do not include pipelines laid to supply (i) petroleum products or natural gas to a specific consumer, or (ii) crude oil. None of BPCL's pipelines have been designated as a common carrier by the PNGRB.

The map below sets out BPCL's pipeline network as of 31 March 2016:

The following table presents BPCL's key pipeline operating data for the fiscals 2014, 2015 and 2016 and for the six months ended 30 September 2016.

Pipelines	Date of Commissioning	Length	Size	Installed Capacity	Year ended 31 March 2014	2015	2016	Six Months ended 30 September 2016(1)
		(km)	(inch)	(MMTPA)(2)	utilisation (%)(3)			
Existing Product Pipelines								
Ex-Mumbai Refinery								
Mumbai Manmad Bijwasan Pipeline. .	1998	252	18	6	100.5	103.8	112.3	54.8
Manmad Manglya Pipeline	2003	358	14	3.5	54.0	55.1	59.4	28.5
Manglya Kota Pipeline.	2007	276	16	2.2	36.4	30.9	35.5	16.8
Kota Piyala	2007	441	16	4.4	56.8	58.9	65.2	31.6
Piyala Bijwasan Pipeline	2007	57	8	1	52	47.8	60.5	27.0
Kota Jobner	2015	210	14	1.7	NA	NA	8.4	11.8
Mumbai-Santacruz Airport	2013	15	10	1.44	46.9	51.4	52.8	29.2
Mumbai Uran Pipeline.	2014	28	10	0.8	NA	6.9	36.3	20.0
Mumbai LOBS pipeline	2006	12	12	1.3	17.8	19.5	20.1	10.8
Ex-Bina Refinery								
Bina Kota Pipeline	2011	259	18	4.4	53.4	58	65.5	34.1
Ex-Kochi Refinery								
Kochi Refinery to Kochi Airport. . . .	2013	34	8	0.6	0	30	35	18.3

Notes

(1) Annualised

(2) The capacity of each pipeline is calculated on the basis of 8,000 hours of operation per annum which includes any annual scheduled turnaround.

(3) Utilisation ratio is calculated by dividing the actual utilisation of the relevant pipeline with the corresponding installed capacity.

In recent years, BPCL has embarked on various projects to expand its network of crude oil and petroleum product pipelines in India. The following table provides a description of the major projects currently under implementation and the target completion dates:

Pipeline Project	Description	Cost (in Rs. billion)	Capacity	Target Date of Completion
Irugur Devangonthi Pipeline Project	The laying of a 294 km long and 16" (40.64 cm) diameter cross-country pipeline from Irugur to Devangonthi (near Bangalore) for efficient transportation of MS/SKO/HSD from BPCL's Kochi refinery.	6.78	Phase I: 1.88 MMTPA Phase II: 3.50 MMTPA including common carrier capacity	February 2017 pursuant to PNGRB. However, delays are expected as some clearances are yet to be issued by State Government.
Kochi Coimbatore Erode Salem LPG Pipeline Project	The laying of a cross-country pipeline 288 km of size 12" (30.48 cm) diameter from PuthuVypeen near Kochi to Coimbatore and 170 km pipeline of size 8" (20.32 cm) from Coimbatore to Salem for efficient transportation of LPG from BPCL's Kochi refinery and IOC's import terminal.	9.98(1)	1.53 MMTPA including common carrier capacity	February 2017 pursuant to PNGRB. The JV has applied for a two year extension.

(1) This being the total project cost. However, the project is proposed to be implemented through a joint venture in which BPCL's shareholding is 50 per cent.

Other Joint Venture Pipeline Projects

BPCL formed a consortium in 2010 with Gujarat State Petronet Limited (**GSPL**), Indian Oil Corporation Limited (**IOC**) and HPCL. The consortium won bids for three pipelines for which letters of intent have been issued by the PNGRB in May 2011. The three pipelines are the Mallavaram-Bhilwara Pipeline, the Mehasan-Bhatinda Pipeline and the Bhatinda-Jammu-Srinagar Pipeline.

Under this arrangement, BPCL has signed two joint venture agreements in April, 2012 with GSPL, IOC and HPCL for laying the pipelines. GIGL will be executing the project of MBPL and Bhatinda-Jammu-Srinagar (**BJSPL**) gas pipelines and GITL will be executing the project of Mallavaram-Bhopal-Bhilwara-Vijaipur (**MBBVPL**) gas pipeline. BPCL's share in both the joint ventures is 11 per cent. each.

Maintenance, Surveillance and Disruptions

BPCL structures periodic maintenance programmes for its pipelines in accordance with regulatory requirements and globally accepted codes and practices for pipeline operators. Maintenance procedures are based on a defined rolling plan. BPCL's entire network is protected against internal and external corrosion and a cathodic protection system is used to monitor the pipelines. In addition, the pipelines are injected regularly with internal corrosion inhibitors and undergo intelligent pigging. Surveys to monitor the health of pipeline coatings are carried out at regular intervals. Depending on the reports generated, maintenance activities are carried out in accordance with pre-determined standards.

BPCL uses a state-of-the-art supervisory control and data acquisition system at master control stations for monitoring and controlling the pipeline system across the country. The computerised system monitors and operates the pipeline in an efficient and safe manner from master control stations and includes a transient model based leak detection system for environmental safety. A centralised monitoring facility at the pipelines head office in Mumbai, facilitates monitoring of operations for BPCL's entire pipeline system on a real time basis. All of BPCL's pipelines are patrolled on a daily basis.

Strategic Business Units

BPCL operates six transactional SBUs aimed at addressing the needs of various customer segments, namely retail, lubricants, LPG, industrial and commercial, aviation and gas. A brief description of each of BPCL's SBUs is set out below.

Retail

BPCL serves the needs of automotive customers for fuels and services through its retail network. It markets petrol, diesel, branded fuels, compressed natural gas (**CNG**), auto LPG and lubricants through its network of 13,439 retail outlets strategically spread across India. Out of the 13,439 retail outlets, 229 are owned and operated by BPCL, while the remaining 13,210 are owned and operated by franchisees under a dealership agreement. BPCL's average monthly throughput per retail outlet in fiscal 2016 was 187 kilo litres (**kls**), which BPCL estimates is nearly 17 per cent. higher than the industry average.

BPCL's retail network is backed by a robust storage infrastructure and logistical support. As of 31 March 2016, more than 3.60 million kls of storage tanks are spread across 131 storage depots and installations, while product pipelines and contracted road transport form the backbone of an integrated logistical support system. A vehicle tracking system has been introduced to cover the entire fleet of lorries carrying fuel to the petrol stations so that quality standards are not compromised at any stage of product delivery.

Automation of BPCL's retail outlets through best-in-class technology is expected to give further comfort to customers and ensure that a visit to each of BPCL's outlets is a rewarding experience. Bills for customers are based on data from the fuel nozzle thereby eliminating the likelihood of overcharging. The Pure for Sure (**PFS**) scheme initiated by BPCL several years ago helps to ensure that the customer receives the correct quality and quantity of fuel. As of March 2016, 6,601 dealers across the country offered PFS services. These outlets are audited by an independent agency. The top performing PFS dealers are being upgraded to PFS platinum status, whereby such outlets provide high-tech facilities and high quality service. All PFS platinum outlets have high-end online automation for all of their transactions, operate 24 hours a day and are covered by live CCTV streaming to BPCL's retail headquarters.

As of 31 March 2016, 1,011 PFS dealers have been upgraded to PFS platinum status. Another innovative initiative is the introduction of a customised solution called Bharat Petroleum Retail Outlet Automation System and Solution to facilitate and monitor bulk receipt, stock management, forecourt sales and overall management information system, thus helping the dealer and BPCL to manage the seamless chain of operations effectively. Moreover, BPCL has 8,376 automated retail outlets with remote monitoring mechanism and tracking of product stocks and reflecting of price change in real time, thus ensuring efficient utilization of assets. In order to further ensure hassle-free transactions, 1,293 retail outlets have been made NANO compliant ("No Automation No Operation"), indicating complete automation in handling retail outlet operations. As a proof of service and to ensure transparency in transactions at the forecourt, BPCL has leveraged technology by intimating the customer through short messaging services on details like name, rate, date, time, quantity and amount of the product, including name of the outlet where the customer has fuelled his or her vehicle.

Loyalty programs of PetroBonus and SmartFleet have bolstered customer relations in an increasingly demanding and competitive environment. These programs have added value to small and large fleet operators, meeting the need of cashless secured transactions, continuous update on the transactions, supplemented with loyalty points which may be redeemed for attractive rewards. The BPCL offers multiple communication options like mobile, email, website and a call-centre besides providing the personal touch by a strong SmartFleet workforce. Sales through loyalty as a percentage of total fuel, the loyalty fuel ratio, increased to 17.84 per cent. in fiscal 2016 from 15.49 per cent. in fiscal 2015.

With a view to increase consumer touch-points, a smartphone application (app) - SmartDrive was launched enabling the consumer to connect digitally. The app serves as a one-stop-solution to all needs of a consumer who is on-the-go, whether it is fuelling stops or driving tips or even car registration documents that the consumer may need to access. SmartDrive is BPCL's endeavour towards placing every fuelling and traveling related needs just a click away from our consumers.

In BPCL's endeavour towards sustainable growth and to promote non-conventional energy usage, green lighting that was introduced in fiscal 2015 at 205 retail outlets, was enhanced to 1040 outlets in fiscal 2016. With green lighting, the lighting load of a retail outlet is reduced by 35-40%. On similar lines, solar panels that were introduced in fiscal 2015 at 280 retail outlets, were installed at 353 retail outlets in fiscal 2016

The allied retail business (**ARB**) offerings facilitating the customer needs on the move recorded a turnover of Rs.4563.10 million with a growth of 1.4 per cent. during the year fiscal 2016 and generated an income of Rs.241.40 million, an increase of 2.3 per cent. as compared to the previous year. ARB offerings are provided through a network of convenience stores, branded as 'In&Out' that operate at 157 retail outlets and a network of over 120 quick service restaurants in alliance with leading Indian and international food chains.

Lubricants

The lubricant business is one of the most competitive sectors in the Indian petroleum industry. BPCL's 'MAK' brand of lubricants is a rapidly growing brand and has a wide range of products for automotive and industrial segment of customers. The lubricants SBU also serves core sectors of the Indian economy such as the railways, defence, coal, marine and steel industries. MAK grades of lubricants are made available through a comprehensive network comprising the high street 'Bazaar' market, BPCL's retail outlets, and direct sales to industrial customers. BPCL's lubricants business recorded sales of 327,000 metric tons in fiscal 2016.

BPCL's Mumbai refinery produces Group II + category base oil. Blended with high quality additives in three blending plants across the country BPCL is marketing MAK lubricants across the country through its network of 13,439 retail outlets and 700 plus authorised lubricant distributors including 250 plus distributors in rural areas. MAK is available at more than 70,000 multi-brand retailers apart from small mechanic shops, authorised service stations, etc. in varying sizes from 20 ml to 210 litres.

Continually innovating new solutions for its customers has been at the core of BPCL's success in the lubricant business. Innovations, such as fully synthetic PCMO oils, new range of product introduction for various segments, have all performed well during fiscal 2016.MAK has entered into tie-ups with major original equipment manufacturers (**OEMs**) such as TATA, Hero, Honda ELGI, L&T, Kirloskar and others to introduce specialised oils. MAK has also ventured into many international markets out of which 5 new markets were entered in fiscal 2016 (i.e. Bahrain, Qatar, Kuwait, Myanmar and Tanzania). Exports of lubricants grew by 19 per cent. during the year ended 31 March 2016 to 5,250 metric tons. Fully synthetic PCMO oil was marketed in Bahrain and Sri Lanka for the first time in fiscal 2016.

Apart from sales, service assumes great importance as a business model for auto manufacturers and their channel partners. The authorized service stations are trying to enrol their customers, since post warranty lube sales play an important role in their overall business profitability. BPCL continued its focus on the OEM business and entered into two major alliances. To strengthen the existing tie-ups, new grades were introduced/upgraded in the existing product portfolio of OEMs. These would help in increasing BPCL's market share in this segment significantly. QA Lube Lab got NABL certification as a 'reference material producer' becoming the only lab in India to get this certification.

Liquefied Petroleum Gas

BPCL's LPG business is carried out under the brand name "BharatGas". BharatGas is currently available in 50.90 million homes across India. Customers are serviced through a network of approximately 4,494 LPG distributorships and 50 LPG bottling plants located across the country. BPCL also caters to numerous commercial and industrial establishments. BPCL's innovative spirit can be seen in the cost effective solution of Bharat Metal Cutting Gas (**BMCG**) which can be used to replace conventional acetylene for metal cutting and brazing applications. The product's performance efficiency and environmentally-friendly properties have resulted in significantly increased usage both in India and abroad.

"Beyond LPG", a service innovation, was conceptualised to leverage BPCL's strong consumer base in LPG by retailing home essentials (both white goods and fast-moving consumer goods (**FMCG**) to BPCL's marketing network of more than 50 million households. This channel provides access to a wide range of products from leading companies that are made available to households through BPCL's LPG distributor network.

The "PAHAL (Direct Benefit Transfer of LPG - DBTL)" scheme was first launched in 291 districts with the aim of passing on subsidy benefits to actual beneficiaries. It required the consumer to mandatorily have an "Aadhaar" number for availing this LPG subsidy benefit which was passed unto them by means of their bank accounts. Subsequently the Government modified the scheme and the modified scheme, in its first phase was re-launched in 54 districts on 15 November 2014 and on 1 January 2015 launched it across other parts of India. During the year 2015-16, the LPG SBU successfully accomplished the PAHAL project of Government of India, thereby enrolling 153.02 million customers as cash transfer compliant. By end March 2016, Rs.308,180.00 million were transferred directly to customers' account (Rs.55,020.00 million as permanent advance and Rs.253,160.00 million as subsidy transfer).

Honourable Prime Minister of India formally launched the 'GiveItUp' movement on 27 March 2015 in Delhi when he appealed to the countrymen, to give up their LPG subsidy depending upon their financial capability. The GiveitUp target of Rs.10 million thus was achieved on 21 April 2016. Bharatgas was awarded Asia's Most Admired Brand 2014-15 in May 2015 by World Consulting and Research Corporation.

Under the Pradhan Mantri Ujjwala Yojana scheme for providing free LPG connections to women from Below Poverty Line (**BPL**) households, in the current year the OMCs shall release Rs.15.00 million new connections. The next two years, i.e. 2017-2019, shall see another Rs.35.00 million under the scheme, taking the total BPL connections to be issued to Rs.50.00 million. The initiative is time bound, sensitive involving lives and livelihood of people, and has to be implemented in 'mission mode'.

Industrial & Commercial

BPCL caters to the needs of industrial customers that require petroleum products in bulk. Various industrial segments such as steel, cement, power, bunkering, petrochemicals, fertiliser and infrastructure are key consumers of BPCL's industrial products.

Products marketed by BPCL in bulk include fuels (such as petrol, diesel, naphtha, FO, low sulphur heavy stock, LDO), special products such as special boiling point spirit, mineral turpentine oil, hexane (food grade), petrochemicals (benzene, toluene, propylene, and others), bitumen, and sulphur. BPCL's sales volume for the year ended 31 March 2016 was 4033.21 TMT registering an unparalleled growth of 13.58 per cent..

Bunkering, the process of supplying fuels to ships for their own use, has become an important segment for BPCL. BPCL entered into this segment for marketing 380 centistoke fuel oil by commissioning facilities at Mumbai and Kochi. Singapore is the largest port for bunkering and BPCL has formed a joint venture, MBPL, with Matrix Marine Fuels Pte. Ltd Singapore to target this market segment.

During the year 2015-2016, the I&C SBU also undertook marketing of Petcoke and Sulphur ex-Bharat Oman Refineries Ltd thereby creating a business opportunity of 600 TMTPA for BPCL. The Business also focused on renewing its relationship with some of the major customers such as Reliance Industries Limited, SI India Pvt. Ltd., Central Reserve Police Force, Border Roads Organization, Border Security Force, Indo Tibetan Border Police, Saint Gobain and many others who prefer to partner with BPCL for its unmatched quality and service.

Aviation

BPCL caters to the needs of some of the world's leading airlines by providing jet fuel to aircraft operators in Indian airports. BPCL strictly follows quality control requirements laid down by the Directorate General of Civil Aviation of India and makes available world class service to all its customers. In fiscal 2016, BPCL recorded sales volume of 1,283 TMT. BPCL accounted for 22.87 per cent. of the ATF market in fiscal 2016 in the civil segment.

BPCL supplies ATF from BORL to Delhi airport through the Bina Kota pipeline which in turn has been connected to MMBPL at Kota. Also BPCL's Mumbai and Kochi refineries have been connected to the fuel farms at the Mumbai and Kochi airports respectively. These measures helped BPCL in reducing the product placement cost and creating revenue generation, by offering this infrastructure to oil marketing companies to bring their products through to them. BPCL expanded its network of aviation fuelling stations to 40 , commissioning three new aviation fuelling stations (**AFS**) i.e. Chandigarh, Trichy and Lucknow in fiscal 2016. Commercial operations have commenced at these three new airports.

In the defence segment, BPCL's growth was approximately 7 per cent.. BPCL was successful in gaining the prestigious award for operating and management of ATF supply at Panagarh Air Force Station. The AFS at Thanjavur, which was awarded earlier, has also been commissioned. After the commissioning of Panagarh, the IAF bases with BPCL would increase to six.

During the fiscal 2016, major airlines like Emirates, Qatar, British Airways, Etihad Airways and Spicejet were retained in the portfolio through upgraded service standards and astute commercial offerings. The SBU expanded its customer portfolio in both domestic and international segments through acquisition of Ethiopian, Kenya Airways, Air Canada, UPS, Air Vistara and Air Asia. BPCL's association with the flagship national airline Air India was reinforced by successful doubling of market share to 16 per cent..During fiscal 2016, BPCL took over the operations and management of aviation fuel facilities at both the domestic and international airport at Mumbai. The operations and maintenance contract has been awarded to BPCL for a period of 5 years.

Gas

The Gas SBU has dealt with approximately 1,088 TMT of gas during fiscal 2016. The gas business unit supplied approximately 268 TMT of gas to Mumbai refinery and 102 TMT of gas to Kochi refinery for meeting their internal requirements. The balance quantity of approximately 718 TMT of gas was supplied to various customers in the fertilizer, power, steel, CGD and other sectors. BPCL has also been catering to consumers who are located away from the pipelines by making gas available to them through supply of LNG by tank trucks. During fiscal 2016, BPCL has supplied 12 TMT of gas through this mode to around 7 customers. The gas business volumes were affected due to high long term prices compared to low oil and spot LNG prices during fiscal 2016. BPCL along with other off-takers viz. GAIL and IOCL concluded long drawn discussions on price review and signed historic agreements on long term LNG supply from RasGas, Qatar/Petronet LNG Limited to enable the long term LNG prices to be aligned to the market. BPCL in 2010 also formed a consortium with GSPL, IOC and HPCL for the laying, building and operating of three cross-country gas pipelines namely the 1,585 km Mallavaram-Vijaypur-Bhilwara pipeline, 1,670 km Mehsana-Bhatinda pipeline and 740 km Bhatinda-Jammu-Srinagar pipeline. The completion of these pipelines will fulfill to some extent BPCL's aspirations for an entry into the gas transportation segment which is crucial in the gas business.

BPCL also secured authorisation from PNGRB for development of a city gas distribution network in the geographical area of Haridwar District jointly with GAIL Gas. BPCL participated in Bid Round 6 of PNGRB and submitted bids for North Goa jointly with GAIL Gas and for Rohtak, Yamuna Nagar, Sharanpur, Roopnagar on its own. BPCL has since been declared the winner in all these bids and will soon develop these areas to provide clean fuel to customers. BPCL has thus increased its presence to 10 CGD markets in the country.

The following table sets out the sales volumes of BPCL's gross annual sales for the previous three years.

	2015-16	2014-15	2013-14
	Sales Volume ('000 MT)		
Naphtha	104	326	640
LPG (Bulk & Packed)	4,874	4,510	4,031
Motor Spirit	6,011	5,250	4,814
Special Boiling Point Spirit/Hexane	28	31	36
Benzene	46	31	20
Toluene	19	26	15
Polypropylene Feed Stock	105	109	102
Regasified — LNG	718	816	976
Others	356	337	324
Sub Total	12,261	11,536	10,958
Aviation Turbine Fuel	1,283	1,255	1,303
Superior Kerosene Oil	1,100	1,171	1,223
High Speed Diesel	19,354	18,375	18,337
Light Diesel Oil	90	81	68
Mineral Turpentine Oil	87	84	94
Others	—	—	—
Sub Total	21,914	20,966	21,025
Others:			
Furnace Oil	742	650	636
Low Sulphur Heavy Stock	80	162	183
Petcoke	291	—	—
Bitumen	779	733	819
Lubricants	322	311	277
Others	145	91	97
Sub Total	2,359	1,947	2,012
Grand Total	**36,534**	**34,449**	**33,995**

Impact of Government Control over Prices of Certain Refined Petroleum Products

Since the Government has controlled the prices of certain products including SKO (PDS), LPG (domestic), MS (until June 2010) and HSD (until October 2014) the prices were lower than BPCL's desired prices. As a result, BPCL has incurred gross losses from time to time from the sale of such "controlled products". To compensate for the losses that may otherwise be incurred by public sector marketing companies, including BPCL, from the sale of such "controlled products", the Government provides certain subsidies. See "*Overview of the Oil Industry of India*". The following table provides certain details relating to the impact of the Government's control for the periods indicated.

Finalisation of Under Recovery Sharing on an Annual Basis

(In Rs. Bn)	FY 16	FY 15
Gross Under Realisation	17.97	161.41
Cash Compensation	15.99	72.91
Upstream Discount	1.98	83.63
Net Under Realisation	Nil	4.87

Marketing

BPCL believes it is a leader in pioneering marketing initiatives in India's oil sector. Customers' evolving aspirations are constantly mapped and a sustained effort is made to fulfil them by producing value added initiatives. BPCL believes it pioneered branded fuels in the Indian market and BPCL's "Speed", "Speed 97" and "Hi-Speed Diesel" continue to be popular brands. "Pure for Sure" and "Pure for Sure Platinum" were pioneers in the industry and provides high quality products and services to motorists. The first loyalty programme for motorists through "Petro Card" and "SmartFleet" Cards has provided rewards for a multitude of fuelling customers. Large format outlets called "Ghar" provide highway travellers with restrooms and dhabas. The "in and out" stores at outlets offer convenience to consumers, providing other services such as bank automated teller machines and quick service restaurants, money transfer facilities and a basket of services that BPCL believes has transformed customer experience at petrol stations in the country.

BPCL introduced BMCG as a solution to replace conventional acetylene for metal cutting and brazing applications. The product's performance efficiency and environment-friendly properties have given confidence to industrial users, both in India and abroad.

"Beyond LPG", a service innovation, was conceptualised to retail home essentials (both white goods and FMCG), through BPCL's marketing network of more than 50 million households.

Exploration and Production of Crude Oil and Gas

BPCL's plans for the upstream E&P sector are being undertaken by its wholly owned subsidiary, BPRL. BPRL was incorporated in 2006 and currently has PIs in 21 blocks (including the four Russian blocks that were recently acquired). Of these blocks, seven are in India and ten are located overseas in countries such as Australia, East Timor, Indonesia, Mozambique and Brazil. BPRL's PIs in these blocks range from 10 per cent. to 40 per cent. BPRL's blocks are in various stages of exploration and appraisal. The PIs in the various blocks are held either directly by BPRL, or through its wholly owned subsidiary companies or its joint venture.

Since 2008, BPRL has announced a total of 22 discoveries in Brazil, Mozambique, Indonesia, Australia and India. In Mozambique, as at 31 March 2016 BPRL holds a 10 per cent. interest in the area 1 offshore block through its step down subsidiary. In this block, where Anadarko is the operator, Mozambique LNG is emerging as a global LNG leader with approximately 75 Tcf of recoverable natural gas resources discovered to date, in the offshore area 1 of Mozambique. The consortium has made significant advancements in world scale LNG development. The consortium is planning an initial development of approximately 12 MMTPA (2x6 MMPTA onshore liquefaction trains) and a site plan that will facilitate future expansions to more than 50 MMPTA. For early monetization of the project, the consortium is working concurrently on three processes. The first of them is negotiations with the Government of Mozambique on a legal and contractual framework that would provide stability to the project throughout its life. Concurrently, the consortium is making steady progress to secure long term sale purchase agreements for 8 MMTPA of LNG with premium Asian buyers. Also, the consortium is progressing project financing debt of approximately 2/3rd of the total capital required. The consortium has made considerable progress on all these fronts. An agreement has been secured with the Government of Mozambique for the land where the onshore LNG park will be located. The front end engineering design (**FEED**) is complete. For the offshore gathering system, the selection process has been narrowed down to contractors and a final selection is expected in the near future. The natural gas reserves have been independently certified by a third party to be sufficient for the two train LNG project. Environmental impact assessment for the project has been approved by the Government of Mozambique and the plan to resettle the inhabitants on the land for the onshore LNG plant is well advanced for execution.

In Brazil, BPRL and Videocon Industries Ltd. through their respective overseas subsidiaries, own equal shares in the joint venture company IBV Brasil Petroleo Ltda (**IBV Brasil**). As of the date of this Offering Circular, IBV Brasil has PIs in six offshore blocksspread across three concessions in offshore Brazil. The regulator ANP has accorded in-principle approval for demerger of IBV during August 2016. Other required activities for finalizing the demerger are currently in progress.

IBV Brasil has 40 per cent. PI in BM-SEAL-11 concession, comprising of 3 blocks M/s Petrobras is the operator with 60 per cent. PI in this concession. All the minimum work program activities for the two exploration periods in these blocks have been completed.

During the exploration periods, four discoveries of oil and gas i.e. 'Barra', 'Farfan', 'Cumbe' and 'Barra#1' have been made. Presently, the consortium is carrying out activities in four appraisal plans namely ''Barra', 'Farfan', 'Cumbe' and 'Verde'. ANP, the Brazilian regulator, has approved the proposal for extension of all BM-SEAL-11 appraisal plans up to 1 December 2020. Currently G&G studies and engineering studies for Project "Sergipe Deep Water" are in progress.

IBV Brasil has 25 per cent. PI in block C-M-101 block in BM-C-30 concession. M/s Anadarko is the operator of the block with 30 per cent. PI and other partners are British Petroleum (25 per cent. PI) and Maersk Oil (20 per cent. PI). During the exploration periods, Wahoo discovery was announced. After the completion of the exploratory periods in November 2010 the consortium decided to move on to appraisal phase of the Wahoo discovery. Under the appraisal plan drilling of two firm appraisal wells have been completed.

ANP has approved the extension of Wahoo appraisal plan from 30 September 2015 to 30 November 2018. Currently G&G studies are in progress, Pre-FEED studies is proposed during 2017 and the FEED will be starting in January 2018 for commitment towards the long term test by the end of 2018.

IBV Brazil has PI of 20 per cent. in 2 blocks (POT-M-663 and POT-M-760) of BM-POT-16 Concession. M/s Petrobras (PB) is the operator with PI of 30 per cent., other partners are Petrogal with 20 per cent. PI and British Petroleum (**BP**) with 30 per cent. PI. Based on the oil and gas shows observed in Ararauna well, ANP has approved Ararauna appraisal plan, covering both the blocks in BM-POT-16 concession, consisting of firm commitment of drilling one well and G&G studies with a period up to December 2016. Currently the tendering for a 3D seismic survey in Potiguar basin is in progress which includes BM-POT-16 area.

In Australia, as at 31 March 2016 BPRL has a PI of 27.80 per cent. in the on-land block EP-413 in the Perth basin. This block is being explored for shale gas/tight gas. One well Arrowsmith 2 was drilled and fracked vertically with hydrocarbon shows in five zones. As a part of the renewal phase work commitment, acquisition of 3D seismic data has been carried out over 105 sq kms of the block area. The second permit year was extended until February 2016 and thus, the renewal phase is extended by six months and will now end in February 2019.

In Indonesia, BPRL, through its step down subsidiary, has PI of 12.5 per cent. in Nunukan Block PSC. Other joint venture (**JV**) partners are PT Pertamina Hulu Energi's with 64.5 per cent. PI and Videocon Indonesia with 23.0 per cent. PI. The operator of the block, PT Pertamina Hulu Energi is a wholly owned subsidiary of Pertamina, the national oil company of Indonesia.

So far, JV has drilled four exploratory and appraisal wells in the block in two prospects: Badik and West Badik. There have been hydrocarbon shows in all the drilled wells. The regulator approved agency Lembaga Afiliasi Peneltian Indonesia, has certified the in-place and recoverable reserves for the plan of development (**POD**). The POD has been approved by both, the regulator SKKMigas and the Ministry of Energy and Mineral Resources, Government of Indonesia in April 2016. Post POD approval, the JV had planned to undertake FEED and finalizing of gas sales agreements with a view to arrive at the final investment decision. JV is also considering drilling of additional prospects to augment the reserves.

In India, as at 31 March 2016 BPRL has PI in seven blocks (2 in Cauvery, 2 in Cambay, 1 in Rajasthan, 1 in Assam-Arakan and 1 in Mumbai basin). To date there are 5 on-land discoveries (3 oil and 2 gas discoveries) in Cauvery Basin. Also, BPRL is a lead operator with 25 per cent. PI as at 31 March 2016 in the Block-CB-ONN-2010/8 in Cambay Basin, Gujarat where drilling campaign is ongoing.

BPRL continues to focus on value enhancement through early monetisation, moving up the hydrocarbon value chain and skill based expansion through operatorship. New long term assets and opportunities are regularly being studied.

Recently, BPRL along with OIL and Indian Oil Corporation Limited (**IOCL**), acting jointly as a consortium, acquired participatory shares representing 29.90 per cent. of the charter capital of TYNGD, a company organised under the law of Russian Federation, from LLC RN — Razvedka I Dobycha, a wholly-owned subsidiary of Rosneft Oil Company, the national oil company of Russia. Further, the consortium also acquired a 23.90 per cent. equity stake in Vankorneft, a company organised under the laws of the Russian Federation. BPRL formed BISPL a wholly owned subsidiary company in Singapore for enabling the above mentioned acquisition of stakes in the companies in Russia. BISPL, with the above mentioned partners, through joint ventures formed two special purpose vehicles (**SPVs**) Taas India Pte. Ltd and Vankor India Pte. Ltd., which holds the acquired stakes in the two Russian assets. BISPL holds 33.0 per cent. stake in each of the two SPVs.

Non-conventional Energy Initiatives

BPCL is pursuing non-conventional energy initiatives with great zeal so as to contribute meaningfully towards mitigating the risks of climate change. During the year 2015-16, BPCL has commissioned 6.3 MW capacity windmills at Hanumanthappa in Devangere District in Karnataka, 4 MW capacity solar power plant at Bina, MP and 1.05 MW capacity solar power plant at corporate R&D centre at Noida in line with its renewable energy policy.

Under the wind energy project, BPCL has installed three wind turbine generators with a capacity of 2.1 MW each. The machines are of the latest technology with a hub height of 120 meters which is the highest in India at present. The power generation potential is also higher at this hub height. The machines are performing extremely well. The 4 MW Solar Power plant is supplying high tension power to Bina Despatch terminal and Bina Kota Pipeline Pumping Station. Further, smaller KW scale solar plants with total capacity of 1,500 KW have been installed in 353 retail outlets.

Currently, BPCL is assessing the feasibility of setting up rooftop solar plants at its various POL installations and LPG plants. Developing more grid connected wind power plants is also being explored.

Competition

BPCL faces different competitors in each segment of its business. Domestically, BPCL believes that its integrated infrastructure consisting of pipelines, refineries and its sales and marketing network provide it with a competitive advantage over its domestic competitors in the downstream sector.

Refining

BPCL controls four out of India's 23 refineries. BPCL competes with a number of public and private sector companies in the domestic refining market, namely IOC, HPCL, Reliance Industries Limited and Essar Oil. Due to the pricing control of certain petroleum products, private sector companies have experienced difficulty in establishing a large presence in the refining industry. This however, may change with the alignment of cost and market price of these products.

BPCL intends to strengthen its refining business through the implementation of its planned expansion projects. The principal competitive factors that may affect BPCL's refining operations are the price of crude oil, refinery efficiency, refined product mix, product distribution and high transportation costs.

Sales and Distribution

According to the Ministry of Petroleum statistics, BPCL as of 31 March 2016 had a market share of 23.9 per cent. of the public sector oil companies in India. BPCL competes primarily with IOC and HPCL for the sale of refined petroleum products. BPCL has set up refinery and distribution networks in the western, southern and eastern parts and its BORL's refinery in Bina, Madhya Pradesh located in central India caters to the northern part of India. All of BPCL's refineries are well connected to its distribution network to ensure reliable supplies to customers across the country.

Competition is primarily based on price, brand name, services offered, efficiency and proximity to customers. BPCL has ongoing plans to expand its retail network, enhance the customer service at existing outlets and improve customer loyalty through carefully designed branding and customer loyalty programmes such as "Pure for Sure" and through "Petro Card" and "SmartFleet" Cards. As margins on the sale of gasoline and diesel are limited in the domestic market, competition has developed for higher margin products that can be sold at service stations, including high margin petroleum products, such as lubricants and gasoline additives, and non-oil goods and service facilities. BPCL is currently in the process of expanding its market for such higher margin products through the development and marketing of 'in and out" stores and other high margin products and facilities under BPCL's brand names.

Research & Development

The research and development (**R&D**) centres are actively involved in following global trends of technology for improving lives and supporting BPCL's businesses through constant advanced technical support, novel products and process technology development in niche areas leading to new business development. The core research areas are broadly divided into four categories, namely refinery processes upgradation and optimisation, development of novel energy efficient technologies, product development and alternative fuels and energy. BPCL's R&D centres consistently follow the current international trends for technological advancement. R&D capabilities at corporate R&D centres at Greater Noida, Uttar Pradesh, product and application development centres at Sewree, Mumbai and the R&D centre at the Kochi refinery are constantly focused to bring about business growth.

The R&D centres focus their efforts on (a) developing new cost effective products based on market needs, (b) deploying new technology for enhanced profitability, (c) developing new products around current technological expertise, (d) exploring environment friendly solutions for waste disposal, (e) exploiting renewable and alternate energy portfolio and (f) adopting measures for process intensification and for gross refining margin improvement.

During fiscal 2016, R&D centres continued to provide a competitive edge through development and commercialization of novel cost effective products and processes such as (i) Ethanol corrosion inhibitor for MS blends; (ii) new neutralizing amine; (iii) sorption enhanced steam reforming; (iv) de-aromatized speciality solvents having low aromatics content; (v) cost effective FCC gasoline sulphur reduction additive; (vi) hydro treating catalyst for production of Euro-V diesel (vii); catalyst for lube oil base stock; (viii) new grades of bitumen; (ix) natural gas storage technology; and (x) novel reactor schemes for hydro-processing and FCC applications.

BPCL R&D center has taken up a major green initiative for promoting renewable energy by installing state-of-the-art 1.05 MW ground mounted grid interactive solar power plant to partially meet the in-house energy needs. This has been a significant milestone for BPCL's commitment towards the planet and people through sustainable development.

During fiscal 2016, BPCL R&D filed 6 new Indian patents and were also granted 6 international patents. BPCL continued its research collaborations with a number of leading research institutes and made substantial progress. Some of these include Engineers India Ltd., Indian Institute of Petroleum, Indian Institute of Technologies, Institute of Chemical Technology, Delhi University, Birla Institute of Technology and Science, Goa, while international partnerships are with Process Systems Enterprise Limited, UK, Norwegian University of Science and Technology, Norway, CSIRO-Clayton, Royal Melbourne Institute of Technology and University of Melbourne to develop cutting edge technologies through fundamental research and innovation.

BPCL also maintains well-established collaborations with a number of leading research institutes, including the Indian Institute of Petroleum Dehradun, Engineers India Limited Delhi, Indian Institute of Technology Delhi, Indian Institute of Technology Madras, Indian Institute of Chemical Technology Mumbai, Central Salt and Marine Chemicals Research Institute at Bhavnagar, in Gujarat and Birla Institute of Technology, in Goa. These collaborative efforts are aimed at developing a new generation of catalysts, coal to gas technology, improved de-salter design for crude treatment, synthesis of nanomaterials for gas storage and nano lubrication, new varieties of bitumen products, waste water treatments, bio-fuels, coke mitigation in refinery streams, development of rigorous mathematical models for gasifiers and gasification of residues. Substantial progress has been made in several of these research areas.

Business Process Excellence Centre

BPCL has set up a world class business process excellence centre (**BPEC**), where transactional processes that are common across businesses, are standardized and consolidated on to a process platform, in order to gain efficiency and effectiveness. BPEC provides business services to the entire organisation, enabling individuals at locations to concentrate on core activities, and improving governance and control for BPCL as a whole. BPEC objectives encompass less complexity, more strategy, eliminating exceptions and enforcing compliance to unlock the immense value trapped inside accounts payable.

Project Nishchay

With the deregulation of fuel prices, a totally fresh perspective of customer facing strategies has become imperative and BPCL is seizing the opportunity to have a unique integrated non-fuel strategy to enhance BPCL's customer experience beyond fuel. Project Nishchay has been launched to develop the vision and business strategy for multiple non-fuel businesses with the objective of achieving breakthrough growth through enhanced customer offerings.

Under Project Nishchay, BPCL plans to offer a bouquet of physical and digital non-fuel offerings to BPCL's various customer segments through the four business themes namely rural market place (**RMP**), integrated fleet management (**IFM**), personal travel offerings (**PTO**) and urban household solutions (**UHS**).

RMP is envisaged to be a one stop marketplace, enabling rural citizens to access a wide variety of services touching all the aspects of their lives - personal, social and commercial. Commercial offerings will be delivered through digital kiosks such as assisted e-commerce for lifestyle product categories e.g. apparel, electronics, home and kitchen accessories; financial services like money transfer and money withdrawal will be provided. Allied services like mobile recharges, bill payment, ticket booking will be made available. Community services like vocational education and agricultural advisory will be introduced. In addition, offerings like two wheeler servicing will also be present in the same physical infrastructure.

IFM is an end-to-end service for fleet owners, shippers and drivers across the business value chain. Today, fuel amounts to 45-50 per cent. of a fleet owner's expenses and the rest of the expenses are fragmented across multiple service providers. IFM envisions leveraging its relationship with fleet owners for providing one touch point for most of their requirements and pain points. IFM will offer end-to-end services viz., business development platform for freight exchange, vehicle maintenance services, driver management, operation management services (like cash withdrawal, telematics), finance and insurance and driver services (like food, health, emergency and financial inclusion).

PTO is a comprehensive set of services to meet the travel needs of customers during travel as well as between travel. It is targeted at car owners who are enthusiastic about road trips as well as those seeking quality services within the city. With this offering, BPCL envisages to become the one stop solution for helping customers plan their weekend getaway/find a new location to travel to, decide which route they should take based on the latest information available (road conditions, distances), view and review various facilities (clean toilets, restaurants, service centres) along the highways that have been curated and checked. These services include hotels, points of interest, pharmacies fuelling stations, PUC, car wash, car maintenance, car insurance and digital wallet, book self-drive cars, drivers and road side assistance.

UHS is a one-stop, omni-channel shop for regular household needs for urban customers, across goods and services. It aims at fulfilling regular food and grocery needs for households, targeting the rapidly changing trends in customer purchases and use of technology. BPCL aims at utilizing its existing connect with its vast customer base and extensive dealer and distributor network to provide this offering. It will be a one-stop shop for the customers with a wide assortment and deep variety of products available. Pricing of these products will be competitive in the market. UHS is envisaged as an omni-channel offering with seamless physical and digital presence to fulfil the regular needs of households. Over time, BPCL will also introduce private label products, especially for unbranded items to provide guaranteed quality and low prices for customers.

Capital Expenditure

BPCL's capital expenditure, including investments made in its subsidiaries as well as investments in joint ventures, for the three fiscals 2016, 2015 and 2014 amounted to Rs.96.93 billion, Rs.84.94 billion and Rs.55.53 billion, respectively. The budgeted capital expenditure for the year ending 31 March 2017 is Rs.130.97 billion.

The following table sets out the planned capital expenditure and expected completion of the key projects:

Project	Estimated Cost	Anticipated Time of Completion
	Rs. million	
Integrated Refinery Expansion Project at Kochi	165,040.00	December 2016
Propylene Derivative Petrochemical Project at Kochi Refinery	45,880.00	May 2018
Conversion of CRU to ISOM at Mumbai Refinery	7,250.00	April 2017
Ennore Coastal Terminal Project	3,930.00	April 2018
Pipeline from Irugur to Devangonthi	6,780.00	February 2017
LPG Import Facility at Haldia	6,940.00	October 2018
Pipeline from Kochi to Salem	9,980.00[(1)]	February 2017
Installation of DHT at Mumbai Refinery	24,330.00	December 2017
Palakkad LPG Terminal Project	1,840.00	December 2017
BS VI MS Block Project at Kochi Refinery	33,130.00	April 2020
Gasoline Hydro Treatment Project at Mumbai Refinery	5,540.00	April 2020

(1) This being the total project cost. However, the project is proposed to be implemented through a joint venture in which BPCL's shareholding is 50 per cent.

Legal Proceedings

From time to time, BPCL may be involved in various disputes and proceedings. BPCL is currently a party to certain proceedings brought by various government authorities and private parties. BPCL and its subsidiaries are not involved in any litigation that may (individually or in aggregate) have a material effect on the financial position of BPCL.

As of 31 March 2016, the total amount involved in legal actions (including demands and claims by tax authorities and private parties and legal and arbitration proceedings) in connection with such claims against BPCL and its subsidiaries was approximately Rs.49.96 billion. Since most of these cases are in trial or in processing, it is difficult to estimate a precise figure of the amounts of any losses that BPCL is likely to sustain as a result of such actions being decided against BPCL. Even if any judgment or award of such current pending litigation against BPCL is decided adversely to BPCL, it does not anticipate that such cases (individually or in aggregate) would have a material adverse impact on its business, financial condition or results of operations.

Insurance

Generally, BPCL maintains insurance to cover fire, property damage, business interruption, third party liability (including employee liability), personal accident, mandatory public liability and director's liability associated with its businesses. Specifically, BPCL is insured against coastal, tanker movements and transportation of petroleum products including LPG under a marine insurance policy. Inventories and factory buildings are covered under a comprehensive insurance policy against fire, earthquake and natural calamities.

The need for insurance coverage is reviewed on an annual basis and, where necessary, BPCL obtains insurance policies from both public and private insurance companies. BPCL considers its insurance coverage to be in accordance with industry standards.

Subsidiary Companies

Numaligarh Refinery Limited

NRL was incorporated in 1993. As of 31 March 2016, NRL's authorised capital was Rs.10,000.00 million. It is a "mini ratna" company (category I) and has a 3 MMTPA refinery at Numaligarh, in Assam. As of 31 March 2016, BPCL held 61.65 per cent. of the paid up equity of NRL. The refinery processed 2.52 MMT of crude oil in fiscal 2016 as compared to 2.78 MMT processed in the previous year. Besides the refinery, NRL has two marketing terminals, one at Numaligarh and the other at Siliguri for evacuation of products. NRL also has a 10 TMTPA LPG bottling plant at Numaligarh.

The refinery achieved the distillate yield of 90.40 per cent. and specific energy consumption of 50.4 MBN. NRL's distillate yield was the highest amongst the public sector refineries in the country.

The fiscal ended 31 March 2016 saw NRL's revenue from operations reaching Rs.119,254.40 million in comparison to Rs.108,270.50 million in the previous year, marking an increase of 1.7 per cent.. NRL's profit before tax for fiscal 2016 increased by 66 per cent. to reach Rs.18,823.80 million, as compared to Rs.11,339.40 million in the previous year. NRL's profit after tax for fiscal 2016 was Rs.12,243.50 million against Rs.7,197.40 million in fiscal 2015. The increase in profits is mainly attributable to high distillate yield, lower energy consumption and enhanced operational efficiency. Earnings per share increased to Rs.16.64 in fiscal 2016 from Rs.9.76 in fiscal 2015.

During the year, NRL added two new products to its portfolio, viz., paraffin wax and nitrogen and exported HSD to Bangladesh and paraffin wax to Nepal.

Bharat PetroResources Limited

BPRL was incorporated in 2006 as a wholly owned subsidiary company of BPCL to implement BPCL's plans to expand into the upstream E&P sector. As of 31 March 2016, the authorised capital of BPRL was Rs.30,000.00 million and its subscribed and paid up share capital was Rs.29,200.00 million. The E&P activities of BPRL and its subsidiary companies comprise of 21 blocks (including the four Russian blocks that were recently acquired) where they hold PIs. Of these, seven blocks are in India and 10 are in various overseas countries, including Australia, Brazil, East Timor, Indonesia and Mozambique. Most of the blocks are in advanced stages of exploration, appraisal and pre-development. The total area of these seventeen blocks is around 24,375 sq km, of which approximately 88 per cent. is offshore acreage.BPRL formed a wholly owned subsidiary, Bharat PetroResources JPDA Limited, through which it holds a PI of 20 per cent. in block-JPDA 06-103-East Timor in the joint petroleum development area between Australia and East Timor. The JV (which holds a PI of 20 per cent. in block-JPDA 06-103-East Timor) submitted a formal request to ANP (Regulator) towards termination of PSC for consent, without claim or penalty, citing expenditure in excess of commitment. ANP rejected the JV's offer to terminate without claim and penalty. The regulator terminated the PSC on 15 July 2015 and demanded the payment of the "liability upon termination. Negotiations are on-going with the regulator to reach a final decision. BPRL has incorporated another wholly owned subsidiary, BPRL International B.V., Netherlands, which in turn has incorporated three wholly owned subsidiary companies, namely BPRL Ventures B.V., BPRL Ventures Mozambique B.V. and BPRL Ventures Indonesia B.V., to undertake exploration activities in various countries. As at 31 March 2016 BPRL Ventures B.V. has a 50 per cent. stake in IBV Brasil Petroleo Limitada, which has PIs ranging from 20 per cent. to 40 per cent. in six blocks in Brazil. As at 31 March 2016 BPRL Ventures Mozambique B.V. has a PI of 10 per cent. in one block in Mozambique, and as at 31 March 2016 BPRL Ventures Indonesia B.V. has a PI of 12.5 per cent. in a block in Indonesia. BPRL and its consortia have a total of 22 discoveries in respect of blocks held in five countries i.e. Brazil, Mozambique, Indonesia, Australia and India.

Recently, a consortium comprising BPRL, IOCL and OIL acquired equity stakes in two Russian companies including participatory shares representing 29.90 per cent. of the charter capital of TYNGD and 23.90 per cent. of the shares in Vankorneft. The equity interests were acquired through JVs named Taas India Pte. Ltd. and Vankor India Pte Ltd. respectively (both incorporated in Singapore as private limited liability companies). BISPL holds a 33 per cent. equity stake in both the acquiring JVs. In the case of TYNGD, the asset is currently producing approximately 22,000 boepd which is expected to increase to 100,000 boepd in the next 2-3 years and in the case of JSC Vankorneft, the asset is currently producing approximately 440,000 boepd. The acquisitions were completed on 5 October 2016.

BPRL has incurred a consolidated loss of Rs.2,483.14 million for fiscal 2016. The consolidated loss was due to relinquishment of PI in few blocks, as prospectively assessed based on drilling results in these blocks was very poor.

Petronet CCK Limited

PCCKL was incorporated in 1998 as a joint venture company promoted by BPCL and PIL. As at 31 March 2015 BPCL invested a sum of Rs.490.00 million for a 49 per cent. stake in the equity capital of PCCKL. As of 31 March 2016, BPCL had a 73.96 per cent. stake in the equity capital of PCCKL. PCCKL has become a subsidiary in May 2015 and later in July 2016 it has become a wholly owned subsidiary company of BPCL. PCCKL owns and operates the 292 km long multi-product Kochi-Karur pipeline from BPCL's installation of Irimpanam to Karur for transportation of MS, HSD and SKO. The pipeline commenced commercial operations from September 2002.

The pumping volume in fiscal 2016 amounted to 2.72 MMT as against 2.46 MMT in fiscal 2015. PCCKL registered a sales turnover of Rs.1,227.94 million and a net profit of Rs.594.08 million in fiscal 2016 as compared to a sales turnover of Rs.1,104.18 million and a net profit of Rs.429.64 million in fiscal 2015.

BPCL-KIAL Fuel Farm Private Limited (BKFFPL)

BPCL has signed a joint venture agreement with KIAL for implementation of a fuel farm at the newly developed Kannur International Airport at Kannur on a 74:26 equity basis. BKFFPL has been incorporated on 18 May 2015 and the authorized capital of BKFFPL is Rs.180.00 million. As of now BPCL has made a contribution of Rs.44.40 million to BKFFPL.

Joint Venture Companies

Bharat Oman Refineries Limited

BORL, promoted by BPCL and Oman Oil Company has commenced operations of its 6 MMTPA green field refinery at Bina. BPCL has an equity stake of 50 per cent. in BORL, which has a paid up capital of Rs.17,772.27 million as at 31 March 2016. As at 30 September 2016, BPCL has provided a loan of Rs.12,541.00 million and has also subscribed to share warrants of BORL of Rs.15,856.80 million. Further, the State of Madhya Pradesh has also subscribed to Rs.269.00 million of share warrants in BORL as at 31 March 2016.

Bina Refinery, after commencement of its integrated operations in June 2011, stabilised its operations during the year 2013-14. During the year 2015-16, the refinery recorded a crude intake of 6.40 MMT and an overall capacity utilisation of 107 per cent. against last year's capacity utilisation of 103 per cent. The Refinery's GRM for the year 2015-16 stood at U.S.$11.70 per barrel with an overall gross margin of Rs.35,260.00 million against last year's GRM of U.S.$6.10 per barrel with an overall gross margin of Rs.16,810.00 million.

BORL recorded a sales turnover of Rs.260,283.20 million in the fiscal ended on 31 March 2016. The net profit after tax was registered at Rs.3,657.80 million during the year 2015-16, as compared to a net loss of Rs.7,901.70 million in the previous year. This is the first year that BORL has recorded profit.

BORL has launched a project for low cost de-bottlenecking of its existing facilities to enhance its current capacity to 7.8 MMTPA in the next three years and also to meet product quality specifications as stipulated in the Auto Fuel Vision and Policy 2025 guidelines. Basic engineering and design work for the process units has been completed and detailed engineering of open-art as well as licensed units has commenced.

Petronet LNG Limited

PLL was formed in April 1998 to import LNG and set up an LNG terminal with facilities such as jetty, storage and regasification to supply natural gas to various industries in India. As at 31 March 2016 PLL has an authorised capital of Rs.12,000.00 million and was promoted by four public sector companies, namely BPCL, IOC, ONGC and GAIL. Each of the promoters holds 12.5 per cent. of the equity capital of PLL. BPCL's equity investment in PLL currently stands at Rs.987.50 million. As of 31 March 2016, PLL had a net worth of Rs.64,244.70 million.

PLL and its subsidiaries recorded a consolidated sales turnover of Rs.272,229.50 million in fiscal 2016 as compared to Rs.396,269.70 million in fiscal 2015. The consolidated net profit in fiscal 2016 was Rs.9,285.30 million as compared to Rs.9,048.00 million in fiscal 2016. EPS in fiscal 2016 was Rs.12.38 as compared to Rs.12.06 in fiscal 2015. PLL declared a dividend of Rs.2.50 per share in fiscal 2016 as compared to Rs.2 per share in fiscal 2015. PLL's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Indraprastha Gas Limited

IGL, a joint venture company with GAIL as the other co-promoter, was set up in December 1998 to implement the project for supply of CNG to the household and automobile sectors in Delhi. As of 31 March 2016, IGL's authorised share capital was Rs.2,200.00 million. BPCL invested Rs.315.00 million in IGL for a 22.50 per cent. stake in its equity. IGL has commissioned over 340 CNG stations which supply environmental-friendly fuel to more than 800,000 vehicles. IGL has more than 636,618 domestic PNG customers and over 1,300 commercial customers in Delhi. IGL is also extending its business to the towns of Greater Noida and Ghaziabad. IGL has acquired 50 per cent. of the equity held by the financial institutions in Central UP Gas Limited and Maharashtra Natural Gas Limited, joint venture companies promoted by BPCL and GAIL.

IGL on a consolidated basis had sales turnover of Rs.40,642.10 million and a profit after tax of Rs.4,104.8 million in fiscal 2016 as compared to a sales turnover of Rs.40,596.40 million and a profit after tax of Rs.4,339.8 million in fiscal 2015. IGL declared dividends of Rs.6 per share in fiscals 2016 and 2015 and in fiscal 2016 its net worth was Rs.24,775.7 million. IGL's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Sabarmati Gas Limited

SGL, a joint venture company promoted by BPCL and Gujarat State Petroleum Corporation, was incorporated on 6 June 2006 for implementing the "city gas distribution" project for supply of CNG to the household and automobile sectors in Gandhinagar, Mehsana and Sabarkantha Districts of Gujarat. As of 31 March 2016, SGL's authorised share capital was Rs.1,000.00 million. The paid up share capital of SGL is Rs.200.00 million.

BPCL has a 49.94 per cent. stake in the equity capital of SGL. SGL has set up 38 CNG stations. SGL achieved a sales turnover of Rs.7,468.65 million and profit after tax of Rs.9.74 million in fiscal 2016, as compared to a sales turnover of Rs.9,350.22 million and profit of Rs.1,108.41 million in fiscal 2015. The proposed dividend on equity shares by the BPCL was at the rate of Rs.1.00 per share for the fiscal ending 31 March 2016 against the dividend of Rs.2.50 per share for the fiscal ending 31 March 2015.

To compete with alternate fuel and retain customers, SGL had introduced a minimum guarantee offtake (**MGO**) contract at reduced retail selling price (**RSP**) to Industrial customers from April 2015 onwards. Major industrial volume is under the MGO contract and RSP of the same is reduced as compared to the previous year, thereby adversely impacting the sales value and also profit.

Central UP Gas Limited

CUGL is a joint venture company set up in March 2005 by BPCL and GAIL to supply CNG to the household, industrial and automobile sectors in Kanpur and Bareilly in Uttar Pradesh. As of 31 March 2016, CUGL's authorised share capital was Rs.600.00 million, BPCL and GAIL have each invested Rs.150.00 million in the joint venture, with each partner holding an equity stake of 25 per cent., and Indraprastha Gas Ltd, a joint venture company of BPCL, holds the balance of 50 per cent. CUGL has set up 16 CNG stations and is carrying on its pressurised natural gas operations.

CUGL achieved a sales turnover of Rs.2,212.95 million and a profit of Rs.326.15 million in fiscal 2016, as compared to a sales turnover of Rs.2,058.83 million and profit of Rs.275.19 million in fiscal 2015. EPS in fiscal 2016 was Rs.5.44 as compared to Rs.4.59 in fiscal 2015. The board of directors recommended a dividend payment of Rs.1.40 per share in fiscal 2016, which was the same as that declared in fiscal 2015.

Maharashtra Natural Gas Limited

MNGL was set up on 13 January 2006 as a joint venture company with GAIL to supply CNG to the household, industrial and automobile sectors in Pune and its surrounding areas. As of 31 March 2016, MNGL's authorised share capital was Rs.1,000.00 million, BPCL and GAIL have invested Rs.225.00 million each in MNGL's equity capital. MIDC, as a nominee of the Maharashtra Government has taken 5 per cent. equity during fiscal 2016. The balance of 50 per cent. is being acquired by IGL, a joint venture company from financial institutions. MNGL has set up 30 CNG stations to date.

MNGL has achieved a sales turnover of Rs.5,078.50 million in fiscal 2016 and a profit of Rs.751.95 million for the year as compared to a sales turnover of Rs.4,998.98 million and a profit of Rs.505.77 million in fiscal 2015 The MNGL board has recommended a dividend of Rs.1.50 per equity share for the fiscal ending 31 March 2016 as against Rs.1.07 per share declared in the last year.

Bharat Stars Services Private Limited

BSSPL, a joint venture company promoted by BPCL and ST Airport Pte. Limited, Singapore, was incorporated on 13 September 2007 for providing plane fuelling services at the new Bengaluru International Airport. As of 31 March 2016, the paid up capital was Rs.200.00 million.

The two promoters have each subscribed to 50 per cent. of the equity share capital of BSSPL and BPCL's present investment stands at Rs.100.00 million. BSSPL, which commenced operations at the new international airport in Bengaluru in May 2008, has also incorporated a wholly owned subsidiary for providing plane fuelling services at the T3 Terminal of Delhi International Airport. BSSPL provides into plane (ITP) services at three Open Access airports - Bengaluru, Mumbai and Delhi T3. BSSPL has taken over the complete operatorship of two AFS's of BPCL - Jaipur and Durgapur. It also provides ITP services to BPCL at Calicut, Chennai and Delhi T-1 airports.

In fiscal 2016 BSSPL achieved a sales turnover of Rs.295.34 million and a profit of Rs.28.92 million in comparison to a revenue of Rs.171.55 million and profit of Rs.20.14 million in the last year.

Matrix Bharat Pte. Limited

MBPL is a joint venture company which was incorporated in Singapore on 20 May 2008 for carrying on bunkering business and supplying marine lubricants in Singapore as well as carrying on international bunkering business, including expansion into Asian and Middle Eastern markets. MBPL is promoted by BPCL and Matrix Marine Fuels LP USA (**Matrix**), an affiliate of the Mabanaft group of companies from Hamburg, Germany. BPCL subscribed to 2 million shares for an equivalent sum of Rs.84.10 million. Matrix and BPCL have contributed equally to the share capital. Matrix subsequently transferred its share and interest in the joint venture into Matrix Marine Fuels Pte. Limited, Singapore, another affiliate of the Mabanaft group. The name of the joint venture company was thereafter changed from Matrix Bharat Marine Services Pte. Ltd to MBPL.

MBPL commenced ex-pipe bunkering operations in August 2008. While, MBPL is a physical bunker supplier at Mumbai, Jawaharlal Nehru Port Trust, near Mumbai and Kochi ports where products are sourced through BPCL refineries, at other Indian ports MBPL supplies bunker fuels by sourcing products through other national oil companies. MBPL is one of the leading international bunker suppliers at Indian ports and has already created a niche Indian bunker market. MBPL also undertakes risk management initiatives including hedging activities.

MBPL has the presence in Oman, South Africa and Gulf Mexico through other associate companies such as Matrix Oman, Matrix Kepu and Matrix Houston and has vast global presence through another group company Bomin Bunker Holding GmBH & Co. KG. MBPL achieved a sales turnover of U.S.$221.83 million and earned a profit of U.S.$1.47 million in calendar year 2015 as compared to a sales turnover of U.S.$636.38 million and a profit of U.S.$1.62 million in calendar year 2014. Turnover has dropped by 65 per cent. in 2015 mainly due to the steep drop in fuel oil price in the international market coupled with lower volume during the year.

Petronet India Limited

PIL was formed in 1997 as a non-government financial holding company to develop pipeline networks throughout the country. As of 31 March 2016, BPCL has 16 per cent. equity participation with an investment of Rs.160.00 million in PIL. PIL through its joint venture companies has facilitated pipeline access on a "common carrier" principle basis, including facilitating pipeline access at Vadinar-Kandla, Kochi-Coimbatore-Karur and Mangalore-Hassan-Bangalore.

A pipeline policy announced by the Government in 2002 allowed interested companies to undertake pipeline projects as a result of which PIL's business was adversely affected. Thereafter the promoters and other investors of PIL decided that since continuation of PIL as a profitable entity would not be viable, PIL should be wound up. In September 2013, the Government gave its approval to the winding-up decision and ordered PIL to divest its stake in the three joint ventures that it promoted stake. Accordingly, as of the date of this Offering Circular, PIL divested its stake in all three joint ventures except for a 2 per cent. equity stake in Petronet VK Limited (which is committed to be purchased by IOCL, subject to completion of certain formalities). Action has been initiated to return the share capital to the promoters by way of a reduction of capital and on completion of this, PIL will be wound up.

PIL registered other income of Rs.140.76 million and a net profit of Rs.137.23 million for the fiscal ending 31 March 2016 as against other income of Rs.15.40 million and a net profit of Rs.11.44 million in the previous year.

Delhi Aviation Fuel Facility Private Limited

DAFFPL was incorporated in 2009 as a joint venture company promoted by BPCL, IOC and the Delhi International Airport Limited (**DIAL**) for implementing the aviation fuel facility at the T3 terminal at DIAL. As at 31 March 2016, BPCL and IOC have each subscribed to 37 per cent. of the share capital of the joint venture while the remainder is held by DIAL. BPCL's onsite assets at the Delhi airport were transferred to DAFFL, which registered a sales turnover of Rs.1,108.51 million and a net profit of Rs.375.48 million in fiscal 2016 as against a sales turnover of Rs.960.44 million and a net profit of Rs.265.82 million in fiscal 2015. DAFFL proposed a dividend of Rs.1.80 per equity share in fiscal 2016, as against Rs.1.25 per equity share in fiscal 2015.

Kannur International Airport Limited

BPCL signed a MoU with KIAL, which was promoted by the Government of Kerala to establish, operate, manage, undertake and maintain airports and allied infrastructure facilities for building an airport at Kannur in the state of Kerala and other parts of India. KIAL would initially set up an airport at Kannur in the State of Kerala at an estimated project cost of Rs.18,920.00 million, of which Rs.10,000.00 million will be financed through equity and the balance sum of Rs.8,920.00 million will be financed by borrowings. The paid up share capital of the company as at 31 March 2016 is Rs.8,647.60 million. BPCL has made a contribution of Rs.1,700.00 million out of the total contribution committed, amounting to Rs.2,168.00 million for 21.68 per cent. equity stake in the company.

GSPL India Transco Limited

BPCL signed a joint venture agreement in April, 2012 with GSPL, IOC and HPCL for laying the the 1,747 Kms MBBVPL gas pipeline. GITL will be executing the project and BPCL will contribute 11 per cent. of the total equity of the Company. The balance will be contributed by GSPL (52 per cent.), IOC (26 per cent.) and HPCL (11 per cent.). As of 31 March 2016, BPCL had contributed Rs.181.50 million towards its share of the equity capital. GITL earned a miscellaneous income of Rs.13.04 million and a net profit of Rs.8.73 million in fiscal 2016 as against Rs.21.75 million and Rs.14.70 million respectively in fiscal 2015.

GSPL India Gasnet Limited

BPCL signed a joint venture agreement on 30 April 2012 with GSPL, IOC and HPCL for laying the Mehsana-Bhatinda (Pipeline length 1654 km) and BJSPL (pipeline length 460 km). gas pipeline. GIGL will be executing the project and BPCL will contribute 11 per cent. of GIGL's total equity capital. The balance will be contributed by GSPL (52 per cent.), IOC (26 per cent.) and HPCL (11 per cent.). As of 31 March 2016, BPCL had contributed Rs.233.20 million towards it share of the equity capital. GIGL earned a miscellaneous income of Rs.17.37 million and a net profit of Rs.11.63 million in fiscal 2016 as against Rs.18.94 million and Rs.12.80 million respectively in fiscal 2015.

Mumbai Aviation Fuel Farm Facility Pvt. Ltd.

On 30 September 2010, BPCL signed a MoU with the Mumbai International Airport Ltd. for the provision of fuel farm facilities at the Mumbai Airport. The facility will be a joint venture amongst BPCL, IOC, HPCL and MIAL, on an equal 25 per cent. basis. The shareholders agreement was signed on 7 February 2014. BPCL's proposed investment in MAFFFL will be Rs.597.20 million. BPCL has invested an amount of Rs.382.70 million towards equity.

MAFFPL recorded a turnover of Rs.1,121.16 million and net profit of Rs.179.39 million for the year ending 31 March 2016 in comparison to Rs.197.68 million and net loss of Rs.110.11 million for the previous fiscal ending 31 March 2015.

Kochi Salem Pipeline Private Limited (KSPPL)

BPCL has signed a joint venture agreement with IOCL for implementation of the Kochi-Coimbatore-Salem LPG pipelines project and formed a joint venture company viz., KSPPL in January 2015 on a 50:50 basis. BPCL's equity investment in KSPPL currently stands at Rs.400.00 million.

Upcoming Joint Ventures

BPCL also secured authorization from PNGRB for development of a city gas distribution network in the geographical area of Haridwar District jointly with GAIL Gas. BPCL participated in bid round 6 of PNGRB and submitted bids for North Goa jointly with GAIL Gas and has since been declared the winner and will soon develop these areas to provide clean fuel to customers.

In fiscal 2016, the sales turnover and profit after tax of BPCL's major joint venture companies are as presented in the table below.

Subsidiary/Joint Venture Company	Sales Turnover for FY 2016	Profit/(Loss) for FY 2016
	(Rs. million)	(Rs. million)
Numaligarh Refinery Limited	119,254	12,244
Bharat PetroResources Limited	173	(2,483)
Petronet CCK Limited	1,228	594
Bharat Oman Refineries Limited	260,283	3,658
Petronet LNG Limited	272,230	9,285
Indraprastha Gas Limited	40,642	4,105
Sabarmati Gas Limited	7,469	10
Central UP Gas Limited	2,213	326
Maharashtra Natural Gas Limited	5,079	752
Bharat Stars Services Private Limited	295	29
Matrix Bharat Pte. Limited(1)	14,231	95
Petronet India Limited(2)	141	137
Delhi Aviation Fuel Facility Private Limited	1,109	375
GSPL India Transco Limited(2)	13	9
GSPL India Gasnet Limited(2)	17	12
Mumbai Aviation Fuel Farm Facility Private Limited	1,121	179

(1) MBPL financials are for calendar year 2015.

(2) In the case of these joint venture companies, 'Sales Turnover' represents other income.

Employees

As of 30 September 2016, BPCL had 12,653 employees. The following table sets out the number of employees of BPCL.

Mumbai Refinery	2,664
Kochi Refinery	2,128
Marketing & Others	7,861
Total	12,653

Remuneration

The terms of pay in Government public sector undertakings (**PSUs**) are regulated by the Government. The last pay revision for management staff was with effect from 1 January 2007 which would remain in force for 10 years. To account for inflation, a dearness allowance that is linked to the consumer price index is paid linked to employees and an annual increment pursuant to guidelines is also provided.

In addition to basic remuneration, BPCL has implemented a performance related payment for the officers. For non-officers, there are two schemes — a "performance linked incentive scheme" and a "productivity incentive scheme". BPCL has also set up a contributory pension fund in addition to the provident and gratuity funds. All of BPCL's employees are eligible to participate in the incentive schemes and also in the pension scheme.

Training

With continual infusion of technology in BPCL's business, the nature of roles to be performed by BPCL is continually shifting. BPCL is shifting from labour intensive operations to knowledge intensive operations, which requires higher competency and capability levels among employees. In order to ensure that competent and capable employees are in place, employee training has become an ongoing and crucial activity for BPCL.

There is significant emphasis placed on leadership competency enhancement skills to ensure leadership development and a strong succession pool. Leadership development programmes are done across management cadres and are based on feedback from a variety of sources.

To help equip employees with the requisite skills and knowledge to enable them to improve their job performance, functional and behavioural training programmes are also conducted. These programmes are conducted in-house as well as externally and, if required, employees are also sent abroad for training programmes.

Leveraging talent and technology is an intrinsic part of our vision statements. Human resources is playing a significant role in facilitating the organization achieve its ambitious growth aspirations as laid down in the corporate strategy document for the next five years. To translate BPCL's vision into reality, significant investment has been made to create a robust leadership pipeline and build organizational capability aligned to business goals. Accordingly, 228 employees have undergone the flagship 3-Tier Leadership Programs viz. eXcaliber, eXceed and eXcelerator and 45 employees have been sponsored for Executive MBA. Besides, 21 senior leadership role-holders have been sent for executive development programs to leading global business schools like Harvard, INSEAD, Wharton and Tuck. These intense programs have witnessed a participation of managers at all levels and have become nurturing grounds for top leadership.

Recruitment

BPCL has implemented a recruitment policy which is broadly categorised into two main areas, namely, recruitment of officers and non-officers. For officers, BPCL normally recruits entry level management, with the officers being promoted as they acquire experience.

BPCL emphasises redeploying existing workmen after necessary development of skills through training.

Unions

BPCL believes it has cordial relations with its unions, with active communication interface between the unions and management. Substantially each of BPCL's employees, except for its officers, are members of a trade union. Currently, there are 21 registered unions representing BPCL's employees.

Related Party Transactions

BPCL has not entered into any material transaction with a member of the management or a member of the board in fiscal 2016.

Health, Safety, Security & Environment

BPCL is subject to Indian laws and regulations concerning environmental protection. The principal environmental regulations applicable to Indian industries are the Water (Prevention and Control of Pollution) Act, 1974 (**Water Act**), as amended, the Water (Prevention and Control of Pollution) Cess Act, 1977, as amended, the Forest (Conservation Act), 1980, as amended, the Air (Prevention and Control of Pollution) Act, 1981, as amended, the Environment (Protection) Act, 1986, as amended and the Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008, as amended. Furthermore, environmental regulations require a company to file an environmental impact assessment with the State Pollution Control Board (**SPCB**) and the Ministry of Environment and Forests (**MoEF**) before undertaking a project entailing the construction, development or modification of any refinery, system or structure. If the SPCB approves the project, the matter is referred to the MoEF for its final determination. The estimated impact which a project would have on the environment is carefully evaluated before clearance is granted. When granting clearance, conditions and variations to the proposed project can be imposed by the approving authorities. Compliance with applicable environmental regulations is monitored by the SPCB located in each state as well as by the MoEF. No industrial or productive facility may operate without a valid authorisation from the local SPCB office. SPCBs and the MoEF routinely inspect industrial and productive facilities to monitor compliance with applicable environmental standards and regulations. The SPCBs are also empowered to grant authorisation for the collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. Violations of relevant environmental regulations are punishable by monetary fines and imprisonment of company officers and controlling persons. BPCL has obtained the necessary environmental approvals for all existing operations from the SPCB and the MoEF.

On 18 March 2008, the MoEF issued a gazette notification relating to the "Oil Refinery Industry" amending the Environment (Protection) Rules 1986. The notification revised the effluent and emissions standards and some of the parameters have become more stringent. Certain new parameters were introduced after the revision.

BPCL publishes an annual "Sustainable Development Report" which documents its responsible approach towards the environment and its efforts to achieve inclusive growth at its workplaces across India.

BPCL has established environmental management systems at all of its refineries, pipelines and major marketing installations which are all certified under International Organisation for Standardisation (ISO)-14001 standards. The environmental management system is administered internally by BPCL's health, safety and environment department and includes monitoring, measuring and reporting compliance, establishing environment and safety programmes and training personnel in environmental and safety matters.

BPCL's production business periodically obtains and renews clearances from the appropriate authorities with respect to environmental matters. BPCL's production business has received environmental clearances and consents to operate under the Air (Prevention and Control of Pollution) Act 1981 and the Water Act. Solid waste disposal authorisation has also been received from SPCBs. BPCL has installed pollution control and monitoring systems such as state-of-the-art effluent treatment plants, air pollution control measures, sophisticated stack and ambient analysers to maintain effluent quality and stack emissions within specified limits at its refineries.

BPCL does not generate any toxic waste from its manufacturing processes and any waste generated is biodegradable and disposed of in accordance with relevant laws and regulations. BPCL has obtained all necessary pollution and environmental clearances from the applicable regulatory authorities. BPCL believes that it is in substantial compliance with applicable environmental laws and regulations. As for the parameters laid down by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, pertaining to namely, handling, packaging, labelling and transport of hazardous waste accident reporting and follow-up, set by the MoEF, BPCL believes it is in substantial compliance with most of the parameters and is implementing measures to comply with the remaining parameters.

BPCL achieved improvement in reporting and monitoring system through technology improvement by an online work permit system that was rolled out for better management and ensuring effective controls on jobs carried out at locations. Similar efficiency in the retail business was achieved by introducing an online audit system along with strengthening of online reporting of incidents.

The online sustainability development tool has been of great advantage for capturing data from all locations. The sustainable development plans were also executed successfully this year. Environmental footprint study has been initiated at four locations to understand their impacts. The total catchment area under rain water harvesting has increased to 530,475 sq. m in fiscal 2016. Total energy efficient lighting of capacity 3,260.63 kw have been installed across BPCL. Also, the installation of renewable energy has resulted in saving of 11,051 MWH of conventional energy and mitigated emissions of 8,951 MT carbon dioxide equivalent (CO_2e).

BPCL has also adopted the leading global framework for developing its sustainability report, global reporting initiative G4. BPCL was one of the first oil and gas companies to publish its report in accordance with the latest framework. BPCL has been publishing its sustainable development report for the last 8 consecutive years. All these reports were assured by an independent third party assurance provider pursuant to AA 1000 AS (2008) and ISAE 3000 international standards of assurance. BPCL has been a front runner in establishing itself as a leader in sustainable development activities. Sustained efforts of BPCL towards making its sustainability development performance visible in the public domain with more and more transparency has been very well recognized by the prestigious institute, Indian Chambers of Commerce by felicitating BPCL with the "Corporate Governance and Sustainability Vision Award-2016".

DESCRIPTION OF BPRL INTERNATIONAL SINGAPORE PTE. LTD.

History and Business

BISPL was incorporated in Singapore as a private limited liability company on 12 May 2016. It is a wholly-owned subsidiary of Bharat PetroResources Limited, which in turn is a wholly-owned subsidiary of BPCL. A consortium comprising of BPRL, IOCL and OIL recently acquired equity stakes in two Russian companies being participatory shares representing 29.90 per cent. of the charter capital of TYNGD and 23.90 per cent. of Shares Vankorneft. The equity interests were acquired through JVs named Taas India Pte. Ltd. & Vankor India Pte Ltd. respectively (both incorporated in Singapore as private limited liability companies). BISPL holds 33 per cent. equity stake in both the acquiring JVs. In the case of TYNGD, the asset is currently producing approximately 22,000 boepd which is expected to increase to 100,000 boepd in the next 2-3 years and in case of JSC Vankorneft, the asset is currently producing approximately 440,000 boepd. The acquisitions were completed on 5 October 2016.

Registered Address

The operating premises of BISPL as at the date of this Offering Circular are located at:

8 Cross Street
#24-03/04
PWC Building
Singapore 048424

Shareholding and Capital

The issued share capital of BISPL as at the date of this Offering Circular is U.S.$1,000 comprising 1,000 Shares. These Shares have been fully paid up and are wholly-owned by Bharat PetroResources Limited. Bharat PetroResources Limtied is a wholly-owned subsidiary of BPCL.

In order to finance the above named acquisitions under "History and Business", BISPL entered into a facility agreements with syndicates of international banks for bridge loan of U.S.$750 million guaranteed by BPCL in addition to the equity contribution by BPRL in the amount of U.S.$203.12 million.

Directors

The Directors of BISPL as at the date of this Offering Circular are:

Name	Principal Occupation
Ajay Kumar Vasudev	Director
Radhesh S/o R Vijayan	Director

Shri Ajay Kumar V is M.Sc.(Geology) achieved first rank from University of Kerala and is the Director (Ops & BD) of Bharat PetroResources Ltd.. He has vast experience of 33 years in various facets of upstream industry spanning wellsite operations, exploration and development drilling, field development studies and preparation of Field Development Plans for discoveries, resources & reserve estimates for prospects and fields, technological and economic assessments, subsurface mapping and interpretation leading to discoveries in India and abroad. Prior to becoming Director (Ops & BD) in BPRL, he was the General Manager of ONGC Videsh Ltd with experience of around eight years in Business Development. He led key asset acquisitions for ONGC Videsh ltd and was a Director on the Boards of ONGC Mittal Energy India Ltd and ONGC Mittal Energy Services India Ltd.

Mr. Radhesh Vijayan is a citizen of Singapore and has a degree in Business; Majoring in Banking and Finance from Monash University, Melbourne, Australia. He started his professional career with American Express Global Corporate Services in 2007 and gained a deep insight into the functioning of Multi-national organizations. In 2009, Radhesh joined Citibank Singapore, leading a sales team before moving into Citibank Corporate where he gained profound knowledge and understanding of loan transactions, underwriting processes, familiarity with Treasury Services, corporate finance, risk management and non-credit services. In 2014, Radhesh moved to United Overseas Bank Privilege Banking Market to handle the Non-Resident Indian Segment before joining Amicorp Singapore as a Senior Relationship Manager for the Sub-continent. Radhesh has extensive experience and knowledge of the Corporate banking and Private Wealth industry. He is currently a Resident Director managing a substantial portfolio of Singapore companies.

MANAGEMENT AND SHAREHOLDING

Board of Directors

The Board oversees the overall function of BPCL. The dates of the Board meetings are fixed well in advance and communicated to the members of the Board. The meetings of the Board are generally held at least once per quarter. During the fiscal ended 31 March 2016, twelve meetings of the Board were held and for the period from 1 April 2016 to 30 September 2016, five meetings of the Board were held. All Board meetings and the annual general meeting were chaired by the Chairman & Managing Director. The agenda for each Board meeting is circulated well in advance of the meeting and presentations are given on various functional and operational areas of BPCL.

In accordance with BPCL's Articles of Association, BPCL shall not have less than three or more than 16 Directors. As of the date of this Offering Circular, the Board is comprised of five full-time (executive) Directors, including the Chairman & Managing Director, two part-time (ex-officio) Directors and three part-time (Independent) Directors.

None of the non-executive Directors of BPCL had any pecuniary relationship or were involved in transactions with BPCL during the year.

The Directors neither held memberships of more than 10 Board Committees nor Chairmanships of more than five Committees (as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises) across all the companies in which they were Directors.

The following table sets out details regarding the Board as on 30 September 2016:

Name & Position	Academic Qualifications	Details of Directorship Held in Other Companies	Membership Held in Committees
Shri S. Varadarajan[1] Chairman & Managing Director	• Member of the Institute of Chartered Accountants of India (**ACA**); and • Member of the Institute of Cost and Works Accountants of India (**AICWA**).	**Chairman** • Numaligarh Refinery Ltd.; • Bharat Oman Refineries Ltd.; • Matrix Bharat Pte. Ltd.; **Director** • Bharat Petro Resources Ltd.; and • Petronet LNG Ltd.	**Audit Committee Chairman** • Bharat Petro Resources Ltd.

1 Shri S. Varadarajan, Chairman and Managing Director superannuated from the services of BPCL on 30 September 2016 and Shri D. Rajkumar was appointed as the Chairman and Managing Director with effect from 1 October 2016.

Name & Position	Academic Qualifications	Details of Directorship Held in Other Companies	Membership Held in Committees
Shri S. P. Gathoo Director (Human Resources)	• Postgraduate master's degree in personnel management (M.P.M); and • Fellow of LEAD International Institute.	**Chairman** • Petronet India Ltd.; and • Petronet CCK Ltd.	**Audit Committee Member** • Petronet CCK Ltd.
Shri P. Balasubramanian Director (Finance)	• Member of the Institute of Chartered Accountants of India (ACA)	**Director** • Bharat Oman Refineries Ltd.; and • Bharat PetroResources Ltd.	**Audit Committee Member** • Bharat PetroResources Ltd.; and **Stakeholders Relationship Committee Member** • Bharat Petroleum Corporation Ltd.
Shri S. Ramesh Director (Marketing)	• B.Sc. (Honors), M.B.A	**Director** • Bharat Stars Services Pvt. Ltd.; • Bharat Stars Services (Delhi) Pvt. Ltd.;	—
Shri R. Ramachandran Director (Refineries)	• B.Tech in Chemical Engineering	**Director** • Bharat Oman Refineries Ltd.	

Non-executive Directors

Part-time (Ex-officio)

Name & Position	Academic Qualifications	Details of Directorship Held in Other Companies	Membership Held in Committees
Shri P.H. Kurian Principal Secretary (Industries & IT) Govt. of Kerala	• Indian administrative service (**IAS**);	**Director & Chairman:** • Malabar Cements Ltd.; • Transformers & Electricals Kerala Ltd.; • Rubber Park India Pvt. Ltd.; • Kottayam Port and Container Terminal Services Pvt. Ltd. **Director:** • IKIN Consultancy Services Ltd., • Kerala State Electronic Development Corp. Ltd.; • Apollo Tyres Ltd.; • INKEL Ltd. • Smart City (Kochi) Infrastructure Pvt Ltd; • Nitta Gelatin India Ltd; • Marine Products Infrastructure Development Corporation Pvt. Ltd; • Symphony TV & Entertainments Pvt Ltd. • Indian Institute of Information Technology and Management Kerala; • Information and Communication Technology Academy of Kerala; and • PTL Enterprises Ltd.	—
Shri Anant Kumar Singh	• IAS, LLB, M.Phil & Ph.D (Physics)	**Director:** • Indian Strategic Petroleum Reserves Ltd.; and • Gail (India) Ltd.	—

Non-executive Directors

Part-time (Independent)

Name & Position	Academic Qualifications	Details of Directorship Held in Other Companies	Membership Held in Committees
Shri Rajesh Kumar Mangal Independent Director	• F.C.A	**Director:** • Rishi Corporate Services Pvt. Ltd.	**Audit Committee Chairman** • Bharat Petroleum Corporation Ltd.
Shri Deepak Bhojwani Independent Director	• I.F.S., LLB, B.Com	—	**Audit Committee Member** • Bharat Petroleum Corporation Ltd.
Shri Gopal Chandra Nanda Independent Director	• I.P.S	—	**Audit Committee Member** • Bharat Petroleum Corporation Ltd. **Stakeholders Relationship Committee Chairman:** • Bharat Petroleum Corporation Ltd.

Board Committees

BPCL has established various committees comprised of Directors to closely monitor various critical aspects of its business. Certain details regarding the significant committees as of 30 September 2016 are provided below.

Audit Committee

The Audit Compliance Committee (**Audit Committee**) has been constituted as per the provisions of the New Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. The roles, powers and functions of the Audit Committee are specified and approved by the Board.

As of the date of this Offering Circular, the Audit Committee comprised of three part-time (Independent) Directors: Shri Rajesh Kumar Mangal (who is the Chairman of the Audit Committee), Shri Deepak Bhojwani and Shri Gopal Chandra Nanda. BPCL's Secretary acts as the Secretary to the Audit Committee. Quorum for meetings of the Audit Committee is either two members or one-third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Executive Director (Audit) is actively involved in the meetings of the Audit Committee. In addition, other full-time Directors also attend the meetings. The statutory auditors and cost auditors also attend and participate at such meetings upon invitation.

The role of the Audit Committee covers the matters specified in Regulation 18 and part C of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015; Section 177 of the Companies Act 2013; and Guidelines on Corporate Governance for Central Public Enterprises.

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

- Overseeing BPCL's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommending to the Board the fixation of audit fees;

- Approving payments to statutory auditors for any other services rendered by them;

- Reviewing, with BPCL's management, the annual financial statements and BPCL's auditor's report before submission to the Board for approval, with particular reference to:

  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act 2013;

  - changes, if any, in accounting policies and practices and reasons for the same;

  - major accounting entries involving estimates based on the exercise of judgment by management;

  - significant adjustments made in the financial statements arising out of audit findings;

  - compliance with listing and other legal requirements relating to financial statements;

  - disclosure of any related party transactions; and

  - qualifications in the draft audit report;

- Reviewing, with BPCL's management, the quarterly financial statements of BPCL before submission to the Board for approval;

- Reviewing, with BPCL's management, the statements of uses and application of funds raised through an issuance (public issue, rights issue, preferential issue, etc.), the statements of funds utilised for purposes other than those stated in the offer document, prospectus, notice and the report submitted by the monitoring agency concerned with the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the auditors' independence and performance and the effectiveness of the audit process;

- Approving any subsequent modification of transactions between BPCL and a related party;

- Reviewing inter-corporate loans and investments;

- Valuing undertakings or assets of BPCL where necessary;

- Evaluating internal financial controls and risk management systems;

- Reviewing, with BPCL's management, the performance of the statutory and internal auditors and the adequacy of the internal control systems;

- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- Discussing with the internal auditors any significant findings and following up thereon;

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- Discussing with the statutory auditors before the audit commences as regards the nature and scope of the audit as well as post-audit discussions to ascertain any areas of concern;

- Assessing the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- Reviewing the functioning of the mechanism for whistle blowing;

- Approving the appointment of the Chief Financial Officer or any other person heading the finance function or discharging that function after the assessment of the qualifications, experience and background of the candidate;

- Carrying out any other function as mentioned in the 'Terms of reference' to the Audit Committee.

- Reviewing of the following information by the Audit Committee, including:

  - Management discussions and analysis of financial conditions and results of operations;

  - Statements of significant related party transactions (as defined by the Audit Committee) submitted by the management;

  - Management letters and letters of internal control weaknesses issued by the Statutory Auditors;

  - Internal audit reports relating to internal control weaknesses;

  - Appointment, removal and terms of remuneration of the Chief Internal Auditor;

  - Statements of deviations in respect of:

    - quarterly statements of deviation(s) including report from the monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

    - annual statements of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

- Reviewing of the financial statements, in particular, the investments made by the unlisted subsidiary company by the Audit Committee of the listed holding company.

Projects Evaluation Committee

The Board constituted a Projects Evaluation Committee, comprising two part-time (Independent) Directors, one part-time (ex-officio) Director and the Director (Finance).

The Projects Evaluation Committee is expected to evaluate, guide implementation, monitor, review and assess deliverables, and provide recommendations and advice to the Board for projects costing more than Rs.1.5 billion, including investments in subsidiaries and joint ventures.

The current members of the Projects Evaluation Committee are Shri Deepak Bhojwani, Chairman, Shri Rajesh Kumar Mangal, Shri, P. H. Kurian and Shri P. Balasubramanian, Director (Finance).

Nomination & Remuneration Committee

BPCL constituted a Nomination and Remuneration Committee to formulate and review policies related to remuneration, perquisites and incentives within the parameters of guidelines issued by the Government of India. The Remuneration Committee comprises two Independent Directors, namely Shri Deepak Bhojwani, Chairman and Shri Gopal Chandra Nanda, and one part-time (official) Director, Shri Anant Kumar Singh as members.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee, comprising Shri Gopal Chandra Nanda as Chairman and Shri P. Balasubramanian, Director (Finance) as members, is constituted to specifically look into the redressal of grievances of security holders and debenture holders (including complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc.). Shri S. V. Kulkarni, the Company Secretary, acts as the Compliance Officer for matters related to investor relations. During the fiscal ended 31 March 2016 and for the six months ended 30 September 2016, the Stakeholders Relationship Committee received ten complaints each from investors, respectively, which were attended to and resolved on a priority basis. All valid share transfer requests received during the year were duly processed and approved within the stipulated period.

Sustainable Development Committee

The Sustainable Development Committee was constituted to oversee, approve and monitor sustainable development projects as provided for under the business plan, adopting a balanced approach to environmental responsibility. The Sustainable Development Committee reviews the business responsibility report on a half yearly basis and provides it to the Board for information. The Sustainable Development Committee comprises one part-time (Independent) Director as Chairman, together with Director (Marketing) and Director (Refineries). As of the date of this Offering Circular, the members of this committee comprised of Shri Gopal Chandra Nanda, Chairman, Shri S. Ramesh, and Shri R. Ramachandran.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted for the purpose of mainly utilising at least 2 per cent. of the average net profits of BPCL made during the preceding three fiscals towards corporate social responsibility (**CSR**) activities as specified in Schedule VII of the Companies Act 2013, to provide guidance and recommendations on all CSR activities to CSR role holders and to monitor the progress of CSR activities, bringing greater transparency to the CSR process. The Corporate Social Responsibility Committee comprises of Shri Rajesh Kumar Mangal, Chairman, Shri P.H.Kurian, Shri Anant Kumar Singh, Shri S. P. Gathoo and Shri P. Balasubramanian.

Shareholdings of the Board of Directors

BPCL has not introduced any stock options schemes. None of the non-executive Directors hold any shares in BPCL.

The table below shows the shareholdings of the BPCL's executive Directors as of 30 September 2016:

Shareholding as of 30 September 2016		
Shareholder	**Designation**	**No. of Shares**
Shri S. P. Gathoo	Director (Human Resources)	2,400
Shri P. Balasubramanian	Director (Finance)	12
Shri S. Ramesh	Director (Marketing)	400
Shri R. Ramachandran	Director (Refineries)	816

Principal Shareholders

The table below shows the holders of the BPCL's issued share capital as of on 30 September 2016:

Shareholder	Per Cent. of Holding
Government of India (President of India)	54.93
Government of Kerala	0.86
BPCL Trust for Investments in Shares	9.33
Mutual Funds/UTI	4.69
Financial Institutions/Banks	0.10
Insurance Companies	2.28
Foreign Institutional Investors	22.13
Private Bodies Corporate	2.47
Others	3.21
Total	**100.00**

OVERVIEW OF THE OIL INDUSTRY OF INDIA

This information in the section below has been derived, in part, from various government and private publications or obtained in communications with government ministries in India. This information has not been independently verified by any Issuer, the Guarantor (in the case of Guaranteed Notes) or the Arranger or any of their respective affiliates or advisers. The information may not be consistent with other information compiled within or outside India. None of the Issuers, the Guarantor (in the case of Guaranteed Notes) nor the Arranger has any actual knowledge of any material misstatement contained in this section.

Fundamentals of the Refining Industry

Oil refining is the industrial process of separating hydrocarbon molecules present in crude oil and converting them into more useful and valuable finished petroleum products, as unprocessed crude oil has limited applications. Refineries are designed to process various types of crude oil and other feedstock into selected products, and are an essential part of the downstream side of the petroleum industry. In general, the different process units of a refinery perform at least one of the following functions:

- separating the many types of hydrocarbons present in crude oil into fractions;
- converting the hydrocarbons into more desirable products;
- treating the products by removing impurities; and
- blending intermediate streams into finished products.

Main finished products of refineries and primary end-uses are described below:

Product	Major End-uses
LPG	Domestic fuel, auto fuel and industrial applications
Naphtha/Natural Gas Liquid (**NGL**)	Feedstock/fuel for fertiliser units, the petrochemical sector and power plants
Motor Spirit (**MS**), also known as gasoline or petrol	Fuel for passenger automobiles as well as two and three wheelers
ATF	Fuel for aircrafts
Superior Kerosene Oil (**SKO**)	Fuel for cooking and lighting
High Speed Diesel (**HSD**)	Fuel for the transportation sector, agriculture (tractors, pump sets, threshers) and captive power generation
Light Diesel Oil (**LDO**)	Fuel for agricultural pump sets, small industrial units, and start up fuel for power generation
Furnace Oil (**FO**)/Low Sulphur Heavy Stock (**LSHS**)	Secondary fuel for thermal power plants, fuel/feedstock for fertilizer plants and industrial units
Bitumen	Surfacing of roads
Lubes	Lubrication for automotive and industrial applications
Other Products (such as benzene, toluene, MTO, LABFS, CBFS and paraffin wax)	Feedstock for value added products

Crude oil is the primary feedstock used in oil refining. The quality of crude oil and refinery configuration indicate the level of processing and conversion necessary to achieve the optimal mix of finished products. Typically, crude oil is classified by its density (light to heavy) and sulphur content (sweet to sour). Light sweet crude oil is more expensive than heavy sour crude oil because it requires less treatment and produces a slate of products with a greater percentage of high-priced, light, refined products, such as LPG, gasoline and naphtha. Heavy sour crude oil is typically sold at a discount to the light sweet crude oil because it produces a greater percentage of lower value products and requires additional processing to produce the higher value light products. Consequently, refiners strive to process the optimal mix, or slate, of crude oil through their refineries, depending on each refinery's conversion and treating units, current and anticipated product prices, the desired product mix and the relative price of available crude oil and other feedstock.

The complexity of a refinery refers to its ability to process less expensive feedstock, such as heavier and higher sulphur content crude oil, into higher value products and is dependent on the number and types of conversion units. Generally, the higher the complexity of the refinery, the more flexible the refinery will be with respect to its possible feedstock slate and the better positioned the refinery is to take advantage of less expensive crude oil, resulting in higher gross margin opportunities.

Over the years, the petroleum refining industry has experienced steady growth in demand for refinery products, cyclical margins due to periodic over-capacity and supply shortages in various regional markets, and seasonal fluctuations in the consumption of particular types of refinery products, such as higher gasoline and diesel consumption during the summer driving season, and higher home heating oil consumption during the winter months.

Economics of Refining

Oil refining is primarily a margin-based business seeking to optimise the refining processes and yields of all products in relation to feedstock that are used. In a simple refinery, a greater percentage of the end products is less valuable heavy products such as furnace oil and bitumen, with the remainder being light products such as LPG, mixed-xylenes and unleaded gasoline and middle distillates such as diesel and jet fuel. However, the product yields depend on the type of crude oil and other feedstock. The total value of the finished products less the cost of crude oil and other feedstock and utilities is the simple refining margin. The complex refining margin differs from the simple refining margin in that a lower proportion of heavy products are produced in a complex refinery due to equipment available to convert the low value heavy products into the higher value light products. More complex plants are able to generate a higher yield due to their ability to produce higher value products using a lower cost crude oil or other feedstock. As a result, complex margins are higher than simple margins.

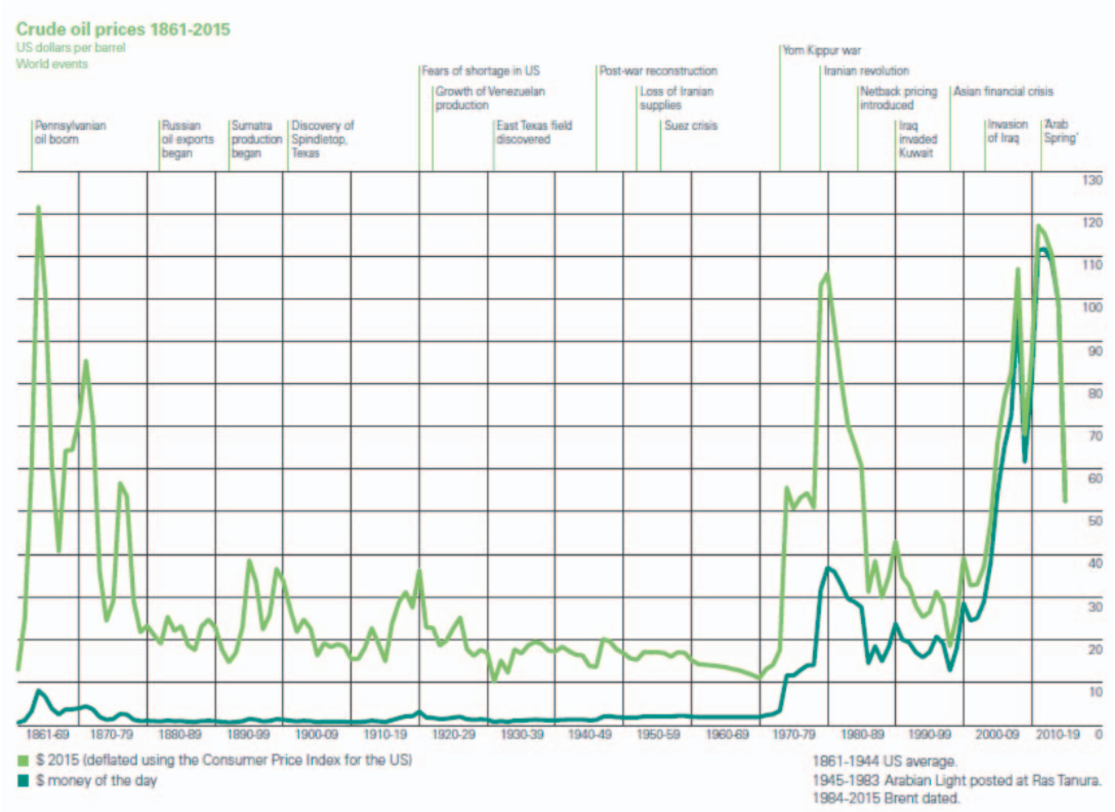
Refineries with upgrading units serve to increase distillate yields such as gasoline, kerosene and diesel. Distillates are often worth more than residual oils. Therefore, the more upgrading units a refinery has, the higher its margins.

The industry uses a number of benchmarks to measure performance, margin and refinery complexity, including: plant utilisation rate, gross refining margin, Nelson Complexity Index (an index used in the refining industry to measure the complexity of a refinery), upgrading-to-refining ratio, hydrotreating-to-refining ratio, non-energy cash costs, maintenance costs and operational availability.

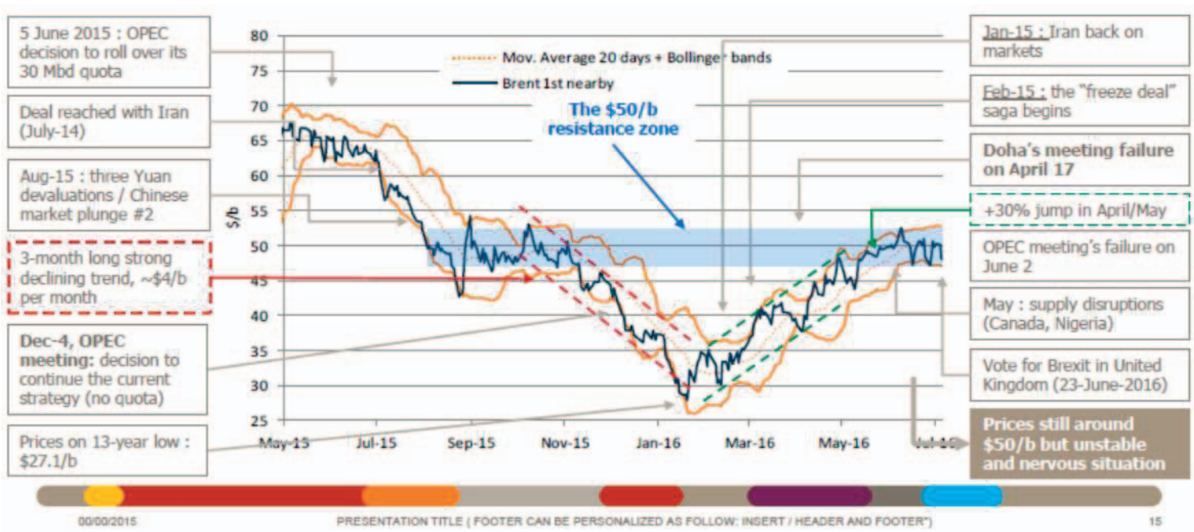
Crude Oil Prices

Changes in the price of crude oil influence the prices of refined petroleum products. Oil prices are affected by a number of factors, including changes in supply and demand fundamentals, Organisation of the Petroleum Exporting Countries (**OPEC**) regulations, weather conditions, government regulations, as well as political and economic conditions. Moreover, the price and availability of various alternative energy substitutes are having a growing impact on oil prices.

Crude Oil Prices 1861 — 2015 (U.S.$/barrels)



Source: BP Statistical Review of World Energy June 2016



Source: ENGIE Global Markets Economic Research 8th July 2016

The global economic downturn and subsequent recovery have resulted in an increase in volatility of crude oil prices. Prices rose to record levels in mid-2008 as a result of strong oil demand combined with limited supply due to limited spare production capacity in OPEC countries as well as constant supply disruptions in key regions such as Russia, the Middle East and West Africa. This was followed by a sharp decrease in the second half of 2008 with a breakdown of the financial system and a slowdown in economic activity globally.

Subsequently, the oil prices rebounded significantly due to oil being bought and held in storage and sold at higher forward prices, cuts in OPEC production and a rebound in global economic activity post the global financial crisis. In the first half of 2011, crude oil prices increased sharply as unrest in the Middle East and North Africa reduced global oil supply and pushed up oil prices. In the latter half of 2011, prices started to fall due to decreased demand as a result of slowing economic growth globally, though this trend was partially offset by reduced supply due to disputes in certain oil-producing countries, such as Iraq, Kazakhstan and Nigeria. For the first half of 2012, crude oil price peaked in March due to European oil sanctions on Iran and Iran's threats to close the Straits of Hormuz, but eased thereafter in the face of rising output in the U.S., Libya, and other OPEC producers. Demand for middle distillates concurrently softened with the passing of winter and the travel season. In 2013, the price volatility was at the lowest since 2006. There was also a rise in oil production from the U.S. in the period offsetting some of the losses on oil production. The average Brent Crude oil price in 2014 was USD 99.03 per barrel , and USD 52.35 per barrel in 2015. After a weak Q1-2016 with multi-year lows touched at Mid-Jan ($27.1/b), markets rebounded in Q2-2016. At the end of March and early April 2016, markets were supported by the "freeze deal" saga that eventually led to the Doha meeting failure on April 17, 2016. Disruptions took place in 2016 including Canadian giant fires, sites attacks in Nigeria and tension in Venezuela. Since the end of May 2016, prices are trading range bound around the $50/b resistance zone despite disappointing OPEC meeting on June 2, 2016 and the Brexit vote on June-23, 2016.

Overview of the Global Refining Industry

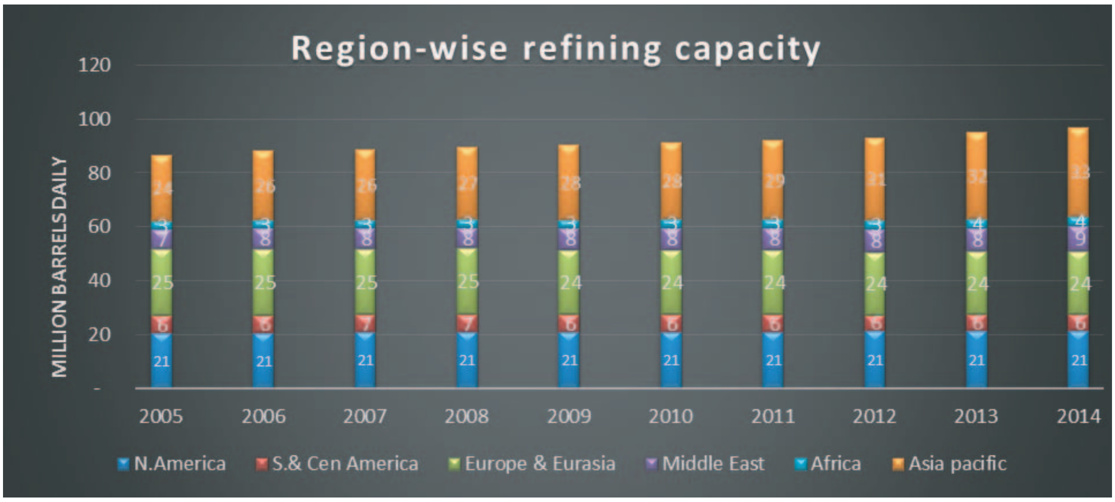
Global Refining Capacity

The global refining sector has experienced cyclical variations in capacity over the last few decades as capacity expanded and contracted together with changes in global oil demand.

The global refining capacity retreated in the 1980s and early 1990s alongside a steady increase in global oil demand. As a result, the spare global refining capacity saw significant reduction which led to a period of relatively strong utilisation rates and refining margins in the period 2004-2008. This led to a surge in refining investments globally, resulting in capacity additions through a combination of new projects and existing refineries expansions.

The global financial crisis in 2008 triggered the first decline in oil demand in 25 years followed by a larger decline in 2009; declining demand, combined with significant new capacity becoming available resulted in an oversupply of refining capacity globally. The situation improved in 2010 as the global economy recovered, driven primarily by emerging economies. According to the *BP Statistical Review of World Energy June 2016* (the **BP Statistical Review**), global oil consumption grew from 88.77 million barrels per day (**mb/d**) in 2010 to 93.11 mb/d in 2015, representing a 4.89 per cent. increase. Global oil consumption grew by 1.9 million barrels per day (b/d), or 1.9% — nearly double the recent historical average (+1%) and significantly stronger than the increase of 1.1 million b/d seen in 2014 as per BP statistical review 2016. Oil remains the world's leading fuel, with 32.9 per cent. of global energy consumption. Although emerging economies continued to dominate the growth in global energy consumption, growth in these countries (+1.6%) was well below its 10-year average of 3.8 per cent..

Region-wise refining capacity

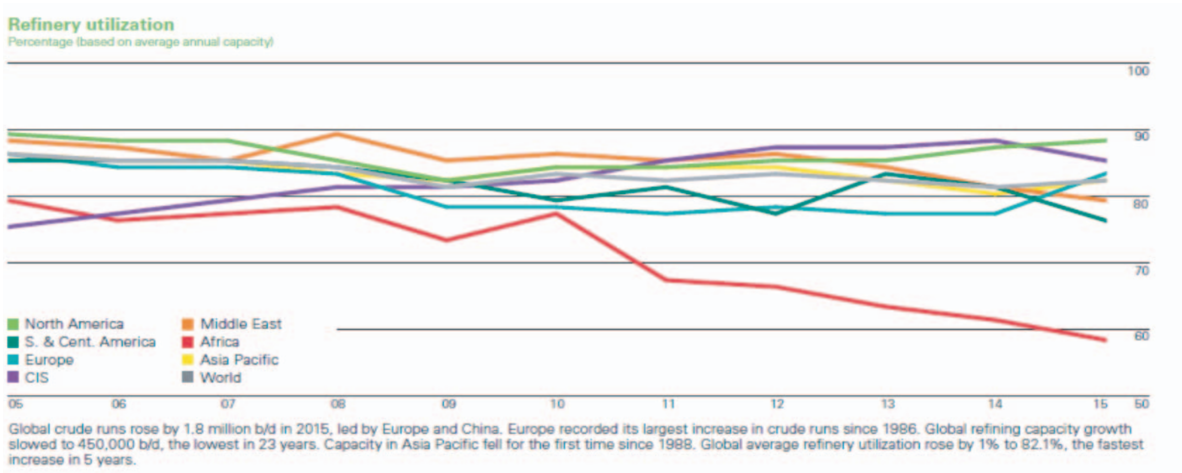


Source: BP Statistical Review of World Energy June 2016

Global Refinery Capacity Utilisation Rates and Refining Margins

Global crude runs rose by 1.8 million b/d in 2015, led by Europe and China. Europe recorded its largest increase in crude runs since 1986. Global refining capacity growth slowed to 450,000 b/d, the lowest in 23 years. Capacity in Asia Pacific fell for the first time since 1988. Global average refinery utilization rose by 1 per cent. to 82.1 per cent., the fastest increase in five years., as per BP Statistical Review.

Refinery Capacity Utilisation Rates



Source: BP Statistical Review. Capacity Utilisation Rate = Refining Throughputs/Refining Capacity

The refining margins presented are benchmark margins for three major global refining centres: US Gulf Coast (USGC), North West Europe (NWE — Rotterdam) and Singapore. In each case they are based on a single crude oil appropriate for that region and have optimized product yields based on a generic refinery configuration (cracking, hydrocracking or coking), again appropriate for that region. The margins are on a semi-variable basis, i.e. the margin after all variable costs and fixed energy costs.

Source: BP Statistical Review of World Energy June 2016

Global Refined Product Demand

According to the *World Oil Outlook 2015*, diesel and gasoline together constituted approximately 55 per cent. of the total global refined product demand in 2015. Looking to 2040, gasoline will remain as the main product. However, the rapid increase of in the number of commercial vehicles — particularly in China, India and Other Asia will contribute to an increase in the share of diesel up to 45 per cent. There are no major changes at the product level which are foreseen in the aviation sector. Jet kerosene currently accounts for almost all demand. This is not expected to change in the coming decades. The use of gasoline is and will continue to be marginal and limited to light recreational aircraft. In 2040, gasoil/diesel is expected to grow in importance while the weight of gasoline is likely to decrease.

Global product demand, shares and growth, 2014–2040

	Global demand *mb/d*							Shares %	
	2014	2015	2020	2025	2030	2035	2040	2014	2040
Light products	**39.8**	**40.5**	**42.9**	**44.6**	**46.1**	**47.4**	**48.6**	**43.5**	**44.3**
Ethane/LPG	10.3	10.5	11.1	11.7	12.2	12.6	12.9	11.3	11.7
Naphtha	6.2	6.2	6.6	7.1	7.7	8.1	8.7	6.7	7.9
Gasoline	23.3	23.9	25.1	25.8	26.3	26.7	27.1	25.6	24.7
Middle distillates	**33.8**	**34.5**	**37.3**	**39.4**	**41.1**	**42.8**	**44.3**	**37.0**	**40.3**
Jet/Kerosene	6.7	6.8	7.3	7.8	8.2	8.7	9.2	7.4	8.4
Diesel/Gasoil	27.1	27.6	30.0	31.6	32.9	34.1	35.1	29.7	32.0
Heavy products	**17.7**	**17.8**	**17.2**	**17.0**	**17.0**	**17.0**	**16.9**	**19.4**	**15.4**
Residual fuel*	7.9	7.8	7.1	6.8	6.6	6.4	6.2	8.7	5.6
Other**	9.8	10.0	10.1	10.2	10.4	10.5	10.7	10.8	9.7
Total	**91.4**	**92.8**	**97.4**	**100.9**	**104.2**	**107.2**	**109.8**	**100.0**	**100.0**

* *Includes refinery fuel oil.*

** *Includes bitumen, lubricants, waxes, still gas, petroleum coke, sulphur, direct use of crude oil, etc.*

Source: World Energy Outlook 2015

Ethane/LPG and naphtha are the most important feedstocks in the petrochemicals sector. Currently, naphtha accounts for 50 per cent. of sectoral demand while ethane/LPG accounts for 37 per cent. Looking ahead, it is expected that the share of ethane/ LPG will increase to 42 per cent. in 2040 as a result of the growing availability of low-priced ethane resulting from the shale gas revolution in North America. The use of gasoil/ diesel mainly as feedstocks will remain marginal.

Overview of the Refining Industry in India

Introduction

The Indian oil industry plays a strategic role in fuelling the growth of the Indian economy. The downstream oil and gas sector in India has until recently, been dominated by public sector oil marketing companies and their refining associates (**Public Sector OMCs**). Over the last decade and a half, the Indian landscape has witnessed the emergence of private sector players, primarily in the refining sector.

The strategic importance of the oil sector and the economic policies of past Governments resulted in tight regulation. State control was consolidated in 1976 when downstream oil companies were nationalised and pricing and distribution was regulated through the introduction of the Administered Price Mechanism.

According to the BP Statistical Review, India's consumption of oil stood at 4.2 mb/d in 2015, up from 0.4 mb/d in 1970. With domestic crude oil production standing at 0.9 mb/d in 2015, Indian refineries rely heavily on crude oil imports. As pertaining to the provisional data published by PPAC (Petroleum Planning & Analysis Cell), Indian refineries processed 203 million metric tonnes (provisional) of imported crude which is almost 87 per cent. of total crude quantity of 233 million metric tonnes (provisional) processed in the country during 2015-16. The country's dependence on imports continues to grow as almost 81 per cent. of crude oil in India, on consumption basis, is imported. Domestic crude oil production in the country has remained in the range of 33 to 38 million metric tonnes in the last 5 years.

Indian refineries may source crude oil through various means. Price of crude oil imports in India is commonly benchmarked through the Indian Crude Basket which combines the prices of a mix of crude oil consumed in India, using North Sea (Brent), Dubai and Oman benchmark prices in the basket calculation.

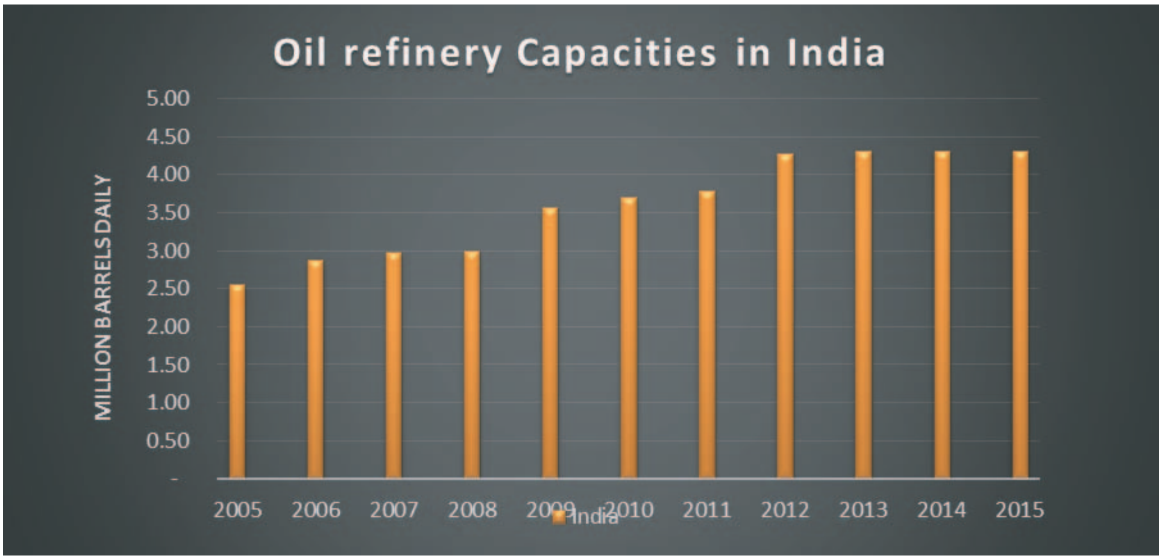
Refining Capacity in India

India is now not only self sufficient in refining capacity for its domestic consumption but also exports petroleum products. As such, India is becoming a regional refining hub with potential to cater to a rising local and regional demand, supported by a large and growing population base of approximately 1.2 billion (as of the end of 2011 according to Census of India), rising personal wealth, a trained and skilled labour force and various fiscal benefits to refinery projects.

Recently constructed refineries and new refinery projects under development are equipped with state of the art technologies and a wide and high quality product slate, positioning them for both the domestic and export markets. The refineries of Public Sector OMCs have been upgraded over the years, allowing them to process larger volumes of high sulphur crude oils which are generally cheaper than sweet crudes, thereby increasing their operating efficiency.

According to the BP Statistical Review, total domestic refining capacity has seen a CAGR of 6.8 per cent. from 2005 to 2015. In 2015, refining capacity reduced by approximately 0.3 per cent. to reach 4.31 mb/d in 2015 compared to 4.32 mb/d in 2014.

Refining Capacity in India

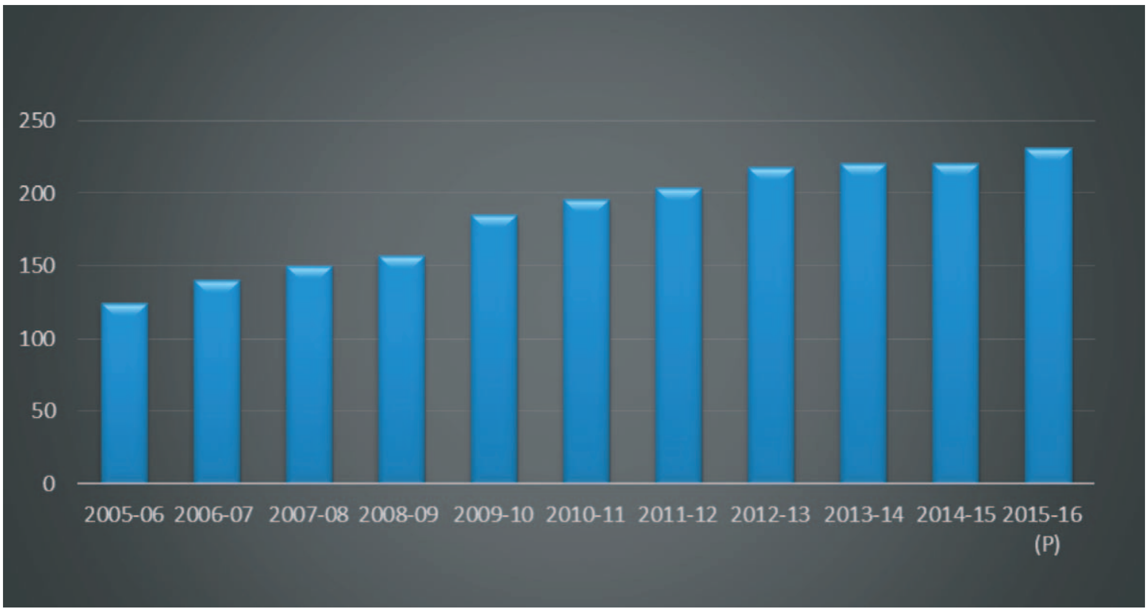


Source: BP Statistical Review of World Energy June 2016

Production of Refined Petroleum Products in India

According to Petroleum Planning & Analysis Cell (**PPAC**) of the Ministry of Petroleum & Natural Gas, production of petroleum products by Indian refineries has expanded from 124 million tonnes in 2005-06 to 231 million tonnes (provisional) in 2015-16, increasing at a CAGR of 8.6 per cent. over the period, driven by domestic consumption as well as exports to other countries. Exports of petroleum products stood at 61 million tonnes (provisional) in 2015-16, representing approximately 26.2 per cent. of the domestic production of petroleum products in the same year, compared to 9.4 per cent. in 2002-03.

Production of Petroleum Products in India



Source: Petroleum Planning & Analysis Cell

Refinery Capacity Utilisation Rates in India and Refining Margins

According to the BP Statistical Review, India's refinery capacity utilisation rates have been consistently at or in excess of 100 per cent. since last decade with refining utilisation rate of 106.00 per cent. in 2015.

Refinery Capacity Utilisation Rates in India

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Utilisation Rate. . . .	100%	100%	104%	107%	102%	105%	108%	101%	103%	104%	106%

Source: BP Statistical Review

Typically, a utilisation rate of approximately 95 per cent. is considered optimum as it allows for normal shutdowns required for maintenance and seasonal adjustments. Occasionally, through upgrades or de-bottlenecking procedures, refineries can process more crude than the nameplate size of the distillation unit would indicate. In such cases, utilisation rates greater than 100 per cent. can be achieved.

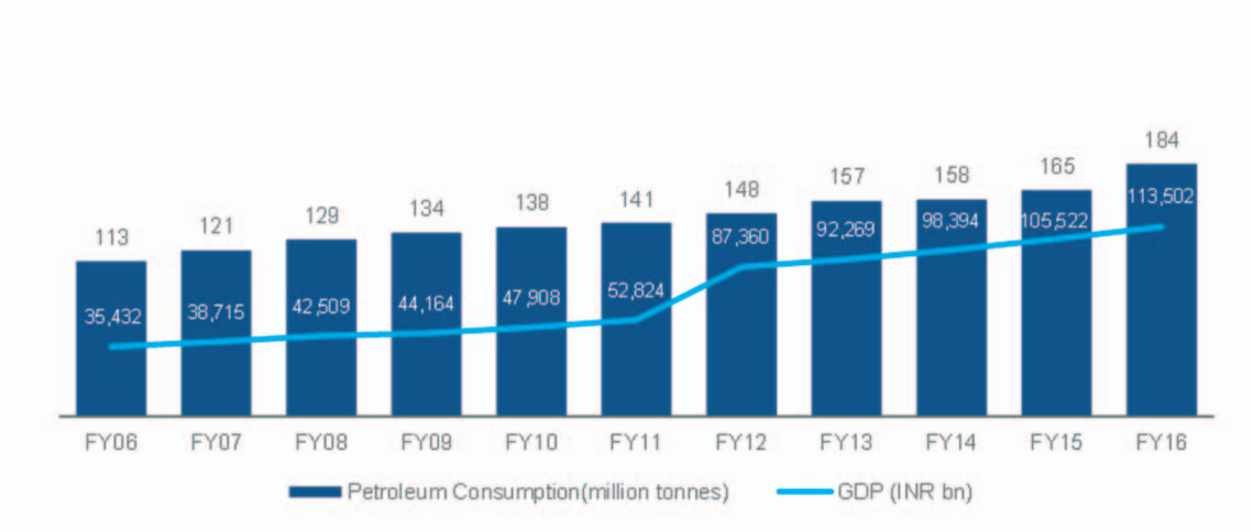
The increasing complexity and sophistication of Indian refineries has supported a trend of relative increase in gross refining margins (**GRMs**) compared to refineries in other Asian countries. The large scale and world-leading complexity of India's new greenfield refineries is expected to lead to lower marginal cost of production compared to older, less complex refineries. The increasing ability to process heavier and cheaper crude grades also supports GRMs by lowering input costs. Finally, the ability to produce complex, high-end products which are competitive in the international markets also supports GRMs of Indian refineries.

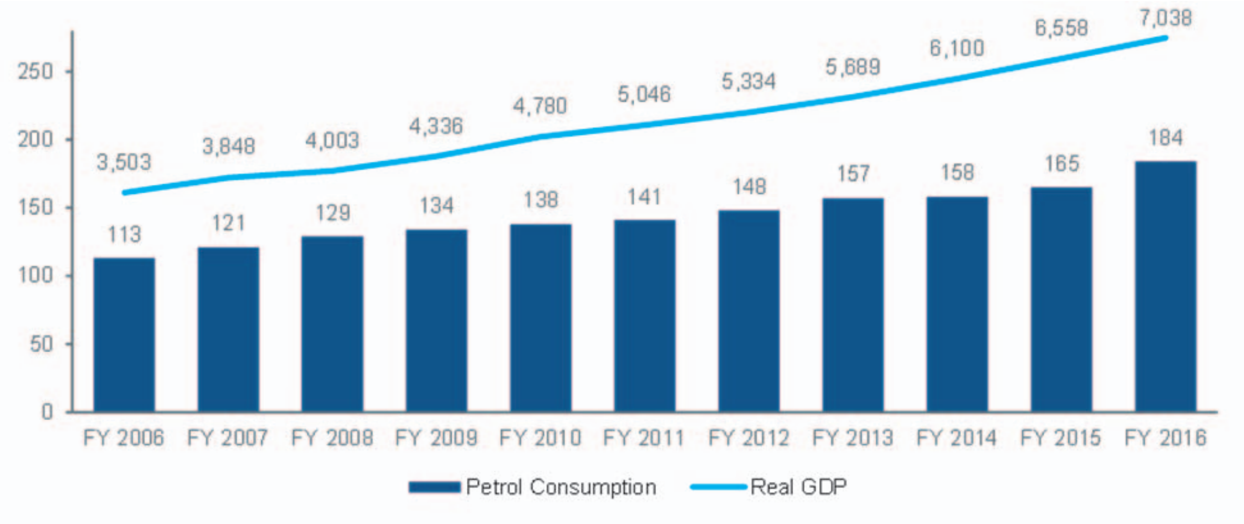
Consumption of Refined Petroleum Products in India

According to data published by Petroleum Planning and Analysis Cell of Ministry of Petroleum & Natural Gas, India's petroleum products demand increased to 183.5 MMT in FY16 from 165.5 MMT in FY15, registering a growth of 10.90 per cent. (YoY), the highest level since 2000.

Further, the oil demand in the quarter ending 30 June 2016 grew at the fastest pace for any first quarter period in the past 10 years. India consumed 48.5 MMT of oil products in the quarter, an increase of 7.80 per cent. from the same period a year ago, according to the oil ministry's Petroleum Planning and Analysis Cell.

Petroleum Product Consumption in India and Real GDP





Source: Petroleum Planning and Analysis Cell and RBI
Note: Base Year taken as 2004-05 for GDP from FY 2006-FY 2011
Base Year taken as 2011-12 for GDP from FY 2011-FY 2016

India's gross domestic product advanced by 7.1 per cent. year-on-year in the second quarter of 2016, slowing from a 7.9 per cent. expansion in the previous period and missing the market expectations of 7.6 per cent. growth. The primary driver of growth for India's demand for refined petroleum products is sustained economic growth.

India GDP Growth Forecast

Year	FY17	FY18
GDP Growth (%)	7.6%	7.7%

Source: Ministry of Finance and MoSPI

Consumption by Type of Petroleum Products in India

India's demand for petroleum products is characterised by the rise in urbanisation, infrastructure developments (roads, airports, ports), and the rapid growth of the Indian middle class. Increased consumption of MS has been supported by the gradual increase in automobile ownership by the Indian urban population and HSD consumption has seen robust growth due to improvements in infrastructure leading to better transportation and logistics movements. Increased air travel has also led to higher consumption of ATF.

According to statistics on Indian petroleum and natural gas between 2005-16 to 2013-14, light and middle distillates and heavy ends registered a CAGR of 4.5 per cent. (to 48 million tonnes), 5.2 per cent. (to 82 million tonnes) and 1.6 per cent. (to 29 million tonnes), respectively. In particular, the increase in consumption of light and middle distillates is expected to continue following the steady rise in automobile ownership, increasing industrial activities, road network expansion and general infrastructure development.

Product-wise Consumption of Petroleum Products(1)

Products	Financial Year										% Growth
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (P)	2015-16 2014-15
	(Million Tonne)											
Light Distillates	**34**	**37**	**39**	**40**	**39**	**41**	**44**	**46**	**48**	**48**	**55**	**13.8**
LPG	10	11	12	12	13	14	15	16	16	18	20	8.6
Motor Spirit	9	9	10	11	13	14	15	16	17	19	22	14.5
Naphtha+NGL	12	14	13	14	10	11	11	12	11	11	13	20.9
Middle Distillates	**54**	**58**	**63**	**66**	**71**	**75**	**79**	**83**	**82**	**83**	**88**	**6.7**
SKO	10	10	9	9	9	9	8	8	7	7	7	—3.7
ATF	3	4	5	4	5	5	6	5	6	6	6	8.7
HSD	40	43	48	52	56	60	65	69	68	69	75	7.5
Others(3)	1	1	1	1	1	1	1	1	1	0	0	11.4
Heavy Ends	**25**	**26**	**28**	**27**	**28**	**25**	**25**	**27**	**29**	**35**	**41**	**16.8**
Furnace Oil	13	12	12	12	11	11	10	7	7	6	7	11.9
Lubes/Greases	2	2	2	2	3	2	3	3	3	3	3	—2.7
Bitumen	4	4	5	5	5	5	5	5	5	5	6	14.6
Petroleum Coke	5	5	6	6	7	5	6	10	12	15	18	25.9
Others(4)	4	5	5	4	5	4	4	5	6	6	7	12.0
TOTAL	**113**	**121**	**129**	**134**	**138**	**141**	**148**	**157**	**158**	**166**	**183**	**10.9**
% growth	**1.4**	**6.7**	**6.8**	**3.6**	**3.2**	**2.3**	**5**	**5.7**	**0.9**	**4.5**	**10.9**	

Notes:

(1) Consumption data includes private sales & private imports also.

(2) Provisional and not included data in respect of RIL SEZ Refinery as it is presumed that all products have been exported and not consumed domestically.

(3) Includes LDO among others.

(4) Includes Paraffin wax and other waxes among others.

Source: Petroleum Planning & Analysis Cell 2015-16

Transportation of Refined Petroleum Products in India

As the seventh largest country in the world, India requires the transport of petroleum products into the interiors and hinterland from ports and refinery locations. These movements are undertaken primarily through railways, pipelines, coastal tankers and road movement. Pipelines provide the cheapest, safest and most environmentally friendly mode of transportation. In most cases, products are ultimately delivered to the point of consumption by road transport.

Retail Distribution of Refined Petroleum Products in India

Oil marketing companies rely on multiple customer contact points, including retail outlets, bulk consumer pumps, LPG distributors and terminals, to sell petroleum products. Retail outlets represent one of the most important distribution modes to the public in India, allowing for improved product penetration and providing competitive advantages.

The number of retail outlets of Public Sector OMCs in India reached 52,604 in March 2016, in comparison to 25,307 in April 2005.

Regulation

Evolution of the Deregulation Regime

Under the Government's Administered Price Mechanism (**APM**) introduced in 1977, prices in the oil sector were controlled at the four stages of production, refining, distribution and marketing on the principle of compensating for normative cost and allowing a pre-determined return on investments. Petroleum refining and marketing companies were compensated for operating costs and assured a 12 per cent. post tax return on capital employed.

Gradual liberalisation of the petroleum, refining and marketing sector began in the 1990s, with the deregulation of lubricants and Government permission for private sector investment in refining. The marketing of ATF was deregulated with effect from 1 April 2001. Effective from 1 April 2002, the marketing of transportation fuels was permitted to any company investing or proposing to invest Rs.20 billion in exploration and production, refining, pipelines or terminals. However, sensitive petroleum products (HSD, MS, LPG (domestic) and SKO (PDS)) continued to be administered by the Government until 31 March 2002.

APM on refined petroleum products was phased out in 2002 and replaced with the Market Determined Price Mechanism (**MDPM**) implemented by the Government. Although the MDPM was notionally benchmarked to international oil prices, the Government continued to subsidise domestic prices of LPG (domestic) and SKO (PDS). However, a complete dis-mantling of APM could not be completed, and post May 2004, the Government re-started controlling the prices of sensitive petroleum products. With effect from 25 June 2010, the Government had completely decontrolled the pricing of MS. With effect from 18 October 2014, Government also decontrolled diesel pricing.

To protect the domestic consumers from extreme volatility in the international oil prices, the selling price of PDS SKO is fixed based on Government directives and is not being maintained in line with the movements in international prices. Consequently, oil marketing companies are not protected from the fluctuating price of PDS SKO. Where the buying price exceeds the selling price of sensitive petroleum products, marketing companies would suffer a loss in recovery equivalent to the difference between the costs of sensitive petroleum products and the prices at which it is able to sell the same in the domestic market. Such under recoveries are compensated partially by way of discount from the upstream companies on the crude oil supplied by them and partially by way of cash from the Government.

Overview of Oil and Gas Pricing Regulations in India

After the dismantling of the APM in 1997, prices of petroleum products in India have been linked to international crude oil prices. While prices of crude oil are generally market determined, the prices of retail sales of LPG (for domestic use) and SKO for public distribution by India's Public Sector OMCs (BPCL, Hindustan Petroleum Corporation Limited (**HPCL**) and Indian Oil Corporation Limited (**IOCL**) were capped by the Government. These price caps were revised by the Government from time to time and as a result, Public Sector OMCs incurred under-recoveries as they purchase these products at higher prices than prices at which they can be sold in India.

The Government operates a mechanism pursuant to which the under-recoveries of the oil marketing companies resulting from the price caps are shared among the Government, the Public Sector OMCs and the public sector upstream companies (which include Oil and Natural Gas Corporation (**ONGC**), Oil India Ltd. (**OIL**) and GAIL (India) Limited (**GAIL**)). Under-recoveries are determined and allocated provisionally by the Government on a quarterly basis.

Shares of the under-recovery that is allocated to each upstream national oil company is determined from time to time. Upstream companies' share of the under-recovery is implemented through a discount on crude oil, domestic LPG and PDS kerosene (generally accounted in crude price realisation) sold by upstream oil companies to the Public Sector OMCs.

Government Subsidy for Public Sector OMCs

Historically, the Government has supported Public Sector OMCs by providing them compensation in the following forms:

- cash;
- discounts from public sector upstream companies;
- issue of oil bonds;
- moderation of duty structure; and
- discounts from refining companies.

The amount of compensation is adjusted by the Government from time to time depending on prevailing market conditions and accounting for international crude oil prices, total amount of under-recoveries and gross revenues of OMCs and the level of margin earned by upstream companies during the relevant period.

Recent Major Developments on Government Subsidy

On 26 June 2010, the Government deregulated gasoline prices and with effect from 18 January 2013, selling price of diesel to all consumers taking bulk supplies directly from the installations of the Public Sector OMCs are determined in line with international prices or other market driven factors. On 19 October 2014, the Government deregulated diesel prices at retail level for all consumers.

As regards LPG, in September 2012, the Government decided to restrict the number of domestic subsidised LPG cylinders per household to six per annum, beyond which, 14.2kg LPG cylinders had to be bought at the market rate. In January 2013, this quota was increased to nine cylinders and further increased in January 2014 to 11 cylinders for fiscal 2014 and 12 cylinders from fiscal 2015. Accordingly, the domestic prices of domestic non-subsidised LPG (i.e. cylinder sold after capping of 12 cylinders per annum per household) are determined in line with international prices of LPG.

The Government launched the Direct Benefit Transfer of LPG (**DBTL**) scheme which is designed to ensure that the benefit meant for genuine domestic customers reaches them directly and is not diverted, thus saving public money. The DBTL scheme was initially launched between 1 June 2013 and 1 January 2014 in six phases covering 291 districts. It required the consumer to mandatorily have an "Aadhaar" number for availing the LPG subsidy. The scheme was recently reviewed and has been re-launched with modifications keeping consumer convenience in mind. The modified DBTL scheme was re-launched in 54 districts on 15 November 2014 and on 1 January 2015, the modified DBTL scheme was launched in the rest of the country in 622 districts.

As regards SKO (PDS), Public Sector OMCs have undertaken a pilot project on direct transfer of cash subsidy for SKO (PDS) in the Alwar district of Rajasthan.

RELATIONSHIP WITH THE GOVERNMENT AND REGULATORY MATTERS

This section provides a brief overview of the regulatory framework governing activities in the petroleum and natural gas industry in India. The information provided below has been obtained from sources available in the public domain. The information provided below has been obtained from sources available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to potential investors and are neither designed nor intended to be a substitute for professional legal advice.

All guarantees by BPCL, as the Guarantor, which would be applicable to the Notes when the Notes are issued by BISPL/a New Issuer shall be subject to applicable laws including, but not limited to, the FEMA Guarantees Regulations of India and the FEMA ODI Regulations of India.

Oil and Gas Refining and Petrochemicals

The Indian Ministry of Petroleum and Natural Gas (**MoPNG**) issues guidelines related to petroleum and natural gas which include exploration and production, refining, marketing, import, export, conservation and transportation of oil, gas, and petroleum products. MoPNG established the Directorate General of Hydrocarbons in 1993, whose main functions include, in respect of discovered fields, ensuring optimum exploitation, reviewing and approving development plans, work programs, budgets, reservoir evaluations and advising on mid-course corrections and, in respect of the exploration blocks, appraising work programs and monitoring exploration activities. MoPNG also controls the Oil Industry Safety Directorate, which develops standards for safety and conducts periodic safety audits of all petroleum-handling facilities, and the Oil Industry Development Board (**OIDB**), which provides financial and other assistance for the development of the oil industry. The Oil Industry Safety Directorate prescribes safety standards that apply to oil companies. Companies must also comply with safety regulations prescribed by the Director General of Mines and Safety in respect of onshore petroleum mining installations.

MoPNG has issued various guidelines in respect of marketing and distribution of petroleum products including selection of retail outlet dealership and LPG distributorship, opening of new retail outlets by Oil Marketing Companies (OMCs), marketing discipline guidelines, reconstitution/revival, resitement of Retail, SKO, LDO dealership, LPG distributorship, and others.

To regulate the production, storage, sale and distribution of various petroleum products, MoPNG has also issued Lubricating oil & Greases (Processing, Supply and Distribution Regulation) order (1987), Kerosene (Restriction on use and Fixation of ceiling price) order (1993), Petroleum Products (Maintenance of Production, Storage and supply) order (1999), Naptha (Acquisition, Sale, Storage and Prevention of use in Automobile) order (2000), LPG (Regulation of Supply and Distribution) order (2000), Aviation Turbine Fuel (Regulation of Marketing) order (2001), Motor spirit and high speed diesel (Regulation of supply and distribution & prevention of malpractices) order (2005).

MoPNG has recently announced Unified Guidelines for LPG Distributorships as well as modalities for release of LPG connection under the Pradhan Mantri Ujjwala Yojana (**PMUY**).

Petroleum Act, 1934 (Petroleum Act)

The Petroleum Act empowers the Government to frame rules regarding the import, transport, storage, blending, refining and production of petroleum. It further empowers the Government to prescribe standards for pipelines, testing apparatus and storage receptacles for petroleum, and to inspect, make entry and search and certify grades of petroleum involved in a particular establishment.

Petroleum Rules, 2002

The Petroleum Rules, 2002 require, amongst other things, a company to obtain permission from the Chief Controller of Explosives for refining, cracking, storing, reforming or blending petroleum. These rules have been further amended as a result of the Petroleum (Amendment) Rules, 2011 dated 1 December 2011.

Under the Petroleum Rules, no person is permitted to deliver or dispatch any petroleum to anyone in India other than the holder of a storage licence issued under the Petroleum Rules or his authorised agent or a port authority or railway administration or a person who is authorised under the Petroleum Act to store petroleum without a licence. Petroleum Rules prohibit employment of children under the age of eighteen years and a person who is in a state of intoxication. Petroleum Rules also seek to regulate the importation of petroleum through licenses.

Petroleum and Natural Gas Regulatory Board Act, 2006 (PNGRB Act)

The PNGRB Act provides for the establishment of the petroleum and natural gas regulatory board (**PNGRB**), and vests it with the authority to, among other things, (i) regulate refining, processing, storing, transporting (including laying of pipelines), distributing, marketing and importing, exporting and the selling of petroleum, petroleum products and natural gas (but excluding the production of crude oil and natural gas); (ii) monitor prices and take corrective measures to prevent restrictive trade practices; (iii) impose fees and other charges; and (iv) regulate technical and safety standards and specifications relating to petroleum, petroleum products and natural gas. The objectives of the PNGRB are to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas, to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of India and to promote a market which values the benefits of competition.

In March 2012, the MoPNG issued guidelines which apply to the "swapping" of natural gas transactions (the **Swapping Guidelines**) whereby a party (the first party) supplies gas to a second party, at a location specified by the second party, in exchange for the second party supplying the energy equivalent quantity of gas to the first party or first party's representative at another location (along with an appropriate indemnity for so doing). The Swapping Guidelines require that all parties involved be revenue-neutral over the entire length of the pipeline and any swapping of gas would need to conform to the tariff and applicable PNGRB Act and any dispute regarding the same would need to be heard before the PNGRB.

PRICING AND SALE OF OIL AND NATURAL GAS

Pricing of oil and natural gas was based on import parity until the mid 1970s. Prior to 1998, prices of all major petroleum products were fixed pursuant to APM, which was based on a "cost plus" pricing system under which companies engaging in exploration and production (**E&P**), refining and marketing were guaranteed fixed returns on their net worth plus a reimbursement which covers eligible operating costs. In 1998, the APM was replaced by the market-determined pricing mechanism coupled with the rationalisation of customs tariff and excise duty rates. Further to a directive implemented by the Government on 6 March 2007, directions were issued to charge uniform pool prices on the supply of re-gassified liquefied natural gas (**R-LNG**) to all customers under all long term contracts on a non-discriminatory basis.

MoPNG had revised the guidelines on 3 February 2014, 20 May 2014 and 8 June 2016 for allocation/supply of domestic natural gas to CGD entities for the CNG (transport) and PNG (domestic) sector. Keeping in view the periodical exercise of revising the domestic gas allocations of CGD entities for CNG and PNG segments, it has been decided to authorize Gas Authority of India Limited (**GAIL**) for diverting domestic gas from non-priority sector to meet the requirement of CNG and PNG segments as per their actual consumption subject to the condition laid down therein.

Furthermore, the Essential Commodities Act, 1955 empowers the Government to issue notifications to control production, supply and distribution of certain essential commodities, which also include petroleum and petroleum products.

On 21 March 2016, MoPNG announced its guidelines on the marketing, including pricing freedom (subject to a ceiling price on the basis of landed price of alternative fuels) for the gas to be produced from discoveries made in deep-water, ultra deep-water and high pressure/high temperature areas. The proposed guidelines would be applicable to future discoveries as well as existing discoveries which are yet to commence commercial production as on 1 January 2016. All gas fields currently under production will continue to be governed by the pricing regime which is currently applicable to them.

Guidelines on Sale of Natural Gas by NELP Contractors

MoPNG issued a press note prescribing guidelines for the sale of natural gas by NELP contractors (**Gas Sale Guidelines**) on 25 June 2008. Contractors are permitted to sell gas from NELP to consumers according to marketing priorities determined by the Government and on such price as approved by the Government. Priority of gas supply (divided on a sector-by-sector basis) exists and remains applicable only among customers who are connected to an existing and available pipeline network connected to the same sources. However, should the customer in a particular sector that is higher in priority, not be in a position to take gas when it becomes available, the supply will go to the next sector in the queue in accordance with the Gas Sale Guidelines. The Gas Sale Guidelines also provide that the priority would not impact the process of price discovery as all the customers would participate in the price discovery process and would be eligible for utilising natural gas subject to priority.

Regulations related to City Gas Distribution Networks and Gas Pipelines

The Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Gas Distribution Network) Regulations, 2008 (**Exclusivity Regulations**) was notified by the Petroleum and Natural Gas Regulatory Board (**PNGRB**) on 19 March 2008. The Exclusivity Regulations apply to any entity which is laying, building, operating or expanding or which proposes to lay, build, operate or expand a city or local natural gas distribution network under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008. Under the Exclusivity Regulations, and subject to certain terms and conditions, the PNGRB may allow an entity to exclusively lay, build, or expand a City Gas Distribution (**CGD**) network over the economic life of the project, which is normally expected to be 25 years. The PNGRB may also provide the exclusive right to an entity proposing to lay, build, operate or expand a network from the purview of common carrier or contract carrier for a period of five years from the date of authorisation provided that the entity meets the service obligations conditions as stipulated in the Exclusivity Regulations. At the end of the economic life of the project, the PNGRB may consider extending the exclusivity for a further period of 10 years which is dependent upon satisfactory compliance of the service obligation and the relevant entity's quality of service.

The Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 (**Affiliate Code of Conduct Regulations**) was notified by the PNGRB on 17 July 2008 under the PNGRB Act. The Affiliate Code of Conduct stipulates the engagement terms for the transportation and marketing of natural gas between an entity and (i) a party other than its affiliates and (ii) its affiliate, in each case, on arms length basis. The objectives of the Affiliate Code of Conduct Regulations include the prevention of preferential access or cross-subsidisation of costs between the regulated activity and any other non-regulated activity which could adversely affect or may potentially adversely affect fair trade and competition between such entities. In 2014, the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Amendment Regulations, 2014 under the Affiliate Code of Conduct Regulations were implemented which provide that an entity engaged in both marketing of natural gas and laying, building, operating or expanding pipelines for transportation of natural gas on common carrier or contract carrier basis, shall, on or before 31 March 2017, create a separate legal entity so that the activity of transportation of natural gas is carried on by such separate legal entity and the right of first use shall be available to the affiliate of such separate legal entity.

The Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008 (**Common Carrier Regulations**) was notified by the PNGRB on 17 July 2008 under the PNGRB Act. The Common Carrier Regulations provide that the capacity of a natural gas pipeline shall be (a) as authorised by the PNGRB for new pipelines under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate, or Expand Natural Gas Pipelines) Regulations, 2008 (**Pipeline Regulations**); (b) as determined by the PNGRB under relevant regulations for declaring natural gas pipelines as common or contract carrier or under the Pipeline Tariff regulations as notified by the PNG Board, or (c) as determined by the PNGRB under relevant regulations. The transporter is required to declare and inform the PNGRB of the pipeline's available capacity and such capacity shall be available for use on common or contract carrier basis or both. Furthermore, under the Common Carrier Regulations, the authorised entity is required to formulate a calorific value band which complies with the various prescribed parameters. The Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorising Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations (**Carrier Guiding Principles**) stipulates transporter's obligations at both entry and exit points the rules for booking pipeline capacity and the interconnection of common or contract carrier natural gas pipelines. The Carrier Guiding Principles was notified by the PNGRB on 21 April 2009. The Carrier Guiding Principles prescribe certain guidelines for declaring any natural gas pipeline as a common or contract carrier for the transportation of natural gas along with guidelines on their capacity and system.

A contract carrier system implies that the capacity in a natural gas pipeline, over and above an entity's own requirement, shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a minimum period of one year and such other terms as mutually agreed. A common carrier system implies that the capacity in a natural gas pipeline, over and above an entity's own requirement shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a period of less than one year and such other terms as mutually agreed. The contract carrier or common carrier capacity in respect of natural gas pipelines is determined in accordance with the provisions of Pipeline Regulations. The PNGRB has the power to declare any existing pipeline for transportation of natural gas as a common or contract carrier, if in the opinion of the PNGRB, it is expedient to do so, either by giving wide publicity of its intention by inviting objections. The PNGRB may also provide the entity owning the pipeline an opportunity of being heard within a minimum notice period of 15 days from the close of the invitation for objections.

Domestic Natural Gas Pricing Guidelines, 2014 (2014 Gas Pricing Guidelines)

The extant gas pricing policy under NELP was earlier approved by the Government for five years commencing from April 2009 and was due for revision with effect from April 2014. Pursuant to the recommendations made by the committee headed by Dr. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister in its report on "the Production Sharing Contract Mechanism in Petroleum Industry", submitted in December, 2012, the Government approved the 2014 Gas Pricing Guidelines in its meeting held on 27 June 2013. The Government notified the 2014 Gas Pricing Guidelines on 10 January 2014. The 2014 Gas Pricing Guidelines shall be applicable to all natural gas produced domestically, irrespective of the source, whether conventional, shale, CBM etc from 1 April 2014. These guidelines shall not be applicable (a) where prices have been fixed contractually for a certain period of time, till the end of such period; or (b) where the production sharing contract provides a specific formula for natural gas price indexation/fixation. Furthermore, the pricing of natural gas from small/isolated fields in the nomination blocks of national oil companies will be governed by the extant policy in respect of these blocks.

The pricing of natural gas produced domestically shall be based on the following methodology: (a) first the netback price of all Indian imports at the wellhead of the exporting countries is to be estimated in accordance with the 2014 Gas Pricing Guidelines; (b) the weighted average of prices prevailing at trading points of transactions i.e., the hubs or balancing points of the major global markets will be estimated; and (c) simple average of the prices arrived at through the aforementioned two methods will be determined as the price for domestically produced natural gas in India. The guidelines stipulate that domestic gas prices shall be notified in advance on a quarterly basis using the data for four quarters, with a lag of one quarter. The price determined under these guidelines would be in U.S.$ per MMBTU.

Royalty

The Oilfields (Regulation and Development) Act, 1948, (Oilfields Act) provides for payment of royalties in respect of any mineral oil mined, quarried, excavated or collected from the leased area. The Government may increase the rate of royalty payable for the production of crude oil and natural gas up to limits prescribed by the Oilfields Act by issuing a notification. Alternatively, the Government could also increase prescribed limits by amending the Oilfield Act through the enactment of legislation by the Indian Parliament.

Recognising the higher risks and costs involved in exploration and production from offshore areas, lower royalty rates for such areas have been provided as compared to NELP royalty rates to encourage exploration and production. The implementation of Hydrocarbon Exploration and Licensing Policy (**HELP**) will enhance domestic oil & gas production, bring substantial investment in the sector and generate sizable employment. The policy is also aimed at enhancing transparency and reducing administrative discretion.

The uniform licence will enable the contractor to explore conventional as well as unconventional oil and gas resources including CBM, shale gas/oil, tight gas and gas hydrates under a single license. Under the new regime, the Government will not be concerned with the cost incurred and will receive a share of the gross revenue from the sale of oil and gas.

Under the Oilfields Act and NELP, royalty on crude oil and natural gas is payable as a percentage of wellhead value derived from sales price. Royalty is payable at the rate of 10 per cent. for natural gas extraction in both onshore and offshore areas. In 2010, the New Exploration Licensing Policy Ninth Round (**NELP-IX**) was introduced pursuant to which royalty with respect to offshore areas is payable to the Government whereas the royalty with respect to onshore areas is payable to the respective States in which such area is located. The royalty in respect of oil and gas blocks allotted under the NELP-IX is payable as follows:

Areas	**Percentage**	**Value**
Offshore	10%	Wellhead value of crude oil and natural gas
Onshore areas	12.5%	Wellhead value for crude oil
Onshore areas	10%	Wellhead value for natural gas
Offshore areas [beyond 400 metres isobaths]	5% for the first seven years from the date of commencement of commercial production in the field and thereafter 10%	Wellhead value of crude oil and natural gas

Oil Cess

OIDB is constituted under the Oil Industry (Development) Act, 1974. The OIDB receives Government funding out of cess collected on crude oil and natural gas production in India, and provides financial and other assistance for development activities in the oil and natural gas sector in India, out of the Oil Industry Development Fund.

The functions of OIDB are, *inter alia*, rendering financial and other assistance for the promotion of all such measures as are conducive to the development of the oil industry. Before rendering any such assistance to any oil industry concern or other person, the OIDB shall have regard to such directions as the Government may issue in this regard. If an oil industry concern or any other person defaults in repayment of any loan or advance or meeting its obligation in relation to any assistance rendered by the OIDB, OIDB may apply to the courts for certain reliefs for recovery of the loan. One of the reliefs available is the transfer of the management of the defaulted oil industrial concern to OIDB. As pertaining to the financial accounts, BPCL has taken loans from OIDB. Therefore, these provisions could have an impact on BPCL.

Up to February 2016, OID cess on crude oil produced from nominated blocks and pre-NELP exploratory blocks was levied at a specific rate of Rs.4,500/MT. Effective from 1 March 2016, pursuant to its notification dated 28 March 2016, the Government has amended the Oil Industries Development Act, 1974, and made OID cess at 20 per cent. ad-valorem.

Further, in accordance with HELP, cess and import duty will not be applicable on blocks awarded. HELP also provides for marketing freedom for crude oil and natural gas produced from these blocks. Moreover, there would be no levy of cess on crude oil.

Excise Duty

Every excise duty leviable under the Oil Industry (Development) Act 1974 , shall be payable by the person by whom such item is produced, and in case of crude oil, excise shall be collected on the quantity received in a refinery. The proceeds of such excise duty shall first be credited to the Consolidated Fund of India.

Public Distribution Scheme Kerosene and Domestic LPG Subsidy Scheme, 2002

With effect from 1 April 2002, the Government approved the Public Distribution Scheme (**PDS**) Kerosene and Domestic LPG Subsidy Scheme, 2002 for administering the post APM subsidy on PDS Kerosene and Domestic LPG. The subsidy under the scheme is provided on sales made by participating companies of Kerosene under the PDS (**PDS Kerosene**) and LPG Cylinders for Domestic Use (**Domestic LPG**). The quantity of PDS Kerosene on which subsidy is allowed for each state is limited to the allocations made by the MoPNG subject to actual quantities sold. PDS Kerosene and Domestic LPG are subsidised from MoPNG's budgetary grants.

The subsidy per selling unit is equal to the difference between the cost price and the issue price per selling unit, and is computed ex-depot for domestic kerosene and ex-bottling plant for LPG. While the PDS Kerosene and the Domestic LPG Subsidy Scheme was initially intended to be phased out in three to five years, MoP&NG has indicated provisional extension of the said subsidy scheme for up to 31 March 2015 and is expected to be extended until fiscal 2017.

Petroleum and Natural Gas Regulatory Board (Eligibility Conditions for Registration of LNG Terminal) Rules, 2012

These rules provide that any entity desirous of establishing or operating an LNG terminal after the date of establishment of the PNGRB shall be eligible to make an application for registration before the PNGRB only on fulfilment of the following conditions, they: (i) offer at all times, after registration, 20 per cent. of its short term (i.e. less than 5 years) uncommitted re-gassification capacity or 0.5 MMTPA, whichever is higher, as common carrier capacity, (ii) adhere to technical standards and specifications which are in force as prescribed by the PNGRB, and (iii) furnish a bank guarantee to the PNGRB for an amount equal to 1 per cent. of the estimated project cost of establishing the LNG terminal or Rs.250 million, whichever is less.

LAYING OF PIPELINES

Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (Pipelines Act) as amended

The Pipelines Act establishes the framework governing the acquisition of right of use (**RoU**) in land for the purpose of laying pipelines to transport petroleum and minerals and other related matters. The Pipelines Act stipulates the acquisition procedure, the restrictions imposed on the right of use (**RoU**) in land, and the compensation payable to persons interested in the land. Any RoU acquisition will be subject to conditions deemed fit by the Government in favour of public interest.

In addition to the Pipelines Act, other rules and regulations governing the laying of pipelines include the Guidelines for Laying Petroleum Product Pipelines, 2002, the Pipeline Regulations and the Carrier Guiding Principles.

Pipeline Tariffs

Under the PNGRB Act, the PNGRB determines the transportation tariffs applicable to (i) common or contract carrier transmission pipelines; and (ii) city or local natural gas distribution networks. The tariffs are payable on a zonal basis. All users within the same zone are treated equally without any preferential treatment given to particular users. The PNGRB may separately charge additional compression charge for the compression of natural gas to the extent not included in the tariff. The Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (**Pipeline Tariff Regulations**), was notified by the PNGRB under the Petroleum and Natural Gas Regulatory Board Act, 2006 on 20 November 2008. The Pipeline Tariff Regulation sets forth the procedure for determining the tariffs applicable to natural gas pipeline (the **NGS Tariff**). The Pipeline Tariff Regulations do not apply to (i) any pipeline laid that is dedicated to transport natural gas to a specific customer as opposed to re-selling it further, and (ii) pipelines in a city or local gas distribution network which are regulated by the Pipeline Regulations. Under the Pipeline Tariff Regulations, the NGS Tariff is the sum of (i) the operative expense for the operating of the natural gas pipeline; and (ii) a premium which takes into account the reasonable rate of return of the capital employed, each of (i) and (ii) should be calculated on a normative level basis. For the purpose of this paragraph, "normative level" means, in relation to the operating expense and capital (as the case may be), a level that is reasonable and justifiable having taken into account the amount incurred to lay, build, operate or expand an efficient natural gas pipeline over its entire economic life each with respect to the relevant project. Entities subject to the Pipeline Tariff Regulations are required to submit its computation methods for determining the unit NGS tariff over all the tariff zones throughout the economic life of the project. The economic life of the project shall be a period of 25 years from the date of grant of authorisation or the start up date of the commencement of physical activities. Entities subject to the Pipeline Tariff Regulations are required to submit its computation methods for determining the unit NGS tariff over all the tariff zones throughout the economic life of the project. The Pipeline Tariff Regulations also require the entity involved to submit for the PNG Board's approval the calculations in respect of apportioning of the unit natural gas pipeline tariff over all the tariff zones during the economic life of the project.

Pipeline Regulations

The Pipeline Regulations require all entities proposing, or directed by the PNGRB, to lay, build, operate, or expand a natural gas pipeline to obtain authorisation from the PNGRB, on submission of documents demonstrating financial and technical adequacy, including possession of all requisite regulatory and corporate approvals. The PNGRB may cancel an existing authorisation under the Gas Pipeline Regulations, if the authorised entity fails to achieve the prescribed conditions precedent, including achievement of financial closure or submission of required documentation such as the requisite corporate approvals or the executed gas transportation agreement.

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 apply to entities building, operating and expanding pipelines. These regulations apply to all new and existing pipelines and regulate, among other things, the applicable procedures and pipelines' parameters.

GUIDELINES ON SAFETY

Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 (Safety Rules)

The Safety Rules which regulates safety in offshore oil and gas exploration, exploitation, production, drilling and related matters was notified by MoPNG under the Oilfields Act on 18 June 2008. The Oil Industry Safety Directorate is the competent authority which exercises powers under the Safety Rules. Under the Safety Rules, the licensees, lessees, or operators (each an **Operator**) are required to undertake petroleum activities in a safe manner by implementing plans and activities which are not only healthy and safe for an individual but also environmentally friendly. Consent for new and existing mobile or fixed offshore installations is required from the competent authority within the period specified in the Safety Rules. The Safety Rules require operators of offshore installations to report to the competent authority within 30 days of commencement of these rules, the date of commencement or cessation of operation. Further, the operator of a new offshore installation shall report to the competent authority the date of such commencement on or before the date on which the offshore installation is due to commence operation in relevant waters. The Operator is also responsible for (i) providing health related resources, (ii) establishing a safety management system, (iii) carrying out risk assessment, (iv) maintaining information and records for petroleum activities (including permanent plugging of wells), accidental pollution, recovery incidents, rescue measures and the remedial actions taken, and (v) reporting on the impact of its activities to the environment. In addition to the Safety Rules, the following rules and regulations setting the safety standards for petroleum and natural gas activities remain applicable:

- Petroleum and Natural Gas Regulatory Board (Procedure for Development of Technical Standards and Specifications including Safety Standards) Regulations, 2009 which stipulate the procedures for developing draft standards by technical committees or standard development organisations for activities relating to petroleum, petroleum products and natural gas, which include the construction and operation of pipelines and infrastructure projects related to downstream petroleum and natural gas sector;

- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009 which stipulate (i) safety matters pertaining to the common carrier or contract carrier natural gas pipelines, including pipeline design, materials and equipment, welding, fabrication, installation, testing, commissioning, operation and maintenance and corrosion control; and (ii) safety requirements for natural gas pipelines; and

- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2009 which stipulate the safety aspects of the operation and maintenance of CGD networks.

The Petroleum & Natural Gas Regulatory Board has issued the Petroleum and Natural Gas Regulatory Board (Integrity Management System for Natural Gas Pipelines) Regulations, 2012 which was notified on 5 November 2012. These regulations cover all the existing and new natural gas transmission pipelines, spur lines and dedicated pipelines. These regulations outline the basic features and requirements for developing and implementing an effective and efficient integrity management plan for natural gas pipeline system.

The Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 (the ERDMP Regulations)

The ERDMP Regulations are applicable to, among other things, transportation of petroleum products by road and pipelines, processing installations, petroleum and gas storage facilities and terminals, and liquid petroleum product pipelines. The scope of the ERDMP Regulations covers identification of emergencies, mitigation measures that attempt to reduce and eliminate the risk of disasters and plans of action when emergencies occur.

REGULATION OF EXPLORATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS

Under Article 297 of the Constitution of India, the Union of India has jurisdiction over petroleum and natural gas in India, with MoPNG as the principal regulator of oil and natural gas E&P activities. MoPNG is responsible for regulating the exploration, production, distribution, marketing and pricing of petroleum resources, including crude oil and natural gas. MoPNG is also responsible for regulating the planning and development of oil field services.

The Directorate General of Hydrocarbons (**DGH**) was established under the aegis of MoPNG in 1993, with the objective of promoting sound management of Indian petroleum and natural gas resources that takes into account the balance between environmental, economic and technological development and its overall safety. DGH, which remains under the control of MoPNG, was established as the MoPNG acknowledged the need for an agency to not only advise the Government, but also to regulate and oversee the upstream activities in the petroleum and natural gas sector. The upstream petroleum sector was originally dominated by public sector companies which the Government could effectively monitor. However, as the sector gradually opened to private investment, an increasing number of private and joint sectors companies entered the field. The need to establish an agency that could effectively supervise the activities of all companies in the sector was therefore pertinent.

Other bodies under the MoPNG's control include the (a) OIDB, which provides financial and other assistance for development of the oil industry; (b) Petroleum Conservation Research Association (**PCRA**), which promotes awareness of energy conservation and good practices in use and application of energy, (c) Centre for High Technology, which serves as a nodal data-gathering agency with respect to technological matters; and (d) Oil Industry Safety Directorate (**OISD**), which develops standards and codes for safety and fire-fighting and conducts periodic safety audits of petroleum handling facilities. In addition, the Director General of Mines and Safety (**DGMS**) issues directions in respect of onshore petroleum mining installations.

Oilfields Act

Oil and natural gas exploration activities are governed by the Oilfields Act, which provides for regulation of oilfields and development of mineral fuel oil resources. Oilfields are areas where any operation for obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any petroleum products in liquid or solid state, is to be or is being carried out. Petroleum exploratory licenses (**PEL**) and petroleum mining leases (**PML**) with respect to the exploration of mineral oils

including crude oil and natural gas are granted under the Oilfields Act. The Oilfields Act vests the Government with the authority to set down rules for the development and conservation of mineral oils, to amend the terms of the PELs and PMLs, and to levy royalties, fees or charges on extraction of mineral oil from areas under the PMLs.

On September 1, 2006, GoI designated DGH as the authority to exercise powers and functions of GoI with a view to promote sound management of hydrocarbon resources in India. Accordingly, DGH, *inter alia* has the following responsibilities, viz. (a) reviewing and monitoring exploration programmes and development plans for commercial discoveries of hydrocarbon reserves proposed by a licensee or lessee; (b) reviewing management of petroleum reservoirs by a licensee or a lessee; (c) asking for and maintaining geo-scientific data, reports and information from a licensee or a lessee; (d) reviewing reserves discovered by a licensee or lessee in accordance with generally accepted international petroleum industry practices; (e) laying down norms for declaration or announcement of discoveries by a licensee or a lessee; and (f) monitoring oil and gas production and payment of royalties, cess or other charges due to GoI. In the event the GoI executes a PSC the DGH shall discharge its duties in accordance with and in a manner that is consistent with such PSC.

The Mines Act, 1952 (Mines Act)

The Mines Act, along with the rules and regulations therein, seeks to regulate the working condition in mines (including oil and natural gas extraction facilities) by providing for measures to be taken for the safety of the workers employed. The Mines Act has been enacted with the objective of providing for the health, safety and welfare of workers employed in the mines against industrial and occupational hazards. The enactment provides duties, guidelines and standards that are to be maintained during mining operations and management of mines; hours and limitation of employment; leave with wages of mine workers. It empowers the Government to appoint qualified persons as inspectors and chief inspectors of mines who shall have the power to inspect and examine any part of the mine at any time, in order to ascertain whether the provisions of the Mines Act, and the rules and regulations therein, are being followed. General disobedience of orders or non-compliance of provisions of the Mines Act may result in both criminal and civil penalties.

The Mines Act is administered through the DGMS, which is the regulatory agency for safety in mines and oversees compliance, with the objective of reduction in risk of occupational diseases and casualty to persons employed in mines.

Oil Mines Regulations, 1984 (Oil Mine Regulations)

No mine shall be opened or processed without a manager and a safety officer who are duly appointed under the Oil Mine Regulations. Furthermore, one or more installation managers should be appointed to take charge of different installations at every mine. An owner, agent or manager of a mine is required to provide notice regarding the opening or closure of the mine and accidents associated with the mine to the Chief Inspector and to the Regional Inspector designated under the Oil Mine Regulations. An owner, agent or manager is also required to submit quarterly returns to the Chief Inspector and Regional Inspector, and annual returns to the District Magistrate and Chief Inspector. The returns to be submitted are set out in the prescribed form, which requires (i) a key plan showing the area in which operations for mining of petroleum and ancillary operations are carried on, (ii) a surface plan showing the location of all wells including abandoned wells, railways, power transmission lines, public roads, or other permanent structures not belonging to the owner, and (iii) a plan indicating the rivers and water courses within mining areas. A new pipeline or any significant alteration can be carried out in any existing pipeline only with the prior approval of the Regional Inspector and in accordance with such conditions as he may specify. The application for permission to open or process a mine shall be sent to the Chief Inspector and District Magistrate in the prescribed form, accompanied by copies of a plan indicating the area and location of the proposed pipeline to show the extent of land and route over which RoU could be established.

The Directorate General of Mine Safety has notified the Draft Oil Mines Regulations, 2011. Additionally, Draft Oil Mines Regulations, 2016 were released on 27 June, 2016 inviting public comments. These draft regulations, once notified in the official gazette, will supersede the current Oil Mines Regulations.

Petroleum and Natural Gas Rules, 1959 (PNG Rules)

The PNG Rules, as notified by the Government under the Oilfields Act, provide the framework for granting PELs and PMLs. The PNG Rules prohibit the prospecting or exploitation of any oil or natural gas unless a license or lease is granted under the PNG Rules. A PEL entitles the licensee to an exclusive right to a lease for extracting oil and gas from the contract area. A PML entitles the lessee to an exclusive right to extract oil and natural gas from the contract area. PELs and PMLs are granted by MoPNG with regards to offshore areas, while onshore areas require both the Government's prior approval and the approval by the relevant state governments.

The term of a PML is generally 20 years, and the area covered by it is ordinarily 250 square kilometres. Upon grant of PML, the lessee has to pay either the prescribed rent or the royalty, whichever is higher, in relation to the concerned lease. While the rent is payable based on the area of the land leased, the royalty is the amount that is generally payable as a percentage of the value at well head of the natural gas obtained by the lessee. The Government has the right to order a royalty to be paid in petroleum and natural gas instead of money. Under the Oilfields Act, the levy of a royalty is permitted up to 20 per cent. of the sale price of the mineral oil, which includes natural gas. In the event of a national emergency in respect of petroleum, the Government has the right of pre-emption in relation to the refined petroleum or petroleum products produced from the crude oil or natural gas extracted from the area under a lease. Further, under the P&NG Rules, the Government may, in the interests of conservation of mineral oils (which include natural gas), restrict the amount of petroleum or natural gas that may be produced by a lessee in a particular field.

In 2006, the Government amended the PNG Rules which requires a licensee or a lessee to provide either the Government or DGH (in its capacity as the Government's designated agency) all data that has been, or will be, obtained under their respective petroleum activities. The PNG Rules state that such data shall be GoI's property, provided that the licensee or lessee shall have the right to make use of such data free of cost, for the purposes of petroleum operations under the license or lease. Further, as per the PNG Rules, the GoI has the right to disclose to the public all non-proprietary data without consent of the licensee or lessee, and all proprietary data with the consent of the licensee or lessee, and the GoI is the sole authority to determine proprietary nature of the concerned data.

New Exploration Licensing Policy (NELP)

Prior to the introduction of NELP, the issue of licences and Production Sharing Contracts (**PSC**) were regulated by the Oilfields Act and the PNG Rules, where exploration blocks were offered for exploration and production only to national oil companies.

NELP was formulated by the Government in the fiscal year 1997 to provide a level playing field where prospective contractors in both the public and private sectors could compete on equal terms for the award of exploration and mining acreage. The main objective was to attract significant risk capital from Indian and foreign companies, state of art technologies, new geological concepts and best management practices to explore oil and gas resources in the country to meet rising demands of oil and gas. The notification of NELP in 1999 had specified that there would be no mandatory state participation through national oil companies. National oil companies could no longer obtain PELs on a nomination basis and will need to compete for PELs. Under NELP, national oil companies no longer receive preferential treatment, and their right to reserve blocks had been removed. National oil companies, together with other companies, are required to pay international price for oil discovery made in blocks which were offered under NELP.

Prominent features of NELP

- Presently, there are separate policies and licenses for different hydrocarbons. There are separate policy regimes for conventional oil and gas, coal-bed methane, shale oil and gas and gas hydrates. Different fiscal terms are also in force for allocation of acreages for exploration for different hydrocarbons. This fragmented policy framework leads to inefficiencies in exploiting natural resources.

- The PSCs under NELP are based on the principle of "profit sharing". When a contractor discovers oil or gas, he is expected to share with the Government the profit from his venture, as per the percentage given in his bid. Until any profit is made, no share is given to the Government, other than royalties and cesses. Since the contract requires the profit to be measured, it becomes necessary for the cost to be accounted for and checked by the Government. To prevent loss of Government revenue, these are requirements for Government approval at various stages to prevent the contractor from exaggerating the cost. Activities cannot be commenced till the approval is given. This process of approval of activities and cost gives the Government a lot of discretion and has become a major source of delays and disputes. Many projects have been delayed for months and years due to disagreement between the Government and the contractor regarding the necessity or lack of necessity for particular items of cost, and the correctness of the cost.

- Another feature of the current system is that exploration is confined to blocks which have been put on tender by the Government. There are situations where exploration companies may themselves have information or interest regarding other areas where they may like to pursue exploration. These opportunities remain untapped, until bidding is commenced by the Government.

- The pricing of gas in the current system has undergone many changes and witnessed considerable litigation. Currently, the producer price of gas is fixed administratively by the Government. This has led to loss of revenue, a large number of disputes, arbitrations and court cases.

- The current policy regime, in fixing royalties, does not distinguish between shallow water fields (where costs and risks are lower) and deep/ultra-deep water fields where risks and costs are much higher.

The model PSC (**Model PSC**) is a model contract between the Government and a licensee or lessee (in each case, a **Contractor**) with respect to grant of a PEL or PML. The Model PSC, as notified through NELP, is subject to the PNG Rules. Under Model PSC, the Contractor bears exploration risks and development and production costs in return for a stipulated share of the production. The Contractor's share is affected by the Government's share in a PSC which is determined on a case by case basis pursuant to a competitive bidding process with other Contractors. The Model PSC defines participating interest of contracting parties and designates an operator for the contract area under the PEL or PML. Where the Contractor under the PSC includes more than one company or entity, such entities are required to enter into a joint operating agreement among themselves. The contract period under the PSC includes (i) an exploratory phase which could be further split into two sub-phases, during which the Contractor operates under a PEL, and (ii) a development and production phase, during which the Contractor operates under a PML.

In addition, the PSC requires the Contractor to obtain the Government approval for (i) an appraisal programme which appraises any discovery, delineates petroleum reservoirs in terms of thickness and lateral extent and determines the quantity of recoverable petroleum, each in respect of the contract area; (ii) a development plan which sets out the plan with respect to its development of each commercial discovery; (iii) an annual work programme for the contracting period; (iv) a minimum work programme with respect to each exploration phase; and (v) any abandonment or site restoration plans. A Contractor signing a PSC is free to market the oil and gas it produces in the domestic market and has the option to amortise exploration and drilling expenditures over a period of ten years since its first commercial production.

Other benefits under NELP include (i) an income tax holiday for seven years since the commencement of its commercial production; (ii) exemptions from, among other things, payment of signature bonus, discovery bonus or production bonus; (iii) exemption from the payment of import duty on imports required for petroleum operations; (iv) a minimised expenditure commitment during the exploration period; and (v) no mandatory state participation/carried interest by or for national oil companies.

Other features as set out in the Model PSC include: (i) a defined procedure for the announcement of hydrocarbon discoveries; (ii) a requirement to prepare appraisal programmes of commercial discoveries made under nomination blocks, as well as development plan of such discoveries, having consulted the DGH within the specified period; (iii) a cost recovery mechanism in favour of the operator and a profit-sharing mechanism in favour of the Government. These mechanisms are distinguished from the existing contracts applicable to coal/lignite bed methane blocks where there is no cost recovery mechanism for the operator, and where payment to the Government is performance-linked; and (iv) a dispute resolution mechanism which applies the Arbitration and Conciliation Act, 1996 that is based on the United Nations Commission on International Trade Law model.

Hydrocarbon Exploration and Licensing Policy (HELP)

The Government had proposed a new regime in support of its “Ease of Doing Business” policy. Since 2014, the Government has launched regulatory reforms aimed at making it easier to do business in India. In a press note dated 10 March 2016, it was provided that the Government shall receive a share of the gross revenue from the sale of oil and gas, amongst other items and would not be concerned with the cost incurred.

Pursuant to the HELP, a graded system of royalty rates have been introduced, in which royalty rates will decrease from shallow water to deep water and ultra-deep water. At the same time, royalty rates for onshore areas shall be kept intact so that revenues to the state governments are not affected. Recognising the higher risks and costs involved in exploration and production from offshore areas, lower royalty rates for such areas have been proposed as compared to NELP royalty rates to encourage exploration and production in offshore areas. The implementation of HELP will enhance domestic oil and gas production, bring substantial investment in the sector and generate sizable employment. The policy is also aimed at enhancing transparency and reducing administrative discretion.

In addition, the uniform licence as proposed under the regime will enable the contractor to explore conventional as well as unconventional oil and gas resources including CBM, shale gas or shale oil, tight gas and gas hydrates under a single licence.

The four main facets of HELP can be delineated as follows:

1. Uniform license for exploration and production of all forms of hydrocarbons, including oil, gas, coal bed and methane under a single license and policy framework;

2. An open acreage policy — the concept of Open Acreage Policy will enable E&P companies choose the blocks from the designated area. Under this policy, a bidder may apply to the Government seeking exploration of any block not already covered by exploration. The Government will examine the Expression of Interest and justification. If it is suitable for an award, the Government will call for competitive bids after obtaining necessary environmental and other clearances. This will enable a faster coverage of the available geographical area;

3. Easy to administer revenue sharing model — Present fiscal system of production sharing based on Investment Multiple and cost recovery/production linked payment will be replaced by an easy to administer revenue sharing model. The earlier contracts were based on the concept of profit sharing where profits are shared between the Government and the contractor after recovery of cost. Under the profit sharing methodology, it became necessary for the Government to scrutinize cost details of private participants and this led to many delays and disputes;

4. Marketing and pricing freedom for the crude oil and natural gas produced in the domestic market on an arms-length basis. To safeguard the Government revenue, the Government's share of profit will be calculated based on the higher of prevailing international crude price or actual price. Contracts will be based on "biddable revenue sharing". Bidders will be required to quote revenue share in their bids and this will be a key parameter for selecting the winning bid. They will quote a different share at two levels of revenue called "lower revenue point" and "higher revenue point". Revenue share for intermediate points will be calculated by linear interpolation. The bidder giving the highest net present value of revenue share to the Government, as per transparent methodology, will get the maximum marks under this parameter;

The new policy regime marks a generational shift and modernization of the oil and gas exploration policy. It is expected to stimulate new exploration activity for oil, gas and other hydrocarbons and eventually reduce import dependence. It is also expected to create substantial new job opportunities in the petroleum sector. The introduction of the concept of revenue sharing is a major step in the direction of "minimum government maximum governance", as it will not be necessary for the Government to verify the costs incurred by the contractor. Marketing and pricing freedom will further simplify the process.

Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil

In 2013, MoPNG issued the "Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil by NOCs under the Nomination Regime, 2013" (the **Guidelines**) to allow shale gas exploitation and exploration. The Guidelines will be applicable to on land Oil & Gas Nomination acreages with NOCs, and they further provide that NOCs holding PEL/PMLs granted under the Nomination regime can apply for rights to exploit shale gas. NOCs will be required to undertake a minimum work programme with a fixed timeline for shale gas and oil exploration or exploitation. Tax incentives are offered for shale gas exploitation. The Guidelines provide that full exemption from basic customs duty and additional duty of customs for specified goods required in connection with petroleum operations undertaken under petroleum licences or mining leases issued on nomination basis would be available for exploration and exploitation of shale gas and oil. The Guidelines also provide that the holder of the PEL/PML will be responsible for ensuring health, safety and environment, site restoration, and adoption of best industry practices and follow statutory requirements for all purposes under licence and mining lease. Royalty, cess and taxes for shale gas and oil would be payable as par with conventional gas/oil being produced from the respective areas, at the prevailing rates, as applicable.

Policy for grant of extension to the PSCs for small, medium sized and discovered fields

28 small, medium sized fields discovered by national oil companies, were awarded to Private Joint Ventures through PSCs during 1994 -1998 for periods varying from 18 to 25 years. These PSCs are effective from different points of time. The earliest of PSCs were signed in the year 1994. Out of 28 PSCs, two fields in which the duration of the PSC had expired in 2013 had been granted extension up to 2018. The remaining PSCs would start expiring from 2018.

For many of these fields the recoverable reserves are not likely to be produced within the remaining duration of contract. Further, in certain fields where additional recovery of hydrocarbons can be obtained only through capital intensive Enhanced Oil Recovery/Improved Oil Recovery (EOR/IOR) Projects, the payback period would extend beyond the current duration of the contract.

A uniform and transparent policy for extension of the remaining reserves is required to be put in place to enable the contractors to take investment decisions for exploitation of the remaining reserves. It is expected to expedite decision making, enable timely planning by the contractors, and lead to increased oil and gas production.

The following process and guidelines for extension of contracts for small and medium sized discovered fields are being put in place by the Government:

- The contractor should submit the application for extension of contract at least two years in advance of the expiry date, but not more than six years in advance. The Director General Hydrocarbons (**DGH**) will make a recommendation within six months of submission of application by the contractor. The Government will take a decision on the request for extension within three months of receipt of the proposal from DGH.

- The Government share of profit petroleum during the extended period of contract shall be 10.00 per cent. higher than the share as calculated using the normal PSC provisions in any year during the extended period. For example, if the current profit shares, is 10.00 per cent. or 20.00 per cent., it shall become 20 per cent. or 30.00 per cent., respectively.

- During the extended period of Ccontract, the royalty and cess shall be payable at prevailing rates and not at concessional rates stipulated in the contracts.

- The extension of these PSCs would be considered.

GUIDELINES FOR MANAGEMENT OF OIL AND GAS RESOURCES

MoPNG issues guidelines for management of oil and gas resources. These guidelines give broad powers to the Directorate General of Hydrocarbons for management of oil and gas resources. The powers of the Directorate General of Hydrocarbons include, among other things, monitoring the exploration program for nomination blocks, monitoring the development of hydrocarbon discoveries, and monitoring oil and gas reservoir management.

Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (Territorial Waters Act)

The Territorial Waters Act empowers the Government to extend the application of any Central Government legislation to the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India. Accordingly, the Territorial Waters Act provides for the grant of PELs and PMLs by the Government (and in respect of land vested in a state government, by that state government with prior approval of the Government) to explore and exploit resources of the continental shelf and the exclusive economic zone.

Coastal Regulation Zone Notifications

The Ministry of Environment & Forests (**MoEF**) has issued certain notifications on 19 February 1991, which were consequently amended by the regulations dated 16 August 1994, 9 July 1997 and 12 August 2001 to declare coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action (in the landward side) up to 500 meters from the high tide line, and the land between the low tide line and high tide line as "Coastal Regulation Zones" (**CRZs**) and to impose restrictions on the set up and the expansion of industries, operations or processes in the CRZ. The prohibited activities include the manufacturing and handling of oil or disposal of hazardous substances as specified in earlier notifications, excluding facilities for receipt and storage of petroleum products and LNG as specified in the CRZ Notification 2011 (**2011 Notification**) and facilities for re-gassification of LNG in areas not classified as CRZ-1.

As per the 2011 Notification, the coastal stretches of India and the water area up to its territorial water limit, excluding the islands of Andaman and Nicobar and Lakshadweep and the marine areas surrounding these islands up to its territorial limit were declared as CRZs. Moreover, more specifically, the 2011 Notification declared the following areas as CRZs:-

(a) the land area from High Tide Line (hereinafter referred to as the HTL) to 500mts on the landward side along the sea front;

(b) the land area between HTL to 100 mts or width of the creek whichever is less on the landward side along the tidal influenced water bodies that are connected to the sea and the distance up to which development along such tidal influenced water bodies is to be regulated and shall be governed by the distance up to which the tidal effects are experienced which shall be determined based on salinity concentration of five parts per thousand (ppt) measured during the driest period of the year and distance up to which tidal effects are experienced shall be clearly identified and demarcated accordingly in the Coastal Zone Management Plans (CZMPs);

(c) the land area falling between the hazard line and 500 mts from HTL on the landward side, in case of seafront and between the hazard line and 100mts line in case of tidal influenced water body, 'hazard line' denotes the line demarcated by MoEF through the Survey of India taking into account tides, waves, sea level rise and shoreline changes;

(d) land area between HTL and Low Tide Line (LTL) will be termed as the intertidal zone;

(e) the water and the bed area between the LTL to the territorial water limit (12 Nautical Miles) in case of sea and the water and the bed area between LTL at the bank to the LTL on the opposite side of the bank, of tidal influenced water bodies.

Guidelines for Management of Oil and Gas Resources for Nomination Blocks (Oil and Gas Nomination Block Management Guidelines)

The Oil and Gas Nomination Block Management Guidelines were announced by the MoPNG in 2007 to regulate nomination blocks which were awarded to national oil companies prior to the introduction of NELP and PSC. Under the Oil and Gas Nomination Block Management Guidelines, national oil companies are required to, among other things, prepare an appraisal programme of their discoveries made under nomination blocks after having consulted the DGH under a specific time frame that is similar to the requirement set out in NELP. In addition, national oil companies are required to prepare development plans of their discoveries made under nomination blocks in consultation with the DGH.

The Oil and Gas Nomination Block Guidelines prescribes the constitution of a management committee comprised of the DGH, representatives from MoPNG and a director-level representative from the relevant national oil company. The Director General, DGH will act as chairman and the DGH is required to review and monitor the progress and performance of national oil companies in accordance with each PEL and international practice. Similar to the PSC requirements, the DGH could also frame procedures for the announcement of hydrocarbon discoveries and the reporting of hydrocarbon reserves. Furthermore, the DGH is responsible for monitoring the development of hydrocarbon discoveries of nomination blocks and health of reservoirs of all producing fields operated by national oil companies.

National Resettlement and Rehabilitation Policy, 2007

The National Rehabilitation and Resettlement Policy, 2007 was notified by the Government on 31 October 2007 to rehabilitate and resettle persons (i) affected by the acquisition of land for projects of public purpose or (ii) displaced involuntary due to any other reason. The Government will establish a Rehabilitation and Resettlement Committee to monitor the implementation progress of any scheme or rehabilitation and resettlement of affected families in cases where the involuntary displacement involves (i) 400 or more families *en masse* in plain areas; (ii) 200 or more families *en masse* in tribal or hilly areas, blocks of the Desert Development Programme of the Government (the **DDP**) or areas mentioned in the Fifth or Sixth Schedule to the Constitution of India of the Government. The DDP is a programme set up by the Government which aims to (i) combat drought and desertification, (ii) mitigate the adverse effect of drought and desertification on crop production, livestock and people, and (ii) encourage restoration of the ecological balance by harnessing, conserving and developing natural resources. The Rehabilitation and Resettlement Committee will also carry out post-implementation social audits.

The National Rehabilitation and Resettlement Policy, 2007, is a revised and improved version of the National Policy on Resettlement and Rehabilitation for Project Affected Families, 2003. Under the National Rehabilitation and Resettlement Policy, 2007, project promoters are required to consider alternative sites before submitting requests for land acquisitions. The area of land to be acquired will also be limited to a minimum size to commensurate with the purpose of the project. Projects should, as far as possible, be set up on wasteland, degraded land or un-irrigated land. The Governments should consider options that would minimise the number of people being displaced, the total area of land to be acquired and the acquisition of agricultural land for non-agricultural projects. In addition, a social impact assessment is required where an involuntary displacement will involve at least 400 families *en masse* in plain areas and 200 families *en masse* in hills.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFTLA Act)

The RFTLA Act has received the assent of the President of India on 27 September 2013 and came into force from 1 January 2014. The key provisions of the RFTLA Act are as follows, viz. (i) RFTLA Act completely replaces the Land Acquisition Act, 1894, (ii) the process for land acquisition involves a social impact assessment and environmental impact assessment survey, preliminary notification stating the intent for acquisition, a declaration of acquisition, and compensation to be given by a certain time, (iii) all acquisitions require rehabilitation and resettlement to be provided to the people affected by the acquisition, (iv) compensation for the owners of the acquired land shall be four times the market value in case of rural areas and two times in case of urban areas, (v) in case of acquisition of land for use by private companies or public private partnerships, consent of 70 per cent. of the displaced people will be required. Purchase of large pieces of land by private companies will require provision of rehabilitation and resettlement, and (v) the provisions of the RFTLA Act shall not apply to acquisitions under 13 existing legislations including, *inter alia*, the Electricity Act, 2003, the Atomic Energy Act, 1962 and the Railways Act, 1989.

Explosives Act, 1884 (the Explosives Act)

Under the Explosives Act, the Government has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant of license for the same activities. The Government may prohibit the manufacture, possession or importation of especially dangerous explosives. Any contravention of the Explosives Act or rules made under it, being the Explosives Rules, 1983, may lead to an arrest without warrant and imprisonment for three years, including a fine which may extend up to Rs.5,000.

ENVIRONMENTAL REGULATIONS

The Environmental Protection Act, 1986 (**Environment Protection Act**), Water (Prevention and Control of Pollution) Act, 1974 (**Water Act**) and the Air (Prevention and Control of Pollution) Act, 1981 (**Air Act**) provide for the prevention, control and abatement of pollution. Pollution Control Boards (**PCBs**) have been constituted in all the states in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment.

The Hazardous Waste (Management and Handling) Rules, 1989 (**Hazardous Waste Rules**) include waste oil and oil emulsions under the definition of hazardous wastes and impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly, including proper collection, treatment, storage and disposal. Every occupier and operator of a facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste. In addition, the Merchant Shipping Act, 1956 provides for liability arising out of loss or damage caused outside the ship by contamination resulting from escape or discharge of oil from such ship.

Further, the approval of the MoEF is required under Environment Protection Act and/or the Forest (Conservation) Act, 1980 (**Forest Conservation Act**), for any diversion of forest land in relation to a project or in case the project value exceeds certain specified limits for a new project or expansion of an existing project.

The Government has formulated legislation for exploration and production and refining and manufacturing companies that have operations in environmentally sensitive areas. A detailed environmental impact assessment study is required to be carried out in phases before commencement of certain operations so that the impact on biodiversity and ecological sensitivity can be reduced through mitigating measures. The EPA, the Water Act and the Air Act provide for the prevention, control and abatement of pollution. PCBs have been established in all states in India to exercise the powers under these statutes in order to prevent and control pollution. Companies must obtain the prior clearance of the relevant state PCBs for emissions and discharge of effluents into the environment. If the project value exceeds Rs.1 billion for a new project or Rs.500 million for the expansion of existing oil and gas exploration and production project, the project also requires the approval of the Ministry of Environment and Forests.

The Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2016, enlist processes such as petrochemical processes and pyrolytic operations, crude oil and natural gas production, petroleum refining or re-processing of used oil or recycling of waste oil as processes which generate hazardous waste. The hazardous waste generated by each of these processes is specified in Schedule 1 of the aforementioned rules which on account of their physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics causing danger to health or environment. These rules impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes in accordance with the steps delineated in the aforementioned rules. It also imposes obligations in respect of the collection, treatment and storage of hazardous wastes on the relevant state government, occupier, operator of a facility or any association of occupiers. Each occupier and operator of any facility generating hazardous waste is required to obtain an authorisation from the relevant state Pollution Control Board for collecting, storing, handling and treating the hazardous waste. Moreover, the relevant state Pollution Control Board is required to monitor the setting up and operation of the common or captive treatment, storage and disposal facility regularly. Further, registration has to be obtained by any person desirous of recycling or reprocessing hazardous wastes. These rules also impose restrictions on import and export of hazardous wastes. The Ministry of Environment and Forests is the nodal Ministry to deal with trans-boundary movement of hazardous wastes.

Furthermore, the MoEF has by way the 2011 Notification, declared coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 meters from the high tide line, and the land between the low tide line and high tide line, as coastal regulation zones and has imposed restrictions on setting up and expanding industries, operations or processes in these zones. In addition, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 regulates the exploration and exploitation of resources of the continental shelf and exclusive economic zone. The exploration activities of the offshore blocks acquired may also be subject to this statute.

In addition, the Merchant Shipping Act, 1958 provides for liability in respect of loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship, wherever such escape or discharge occurs. Under the Indian Forest Act, 1927, state governments have the power to declare any land covered by forests or any wasteland in a state a "reserved forest", "village forest" or "protected forest". The conduct of upstream operations for petroleum or natural gas in such areas requires prior approval of the competent authority. Furthermore, exploration, development or production operations for petroleum and natural gas is not permitted in areas designated as sanctuaries or reserves under the Indian Wildlife (Protection) Act, 1972. The Indian Forest (Amendment) Bill, 2012 (**Forest Bill**) was introduced in the Rajya Sabha, the Upper House of the Parliament of India on 26 March 2012. The Forest Bill consolidates the law related to forests and forest produce. It prohibits certain activities, some of which are punishable with imprisonment of up to six months or a fine of Rs. 500. These include making fresh clearances in forests and setting fire to a reserved forest. These offences can be compounded by officers empowered by the state government. However, the Forest Bill has been withdrawn from the Rajya Sabha, the Upper House of the Parliament of India on 23 December 2015.

Forest Conservation Act

The Forest Conservation Act has been enacted to protect forests and for matters connected therewith or ancillary or incidental thereto in India. The Forest Conservation Act requires prior approval of the Government, through MoEF, for any land covered by forest to be leased or used for industrial purposes and the de-reservation of any land notified as a "Reserved Forest" by a state government under the Indian Forest Act, 1927. However, the Forest Bill was withdrawn from Rajya Sabha. Under the Forest (Conservation) Rules, 2003, issued by the Government pursuant to the Forest Conservation Act, a party wishing to carry out operations in a block covered by forests or in areas that have been declared "Reserved Forest" under the Indian Forest Act, 1927 are required to submit an application for approval to the MoEF. Clearance under the Forest Conservation Act typically requires undertakings and payments to be made for the cost of re-forestation, in accordance with schemes notified by the state government, in the relevant areas.

*Environment Protection Act and the Environment (Protection) Rules, 1986 (the **EPR**)*

The Environment Protection Act is the umbrella legislation in respect of the various environmental protection laws in India. The Environment Protection Act vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, prevention of accidents, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes, laying down procedures and safeguards for the handling of hazardous substances; preparation of manuals, codes or guides relating to the prevention, control and abatement of environmental pollution; and materials likely to cause pollution. The Environment Protection Act contains provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

PENALTIES FOR VIOLATION OF THE ENVIRONMENT PROTECTION ACT INCLUDE FINES AND/OR IMPRISONMENT

The Environment Impact Assessment Notification S.O. 1533(E) (the EIA Notification)

The EIA Notification issued under the Environment Protection Act and the Environment (Protection) Rules, 1986, as amended, provides that the prior environmental clearance of the Ministry of Environment and Forests or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that the obtaining of prior environmental clearance includes a maximum of four stages, including screening, scoping, public consultation and appraisal.

An application for prior environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report, public consultation involving both public hearing for ascertaining concerns of local affected persons and obtaining written responses from other concerned persons having a plausible stake in the environmental aspects of the project or activity is conducted by the State PCB. The Expert Appraisal Committee or State Level Expert Appraisal Committee, as the case may be, makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process. The prior environmental clearance granted for a project or activity is valid for the life of a project as estimated by Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned (the Ministry of Environment and Forests or the State Environment Impact Assessment Authority, as the case may be) by a maximum period of five years.

OVERSEAS DIRECT INVESTMENT REGULATIONS (FEMA ODI REGULATIONS)

Pursuant to the FEMA ODI Regulations of India under the Master Direction "Master Direction — Direct Investment by Residents in Joint Venture (**JV**)/Wholly Owned Subsidiary (**WOS**) Abroad", dated 1 January 2016, loans and guarantees can be extended to an overseas entity only if there is an already existing equity or compulsorily convertible preference shares participation by way of direct investment. However, based on the business requirements of the Indian Party and legal requirements of the host country in which the JV or WOS is located, proposals from the Indian Party for undertaking financial commitment without equity contribution in the JV or WOS may be considered by the Reserve Bank of India (**RBI**) under an approval route.

The RBI has enlarged the scope of guarantees covered under the automatic route in the FEMA ODI Regulations. Accordingly, Indian entities may offer any forms of guarantee including corporate or personal, primary or collateral, guarantee by the promoter company, guarantee by a group company or sister concern or associate company in India, inter alia provided that:

a) all 'financial commitments' as (defined in the FEMA ODI Regulations) including all forms of guarantees are within the overall prescribed ceiling for overseas investment of the Indian Party;

b) no guarantee is 'open ended' i.e. the amount of the guarantee should be specified upfront, and

c) as in the case of corporate guarantees, all guarantees (including performance guarantees and bank guarantees or standby letters of credit) are required to be reported to the RBI in Form ODI-Part II.

Additionally, a guarantee, which has been issued on behalf of the overseas JV or WOS or step-down subsidiary, may be allowed to be rolled over under the automatic route without subjecting the rollover to FEMA compliance again provided only the validity period of the existing guarantee is undergoing change. Any change in the end use of guarantee or overseas lender or rate of interest or amount or any other terms and conditions of the guarantee shall subject the rollover of the guarantee to the extent FEMA compliance again. In case, however, the overseas entity is a first level step down operating subsidiary of the Indian Party, guarantee may be issued by the Indian Party on behalf of such step down operating subsidiary provided such guarantee is considered for the purpose of computing the total financial commitment of the Indian Party. Further, the issuance of a corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the approval route, provided the party located in India indirectly holds 51 per cent. or more stake in the overseas subsidiary for which such guarantee is intended to be issued.

A Indian Party is permitted to issue performance guarantees and 50 per cent. of the amount of the performance guarantees will be considered for the purpose of computing financial commitment to its JV or WOS overseas which should be within the limit prescribed by the RBI from time to time. Further, the time specified for the completion of the contracts will be the validity period of the related performance guarantees. In cases where invocation of the performance guarantees breach the limit of the prescribed financial commitment, the Indian Party is required to seek prior approval of the RBI before remitting funds from India, on account of such invocation.

Under the approval route, the Indian Party is permitted, to issue a corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries, provided the Indian Party indirectly holds 51 per cent. or more stake in the overseas second level step down operating subsidiary for which such guarantee is intended to be issued.

FOREIGN INVESTMENT IN PETROLEUM AND NATURAL GAS SECTOR IN INDIA

Foreign investment in Indian securities is primarily regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Foreign Direct Investment in Petroleum and Natural Gas Sector

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry (**DIPP**) has issued 'Consolidated FDI Policy', with effect from June 2016, (the **FDI Circular**) which consolidates the policy framework on foreign direct investment (**FDI**).

The consolidation in the FDI Circular supersedes all press notes, press releases, clarifications and circulars issued by DIPP, which were in force as on 6 June 2016 and reflects the FDI Policy as on 7 June 2016 and will remain in force until superseded in full or in part thereof.

In accordance with the FDI Circular, FDI up to 100 per cent. under the automatic route is permitted in exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas, LNG regasification infrastructure, market study and formulation and petroleum refining in the private sector. Such investment is subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies. Furthermore, FDI up to 49 per cent. under the automatic route is permitted for petroleum refining by the public sector undertakings without any disinvestment or dilution of domestic equity in the existing public sector undertakings.

Investment by Foreign Portfolio Investor

Apart from investment under FDI route, Registered Foreign Portfolio Investors (**RFPI**) are permitted to purchase and sell shares and convertible debentures of an Indian company through registered broker on recognised stock exchanges in India as well as purchases shares and convertible debentures which are offered to public in terms of relevant SEBI guidelines or regulations.

The individual and aggregate investment limits for the RFPIs shall be below 10 per cent. or 24 per cent. respectively of the total paid-up equity capital or 10 per cent. or 24 per cent. respectively of the paid-up value of each series of convertible debentures issued by an Indian company. Further, where there is composite sectoral cap under FDI policy, these limits for RFPI investment shall also be within such overall FDI sectoral caps.

As per the RBI notification titled 'Foreign Portfolio Investor — investment under Portfolio Investment Scheme, Government and Corporate debt' dated 25 March 2014, any foreign institutional investor who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (**RFPI**) until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. A Qualified Foreign Investor (**QFI**) may continue to buy, sell or otherwise deal in securities subject to the SEBI (FPI) Regulations, 2014 for a period of one year from the date of commencement of these regulations, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

FOREIGN EXCHANGE LAWS

The current laws relating to overseas foreign currency borrowings, commonly referred to as external commercial borrowings (**ECBs**), by Indian companies are embodied in the Master Direction — External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016 issued by the RBI, as amended and updated from time to time (**ECB Guidelines**). ECB can be accessed under two routes: (i) the automatic route, and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Guidelines are subject to amendment from time to time.

Under the ECB Guidelines (updated by RBI as at 20 October 2016), the revised ECB framework shall comprise of the following three tracks:

- Track I: Medium term foreign currency denominated ECB with Minimum Average Maturity (MAM) of 3/5 years;

- Track II: Long term foreign currency denominated ECB with MAM of 10 years; and

- Track III: Indian Rupee denominated ECB with MAM of 3/5 years.

Some of the key restrictions on ECBs are as follows:

- the maximum amount of ECBs which can be raised under the automatic route by companies in infrastructure and manufacturing structures, Non-Banking Financial Companies -Infrastructure Finance Companies (**NBFC-IFCs**), NBFCs-Asset Finance Companies (**NBFC-AFCs**), Holding Companies and Core Investment Companies is U.S.$750.0 million or its equivalent during a financial year;

Considering the specific needs of the infrastructure sector, the following changes have been made to the ECB Policy under the approval route:

- Under Track I, the all-in-cost ceiling is prescribed through a spread over the bench mark as follows — for ECB with minimum average maturity period of three to five years, 300 basis points per annum over 6 month LIBOR or applicable bench mark for the respective currency. For ECB with average maturity period of more than five years, 450 basis points per annum over six month LIBOR or applicable bench mark for respective currency.

- Under Track-II, the maximum spread over the bench mark will be 500 basis points per annum, and the remaining conditions will be as provided under Track-I.

- Under Track-III, the all-in-cost ceiling would be in line with the market conditions.

Non-Banking Finance Companies (**NBFCs**) categorised as Infrastructure Finance Companies (**IFCs**) by the RBI and complying with the norms prescribed are permitted avail of ECBs under Track I subject to the following: (i) the borrowings must have a MAM of 5 years; (ii) the borrowings must be 100 per cent. hedged; and (iii) the borrower companies must have a board approved risk management policy in place. Infrastructure companies may use the funds borrowed for any of the permissible end uses under Track I (including import or local sourcing of capital goods, new projects or modernization of existing projects, overseas investments, and refinancing existing ECBs). However, NBFC-IFCs must use such funds only for financing infrastructure.

Procedure in relation to Any Change to the Terms and Conditions of the Notes

Any change in the Terms and Conditions of the Notes after obtaining the LRN require the prior approval of the authorised dealer bank. The ECB borrower is required to apply to the RBI via its authorised dealer bank to obtain such approvals. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised or any change to the authorised dealer bank) may be approved by the authorised dealer bank under a delegated authority from the RBI subject to certain conditions being complied with (except for FCCBs/FCEBs).

As per the RBI guidelines, while permitting changes under the delegated powers, the authorized dealer banks are obligated to ensure that:

a) the revised average maturity or where applicable, the all-in-cost, are in conformity with the applicable ceilings and guidelines, and the ECB continues to be in compliance with applicable guidelines. It should also be ensured that if the ECB borrower has availed of credit facilities from the Indian banking system, including overseas branches or subsidiaries, any extension of tenure of ECB (whether matured or not) shall be subject to applicable prudential guidelines issued by the Department of Banking Regulation of RBI including guidelines on restructuring.

b) the changes in the terms and conditions of ECBs allowed by the ADs under the powers delegated and/or changes approved by the RBI should be reported to the DSIM/RBI through revised Form 83 as soon as possible, in any case not later than seven days from the changes effected. While submitting revised Form 83 to the DSIM/RBI, the changes should be specifically mentioned in the communication. Further, these changes should also get reflected in the ECB 2 returns appropriately.

NEW COMPANIES ACT

The Companies Act 2013 (**New Companies Act**) has been notified by the Government on 30 August 2013 (**Notification**). The provisions of the New Companies Act will be effective on such date as is appointed by the Government by notification in the official gazette and different dates may be appointed for different provisions. Under the Notification, section 1 of the New Companies Act, deals with the commencement and application of the New Companies Act, and amongst others, sets out the types of companies to which the New Companies Act applies, has come into effect. Further the Ministry of Corporate Affairs has by its notification dated 12 September 2013 (**September 12 Notification**) notified 98 sections of the New Companies Act which came into force from 12 September 2013. The Government has reserved for itself the power to notify different provisions of the New Companies Act from time to time. The MCA also implemented on 27 February 2014 the corporate social responsibility (**CSR**) provisions (Section 135 and Schedule VII) of the New Companies Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**CSR Rules**), which have come into effect from 1 April 2014. Subsequently, provisions of clause (iv) of sub-section (29) of section 2, sections 435 to 438 (both sections inclusive) and section 440 of the New Companies Act as well as the sections pertaining to National Company Law Tribunal (**NCLT**) have come into force as a result of a notification dated 18 May 2016 (**May 18 Notification**) and a notification dated 1 June 2016 (**June 1 Notification**) respectively. Further, the MCA has by its notification dated 26 March 2014 (**March 26 Notification**), which provided that 183 sections and Schedule I to VI of the New Companies Act, which have come into effect from 1 April 2014. The New Companies Act seeks to overhaul the Companies Act, so as to make it more adaptable to the changing circumstances and make it comprehensive. The substantial operative part of the legislation will be in the rules (**Rules**), and the Rules for implementation of majority of the chapters of New Companies Act have also been notified on 26 March 2014 and have become effective on 1 April 2014, the date of publication in the official gazette.

Further, the sections of the New Companies Act that have been notified under the September 12 Notification amongst others include the provisions in relation to private and public companies, public offers and private placements, refunds of share application money, civil and criminal liability for misstatements in a prospectus, allotment of securities, buyback of securities, capital redemption reserve account, calling of extra ordinary general meeting, ordinary and special resolutions, appointment of directors, loans to directors, restrictions on powers of the board of directors, prohibition of insider trading, and forward dealings, foreign companies and offences under the New Companies Act.

The New Companies Act has introduced various sections including those related to layering restrictions, CSR, class actions, outbound mergers, minority exits and vesting of jurisdiction with the National Company Law Tribunal, which when enforced in its entirety, will significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including BPCL. For transition purposes, the New Companies Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered, registers maintained under the Companies Act (unless contrary to the New Companies Act) will continue to be valid under the New Companies Act.

The New Companies Act intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as (i) increasing accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts for summary trial of offences under New Companies Act; (ix) creating a better framework for insolvency regulation and (x) making CSR mandatory for every company having net worth of Rs.5 billion or more, or turnover of Rs.10 billion or more or a net profit of Rs.5 billion more during any financial year.

The provisions of the New Companies Act which require statutory or regulatory consultation or functioning of new bodies or prescription of relevant rules or forms will be brought in force after the preparatory action is completed. New Companies Act has introduced various sections including those related to layering restrictions, CSR , class actions, outbound mergers, minority exits and vesting of jurisdiction with the National Company Law Tribunal, which when enforced in its entirety, will significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies. For transition purposes, the New Companies Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered, registers maintained under the Companies Act, 1956 (unless contrary to the New Companies Act) will continue to be valid under the New Companies Act.

Additionally, section 465 (yet to be notified) of the New Companies Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of New Companies Act, be deemed to have been done or taken under the corresponding provisions of the New Companies Act.

Under the New Companies Act, every company having net worth of Rs.5 billion or more, or turnover of Rs. 10 billion or more or a net profit of Rs.50 million or more during any fiscal shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every fiscal, at least two per cent. of the average net profits of the company made during the three immediately preceding fiscals in pursuance of its corporate social responsibility policy.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A “mark” may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

The Insolvency and Bankruptcy Code 2016 (the IBC)

The Insolvency and Bankruptcy Code 2016 is one of the biggest legal reforms in the economic sector and received the assent of the President on 28 May 2016 and was notified in the Gazette on the same day.

The objective of the IBC is to promote entrepreneurship, availability of credit, and balance the interests of all stakeholders by consolidating and amending the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a timely manner and for maximization of value of assets of such persons and matters connected therewith or incidental thereto.

The IBC aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, presently contained in a number of legislations, into a single legislation. Such consolidation will provide for a greater clarity in law and facilitate the application of consistent and coherent provisions to different stakeholders affected by business failure or inability to pay debt. The vision of the new law is to encourage entrepreneurship and innovation.

The IBC is a comprehensive and systemic reform, which will have a significant effect on the functioning of the credit market.

Key features of the IBC are as follows:

(a) Speedy process for early identification of financial distress and insolvency resolution of companies and limited liability entities when the underlying business is found to be viable.

(b) Two distinct processes for reorganisation and insolvency resolutions of individuals, namely — "Fresh Start" and "Insolvency Resolution".

(c) Debt Recovery Tribunal and National Company Law Tribunal to act as adjudicating authority and to deal with the cases related to insolvency, liquidation and bankruptcy process in respect of individuals, unlimited partnership firms and in respect of companies and limited liabilities entities respectively.

(d) Establishment of an Insolvency and Bankruptcy Board of India to exercise regulatory oversight over insolvency professionals, insolvency professional agencies and any person who is registered with the Board as an information utility under section 210 of the IBC (**Information Utilities**).

(e) Insolvency professionals shall handle the commercial aspects of the insolvency resolution process. Insolvency professional agencies will develop professional standards, a code of ethics and be the first level regulator for insolvency professional members leading to development of a competitive industry for such professionals.

(f) Information Utilities shall collect, collate, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings.

(g) Specific provisions shall be implemented to deal with cross border insolvency.

A key innovation of the IBC is the incorporation of four pillars of institutional infrastructure, which have been delineated as follows:-

(a) The first pillar of institutional infrastructure is a class of regulated persons categorised as the 'Insolvency Professionals'. They would play a key role in the efficient working of the bankruptcy process. They would be regulated by 'Insolvency Professional Agencies'.

(b) The second pillar of institutional infrastructure is a new industry of 'Information Utilities'. These would store facts about lenders and terms of lending in electronic databases. This would eliminate delays and disputes about facts when default does take place.

(c) The third pillar of institutional infrastructure is adjudication. The NCLT will be the forum where firm insolvency will be heard and DRTs will be the forum where individual insolvencies will be heard. These institutions, along with their Appellate bodies, viz., NCLAT and DRATs will be adequately strengthened so as to achieve world class functioning of the bankruptcy process.

(d) The fourth pillar of institutional infrastructure is regulation, 'The Insolvency and Bankruptcy Board of India'. This body will have regulatory oversight over the Insolvency Professional, Insolvency Professional agencies and information utilities.

The provisions of the following sections of the IBC have come into force from November 1, 2016:-

(a) Section 196 relating to the powers and functions of the Insolvency and Bankruptcy Board of India;

(b) Section 197 relating to constitution of the advisory committee, executive committee or other committee;

(c) Section 223 relating to accounts and audit;

(d) Certain clauses of Sections 239 and 240 which empower the Central Government and the Insolvency and Bankruptcy Board of India to make rules and regulations for carrying out the provisions of the IBC;

(e) Section 244, relating to the transitional provisions;

(f) Sections 246, Section 247 and Section 248, relating to the amendments of Central Excise Act, 1944, Income-tax Act, 1961 and Customs Act, 1962, respectively;

(g) Section 250 relating to the amendments of Finance Act, 1994; and

(h) Section 252 relating to amendments of Sick Industrial Companies (Special Provisions) Repeal Act, 2003.

IMPLEMENTATION OF THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

The SEBI announced the implementation of the Multilateral Competent Authority Agreement and FATCA on 26 August 2015. Moreover, the Government of India published a "Guidance Note on Implementation of Reporting Requirements under Rules 114F to 114H of the Income-Tax Rules", updated on 31 December 2015. This note provides regulatory guidance to financial institutions, regulators and officers of the tax department for ensuring compliance with the reporting requirements under the said Rules. It intends to explain the complex reporting requirements and provide further guidance wherever required. Among other things, it enshrines guidelines for new global standards on Automatic Exchange of Information (**AEOI**), enactment of FATCA and signing of the Inter-Governmental Agreement (**IGA**) with the US, commitment to implement CRS on AEOI, etc.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India or the country of which they are residents.

Prospective investors must inform themselves as to any tax laws or regulations in force relating to the purchase, holding or disposition of the Notes in their country of residence, citizenship or in which they purchase, hold or dispose of the Notes.

Indian Taxation

The following summary describes certain Indian tax consequences applicable to the ownership and disposal of Notes by persons who are not resident for tax purposes in India and who do not hold Notes in connection with a trade, business or permanent establishment in India.

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by the relevant Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes. This summary does not cover all tax matters that may be of importance to a particular purchaser.

Payments through India

Any payments by each of the Issuers on the Notes including any additional amounts, made through India, would be subject to the regulations of RBI.

Taxation of interest

Interest on the Bonds may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the relevant Issuer outside India. However, should the proceeds be used for the purposes of the business of the relevant Issuer in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the rate of five per cent. under Section 115A of the Income Tax Act, 1961 (the **Income Tax Act**) (plus applicable surcharge and education cess including secondary and higher education cess in the case of non-resident companies, and non-resident individuals) subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961. In the case the relevant criteria in Section 115A (read together with Section 194LC) is not fulfilled, the tax rate on interest under the Income Tax Act is 20% (plus surcharge and education cess).

The rates of tax stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a **Tax Treaty**) and the provisions of such treaty, which provide for the taxation in India of income by way of interest at a rate lower than that stated above, and the relevant provisions of the Income Tax Act (including conditions pertaining to the Tax Treaty benefits such as the requirement to submit a Tax Residency Certificate and other documents) are fulfilled.

In case there is any difference between amounts withheld in respect of interest paid on the Notes and the ultimate Indian tax liability for such interest, the non-resident investor would be obligated to pay the additional income-tax or claim refund as the case may be, subject to and in accordance with the provisions of the Income Tax Act.

Taxation of gains arising on disposal

Any gains arising to a non-resident investor from disposal of the Notes held (or be deemed as held) as a capital asset will be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from disposal of the Notes held as a capital asset provided that the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Issuers are incorporated in and a resident in India.

If the Indian tax authorities treat the Notes as being located in India, as the Issuers are incorporated and resident in India, upon disposal of the Notes:

(i) a non-resident investor who has held the Notes for a period of more than 36 months immediately preceding the date of their disposal, would be liable to pay capital gains tax at rates ranging up to 20 per cent. of the capital gains (plus applicable surcharge and educational cess and secondary and higher education cess). These rates are subject to any lower tax implications under an applicable Tax Treaty;

(ii) a non-resident investor who has held the Notes for a period of 36 months or less would be liable to pay capital gains tax at rates ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower tax implications under an applicable Tax Treaty; and

(iii) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the gains are attributable to a "business connection in India" or, in case where a Tax Treaty is applicable, to a "permanent establishment" of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at rates of tax ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess in the case of non-resident companies and non-resident individuals) depending upon the legal status of the non-resident investor and his taxable income in India, subject to any lower rate of tax provided for by an applicable Tax Treaty. The taxation, if any, of capital gains would also depend upon the provisions/benefits available under the relevant Tax Treaty, subject to fulfilment of the conditions prescribed.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Withholding of taxes

Since the interest payable on the Notes is subject to tax in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on in India), there is a requirement to withhold tax at the applicable rate, being 20 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess), subject to any lower rate of tax provided by an applicable Tax Treaty. However, pursuant to Section 194LC of the Income Tax Act, the Notes will be subject to a reduced withholding tax rate of 5 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) if certain conditions are met. Pursuant to the Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8.1, the relevant Issuer will pay any additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction of tax shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions. With respect to interest on the Notes that is not subject to taxes in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on by the relevant Issuer outside India or otherwise), each of the Issuers may be required to apply annually for an exemption from withholding tax under section 195(2) of the Income Tax Act.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act may generally be subject to tax in India according to the personal or corporate rate of tax applicable, subject to and in accordance with the provisions of any applicable Tax Treaty.

Wealth tax

No wealth tax is payable at present in relation to the Notes.

Estate duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift tax

No gift tax is payable at present in relation to the Notes in India.

Stamp duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes are brought into India for enforcement or for any other purpose. This stamp duty will have to be paid within a period of 3 months from the date the Notes are first received in India (including *via* electronic mode). The amount of stamp duty payable would depend on the applicable Stamp Act of the relevant state of India into which the Notes are brought.

The proposed financial transactions tax (FTT)

On 14 February 2013, European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

Under the Commission's Proposal, the FTT could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30.0 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign pass thru payments** (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which (A) with respect to Notes that give rise solely to foreign pass thru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign pass thru payment are filed with the Federal Register and (B) with respect to Notes that give rise to a dividend equivalent pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, is 1 July 2017, or (in each case) which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-UK IGA and it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Hiring Incentives to Restore Employment Act

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Code, which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Proposed U.S. Treasury regulations expand the scope of withholding under Section 871(m) beginning 1 January 2016. Under these rules, withholding may be required even in the absence of any actual dividend-linked payment made pursuant to the instrument. While the proposed regulations provide for an exception for indices that satisfy certain criteria, it is not clear whether this exception will apply to the relevant underlying index, if any. While significant aspects of the application of Section 871(m) to the Notes are uncertain, if the relevant Issuer or any withholding agent determines that withholding is required, neither the relevant Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should consult their tax advisers on the potential application of Section 871(m) to the Notes.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws and regulations in Singapore and administrative guidelines issued by the Monetary Authority of Singapore in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or in the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose *of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements below should not be regarded as advice on the tax position of any holder of the Notes or of any person subscribing for, acquiring, owning, disposing or otherwise dealing with the Notes or on any tax implications arising from the subscription, acquisition, sale or other dealings in respect of the Notes. Holders and prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, acquisition, holding or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arranger, the Dealers or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, acquisition, holding or disposal of the Notes.*

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.00% final withholding tax described below) to non-resident persons other than non-resident individuals is 17.00%. The applicable rate for non-resident individuals is currently 22.00%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.00%. The rate of 15.00% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Any references to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure shall have the same meaning as defined in the ITA.

In addition, if more than half of a Tranche of Notes issued during the period from the date of this Offering Circular to 31 December 2018 (the **Relevant Notes**) is distributed by Financial Sector Incentive — Capital Market, Financial Sector Incentive — Standard Tier or Financial Sector Incentive — Bond Market companies, the Relevant Notes would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013 ("**MAS Circular**"), "qualifying debt securities" for the purposes of the ITA ("**Qualifying Debt Securities Scheme**"), to which the following treatments shall apply:

(i) (in the case of payments falling within Section 12(6) of the ITA), subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes to the MAS within such period as may be required and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if such person acquires the Relevant Notes using funds from such person's Singapore operations), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes derived from the relevant Issuer by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes to the MAS within such period as may be required), Qualifying Income from the Relevant Notes derived from the relevant Issuer by any company or body of persons (as defined in the ITA), other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.00%; and

(iii) (in the case of payments falling within Section 12(6) of the ITA), subject to:

(aa) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the **Qualifying Income**) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing to the MAS of a return on debt securities for the Relevant Notes within such period as may be required,

Qualifying Income derived from the Relevant Notes and made by the relevant Issuer is not subject to withholding of tax by the relevant Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.00% or more of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes is "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50.00% or more of such Relevant Notes which are outstanding is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the relevant Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.00% as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" should not apply if such person acquires the Relevant Notes with funds from the Singapore operations.

Notwithstanding that the relevant Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The 10.00% concessionary tax rate for qualifying debt securities does not apply to persons who have been granted the financial sector incentive (standard-tier) status (within the meaning of Section 43N of the ITA).

There is an enhancement to the Qualifying Debt Securities Scheme known as the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"). Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the qualifying debt securities to the MAS within such period as may be required), income tax exemption is granted on Qualifying Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity date of not less than 10 years;

(c) either:

    (i) if issued before 28 June 2013, cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; or

    (ii) if issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses, capital allowances and donations which are attributable to exempt income are to be treated.

However, even if a particular tranche of Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.00% or more of such Relevant Notes which are outstanding is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow qualifying debt securities with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS Scheme if the QDS conditions continue to be met.

The MAS Circular also states that, notwithstanding the above, qualifying debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

Capital Gains

Singapore does not impose tax on gains of a capital nature. Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains derived from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of gains. The characterisation of gains arising from the sale of the Notes will depend on the facts and circumstances of each holder.

Holders of the Notes who have adopted or are adopting Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement ("**FRS 39**"), may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued an e-Tax Guide entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the "**FRS 39 e-Tax Guide**"). Legislative amendments to give effect to the tax treatment set out in the FRS 39 e-Tax Guide have been enacted in Section 34A of the ITA.

The FRS 39 e-Tax Guide and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 e-Tax Guide should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

On 11 December 2014, the Accounting Standards Council issued a new financial reporting standard for financial instruments, FRS 109 — Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

Estate Duty

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 18 November 2016 as amended and/or supplemented from time to time (the **Programme Agreement**), agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to subscribe the Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuers (failing which (in the case of Guaranteed Notes), the Guarantor) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as the relevant Issuer's agents. The Dealers may also offer and sell Notes through certain of their affiliates.

In order to facilitate the offering of any Tranche of the Notes, a nominated Dealer participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect, which support the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Under United Kingdom laws and regulations stabilising activities may only be carried on by the Stabilising Manager (or any person acting for the Stabilising Manager) named in the applicable Pricing Supplement and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

United States

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act;

(ii) The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Notes will be issued in accordance with the provisions of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provision of U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010). Terms used in this paragraph have the meanings given to them by the U.S. Revenue Code of 1986 and regulations thereunder;

(iii) Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act; and

(iv) each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing Supplement, as applicable and the relevant Issuer and the Guarantor (in the case of Guaranteed Notes) has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require any Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Italy

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, here applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Notes will only be offered in The Netherlands to Qualified Investors (as defined in the EU Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

India

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required, to represent and agree that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, as amended, or the New Companies Act, as amended, or any other applicable Indian laws) with the Registrar of Companies or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, (b) the Notes will not be offered or sold, and have not been offered or sold to any person in India by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or agent, and (c) this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India such that it would constitute an advertisement, invitation, offer, sale, or solicitation of, or offer to subscribe for, or purchase, any securities in violation of Indian laws. The Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an offer of securities (whether to the public or by way of private placement) within the meaning of the Companies Act, as amended, the New Companies Act, as amended, or any other applicable Indian laws for the time being in force.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the **Securities and Futures Act**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree: that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee, the Arrangers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

Certain Relationships

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuers and their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, the Guarantor and its affiliates in the ordinary course of their business. The Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers, the Guarantor or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers, the Guarantor or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

The Dealers or their respective affiliates may purchase Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of the Issuers or its subsidiaries or associates, at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, IFRS AND IND-AS

The financial information included herein is prepared and presented in accordance with Indian GAAP, except for the unaudited consolidated and standalone financial results for the three months period ended June 30, 2016 under IND-AS released to the Stock Exchanges and included in this Placement Document. Certain differences exist between Indian GAAP, IFRS and IND-AS which might be material to the financial information herein. The matters described below summarize certain differences between Indian GAAP, IFRS and IND-AS that may be material. The Company is responsible for preparing the Summary below. The Company has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between Indian GAAP, IFRS and IND-AS and has not quantified such differences. Accordingly, no assurance is provided that the following Summary of differences between Indian GAAP, IFRS and IND-AS is complete. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, IFRS and IND-AS, and how those differences might affect the financial information herein.

	Indian GAAP	**IFRS**	**IND-AS**
Revenue definition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Revenue is disclosed net of excise duty.	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales taxes and service taxes and value added taxes are excluded from revenues.	Similar to IFRS.
Revenue measurement	Revenue is recognised at the nominal amount of consideration receivable.	Revenue shall be measured at the fair value of the consideration received or that may become receivable. Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest revenue using the effective interest method.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Revenue recognition	Revenue from sale of goods is recognized when a) the seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and b) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods. In a transaction involving the rendering of services, performance should be measured either under the completed service contract method or under the proportionate completion method, whichever relates the revenue to the work accomplished. Such performance should be regarded as being achieved when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service.	Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue canbemeasured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably. In case of rendering of services; where revenue is recognised by reference to the transaction's stage of completion at the balance sheet date.	Similar to IFRS.
Revenue — contract costs	Capitalization of contract cost is not permitted.	IFRS 15 contains criteria for determining when to capitalize costs associated with obtaining and fulfilling a contract.	Similar to IFRS.
Multipleelement contracts	There is no specific guidance.	To present the substance of a transaction appropriately, it may be necessary to apply the recognition criteria to the separately identifiable component of a single transaction.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Accounting Treatment for Changes in Accounting Policies	The effect of a material change in accounting policies must be recorded in the income statement of the period in which the change is made, subject to certain limited exemptions. No restatement of past years' figures is required. If a change is made to a company's accounting policies that has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. Up to March 31, 2016, changes in the method of depreciation for existing assets is considered as a change in accounting policy and the cumulative effect thereof is accounted. For accounting period beginning April 1, 2016; any change in the method of depreciation will be accounted for as change in accounting estimate in accordance with AS-5.	Retrospective application of changes in accounting policies is done by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated.	Similar to IFRS.
Consolidation and Investment in Subsidiaries	Reporting date differences between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates. Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the proportions of the items accounted for using the different accounting policies should be disclosed.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months. Uniform accounting policies should be followed. No exception is provided.	Similar to IFRS. Uniform accounting policies to be followed unless impracticable to do so.
Control	Control exists if: the ownership, directly or indirectly through subsidiary(ies), of more than one half of the voting power of an enterprise; or control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.	Investor controls an investee if the investor has following: Power over the investee Exposure, or rights, to variable returns from its investment with the investee The ability to use power over the investee to affect the amount of investor's return.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Consolidation-Investment in Associates and Joint Ventures	Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.	Similar to IFRS.
	Joint Control: It is the contractually agreed sharing of control over an economic activity.	Joint control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.	Similar to IFRS.
	Potential voting rights are not considered in assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.	Similar to IFRS.
	In consolidated financial statements, interest in jointly controlled entities is to be accounted for using proportionate consolidation.	A joint venture applies the equity method, as described in IAS 28.	Similar to IFRS.
Impairment of assets	Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired.	Goodwill, intangible assets not yet available for use and indefinite life intangible assets are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.	Similar to IFRS.
Financial instruments	No specific guidance.	All financial instruments are initially measured at fair value plus or minus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component should initially be measured at transaction price as defined in IAS 18.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
	An enterprise should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flow of debtors. Different methods are used for making provision for bad debts including ageing analysis, individual assessment of recoverability. Impairment losses recognized in profit or loss for equity investments are reversed through profit or loss.	Impairment model in IFRS 9 is based on expected credit losses and it applies equally to debt instruments measured at amortized cost FVTOCI (the loss allowance is recognized in Other Comprehensive Income and not reduced from carrying amount of financial asset). Expected credit losses (with the exception of purchased or original credit impaired financial assets) are required to be measured through a loss allowance at an amount equal to a) 12 months expected credit losses b) lifetime expected credit losses if credit risk has increased significantly since initial recognition of financial instrument. Trade receivables or contract assets within the scope of IAS 18/IAS 11, loss allowance is measured at lifetime expected credit losses. For lease receivables within scope of IAS 17, an entity can elect to always measure loss allowances at an amount equal to lifetime expected credit losses.	Similar to IFRS.
	Transaction costs incurred in connection with long term borrowings are charged to statement of profit and loss as no future economic benefits are envisaged.	The transaction costs are amortised to profit or loss using the effective interest method.	Similar to IFRS.
Property, Plant and Equipment	a) Fixed Assets are stated at cost net of accumulated depreciation. b) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.	If an entity adopts the revaluation model, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. IFRS mandates entire class of assets to be revalued.	Similar to IFRS. Under IND-AS, items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with IND-AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

	Indian GAAP	IFRS	IND-AS
Intangible assets	No guidance on determining the cost of intangible asset when acquired with a group of other assets.	If an intangible asset is acquired with a group of other assets (but not those acquired in a business combination), the cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.	Similar to IFRS.
	Measured only at cost.	Measured at cost or revalued amounts.	Similar to IFRS.
Deferred Taxation	Deferred tax is generally recognised for all timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the enacted or the substantially enacted tax rate.	Deferred income taxes are recognised for all taxable temporary differences between accounting and tax base of assets and liabilities except to the extent they arise from (a) initial recognition of goodwill or (b) the initial recognition of asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither the accounting nor the tax profit.	Similar to IFRS.
	A deferred tax asset should be recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on unabsorbed depreciation and carried forward losses under tax laws should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax asset is recognised for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Similar to IFRS.
	Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise, separately from current assets and current liabilities.	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore the tax on items recognised in othercomprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	
	No exemptions are available for providing for deferred tax.		

	Indian GAAP	IFRS	IND-AS
Foreign Exchange Differences	All exchange difference relating to monetary assets and liabilities are required to be charged to profit and loss account with an option in respect of long term monetary items in relation to acquisition of fixed assets, where the exchange difference can be adjusted to the carrying value of such fixed assets or for other long term monetary items, in which case the exchange difference is transferred to "Foreign Currency Monetary Item Translation.	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise, except when hedge accounting is applied.	Similar to IFRS. However an entity may continue the policy adopted for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first IND-AS financial reporting period as per previous GAAP.
First time adoption	There is no specific standard dealing with the preparation of the first Indian GAAP financial statements. Thus, full retrospective application of Indian GAAP is required.	IFRS 1 gives detailed guidance on preparation of the first IFRS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/ voluntary exemptions from the full retrospective application.	IND-AS 101 gives detailed guidance on preparation of the first IND-AS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/ voluntary exemptions from the full retrospective application. IND-AS 101 gives few additional voluntary exemptions as compared to IFRS. For example, it gives an exemption whereby an entity can continue using its Indian GAAP carrying value of all its property, plant and equipment as deemed cost at transition date, provided that there is no change in functional currency. It also gives an exemption whereby a company can continue using its accounting policy under previous GAAP for capitalisation/deferral of exchange differences arising on long term foreign currency monetary items recognised in financial statements for the period ending immediately before the beginning of the first IND-AS financial reporting period.

	Indian GAAP	IFRS	IND-AS
Presentation of financial statements	Financial statements in relation to a company, includes: 1. Balance sheet as at the end of the financial year; 2. Profit or loss account for the financial year; 3. Cash flow statement for the financial year; 4. Explanatory notes annexed to, or forming part of, any document referred to above.	A complete set of financial statements under IFRS comprises: 1. Statement of financial position as at the end of the financial year; 2. Statement of profit or loss and other comprehensive income for the financial year — Either as single statement or two separate statements; 3. Statement of changes in equity; 4. Statement of cash flows for the financial year; and 5. Notes comprising significant accounting policies and other explanatory information.	A complete set of financial statements under IND — AS comprises: 1. Balance sheet as at the end of the financial year; 2. Single statement of profit or loss, with profit or loss and other comprehensive income for the financial year presented in two sections; 3. Statement of changes in equity; 4. Statement of cash flows for the financial year; and 5. Notes comprising significant accounting policies and other explanatory information.
Comparative figures	Comparative figures are presented for one year as per the requirements of schedule III.	Comparative figures are presented for minimum one year. However, when a change in accounting policy has been applied retrospectively or items in financial statements have been restated/reclassified which has an impact beyond the comparative period, a statement of financial position is required as at the beginning of the earliest comparative period.	Comparative figures are presented for minimum one year. However, when a change in accounting policy has been applied retrospectively or items in financial statements havebeen restated/reclassified which has an impact beyond the comparative period, a balance sheet is required as at the beginning of the earliest comparative period.
Formats for presentation of financial statement	Schedule III of the Companies Act 2013 prescribes the minimum requirements for disclosure on the face of the balance sheet and profit and loss account and notes. AS 3 provides guidance on the line items to be presented in the statement of cash flows.	IAS 1 does not prescribe any rigid format for presentation of financial statement. However, it specifies the line items to be presented in the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity. IAS 7 provides guidance on the line items to be presented in the cash flow statement.	IND-AS 1 does not prescribe any rigid format for presentation of financial statement. However, it specifies the line items to be presented in the balance sheet, statement of profit and loss and statement of changes in equity. IND-AS 7 provides guidance on the line items to be presented in cash flow statement. In addition to above, IND-AS compliant Schedule III of the Companies Act, 2013 prescribes the format for presentation of balance sheet and statement of profit and loss which companies need to follow.

	Indian GAAP	IFRS	IND-AS
Presentation of income statement	Schedule III of the Companies Act 2013 requires an analysis of expenses by nature.	An analysis of expenses is presented using a classification based either on the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosure by nature are provided in the notes. When items of income or expense are material, their nature and amount are separately disclosed.	Entities should present an analysis of expenses recognized in profit or loss using a classification based only on the nature of expense. IND-AS compliant Schedule III of the Companies Act 2013 also requires an analysis of expenses by nature.
Statement of other comprehensive income	No concept of other comprehensive income prevails.	Among other items, the components of other comprehensive income includes: 1. Changes in the revaluation surplus; 2. Foreign exchange translation differences; 3. Re-measurements of post-employment benefit obligations; 4. Gains or losses arising on fair valuation of financial assets; 5. Effective portion of gains or losses on hedging instruments in cash flow hedge; 6. Share of other comprehensive income of investments accounted for using the equity method; 7. Foreign currency exchange gains and losses arising on translation of net investment in a foreign operation. These components are grouped into those that, in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss, and (b) will be reclassified subsequently to profit or loss when specific conditions are met.	Similar to IFRS.
Presentation of profit or loss attributable to non-controlling interests	Profit or loss attributable to the minority interests is disclosed as deduction from the profit or loss for the period as an item of income or expense.	Profit or loss attributable to non-controlling interest and equity holders of the parent are disclosed in the statement of profit or loss and other comprehensive income as allocations of profit or loss and total comprehensive income for the period.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.	Presentation of any items of income or expense as extraordinary is prohibited.	Similar to IFRS.
Correction of prior period items	These are reported as a prior period adjustment in the current year results. Comparative information of the earlier years is not restated.	Material prior period errors are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.	Similar to IFRS.
Disclosure of critical judgements and capital disclosures	There is no such requirement in AS 1 or Schedule III.	IAS 1 requires disclosure of critical judgements made by the management in applying accounting policies and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It also requires disclosure of information that enables the users of financial statements to evaluate an entity's objectives, policies and processes for managing capital.	Similar to IFRS.
Measurement of investments	Under Indian GAAP, current investments are measured at lower of cost or market value. Accordingly unrealised increase in the value is not recognised in Income statement, only the unrealised diminution in the value is recognized. Long term investments are measured at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.	Under IFRS 9, the investments are categorized as financial assets and can be classified in the following three categories based on the conditions mentioned therein: 1. Amortised cost; 2. Fair value through profit or loss; 3. Fair value through other comprehensive income.	Under IND-AS 109, the investments are categorized as financial assets and can be classified in the following three categories based on the conditions mentioned therein: 1. Amortised cost; 2. Fair value through profit or loss; 3. Fair value through other comprehensive income.

	Indian GAAP	IFRS	IND-AS
Functional currency	Under Indian GAAP, there is no concept of functional currency. Generally, the books and records are maintained in the currency of the country in which the company is incorporated.	IAS 21 requires the assessment of functional currency basis the conditions specified therein. Functional currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency could be different from the currency of the country in which the company is incorporated.	Similar to IFRS.
Employee benefits	Actuarial gains/losses for net defined benefit liability (asset) are recognised in profit and loss.	IAS 19, Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) to be recognized in other comprehensive income (OCI). Re-measurement of net defined benefit liability (asset) comprises actuarial gains or losses, return on plan assets (excluding interes to nnet asset/liability). Further, the amount recognised in OCI is not reclassified to the Statement of Profit and Loss.	Similar to IFRS.
	Market yield at the balance sheet date on government bonds are used as discount rates.	Discount rate is determined by reference to market yields at the end of reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield on government bonds denominated in that currency should be used.	Discount rate is determined by reference to market yield on market yields at the end of reporting period on government bonds. However, subsidiaries, associates, joint ventures and branches domiciled outside India should use rate determined by reference to market yields on high quality corporate bonds at the end of reporting period. In case such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, market yield at the end of reporting period on government bonds of that country should be used. The currency and term of government bonds or corporate bonds should be consistent with the currency and estimated term of post-employment benefits.

	Indian GAAP	IFRS	IND-AS
Common control business combinations	Under Indian GAAP, none of the standards differentiate between common control and other business combinations. However, AS 14 requires the pooling of interest method to be applied to an "amalgamation in the nature of merger," which is an amalgamation that satisfies five prescribed conditions. Under the pooling of interest method prescribed in AS 14, no goodwill or capital reserve is recognized in the financial statements. Also, if consideration paid through issuance of securities, AS 14 requires such securities to be recognized at fair value.	IFRS 3 does not prescribe any specific method for accounting of common control business combinations. Hence, either pooling or acquisition method may be possible.	IND-AS 103 mandates the recording of common control transactions using pooling of interest method.
Business Combination - Goodwill	Excess of consideration over the value of net assets of transferor company acquired by the transferee company is recognized as goodwill in the financial statement of transferee company. If the amount of consideration is lower than value of net assets acquired, the difference is recognized as capital reserve.	Goodwill is measured as the difference between: Aggregate of a) the acquisition-date fair value of the consideration transferred b) amount of non-controlling interest c) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire and • net of acquisition date fair values of the identifiable assets acquired and the liabilities assumed. If the above difference is negative, resultant gain is recognized as bargain purchase in profit and loss.	Similar to IFRS. However, any gain on bargain purchase is recognized in other comprehensive income and accumulated in equity as capital reserve. If there is no clear evidence of the underlying reason for classification of the business combination as a bargain purchase, the resultant gain is recognized directly in equity as capital reserve.
Business Combination - Achieved in stages	If two or more investments are made over a period of time, the equity of the subsidiary at date of investment is generally determined on a step by step basis.	For business combinations achieved in stages, if the acquirer increase an existing equity interest so as to achieve control of the acquire, the previously held equity interest is remeasured at acquisition date fair value and any resulting gain or loss is recognised in profit & loss or other comprehensive income, as appropriate.	Similar to IFRS.
Dividend adjustment	As per requirements of AS 4, dividends proposed or declared after the balance sheet date but before approval of the financial statements are recorded as a provision in the balance sheet.	Liability for dividends declared to holders of equity instruments is recognized in the period when declared. It is a non-adjusting event.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Government Grant	Two broad approaches may be followed — the capital approach or the income approach. Government grants in the nature of promoters' contribution i.e. they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected, are credited directly to shareholders' funds. Grants related to revenue are recognised in the statement of profit and loss on a systematic and rational basis over the periods necessary to match them with the related costs. Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion to depreciation, or deducted from the cost of the asset.	Government grants are recognised as income to match them with expenses in respect of the related costs for which they are intended to compensate on a systematic basis. Government grants are not directly credited to shareholders' interests. Grants related to assets are presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of asset.	Grants related to assets, including non-monetary grants at fair value should be presented in the balance sheet only by setting up the grant as deferred income.
Inventories	No specific guidance in AS-2 for reversal of write down inventories. However, reversals may be permitted as AS-5 requires this to be disclosed as a separate lime item in the statement of profit and loss.	Write down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or where there is a clear evidence of increase in net realizable value because of change in economic conditions. The amount of reversal is limited to amount of original write down.	Similar to IFRS.
	Inventories to be classified as per the requirements of Schedule III as: Raw material Work in progress Finished goods Stock in trade Stores and spares Loose tools and others.	No specific classification requirements.	Inventories to be classified as per the requirements of Schedule III.

	Indian GAAP	IFRS	IND-AS
Borrowing costs	A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale. A period of twelve months is considered a substantial period unless a shorter or longer period can be justified.	Similar to Indian GAAP. However, unlike Indian GAAP, there is no bright line for the term 'substantial period'.	Similar to IFRS.
	No such scope exception similar to IND-AS.	Borrowing costs need not be capitalized in respect of i) qualifying assets measured at fair value (e.g. biological assets) ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.	Similar to IFRS.
Provisions	A provision shall be recognised when all of the following conditions are met: (a) an enterprise has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.	Similar to IFRS.
	Discounting of liabilities is not permitted and provisions are carried at their full values except for decommissioning/ restructuring liabilities w.e.f. April 1, 2016.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability.	Similar to IFRS.
Segment reporting	AS 17 requires an entity to two sets of segments (business and geographical), using a risk and rewards approach, with the enterprise's system of internal financial reporting to key management personnel serving only as the starting point for identification of such segments.	Operating segments are identified based on financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in accessing performance.	Similar to IFRS.

	Indian GAAP	IFRS	IND-AS
Land Lease	Land acquired on lease where the period of lease exceeds 99 years is treated as freehold land. Land acquired on lease for 99 years or less is treated as leasehold land and amortised over the lease period. Land lease is specifically excluded in the scope of AS 19.	Land leases are specifically covered under IAS 17 and accordingly land lease has to be categorized either as finance lease or operating lease and treated accordingly.	Similar to IFRS.
Derivative Instruments	Forward contracts are covered under IAS 11.	IFRS 9 requires all derivatives (including forward exchange contracts) to be measured at fair value on the reporting date with both unrealised gains and unrealised losses being recognised in the income statement for the period in which such changes arise.	IFRS 9 requires all derivatives (including forward exchange contracts) to be measured at fair value on the reporting date with both unrealised gains and unrealised losses being recognised in the Profit and Loss Statement for the period in which such changes arise.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of BISPL dated 3 November 2016. The update of the Programme have been duly authorised by a resolution of the Board of Directors of BPCL dated 12 February 2014 and the giving of the guarantee in respect of the Guaranteed Notes has been duly authorised by resolutions of the Board of Directors of BPCL dated 10 March 2016.

Listing

2. Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

   Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuers, the Programme or the Notes. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, each Issuer (except for BISPL) shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes is exchanged for definitive Notes. In addition, in the event that the Global Notes is exchanged for definitive Notes, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Clearing Systems

3. The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No Significant Change

4. Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of BISPL.

5. Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of BPCL since 30 September 2016.

Litigation

6. Neither BISPL nor BPCL is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which either BISPL or BPCL is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of BISPL or BPCL.

7. The auditors of BPCL in respect of financial statements for the year ended 31 March 2015, 31 March 2016 and for the unaudited, unconsolidated financial results for the six months period ended 30 September 2015 and 2016 were as follows. Such auditors have audited BPCL's consolidated and non-consolidated financial statements for the year ended 31 March 2016 and have reviewed the unconsolidated financial results for the six months ended 30 September 2015 and 2016, in accordance with generally accepted auditing standards in India for each of the periods mentioned here.

   CNK & Associates LLP
   Chartered Accountants
   Mistry Bhavan, 3rd Floor
   Dinshaw Vaccha Road,
   Churchgate, Mumbai - 400 020

   Haribhakti & Co. LLP
   701, Leela Business Park
   Andheri Kurla Road
   Andheri (E)
   Mumbai - 400 059
   India

Trust Deed

8. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as conclusive evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents Available

9. So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the corporate office of BPCL and from the specified office of the Principal Paying Agent in London:

   (a) the audited consolidated and non-consolidated financial statements of BPCL in respect of the fiscals ended 31 March 2015 and 2016;

   (b) the most recently published audited consolidated and non-consolidated annual financial statements of BPCL and the most recently published audited or reviewed, as the case may be, non-consolidated interim financial results of BPCL;

   (c) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

   (d) a copy of this Offering Circular;

   (e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

   (f) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

INDEX TO FINANCIAL STATEMENTS

CNK & Associates LLP	**Haribhakti & Co. LLP**
Chartered Accountants	**Chartered Accountants**
3rd floor, Mistry Bhavan,	705, Leela Business Park,
Dinshaw Vachha Road, Churchgate,	Andheri Kurla Road, Andheri (East)
Mumbai – 400 020	Mumbai – 400059

Limited Review Report on the Unaudited Financial Results for the quarter ended September 30, 2016

To the Board of Directors
Bharat Petroleum Corporation Limited

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Bharat Petroleum Corporation Limited ('the Corporation') for the quarter ended September 30, 2016 ("the Statement") attached herewith, except for the disclosures regarding (a) Physical Performance disclosed in Part A of the Financial Performance of the Corporation and (b) Average Gross Refining Margin as stated in Note 2 of the Statement, being submitted by the Corporation pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 and Circular No. CIR/CFD/FAC/ 62/2016 dated July 5, 2016. Attention is drawn to Note 8 and 9 to the Statement that the figures for the corresponding quarter ended September 30, 2015 including the reconciliation of profit under Ind AS of the corresponding period with profit reported under previous GAAP, as reported in the Statement have been approved by Corporation's Board of Directors but have not been subjected to review.

2. This Statement which is the responsibility of the Corporation's Management and approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the corporate personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies have not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 and Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For CNK & Associates LLP
Chartered Accountants
ICAI FRN. 101961W

Vijay Mehta
Partner
Membership No.:106533

For Haribhakti & Co. LLP
Chartered Accountants
ICAI FRN.103523W/W100048

Snehal Shah
Partner
Membership No.: 48539

Place: New Delhi
Date: November 11, 2016

Bharat Petroleum Corporation Limited

Regd. Office: Bharat Bhavan, 4 & 6, Currimbhoy Road, Ballard Estate, P.B.No. 688, Mumbai - 400 001
CIN: L23220MH1952GOI008931
Phone: 2271 3000 / 4000 Fax: 2271 3874 email: info@bharatpetroleum.in Web: www.bharatpetroleum.in

PART I : UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2016

Particulars	Unaudited				
	Three Months ended 30-09-2016	Three Months ended 30-06-2016	Three Months ended 30-09-2015	Half year ended 30-09-2016	Half year ended 30-09-2015
(1)	(2)	(3)	(4)	(5)	(6)
A. Physical Performance					
1. Crude Throughput (MMT)	6.39	6.20	5.96	12.59	12.03
2. Market Sales (MMT)	8.93	9.73	8.45	18.66	17.45
3. Sales Growth (%)	5.68	8.11	5.23	6.93	1.87
4. Export Sales (MMT)	0.61	0.32	0.66	0.93	0.93
	₹ Lakhs				
B. Financial Performance					
1. Income from Operations					
a) Sales / Income from Operations (Including Excise Duty)	54,86,689	56,96,723	52,52,558	1,11,83,412	1,11,29,335
b) Other Operating Income	4,631	4,852	5,282	9,483	10,342
Total Income from Operations (Net)	54,91,320	57,01,575	52,57,840	1,11,92,895	1,11,39,677
2. Expenses					
a) Cost of Materials Consumed	16,53,394	14,74,576	16,85,061	31,27,970	35,66,188
b) Purchase of Stock-in-trade	24,15,308	27,07,666	24,81,668	51,22,974	51,01,508
c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-trade	(61,775)	(2,40,966)	(13,509)	(3,02,741)	(56,731)
d) Excise Duty	10,22,048	10,07,708	6,30,332	20,29,756	13,05,060
e) Employee Benefits Expense	66,153	64,929	61,194	1,31,082	1,30,448
f) Depreciation and Amortisation Expense	45,238	43,149	42,133	88,387	96,147
g) Other Expenses	2,58,055	2,95,743	2,77,498	5,53,798	5,77,010
Total Expenses	53,98,421	53,52,805	51,64,377	1,07,51,226	1,07,19,630
3. Profit / (Loss) from Operations before Other Income, Finance Costs & Exceptional Items (1-2)	92,899	3,48,770	93,463	4,41,669	4,20,047
4. Other Income	1,02,234	36,490	69,433	1,38,724	1,02,395
5. Profit / (Loss) from Ordinary Activities before Finance Costs & Exceptional Items (3+4)	1,95,133	3,85,260	1,62,896	5,80,393	5,22,442
6. Finance Costs	10,241	11,110	10,859	21,351	22,558
7. Profit / (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	1,84,892	3,74,150	1,52,037	5,59,042	4,99,884
8. Exceptional Items	-	-	-	-	-
9. Profit / (Loss) from Ordinary Activities before Tax (7+8)	1,84,892	3,74,150	1,52,037	5,59,042	4,99,884
10. Tax Expense	54,374	1,12,100	48,585	1,66,474	1,60,366
11. Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	1,30,518	2,62,050	1,03,452	3,92,568	3,39,518
12. Extraordinary Items (Net of Tax Expense)	-	-	-	-	-
13. Net Profit / (Loss) for the period (11-12)	1,30,518	2,62,050	1,03,452	3,92,568	3,39,518
14. Other Comprehensive Income/(Expense) (Net of Income Tax)	550	4,804	(3,744)	5,354	(5,054)
15. Total Comprehensive Income (13+14)	1,31,068	2,66,854	99,708	3,97,922	3,34,464
16. Paid-up Equity Share Capital (Face Value of ₹ 10 per share)	1,44,617	72,308	72,308	1,44,617	72,308
17. Earnings Per Share (EPS)					
a) Basic and Diluted EPS before Extraordinary Items - ₹	9.03	18.12	7.15	27.15	23.48
b) Basic and Diluted EPS after Extraordinary Items - ₹	9.03	18.12	7.15	27.15	23.48

₹ Lakhs

STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER 2016		
	Particulars	**Unaudited As at 30-09-2016**
	(1)	**(2)**
	Assets	
1.	**Non-Current Assets**	
	(a) Property, plant and equipment	25,85,756
	(b) Capital work-in-progress	12,06,104
	(c) Investment property	29
	(d) Other Intangible assets	18,294
	(e) Intangible assets under development	22,533
	(f) Investment in Subsidiaries, Joint Ventures and Associates	7,42,624
	(g) Financial assets	
	(i) Investments	60,057
	(ii) Loans & Advances	2,71,910
	(h) Other non current assets	80,626
	Sub-total - Non-Current Assets	49,87,933
2	**Current Assets**	
	(a) Inventories	18,07,907
	(b) Financial assets	
	(i) Investments	7,00,883
	(ii) Trade receivables	3,16,625
	(iii) Cash and cash equivalents	4,20,242
	(iv) Bank balances other than (iii) above	1,492
	(v) Loans & Advances	69,550
	(vi) Others	2,03,233
	(c) Other current assets	1,23,252
	Sub-total - Current Assets	36,43,184
	Total - Assets	86,31,117
	Equity and Liabilities	
1.	**Equity**	
	(a) Equity share capital	1,44,617
	(b) Other equity	29,30,189
	Sub-total - Equity	30,74,806
	Liabilities	
2.	**Non-Current Liabilities**	
	(a) Financial liabilities	
	(i) Borrowings	13,72,066
	(ii) Other financial liabilities	3,804
	(b) Provisions	1,27,342
	(c) Deferred tax liabilities (Net)	3,04,883
	(d) Other non-current liabilities	5,625
	Sub-total - Non-Current Liabilities	18,13,720
3	**Current Liabilities**	
	(a) Financial liabilities	
	(i) Borrowings	3,703
	(ii) Trade payables	11,73,596
	(ii) Other financial liabilities	12,49,707
	(b) Other current liabilities	11,51,117
	(c) Provisions	1,64,468
	Sub-total - Current Liabilities	37,42,591
	Total - Equity and Liabilities	86,31,117

Notes:

1.	The market sales for the half year ended 30th September 2016 was higher at **18.66 MMT**, compared to 17.45 MMT achieved during the corresponding period of previous year. Increase is mainly in MS – Retail (8.43%), Aviation fuel (22.27%) and LPG (11.73%).
2.	The Average Gross Refining Margin (GRM) during the half year ended 30th September 2016 is **USD 4.56 per barrel** (April-September 2015: USD 6.20 per barrel). The Average Gross Refining Margin (GRM) during the quarter ended 30th September 2016 is **USD 3.08 USD per barrel** (July-September 2015: 3.87 USD per barrel).
3.	As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows: a) **Nil** for the current half year (April – September 2015: ₹ 26,205 lakhs) discount on crude oil / products purchased from ONGC / GAIL / NRL which has been adjusted against purchase cost. b) **₹ 64,618 lakhs** compensation by way of subsidy for the current half year (April – September 2015: ₹ 85,247 lakhs), which includes ₹ 33,890 lakhs accounted on provisional basis for the current quarter ended 30th September 2016 under Sales/ Income from Operations. The net under-recovery absorbed by the corporation is **Nil** during April-September 2016 (April – September 2015: Nil) on sale of sensitive petroleum products.
4.	Other expenses for the half year ended 30th September 2016 includes **₹ 15,190 lakhs** (April – September 2015: ₹ 29,007 lakhs) towards loss on account of foreign currency transactions and translations.
5.	Results for the quarter and half year ended 30th September 2016 are in compliance with Indian Accounting Standards (Ind AS) in terms of SEBI's circular bearing no. CIR/CFD/FAC/62/2016 dated 5th July 2016. The results for the quarter and half year ended 30th September 2015 have been restated to comply with Ind AS and are comparable on like to like basis.
6.	The Corporation operates in a single segment viz. downstream petroleum sector. As such reporting is done on single segment basis.
7.	During the quarter ended 30th September 2016 the Company has issued and allotted 72,30,84,248 ordinary shares of ₹ 10/- each, as fully paid up Bonus Shares in the proportion of 1 (One) Bonus Share of ₹ 10/- each for every one existing ordinary share of ₹ 10/- each. Accordingly the Earnings Per Share (EPS) has been restated for all the periods.
8.	The Auditors have completed limited review of the financial results of the Corporation for the quarter ended 30th September 2016. The results and other financial information for the quarter and half year ended 30th September 2015 adjusted for Ind AS impacts have not been subjected to further limited review/audit. However, the management has exercised the necessary due diligence to ensure that the standalone financial results provide a true and fair view of its affairs. Further, the above results have been reviewed and recommended by the Audit Committee at its meeting held on 11th November 2016 before submission to the Board.

9.	The reconciliation of net profit or loss for the quarter and half year ended 30th September 2015 reported in accordance with Indian GAAP to Profit in accordance with Ind AS is given below:

Description	Quarter ended 30.09.2015 (₹ in Lakhs)	Half year ended 30.09.2015 (₹ in Lakhs)
Net Profit as per previous GAAP (Indian GAAP)	1,01,804	3,39,420
Amortised cost measurement of financial assets/liabilities	443	535
Impairment of trade receivables – expected credit loss method	(9)	13
Adjustments related to property, plant and equipment – stores and spares, leasehold land etc.	827	615
Fair valuation of derivative contracts	(960)	(893)
Employee benefits – remeasurements recognised in other comprehensive income	704	1,408
Fair Valuation of Investments	1,660	206
Others	(32)	(1,020)
Tax adjustments on above, as applicable	(985)	(766)
Net Profit as per Ind AS	1,03,452	3,39,518

10.	Figures relating to corresponding periods of the previous year/quarter have been regrouped wherever necessary.

The above un-audited results of Bharat Petroleum Corporation Limited for the quarter and half year ended 30th September 2016 have been approved by the Board at its meeting held on 11th November 2016.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 11th November 2016

P. Balasubramanian
Director (Finance)
DIN: 05262654

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT PETROLEUM CORPORATION LIMITED

To the Members of
Bharat Petroleum Corporation Limited

We have audited the accompanying consolidated financial statements of BHARAT PETROLEUM CORPORATION LIMITED (hereinafter referred to as "the Holding Company" or "the Corporation") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate and joint venture companies (JVs) comprising of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or "the CFS").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and JVs in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate and JVs are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the respective entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the CFS.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (2) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and of its associate and JVs as at 31st March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

(1) The auditors of a Subsidiary Company have stated in their report about the incorporation of details of its share in assets, liabilities, income and expense in the operations of jointly controlled entities based on the audited/ unaudited statements received from the respective Operators. They have observed that:

(a) In case of three blocks, no audited statements have been received by the Company. Total assets, liabilities, income and expenses in respect of these blocks, amount to ₹ 86.97 crore, ₹ 0.49 crore, ₹ Nil and ₹ Nil, respectively;

(b) The audited statements referred above are prepared, as stated there in, to meet requirements of production sharing contracts and are special purpose statement;

(c) None of the statements, audited as well as unaudited, are drawn up in the format prescribed under Schedule III to the Act;

(d) Some of the Operators use accounting policies other than those adopted by the Company for like transactions. The Company has made appropriate adjustments while incorporating relevant data; and

(e) No break-up of assets and liabilities is available in respect of one block where the Company has invested ₹ 12.41 crore.

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

(2) The auditors of a Subsidiary Company have drawn attention to the observation made by the auditors of its stepdown Subsidiary Company regarding the financial statements indicating that the Company has accumulated losses and negative net worth. The Company has incurred a net loss of ₹ 2.02 crore during the current year (previous year loss ₹ 22.95 crore). These conditions, along with other matters indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

(3) The auditors of a JV Company have drawn attention in their Audit Report for the unanimous opinion of the Promoters/Shareholders of said JV Company as noted by Board of Directors of the JV company regarding non-viability of continuation of operations of the said JV Company and to explore realization of investment and that the same indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our Opinion is not modified in respect of these matters.

Other Matters

(1) The auditors of JV of a Subsidiary Company have drawn attention to the fact that the said JV has spent significant amounts that are related mainly to exploration and evaluation costs, the recovery of which is subject to the success of all its exploration campaigns. The management of the said JV understands that the members of the JV will continue to provide the funds necessary for keeping the Company's operations and, therefore, the financial statements for the year ended December 31, 2015 were prepared based on the assumption that the Company will continue to operate as a going concern;

(2) We did not audit the financial statements of three subsidiaries (and its step down subsidiaries, JVs and associate), whose financial statements reflect total assets (net) of ₹ 5,637.75 crore as at March 31, 2016, total revenue of ₹ 10,308.19 crore and net cash inflow aggregating ₹ 458.50 crore for the year then ended. We also did not audit the financial statements of twelve JVs, whose aggregate share of total assets (net) of ₹ 2,452.98 crore as at March 31, 2016/December 31, 2015, total revenue of ₹ 14,367.89 crore and net cash inflow of ₹ 235.15 crore for the year then ended are also included in the CFS. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the CFS, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and JVs, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, associate and JVs, is based solely on the reports of the other auditors.

(3) The CFS includes unaudited figures in respect of two JVs which are provisional/as approved by their Management. The aggregate share of total assets (net) of these JVs is ₹ 156.99 crore as at March 31, 2016, total revenue is ₹ 383.85 crore and net cash inflow is ₹ 0.85 crore for the year then ended. Our opinion on the CFS, insofar as it relates to the amounts and disclosures included in respect of these JVs, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid JVs, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to these CFS.

(4) The CFS does not include figures in respect of five JVs as mentioned in note no. 1.1 (c)- note (i),(ix),(x) and (xi) of the consolidated financial statements. According to the information and explanations given to us by the Management, the same are not material to these CFS.

Our opinion on the CFS and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section (3) of Section 143 of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid CFS. However, we have not received responses to the Group Audit instructions from the auditors of subsidiaries and JVs and hence we are unable to comment on its implications, if any;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the CFS;

   (d) In our opinion, the aforesaid CFS comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act, are not applicable to the Holding company and in case of other companies, on the basis of report of the statutory auditors of the respective Companies of the Group and its associate and JVs incorporated in India, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the financial controls over financial reporting of the Holding Company, its Subsidiary, associate and JVs incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Group, associate and JVs have disclosed the impact of pending litigations, on its financial position in the CFS - Refer Note 52 of the CFS;

      ii. The Group, associate and JVs have made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long – term contracts including derivative contracts - Refer Note 51 of the CFS;

      iii. There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group, Associate and JVs incorporated in India.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: 26th May 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

₹ in Crores

	Note No	As at 31/03/2016	As at 31/03/2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	**723.08**	723.08
(b) Reserves and Surplus	3	**27,296.62**	21,825.42
		28,019.70	22,548.50
(2) Share application money pending allotment in respect of Joint Venture		**0.43**	-
(3) Minority Interest		**1,572.74**	1,286.37
(4) Share Warrants in respect of Joint Venture		**13.45**	13.45
(5) Non-current liabilities			
(a) Long-term borrowings	4	**26,043.05**	19,341.82
(b) Deferred tax liabilities (Net)	5	**2,524.05**	1,997.21
(c) Other long-term liabilities	6	**243.94**	184.34
(d) Long-term provisions	7	**1,663.43**	1,396.86
		30,474.47	22,920.23
(6) Current liabilities			
(a) Short-term borrowings	8	**583.79**	1,675.88
(b) Trade payables	9	**8,470.67**	12,865.29
(c) Other current liabilities	10	**21,201.47**	21,443.03
(d) Short-term provisions	11	**3,451.80**	4,219.78
		33,707.73	40,203.98
TOTAL		**93,788.52**	86,972.53
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	**31,899.14**	28,520.65
(ii) Intangible assets	13	**563.71**	574.30
(iii) Capital work-in-progress	15	**21,903.58**	15,762.27
(iv) Intangible assets under development	14	**215.18**	25.07
(b) Goodwill on consolidation		**61.00**	14.45
(c) Non-current investments	16	**2,479.87**	2,351.35
(d) Deferred tax assets (Net)	5	**547.15**	650.44
(e) Long-term loans and advances	17	**2,771.13**	2,695.21
(f) Other non-current assets	18	**322.42**	84.47
		60,763.18	50,678.21
(2) Current assets			
(a) Current investments	19	**5,256.43**	5,360.46
(b) Inventories	20	**15,496.85**	17,400.02
(c) Trade receivables	21	**2,423.50**	2,901.85
(d) Cash and Bank Balances	22	**4,629.00**	3,446.26
(e) Short-term loans and advances	23	**1,148.44**	1,065.26
(f) Other current assets	24	**4,071.12**	6,120.47
		33,025.34	36,294.32
TOTAL		**93,788.52**	86,972.53
Significant Accounting Policies	1		
Notes on Financial Statements	33 to 54		

For and on behalf of the Board of Directors

As per our attached report of even date
For and on behalf of

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

₹ in Crores

		Note No	2015-16	2014-15
I)	Revenue from operations	25	**1,88,651.36**	2,42,598.50
II)	Other income	26	**1,740.89**	2,120.05
III)	**Total Revenue (I + II)**		**1,90,392.25**	2,44,718.55
IV)	**Expenses**			
	1) Cost of raw materials consumed	27	**77,356.03**	1,18,466.57
	2) Purchases of stock-in-trade	28	**77,485.49**	93,872.77
	3) Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**1,585.86**	4,351.45
	4) Employee benefits expense	30	**3,172.35**	2,349.85
	5) Finance costs	31	**1,132.07**	1,180.47
	6) Depreciation and amortization expense	12,13	**2,428.63**	3,026.68
	7) Other expenses	32	**14,637.91**	13,780.29
	Total expenses		**1,77,798.34**	2,37,028.08
V)	**Profit/(Loss) before tax (III - IV)**		**12,593.91**	7,690.47
VI)	**Tax expense**			
	1) Current tax		**3,507.09**	2,551.38
	2) Less: MAT credit entitlement		**(11.89)**	(28.94)
	3) Deferred tax		**626.13**	95.55
	4) Short/(Excess) provision of earlier years		**8.60**	(9.53)
	Total tax expense		**4,129.93**	2,608.46
VII)	**Profit/(Loss) after tax for the year (V - VI)**		**8,463.98**	5,082.01
VIII)	Share in profit of associates		**2.49**	-
IX)	Minority Interest		**484.96**	275.44
X)	**Net Profit/(Loss) for the Group (VII + VIII - IX)**		**7,981.51**	4,806.57
XI)	**Basic and Diluted Earnings per Share (Face value ₹ 10)** (Refer Note No. 44)		**110.38**	66.47
Significant Accounting Policies		1		
Notes on Financial Statements		33 to 54		

For and on behalf of the Board of Directors

As per our attached report of even date
For and on behalf of

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

CONSOLIDATED CASH FLOW STATEMENT

₹ in Crores

	For the year ended	31/03/2016	31/03/2015
A	**Net Cash Flow from Operating Activities**		
	Net Profit Before tax & Prior Period Items	**12,588.20**	7,646.61
	Adjustments for:		
	Depreciation	**2,428.63**	3,026.68
	Interest	**1,132.07**	1,180.47
	Foreign Exchange Fluctuations (Refer explanatory note 3)	**130.27**	(391.64)
	(Profit)/Loss on Sale of fixed assets	**28.62**	3.48
	(Profit)/Loss on Sale of investments	**(11.76)**	(7.57)
	Income from Investments	**(1,168.81)**	(904.08)
	Dividend Received	**(70.02)**	(52.89)
	Expenditure towards Corporate Social Responsibility	**124.67**	83.80
	Other Non-Cash items (Refer explanatory note 4)	**689.18**	(50.67)
	Operating Profit before Working Capital Changes	**15,871.05**	10,534.19
	(Invested in)/Generated from:		
	Inventories	**1,897.71**	5,769.85
	Trade Receivables	**422.07**	1,638.16
	Other Receivables	**1,457.35**	4,678.64
	Current Liabilities & Payables	**(2,605.41)**	867.99
	Cash generated from Operations	**17,042.77**	23,488.83
	Direct Taxes paid	**(3,369.91)**	(2,749.30)
	Paid for Corporate Social Responsibility	**(107.40)**	(41.74)
	Cash flow before prior period items	**13,565.47**	20,697.79
	Prior Period Items	**5.71**	43.86
	Net Cash from/(used in) Operating Activities	**13,571.17**	20,741.65
B	**Net Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(11,571.59)**	(10,884.59)
	Sale of fixed assets	**8.79**	18.70
	Capital Advances	**295.17**	(121.57)
	Capital Grant Received	**-**	4.98
	(Investment)/Sale of Investment in Associate Companies	**(2.14)**	-
	Investment		
	BPCL-KIAL Fuel Farm Facility Private Limited	**(4.44)**	-
	Cochin International Airport Limited	**(13.13)**	-
	Kannur International Airport Limited	**(50.00)**	(50.00)
	Petroleum India International	**23.60**	-
	BPCL Trust for Investment in Shares	**-**	(0.01)
	Advance against Equity		
	Kochi Salem Pipeline Private Limited	**-**	(6.75)
	Loans & Advances		
	Bharat Renewable Energy Limited	**-**	(0.75)
	Petronet LNG Limited	**(43.75)**	(82.09)
	Goodwill on Acquisition of Shares	**(61.00)**	(14.45)
	Purchase of Investments	**(5.39)**	(369.91)
	Sale of Investments	**553.15**	18.44
	Income from Investment	**1,114.36**	119.99
	Dividend Received	**67.19**	47.49
	Interest Received	**43.38**	784.89
	Net Cash from/(used in) Investing Activities	**(9,645.80)**	(10,535.63)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

₹ in Crores

	For the year ended	31/03/2016	31/03/2015
C	**Net Cash Flow from Financing Activities**		
	Proceeds towards issue of Share Capital in respect of Joint Venture	**0.43**	-
	Long-term Borrowings	**8,705.15**	2,096.20
	Short-term Borrowings	**0.02**	77.56
	Repayment of loans	**(6,502.51)**	(9,231.30)
	Interest paid	**(1,451.93)**	(1,237.32)
	Dividend paid	**(2,996.28)**	(1,272.23)
	Corporate Dividend Tax	**(619.89)**	(224.91)
	Net Cash from/(used in) Financing Activities	**(2,865.01)**	(9,792.00)
D	**Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)**	**1,060.36**	414.02

₹ in Crores

Cash and Cash equivalents as at	31/03/2015	31/03/2014
Cash on hand	**27.24**	48.34
Cheques and drafts on hand	**25.88**	55.68
Cash at Bank	**2,647.19**	1,626.11
Current Investment (Cash Equivalents)	**9.27**	10.84
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(521.43)**	33.16
Adjustment on Account of Component Reclassification	**(52.13)**	-
	2,136.02	1,774.11
Cash and Cash equivalents as at	**31/03/2016**	31/03/2015
Cash on hand	**24.43**	27.24
Cheques and drafts on hand	**11.91**	25.88
Cash at Bank	**3,897.91**	2,647.19
Current Investment (Cash Equivalents)	**26.38**	9.27
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(764.25)**	(521.43)
	3,196.38	2,188.13
Net change in Cash and Cash equivalents	**1,060.36**	414.02

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

₹ in Crores

Reconciliation of Cash and Cash Equivalents with Balance Sheet		31/03/2016	31/03/2015
A.	Cash and Bank Balances as per Balance Sheet (Refer Note No. 22)	4,629.00	3,446.26
B.	Less: Bank Balances not considered as Cash & Cash Equivalents		
	Ear Marked Balances (Unclaimed Dividend)	3.54	4.58
	Deposits not included in Cash and Cash Equivalents	664.82	741.38
		3,960.64	2,700.30
C.	Add: Items to be considered as part of Cash & Cash Equivalents		
	Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	(764.25)	(521.43)
	Bank deposit under Current Assets included in Cash and Cash Equivalents as per AS 3.	-	9.26
		(764.25)	(512.17)
	Cash and Cash Equivalents at the end of the year as per Cash Flow (A-B+C)	3,196.38	2,188.13

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Accounting Standard 3 as notified by the Central Government.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit/loss arising due to conversion of current assets/current liabilities, receivable/payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. “Other Non-Cash items” include excess provisions written back, diminution in value of investment, amortization of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5 "Current Liabilities and Payables" may include Payables in respect of Purchase of Fixed Assets, if any.
6. Cash and Cash equivalents as at 31/03/2016 does not include fixed deposits and balance in current account with State Bank of India amounting to ₹ 341.11 crores held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014. Accordingly, for the year ended 31/03/2016 the amount included in Current Liabilities and Payables in Part-A of the Cash Flow Statement does not take into consideration the balance of ₹ 341.11 crores payable to Government of India.
7. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

1.1. BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relate to Bharat Petroleum Corporation Limited (BPCL or Parent Company or Corporation), its Subsidiary companies and interest in Joint Ventures (including Associates thereof) (together referred to as Group).

(a) **Basis of accounting:** The Financial Statements of the subsidiary companies and the Joint Venture Companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of BPCL i.e. 31st March 2016, except for Matrix Bharat Pte. Ltd. whose accounts are drawn for the year ended 31st December 2015, where there are no significant transactions or other events that have occurred between 31st December 2015 to 31st March 2016. The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP), except for the financial statements of Matrix Bharat Pte. Ltd. which have been prepared in accordance with Singapore Financial Reporting Standards ("FRS" and "INT FRS").

(b) **Principles of Consolidation:** The Consolidated Financial Statements have been prepared as per AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interest in Joint Ventures" as notified on the following basis:-

i. The Financial Statements of BPCL and its subsidiary companies (which are not in the nature of Joint Ventures) have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, contingent liabilities and capital commitments. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.

ii. Investments in Associates have been accounted for using the equity method in accordance with the AS-23. The excess/deficit of cost of investment over the proportionate share in the equity of the Associate at the date of the acquisition of stake has been identified as Goodwill/Capital Reserve and included in the carrying value of the investment in the Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.

iii. The Consolidated Financial Statements include the interest of the Corporation in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Corporation's share of assets, liabilities, income and expenses, contingent liabilities and capital commitments of a jointly controlled entity is considered as a separate line item in the Consolidated Financial Statements. The exchange rate used for conversion in case of Matrix Bharat Pte. Ltd. (where the reporting currency is USD) is average rate for calendar year 2015 for Statement of Profit and Loss and closing rate as at 31st December 2015 for Balance Sheet items.

iv. The share of equity in the subsidiary companies/joint venture companies as on the date of investment, if in excess of the cost of investment, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries/Consolidation" and if the cost of investment in the subsidiary companies/joint venture companies exceeds share of equity, the difference is recognised as "Goodwill".

v. Minority interest in the Net Assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

vi. In cases where unaudited financial statements have been consolidated in the previous financial year, the difference between the audited and unaudited financial statements, if any, are adjusted in the appropriate heads of accounts in the current financial year.

(c) The percentage of ownership interest of the Corporation in the Subsidiary Companies and the JVCs (including Associates) as on 31st March 2016 are as under:

	Percentage of ownership interest as on		Country of Incorporation
	31/03/2016	**31/03/2015**	
Subsidiaries			
Numaligarh Refinery Limited (NRL)	**61.65**	61.65	**India**
BPCL-KIAL Fuel Farm Facility Private Limited (Note i)	**74.00**	-	**India**
Petronet CCK Limited (Note ii)	**73.96**	53.16	**India**
Bharat PetroResources Limited (BPRL)	**100.00**	100.00	**India**
Bharat PetroResources JPDA Limited (Note iii)	**100.00**	100.00	**India**
BPRL International BV (Note iii)	**100.00**	100.00	**Netherlands**
BPRL Ventures BV (Note iv)	**100.00**	100.00	**Netherlands**
BPRL Ventures Mozambique BV (Note iv)	**100.00**	100.00	**Netherlands**
BPRL Ventures Indonesia BV (Note iv)	**100.00**	100.00	**Netherlands**
Joint Venture Companies (JVC)			
IBV (Brazil) Petroleo Pvt. Ltda. (Note v)	**50.00**	50.00	**Brazil**
Indraprastha Gas Limited	**22.50**	22.50	**India**
Petronet LNG Limited	**12.50**	12.50	**India**
Bharat Oman Refineries Limited (BORL)	**50.00**	50.00	**India**
Central UP Gas Limited (Note vi)	**25.00**	36.25	**India**
Maharashtra Natural Gas Limited (Note vii)	**22.50**	33.75	**India**
Sabarmati Gas Limited	**49.94**	25.00	**India**
Bharat Stars Services Private Limited (Note viii)	**50.00**	50.00	**India**
Bharat Renewable Energy Limited (Note ix)	**33.33**	33.33	**India**
Matrix Bharat Pte. Ltd.	**50.00**	50.00	**Singapore**
Delhi Aviation Fuel Facility Private Limited	**37.00**	37.00	**India**
Petronet CI Limited (Note ix)	**11.00**	11.00	**India**
Petronet India Limited	**16.00**	16.00	**India**
GSPL India Gasnet Limited	**11.00**	11.00	**India**
GSPL India Transco Limited	**11.00**	11.00	**India**
Kannur International Airport Limited (Note x)	**21.68**	21.68	**India**
Mumbai Aviation Fuel Farm Facility Private Limited	**25.00**	25.00	**India**
Kochi Salem Pipeline Private Limited	**50.00**	-	**India**
Brahmaputra Cracker and Polymer Limited (Note xi)	**10.00**	10.00	**India**
Associates			
DNP Limited (Note xii)	**26.00**	26.00	**India**

Notes:

(i) BPCL-KIAL Fuel Farm Facility Private Limited is a Subsidiary incorporated in the year 2015-16 which has not yet started operations. Hence, the same has not been considered for consolidation since no financial statements have been prepared and the same are not expected to be material.

(ii) Petronet CCK Limited has become a Subsidiary from 29th May 2015. As at 31st March 2015, Petronet CCK Limited's proportionate share includes 4.16% indirectly held by the Corporation through Petronet India Limited.

(iii) Bharat PetroResources JPDA Limited and BPRL International BV are 100% subsidiaries of BPRL.

(iv) BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV are wholly owned subsidiaries of BPRL International BV which have been incorporated outside India.

(v) BPRL Ventures BV holds 50% equity in Joint Venture Company IBV (Brazil) Petroleo Pvt. Ltda., incorporated in Brazil.

(vi) The Corporation has a direct holding of 25.00% in Central UP Gas Limited and has an indirect holding of 11.25% through Indraprastha Gas Limited. For the year 2015-16, Indraprastha Gas Limited has presented Consolidated Financial Statements where Central UP Gas Limited is considered as an Associate. Hence, only direct holding in Central UP Gas Limited has been considered for Consolidation in 2015-16. In previous year, the indirect holding was also considered for Consolidation in the nature of Joint Venture.

(vii) The Corporation has a direct holding of 22.50% in Maharashtra Natural Gas Limited and has an indirect holding of 11.25% through Indraprastha Gas Limited. For the year 2015-16, Indraprastha Gas Limited has presented Consolidated Financial Statements where Maharashtra Natural Gas Limited is considered as an Associate. Hence, only direct holding in Maharashtra Natural Gas Limited has been considered for Consolidation in 2015-16. In previous year, the indirect holding was also considered for Consolidation in the nature of Joint Venture.

(viii) The financial statements of a Joint Venture company Bharat Stars Services Private Limited is yet to be audited and hence the provisional financial statements provided by the management have been considered for the purpose of preparation of Consolidated Financial Statements.

(ix) Proportionate consolidation in respect of Investment in Petronet CI Limited and Bharat Renewable Energy Limited have not been considered in the preparation of Consolidated Financial Statements as the parent company has decided to exit from these Joint Ventures and provision for full diminution in the value of investment has been done in the standalone financial statements of the parent company.

(x) Kannur International Airport Limited is a Joint Venture Company which has not yet started operations. Hence, the same has not been considered for consolidation since no financial statements have been prepared and the same are not expected to be material. Current year percentage of ownership interest is after considering proposed increase in equity participation.

(xi) Brahmaputra Cracker and Polymer Limited is a Joint Venture of NRL which has not been considered for consolidation by NRL, since the same is not considered material.

(xii) DNP Limited is an Associate of Numaligarh Refinery Limited.

1.2. BASIS FOR PREPARATION:

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Corporation has prepared these financial statements to comply in all material respects with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule (7) of the Companies (Accounts) Rules, 2014 and other provisions of the Act (to the extent notified). The financial statements have been prepared on an accrual basis and under historical cost convention. The accounting policies are consistent with those used in previous year except for the policy in respect of capitalization of fixed bed catalysts referred to in para 1.4.(a)(iii), the depreciation of Fixed Assets referred to in para 1.7 (c), (d), (e) and (f), valuation of inventory referred to in para 1.9.(v) and in respect to Joint Venture Companies GSPL Gasnet India Limited and GSPL India Transco Limited in para 1.4. (b) (vi).

Certain accounting policies of JVCs towards Depreciation, Inventory Valuation, Employee Benefits and classification of Income/Expenses etc are not in line with that followed by the parent company. However, considering the nature of transactions and amounts involved the impact is not expected to be material had the accounting policies of parent company been followed.

1.3. USE OF ESTIMATES:

The preparation of financial statements requires the management of the Group to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences, if any, between actual amounts and estimates are recognised in the period in which the outcome is known.

1.4. FIXED ASSETS:

(a) Tangible Fixed assets

(i) Fixed Assets are stated at cost net of accumulated depreciation.

(ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

(iii) First time procurement cost of fixed bed catalyst is capitalized as a separate 'component' in the respective Plant and Equipment.

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

(v) Machinery spares that are specific to a fixed asset are capitalized along with the fixed asset. Replacement of such spares is charged to revenue.

(vi) Land acquired on lease where period of lease exceeds 99 years is treated as freehold land.

(vii) Land acquired on lease for 99 years or less is treated as leasehold land.

(viii) The dead stock of fuel maintained in the storage tanks by design or nature is capitalized as fixed assets by Mumbai Aviation Fuel Farm Facility Private Limited.

(ix) Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payments to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.

(x) **Expenditure during construction period:** Direct expenses including borrowing cost incurred during construction period on capital projects are capitalized. Indirect expenses of the project group which are allocated to projects costing ₹ 5 crores and above are also capitalized. Crop compensation expenses incurred in the process of laying pipelines are capitalized as part of Pipeline cost. Expenditure incurred during construction period on projects like electricity transmission lines, roads, culverts etc. the ownership of which is not with the Corporation are charged to revenue in the accounting period of incurrence of such expenditure.

(b) Intangible Assets

(i) Intangible assets are carried at cost less accumulated amortization.

(ii) Cost of Right of Way which is perpetual and absolute in nature is amortized over a period of 99 years and in other cases, over its estimated useful life. In case of Central UP Gas Limited, Right to use of land is amortized over a period of 90 years.

(iii) Expenditure incurred for creating/acquiring other intangible assets of ₹ 0.50 crores and above and ₹ 0.02 crores and above in case of Petronet CCK Limited, from which future economic benefits will flow over a period of time, is amortized over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit.

(iv) Expenditure incurred on intangible assets is capitalized and amortized over a period of 5 years by Indraprastha Gas Limited and Central UP Gas Limited and over a period of 3 years by Petronet LNG Limited and Maharashtra Natural Gas Limited.

(v) Bharat Oman Refineries Limited - Expenditure incurred on construction of facilities such as SPM, Sub-sea Pipeline etc., the ownership of which is not with the company but for which the Company has license to use, is capitalized as “Intangible Asset”. Intangible assets are amortized over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

a) Computer software – 5 years

b) Single Point Mooring System and Sub-sea Pipeline – 25 years

c) Others – 5 years

(vi) During the year, GSPL India Transco Limited and GSPL India Gasnet Limited have changed their policy on Intangible Assets ‘Right of Use’ and ‘Right of Way’. The expenditure on Land Compensation for acquiring Right of Use (ROU) and expenditure on Right of Way is amortized over 99 years and 30 years respectively, on straight line method from the date of commissioning of the respective pipeline.

1.5. IMPAIRMENT OF ASSETS:

The values of tangible and intangible assets (including Goodwill) of respective Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date, if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the higher of net selling price of the asset or present value of estimated future Cash Flows, the difference is recognized as an impairment loss. At each Balance Sheet date, the goodwill is tested for impairment and the impairment loss, if any, is recognized in the financial statements.

1.6. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to revenue. In Matrix Bharat Pte. Ltd., borrowing costs are recognised in Profit and Loss using the effective interest method.

1.7. DEPRECIATION:

The Group has provided depreciation on fixed assets on straight line basis, over the useful lives of assets (after retaining the residual value of upto 5%) as prescribed in Schedule II of the Act, except in certain cases based on technical/internal evaluation.

a) Cost of Leasehold Land for lease period not exceeding 99 years is amortized over the period of lease.

b) In case of the Corporation, Plant & Machinery at Retail Outlets (other than Storage tanks and related equipments) are depreciated over a useful life of 15 years based on the technical assessment.

c) In case of the Corporation, Numaligarh Refinery Limited and Bharat PetroResources Limited, computer equipments are depreciated over a period of 4 years on the basis of internal assessment. Mobile phones are depreciated over a period of 2 years (previous year 3 years) in case of the Corporation and over a period of 3 years in case of Numaligarh Refinery Limited and Bharat PetroResources Limited based on internal assessment. Furniture, other than computer equipments and mobile phones, provided at the residence of management staff are depreciated over a period of 7 years as per internal assessment in case of the Corporation, Numaligarh Refinery Limited, Bharat PetroResources Limited and Petronet CCK Limited. Computers and Peripherals (other than servers and hubs) and mobile phones are depreciated over a period of 4 years in case of Petronet CCK Limited.

d) Solar Panels are depreciated over a period of 25 years based on the technical assessment of useful life and applicable warranty conditions.

e) Moulds, used for the manufacturing of the packaging material for Lubricants, are depreciated over a period of 5 years based on technical assessment of useful life.

f) Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life for such components has been assessed based on historical experience and internal technical assessment.

g) In case of the Corporation, Numaligarh Refinery Limited, Bharat PetroResources Limited, Bharat Oman Refineries Limited, Petronet CCK Limited, GSPL India Gasnet Limited and GSPL India Transco Limited, fixed assets costing not more than ₹ 5,000 each are depreciated @ 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators in case of the Corporation which are depreciated over a useful life of 15 years based on the technical assessment.

h) Indraprastha Gas Limited:

   i. Mother compressors, Online compressors and Booster compressors – 10 years

   ii. Signages (forming part of Buildings) – 10 years

   iii. Pipelines (forming part of plant and equipment) – 25 years

i) Petronet LNG Limited: Useful life of the assets, required to be transferred under Concession Agreement have been restricted up to the end of the Concession Agreement.

j) Bharat Stars Services Private Limited: Depreciation is provided on Written Down Value(WDV) method as per the useful lives prescribed in Schedule II of the Act except the following assets:

   i. Chasis of dispensers and refuellers (Aviation Refuelling Equipment) – 8 years

   ii. Fabricated module of Dispensers and Refuellers (Aviation Refuelling Equipment) – 25 years

   iii. Cost of Operating rights is amortized over a period of 10 years.

k) Maharashtra Natural Gas Limited:

   i. Mother compressors, Online compressors and Booster compressors – 10 years

   ii. Computer and Mobile Phones – 3 years

   iii. Signages – 10 years

   iv. Pipelines – 25 years

   v. Plant and Equipment – 20 years

   vi. Vehicles – 6 years

   vii. Buildings – 30 years

l) Sabarmati Gas Limited: Certain items of Plant & Machinery ranging from 15 to 30 years.

m) Bharat Oman Refineries Limited:

i. Roads and Boundary walls – 30 years as certified by the Chartered Engineer

ii. Cetane and Octane Engine – 25 years considering the usage and maintenance

n) Delhi Aviation Fuel Facility Private Limited: Depreciation is charged on the full value of the assets except building where depreciation is being charged over useful life of 25 years as provided in concession and operating agreement.

o) GSPL India Gasnet Limited and GSPL India Transco Limited: Depreciation is provided on WDV method as per the useful life of the Schedule II of the Act except on mobile instruments which are depreciated over 2 years.

p) Mumbai Aviation Fuel Farm Facility Private Limited: Depreciation on dead stock forming part of the plant and machinery is provided on the basis of diminution in the value of dead stock calculated on realization price method, if such diminution in value is not temporary. In respect of the assets acquired from the promoters, the useful life is restricted to the contractual period governed by the respective agreements.

q) Central UP Gas Limited:

i. Mother compressors, Online compressors and Booster compressors – 10 years

ii. Pipeline – 25 years

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

1.8. INVESTMENTS:

i. Current investments are valued at lower of cost or fair value determined on an individual investment basis.

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

1.9. INVENTORIES:

i. Inventories are stated at cost or net realisable value, whichever is lower. The cost comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis.

ii. The net realizable value of finished goods and stock in trade are based on the inter-company transfer prices and final selling prices (applicable at the location of stock) for sale to oil companies and retail consumers respectively. For the purpose of stock valuation, the proportion of Sales to oil companies and retail sales are determined on all India basis and considered for stock valuation at all locations.

iii. The Cost of Stock-in-process is determined at raw material cost plus cost of conversion.

iv. Obsolete, slow moving, surplus and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks. In case of Numaligarh Refinery Limited, the obsolete, slow-moving/non-moving/surplus stores and other materials including project materials for three years and above are provided for in full and regular stores are provided for at the rate of 2%.

v. Cost of Crude Oil, traded goods and finished products other than Lubricants are determined on First-in-First-Out basis. Other raw materials, packages, lubricants and stores and spares are determined on weighted average basis. In case of Matrix Bharat Pte. Ltd. inventories are valued at fair value less cost to sell.

vi. In case of Petronet CCK Limited, the stores and spares are valued on First-in-First-Out basis. In case of Kochi Salem Pipeline Private Limited, an adhoc provision @ 5% is also made on the balance stores and spares toward the likely diminution in the value.

1.10. REVENUE RECOGNITION:

i. Revenue is recognised when sufficient risks and rewards incidental to ownership is transferred to the customers, it can be reliably measured and it is reasonable to expect ultimate collection.

ii. Sales represents invoiced value of goods supplied net of trade discounts, and include applicable Excise Duty, Surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/ Sales Tax. Further, it includes other elements allowed by the Government from time to time.

iii. Claims including subsidy on LPG and SKO from Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments after necessary audit, as stipulated.

iv. Other claims are booked when there is a reasonable certainty of recovery.

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

vi. Dividend income is recognized when the right to receive the dividend is established.

vii. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

1.11. CLASSIFICATION OF INCOME/EXPENSES:

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

ii. Income/expenditure upto ₹ 0.05 Crores in each case pertaining to prior years is charged to the current year by the parent company, Numaligarh Refinery Limited and Petronet CCK Limited; and ₹ 50,000 by GSPL India Transco Limited and GSPL India Gasnet Limited.

iii. Prepaid expenses upto ₹ 0.05 Crores in each case, are charged to revenue as and when incurred by the parent company and Numaligarh Refinery Limited, upto ₹ 50,000 by GSPL India Transco Limited and GSPL India Gasnet Limited and upto ₹ 10,000 by Bharat PetroResources Limited and Petronet CCK Limited.

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

v. Liabilities for expenses in Bharat PetroResources Limited and in Petronet CCK Limited (other than for transportation, rent and property taxes) are provided only if the amount exceeds ₹ 10,000 in each case.

1.12. EMPLOYEE BENEFITS:

i. Contributions to defined contribution schemes such as Pension, Superannuation, Provident Fund, etc. are charged to the Statement of Profit and Loss as and when incurred.

ii. The Group also provides for retirement/post-retirement benefits in the form of gratuity, leave encashment, post retirement benefits and other long-term benefits. Such defined benefits are charged to the Statement of Profit and Loss based on valuations made by independent actuary using the Projected Unit Credit Method, as at the Balance Sheet date.

iii. Expenditure on Voluntary Retirement Scheme is charged to Statement of Profit and Loss as and when incurred.

1.13. DUTIES ON BONDED STOCKS:

i. Customs duty on raw materials/finished goods lying in bonded warehouse are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

ii. Excise duty on finished stocks lying at manufacturing location is provided for, at the assessable value applicable at each of the locations based on end use.

1.14. FOREIGN CURRENCY AND DERIVATIVE TRANSACTIONS:

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

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

iii. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Statement of Profit and Loss either as profit or loss on Foreign Currency transactions and translations or finance cost as the case may be.

iv. In case of parent company, Numaligarh Refinery Limited, Bharat Oman Refineries Limited and Bharat PetroResources Limited the foreign exchange differences on long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the asset or liability.

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

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

vii. All the subsidiaries and Joint Ventures incorporated outside India are considered to be "non integral foreign operations" in terms of Accounting Standard 11 "The Effects of Changes in Foreign Exchange

Rates". Consequently, the assets and liabilities, monetary and non-monetary of such subsidiaries and Joint Ventures have been translated at the closing rates. Income and expense items of the non-integral foreign operations are translated at average exchange rate prevailing during the period.

1.15. GOVERNMENT GRANTS:

i. When the grant relates to an expense item or depreciable fixed assets, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Grants relating to depreciable fixed assets are reflected as Capital Grants under Reserves and Surplus in Balance Sheet and recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

ii. Government grants of the nature of promoter's contribution or relating to non depreciable assets are credited to capital reserve in Balance Sheet.

iii. In case of Bharat Oman Refineries Limited grants related to specific fixed assets are shown as a deduction from the gross value of fixed asset concerned. Grants related to revenue are deducted in reporting the related expenses.

1.16. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS:

i. A provision is recognized when Group has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

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

iii. Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 0.05 crores in each case of the Corporation, Numaligarh Refinery Limited, and Bharat Oman Refineries Limited and ₹ 0.01 crores in case of Bharat PetroResources Limited.

1.17. TAXES ON INCOME:

i. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

ii. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

iii. Deferred Tax Assets are recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward losses, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty supported by convincing evidence that the assets will be realized in future.

iv. The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each Balance Sheet date.

1.18. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

1.19. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Corporation considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.20. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT:

All assets and liabilities are classified as current or non-current as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

1.21. ACCOUNTING FOR LEASES:

For operating leases, rentals are expensed with reference to lease terms and other relevant considerations.

1.22. CASH FLOW:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

1.23. OIL AND GAS EXPLORATION ACTIVITIES IN CASE OF BHARAT PETRORESOURCES LIMITED:

(i) The Subsidiary 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. General and Administrative expenses identifiable in respect of blocks or cost centre is capitalized along with block or 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 capitalized 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 capitalized 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.

The net quantities of the Group's interest is in proved reserves and proved developed reserves of oil and gas at the beginning and additions, deductions, productions and closing balance for the year and disclosure of quantities on the geographical basis are not mentioned as the Group is in exploratory/appraisal phase.

(ii) Surrender of field/disposal of participation interest

If the Subsidiary Company were to surrender a field, the accumulated acquisition, exploration, development and General & Administrative 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 capitalized 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 Subsidiary Company's participating interest is assigned, surrendered or farmed out.

(iii) Depletion

Depletion charge is calculated on the capitalized 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 Subsidiary Company.

(iv) Site restoration costs

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

2. SHARE CAPITAL (CONSOLIDATED)

₹ in Crores

		31/03/2016	31/03/2015
i.	**Authorised**		
	2,50,00,00,000 equity shares	**2,500.00**	2,500.00
	(previous year 2,50,00,00,000 equity shares)		
ii.	**Issued, subscribed and paid-up**		
	72,30,84,248 (previous year 72,30,84,248) equity shares fully paid-up	**723.08**	723.08
	Total	**723.08**	723.08

iii. The Corporation has only one class of shares namely equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per equity share. In the event of liquidation of the Corporation, the holders of equity shares will be entitled to receive the remaining assets of the Corporation in proportion to the number of equity shares held.

The Corporation declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

iv. The Board at its meeting held on 20th January 2016 and 12th February 2016 declared interim dividends of ₹ **12.50** (previous year NIL) and ₹ **3.50** (previous year NIL) per equity share respectively. The amount of interim dividends distributed to equity shareholders and Corporate Dividend Tax paid thereon is ₹ **1,156.93 crores** (previous year NIL) and ₹ **202.51 crores** (previous year NIL) respectively. In addition, the Board has also proposed a final dividend of ₹ **15.00** (previous year ₹ 22.50) per equity share. The final dividend appropriated for the year ended 31st March 2016 amounted to ₹ **1,273.11 crores** (previous year ₹ 1,921.21 crores) including Corporate Dividend Tax of ₹ **188.48 crores** (previous year ₹ 294.27 crores). The total dividend including interim dividend for the year ended 31st March 2016 is ₹ **31.00** (previous year ₹ 22.50) per equity share amounting to ₹ **2,632.55 crores** (previous year ₹ 1,921.21 crores) including Corporate Dividend Tax of ₹ **390.99 crores** (previous year ₹ 294.27 crores).

v. During Financial Year 2012-13, the Corporation had issued Bonus Shares in the ratio of 1:1 by capitalization of General Reserve. The total number of Bonus Shares issued is 36,15,42,124 equity shares having face value of ₹ 10 each.

vi. Reconciliation of No. of Equity Shares

		31/03/2016	31/03/2015
A.	Opening Balance	**72,30,84,248**	72,30,84,248
B.	Shares Issued		
	- Bonus Shares	**-**	-
C.	Shares Bought Back	**-**	-
D.	Closing Balance	**72,30,84,248**	72,30,84,248

vii. Details of shareholders holding more than 5% shares

Name of shareholder	31/03/2016		31/03/2015	
	% Holding	No. of shares	% Holding	No. of shares
Government of India	**54.93**	**39,72,00,120**	54.93	39,72,00,120
BPCL Trust for Investment in shares	**9.33**	**6,74,57,474**	9.33	6,74,57,474

3. RESERVES AND SURPLUS (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Capital Reserve		
As per last Balance Sheet	**50.68**	50.68
Capital Grant		
As per last Balance Sheet	**12.05**	9.37
Add: Grant received during the year	-	4.98
Less: Amortization of Capital Grant during the year	**(1.93)**	(2.30)
	10.12	12.05
Capital Reserve on Acquisition of subsidiaries (Refer Note No. 34)	**66.45**	66.45
Debenture Redemption Reserve		
As per last Balance Sheet	**517.49**	323.14
Add: Transfer from Surplus	**243.75**	194.35
Less: Transfer to General Reserve on redemption of debentures	**(175.00)**	-
	586.24	517.49
Foreign Currency Translation Reserve	**687.24**	397.29
Foreign Currency Monetary Item Translation Difference Account (Refer Note No. 36)		
As per last Balance Sheet	**26.99**	184.25
Add/Less: Additions/(Deletions) during the year	**(340.10)**	(149.35)
Less: Amortization during the year	**233.91**	(7.91)
	(79.20)	26.99
General Reserve		
As per last Balance Sheet	**23,194.90**	19,861.80
Add: Transfer from Surplus	**5,160.17**	3,333.10
Add: Transfer from/(to) Debenture Redemption Reserve	**175.00**	-
	28,530.07	23,194.90
Surplus as per Statement of Profit and Loss *	**(1,765.45)**	(1,438.53)
Sub Total	**28,086.15**	22,827.32
Less: Minority Interest (net of dividend payable)	**(1,264.62)**	(1,004.29)
Share of Interest in Joint Ventures #	**475.09**	2.39
Grand Total	**27,296.62**	21,825.42
# Share of Interest in Joint Ventures		
Debenture Redemption Reserve	**21.46**	11.66
General Reserve	**158.52**	137.45
Securities Premium Reserve	**249.26**	224.39
Foreign Currency Translation Reserve	**3.27**	2.72
Surplus as per Statement of Profit and Loss	**42.58**	(373.83)
Sub Total	**475.09**	2.39
*** Surplus as per Statement of Profit and Loss**		
As per last Balance Sheet	**(1,438.53)**	(994.40)
Add: Profit/(Loss) for the year	**8,011.85**	5,177.28
Less: Interim Dividend	**(1,255.66)**	-
Less: Corporate Dividend Tax on Interim Dividend	**(254.92)**	-
Less: Proposed Dividend	**(1,183.37)**	(1,739.78)
Less: Corporate Dividend Tax on Proposed Dividend	**(240.90)**	(354.18)
Less: Transfer to Debenture Redemption Reserve	**(243.75)**	(194.35)
Less: Transfer to General Reserve	**(5,160.17)**	(3,333.10)
Sub total	**(1,765.45)**	(1,438.53)

4. LONG-TERM BORROWINGS (CONSOLIDATED)

₹ in Crores

	31/03/2016		31/03/2015	
	Current #	**Non-Current**	Current #	Non-Current
Secured				
From others				
Debentures				
8.65% Secured Non-Convertible Debentures 2017 *	**-**	**-**	-	700.00
Term Loan				
Term loan from Banks/Financial Institutions **	**-**	**7,130.79**	3,129.54	2,816.59
Foreign Currency Loan Syndicated ***	**-**	**497.50**	-	469.43
Loan from Oil Industry Development Board @	**226.87**	**1,424.87**	-	941.10
Unsecured				
From banks				
Foreign Currency Loans Syndicated	**1,989.99**	**3,979.97**	1,251.82	5,633.17
Term loan	**-**	**250.00**	-	-
From others				
Term Loan				
Loan from Oil Industry Development Board	**49.25**	**24.25**	93.15	73.50
Bonds				
4.625% US Dollar International bonds 2022	**-**	**3,316.65**	-	3,129.54
4% US Dollar International bonds 2025	**-**	**3,316.65**	-	-
3% Swiss franc International bonds 2019	**-**	**1,373.30**	-	1,293.30
	2,266.11	**21,313.98**	4,474.51	15,056.63
Share of Interest in Joint Ventures	**-**	**4,729.07**	-	4,285.19
Total	**2,266.11**	**26,043.05**	4,474.51	19,341.82

Classified under other current liabilities (Refer Note No. 10)

* The Corporation had allotted redeemable non-convertible 8.65% Debentures of face value of ₹ 700 crores on 8th October 2012 redeemable on 8th October 2017 with a put call option on 8th October 2015. Accordingly, the Corporation has redeemed the debentures during the year. These were secured by first legal mortgage by way of a Registered Debenture Trust Deed over the fixed assets of the Corporation, mainly Plant and Machinery at Mumbai Refinery. The relevant charge has been satisfied.

** Pledge of shares held in BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV; a first rank of security interest on fixed and current assets and cash flows of BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV.

*** Loan is secured in favour of participating banks ranking pari-passu inter-alia by hypothecation of Plants & Equipments both present and future.

@ These are secured by first legal mortgage over the fixed assets of the Corporation, mainly Plant and Machinery at Mumbai Refinery and Kochi Refinery.

4. LONG-TERM BORROWINGS (CONSOLIDATED) (CONTD.)

Terms of Repayment Schedule of Long-term borrowings as on 31/03/2016

Non-Current	₹ in Crores	Maturity
Loan from Oil Industry Development Board - Secured	1,424.87	Apr 17- Mar 21
Loan from Oil Industry Development Board - Unsecured	24.25	28/Sep/2017
Foreign Currency Loans - Syndicated	1,094.49	07/Nov/2017
	663.33	05/Feb/2018
	33.17	07/Nov/2018
	2,188.98	26/Feb/2021
Term Loan	250.00	Apr 20 - Mar 24
4.625% US Dollar International Bonds 2022	3,316.65	25/Oct/2022
4% US Dollar International Bonds 2025	3,316.65	08/May/2025
3% Swiss Franc International Bonds 2019	1,373.30	20/Dec/2019
Loan from Bank (BPRL)	1,989.99	06/Dec/2017
Loan from Bank (BPRL)	829.16	24/Aug/2020
Loan from Bank (BPRL)	1,658.32	27/Nov/2020
Loan from Bank (BPRL)	2,653.32	27/Nov/2022

In respect of Numaligarh Refinery Limited

Foreign Currency Loan (External Commercial Borrowing) of **USD 75 million** (previous year USD 75 million) carries interest at 3 months LIBOR plus 1.85% Margin. The loan is repayable in 3 equal yearly instalments at the end of 4th, 5th and 6th year from the date of the loan taken on various dates and keeping the average age of the maturity of repayments as 5 years.

Current	₹ in Crores	Maturity
Foreign Currency Loans - Syndicated	1,989.99	09/Mar/2017
Loan from Oil Industry Development Board - Secured	226.87	Apr 16 - Jan 17
Loan from Oil Industry Development Board - Unsecured	49.25	Sep 16 - Mar 17

5. DEFERRED TAX LIABILITIES & ASSETS (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Deferred Tax Liabilities:		
On account of depreciation	**3,812.03**	3,163.74
On account of Foreign Currency Monetary Item Translation Difference Account	**27.41**	-
Total Deferred Tax Liabilities (A)	**3,839.44**	3,163.74
Deferred Tax Asset:		
Disallowance under Income Tax Act, 1961	**1,032.19**	828.13
Provisions for mark to market for investments & Loans, doubtful debts, claims, etc.	**422.31**	381.64
Voluntary Retirement Scheme	**17.82**	32.67
Others	**28.76**	68.81
Total Deferred Tax Assets (B)	**1,501.08**	1,311.25
Net Deferred Tax Liabilities (A-B)	**2,338.36**	1,852.49
Share of Interest in Joint Ventures	**185.69**	144.72
Total Deferred Tax Liabilities	**2,524.05**	1,997.21
Deferred Tax Assets:		
Share of Interest in Joint Ventures	**547.15**	650.44
Total Deferred Tax Assets	**547.15**	650.44

6. OTHER LONG-TERM LIABILITIES (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Security/Earnest Money Deposits	**13.24**	22.46
Retiral Dues & Provision for expenses*	**49.82**	50.03
	63.06	72.49
Share of Interest in Joint Ventures	**180.88**	111.85
Total	**243.94**	184.34

* Includes provision for expenses of ₹ 0.33 crores.

7. LONG-TERM PROVISIONS (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Contingencies for probable obligations	**474.30**	269.94
Provision for employee benefits (Refer Note No. 40)	**1,163.74**	1,118.02
	1,638.04	1,387.96
Share of Interest in Joint Ventures	**25.39**	8.90
Total	**1,663.43**	1,396.86

8. SHORT-TERM BORROWINGS (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Loans repayable on demand		
Secured		
From banks		
Working capital loans/Cash Credit*	**24.40**	40.27
Unsecured		
From banks		
Bank overdraft	**-**	1.08
Foreign currency loans	**-**	164.53
	24.40	205.88
Share of Interest in Joint Ventures	**559.39**	1,470.00
Total	**583.79**	1,675.88

* In respect of Corporation, secured in favour of the participating banks ranking pari-passu inter-alia by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future.

The Corporation has collaterized borrowing & lending obligations limits from Clearing Corporation of India Limited, the balance of which is **Nil** as at 31st March 2016 (previous year Nil). These are secured by Oil Marketing Companies GOI Special Bonds 2026 of ₹ **2,450 crores** (previous year ₹ 2,450 crores) and a bank guarantee of **Nil** (previous year ₹ 500 crores) issued in favour of Clearing Corporation of India Limited.

*In case of Numaligarh Refinery Limited, Cash Credit from State Bank of India carries interest @ 9.30% p.a. The loan is repayable on demand. The loan is secured by hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts and second charge on Plant & Machinery and other Fixed Assets of the company.

9. TRADE PAYABLES (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Dues to Micro, Small and Medium Enterprises (Refer Note No. 41)	**2.96**	0.65
Dues to others (Refer Note No. 39)	**7,869.13**	12,436.15
	7,872.09	12,436.80
Share of Interest in Joint Ventures	**598.58**	428.49
Total	**8,470.67**	12,865.29

10. OTHER CURRENT LIABILITIES (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Current maturities of long-term borrowings (Refer Note No. 4)	**2,266.11**	4,474.51
Interest accrued but not due on borrowings	**180.48**	181.00
Security/Earnest Money Deposits	**525.55**	476.98
Deposits for Containers	**8,800.84**	7,677.48
Advances from Customers	**546.29**	666.85
Unclaimed Dividend*	**5.70**	3.47
Unclaimed Deposits*	**0.02**	0.08
Unclaimed Interest on Deposits*/#	**-**	0.04
Statutory Liabilities	**2,975.34**	2,650.62
Dues to Micro, Small and Medium Enterprises (Refer Note No. 41)	**114.26**	163.67
Other Liabilities (Including creditors for expenses and others) @	**5,192.08**	3,814.26
	20,606.67	20,108.96
Share of Interest in Joint Ventures	**594.80**	1,334.07
Total	**21,201.47**	21,443.03

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

Balance of ₹ 31,095 as at 31st March 2016

@ Includes balance payable to Government of India - DBTL Account of ₹ **341.11 Crores** (previous year Nil) - Refer Note No. 22

11. SHORT-TERM PROVISIONS (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Provision for Taxation (Net of Advance Tax paid)	**914.47**	882.25
Provision for Liquidated Damages	**30.54**	25.48
Proposed dividend	**1,183.37**	1,739.78
Corporate Dividend Tax on proposed dividend	**240.90**	354.18
Provision for abandonment	**0.42**	-
Provision for employee benefits (Refer Note No. 40)	**224.76**	198.97
Provision for CSR Expenditure	**59.59**	42.06
Others (Refer Note No. 45)	**635.00**	727.56
	3,289.05	3,970.28
Share of Interest in Joint Ventures	**162.75**	249.50
Total	**3,451.80**	4,219.78

12. TANGIBLE ASSETS (CONSOLIDATED)

₹ in Crores

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01/04/2015	Additions	Other adjustments	Reclassification/ Deductions on account of retirement/Disposal	**As at 31/03/2016**	Up to 31/03/2015	For the year	Reclassification/ Deductions on account of retirement/Disposal & adjustments	**Up to 31/03/2016**	**As at 31/03/2016**	As at 31/03/2015
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
Land											
Freehold	842.41	56.47	0.68	0.34	**899.22**	-	-	-	**-**	**899.22**	842.41
Leasehold	214.88	68.22	-	0.21	**282.89**	40.61	6.35	0.01	**46.95**	**235.94**	174.27
Buildings including Roads	7,064.25	583.72	53.12	(60.74)	**7,761.83**	2,452.57	357.92	(35.25)	**2,845.74**	**4,916.09**	4,611.68
Plant and Equipments	17,683.56	2,175.72	320.70	307.28	**19,872.70**	8,232.07	1,012.98	191.37	**9,053.68**	**10,819.02**	9,451.49
Furniture and Fixtures	530.53	77.91	0.68	7.73	**601.39**	272.96	60.69	4.90	**328.75**	**272.64**	257.57
Vehicles	83.88	10.86	0.30	2.90	**92.14**	57.84	5.72	2.15	**61.41**	**30.73**	26.04
Office Equipments	1,045.67	157.28	1.56	42.51	**1,162.00**	752.92	97.40	38.92	**811.40**	**350.60**	292.75
Railway Sidings	358.22	25.93	-	0.03	**384.12**	223.03	22.58	0.04	**245.57**	**138.55**	135.19
Tanks and Pipelines	7,021.84	534.54	233.30	38.78	**7,750.90**	3,632.06	181.10	(185.05)	**3,998.21**	**3,752.69**	3,389.78
Dispensing Pumps	2,733.01	295.38	16.64	7.28	**3,037.75**	886.32	156.47	6.54	**1,036.25**	**2,001.50**	1,846.69
LPG Cylinders and Allied Equipments	8,087.38	1,054.14	45.21	2.60	**9,184.13**	6,999.15	152.23	2.60	**7,148.78**	**2,035.35**	1,088.23
Others	91.17	14.62	(0.01)	1.24	**104.54**	58.69	8.41	0.99	**66.11**	**38.43**	32.48
Total	**45,756.80**	**5,054.79**	**672.18**	**350.16**	**51,133.61**	**23,608.22**	**2,061.85**	**27.22**	**25,642.85**	**25,490.76**	**22,148.58**
Share of Interest in Joint Ventures	**7,903.73**	**293.22**	**(56.06)**	**8.28**	**8,132.61**	**1,531.66**	**293.34**	**100.77**	**1,724.23**	**6,408.38**	**6,372.07**
Grand Total - Current Year	**53,660.53**	**5,348.01**	**616.12**	**358.44**	**59,266.22**	**25,139.88**	**2,355.19**	**127.99**	**27,367.08**	**31,899.14**	**28,520.65**
Previous Year	41,677.00	4,212.51	134.79	267.50	**45,756.80**	21,088.76	2,691.82	172.36	**23,608.22**	**22,148.58**	
Share of Interest in Joint Ventures	7,420.35	404.32	44.72	(34.34)	**7,903.73**	1,197.06	299.43	(35.17)	**1,531.66**	**6,372.07**	
Grand Total - Previous Year	49,097.35	4,616.83	179.51	233.16	**53,660.53**	22,285.82	2,991.25	137.19	**25,139.88**	**28,520.65**	

Notes:

1. Pursuant to the notification dated 29th August 2014 issued by the Ministry of Corporate Affairs, the Group has complied with the requirements of paragraph 4(a) of Notes to Schedule II of the Companies Act, 2013 relating to Componentization in the financial year 2015-16. This has resulted in higher depreciation of ₹ **367.26 crores** in financial year 2015-16 which includes Share of Interest in Joint Ventures ₹ **16.85 crores**.

2. Other adjustments include capitalization of foreign exchange differences of ₹ **375.47 crores** (previous year ₹ 173.28 crores) which includes Share of Interest in Joint Ventures ₹ **61.95 crores** (previous year ₹ 42.03 crores) and borrowing costs of ₹ **39.90 crores** (previous year ₹ 12.82 crores) which includes Share of Interest in Joint Ventures of ₹ **3.09 crores** (previous year Nil).

3. In respect of Land:

   a) Freehold land of the Corporation includes ₹ **37.76 crores** (previous year ₹ 33.54 crores) with more than 99 years lease period.

   b) Freehold land includes ₹ **128.02 crores** (previous year ₹ 387.56 crores) capitalized at various locations for which conveyance deeds are yet to be executed and/or mutation is pending which include Share of Interest in Joint Ventures of ₹ **1.82 crores**.

   c) Leasehold land of the Group includes gross block ₹ **3.07 crores** (previous year ₹ 2.95 crores) which though in possession, the lease deeds are yet to be registered which includes Share of Interest in Joint Ventures ₹ **1.61 crores** (previous year ₹ 1.49 crores).

   d) Freehold land of the Corporation includes land costing ₹ **2.20 crores** (previous year ₹ 2.20 crores) which is in the process of being surrendered to competent authority.

4. Buildings include ownership flats of ₹ **50.36 crores** (previous year ₹ 49.36 crores) in proposed/existing co-operative societies and others.

5. Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned by the Corporation in varying extent with other Oil Companies/Railways:- Gross Block ₹ **294.94 crores** (previous year ₹ 292.26 crores), Cumulative Depreciation ₹ **137.61 crores** (previous year ₹ 128.92 crores) and Net Block ₹ **157.33 crores** (previous year ₹ 163.34 crores).

6. Gross Block of the Group includes ₹ **37.86 crores** (previous year ₹ 16.15 crores) towards assets which are not in active use during the period in respect of which additional depreciation of ₹ **5.10 crores** (previous year ₹ 6.08 crores) has been provided to recognise the expected loss on disposal.

13. INTANGIBLE ASSETS (CONSOLIDATED)

₹ in Crores

Particulars	Gross Block					Amortization				Net Carrying Amount	
	As at 01/04/2015	Additions	Other adjustments	Reclassification/ Deletions	**As at 31/03/2016**	Up to 31/03/2015	For the Year	Reclassification/ Deletions & adjustments	**Up to 31/03/2016**	**As at 31/03/2016**	As at 31/03/2015
Right Of Way	51.16	8.23	17.27	-	**76.66**	2.95	1.14	(2.13)	**6.22**	**70.44**	48.21
Software/Licenses	99.06	0.14	1.17	-	**100.37**	72.49	8.47	(1.06)	**82.02**	**18.35**	26.57
Development Rights	1.50	-	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
Process Licenses	100.13	9.58	(0.08)	0.01	**109.62**	82.89	8.57	-	**91.46**	**18.16**	17.24
Total	**251.85**	**17.95**	**18.36**	**0.01**	**288.15**	**159.83**	**18.18**	**(3.19)**	**181.20**	**106.95**	**92.02**
Share of Interest in Joint Ventures *	**548.35**	**5.30**	**(17.62)**	**-**	**536.03**	**66.07**	**13.80**	**0.60**	**79.27**	**456.76**	**482.28**
Grand Total - Current Year	**800.20**	**23.25**	**0.74**	**0.01**	**824.18**	**225.90**	**31.98**	**(2.59)**	**260.47**	**563.71**	**574.30**
Previous Year	234.69	42.11	-	24.95	**251.85**	139.52	20.81	0.50	**159.83**	**92.02**	
Share of Interest in Joint Ventures	725.13	5.62	(100.56)	81.84	**548.35**	51.88	14.00	(0.19)	**66.07**	**482.28**	
Grand Total - Previous Year	959.82	47.73	(100.56)	106.79	**800.20**	191.40	34.81	0.31	**225.90**	**574.30**	

* Includes share of Goodwill on acquisition pertaining to Subsidary company's Joint Venture Companies ₹ **264.72 crores** (previous year ₹ 274.67 crores).

14. INTANGIBLE ASSETS UNDER DEVELOPMENT (CONSOLIDATED)

₹ in Crores

Particulars	Gross Amount			
	As at 01/04/2015	Additions	Capitalization as intangible asset/ deletions	**As at 31/03/2016**
Process Licenses	25.07	190.11	-	**215.18**
Total	**25.07**	**190.11**	**-**	**215.18**
Share of Interest in Joint Ventures	**-**	**-**	**-**	**-**
Grand Total - Current Year	**25.07**	**190.11**	**-**	**215.18**
Previous Year	25.07	-	-	**25.07**
Share of Interest in Joint Ventures	-	-	-	**-**
Grand Total - Previous Year	25.07	-	-	**25.07**

There are no internally generated intangible assets.

15. CAPITAL WORK-IN-PROGRESS (AT COST) (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Tangible Assets under erection/construction *	**14,349.58**	9,936.37
Capital stores including lying with contractors	**1,787.90**	1,150.68
Capital goods in transit	**53.76**	167.39
Allocation of construction period expenses		
Opening balance	**634.59**	372.72
Add: Expenditure during the year		
Establishment charges including Salaries & Wages	**112.00**	102.32
Interest	**268.13**	188.69
Loss on foreign currency transactions and translations	**95.14**	65.10
Insurance	**18.50**	22.25
Others	**17.28**	14.22
	1,145.64	765.30
Less: Allocated to assets capitalized during the year/charged off	**(137.59)**	(130.71)
Closing balance pending allocation	**1,008.05**	634.59
	17,199.29	11,889.03
Share of Interest in Joint Ventures	**4,704.29**	3,873.24
Total	**21,903.58**	15,762.27

* Net of provision for impairment loss of ₹ **124.38 crores** (previous year ₹ 87.24 crores) - Refer Note No. 38

* Includes assets held for sale of **Nil** (previous year ₹ 1.22 crores) in case of Numaligarh Refinery Limited.

16. NON-CURRENT INVESTMENTS (CONSOLIDATED)

(At cost unless otherwise stated)

₹ in Crores

		31/03/2016	31/03/2015
	Long-Term		
(a)	**Trade**		
	Investment In Equity Instruments, Warrants & Debentures		
	Oil India Limited-Quoted	**561.76**	561.76
	Unquoted *	**1,172.55**	1,108.66
	Less: Provision for diminution in value of investments	**(20.94)**	(20.94)
		1,713.37	1,649.48
	Others		
	BPCL Trust for Investment in Shares (Refer Note No. 37)	**659.11**	659.11
(b)	**Non-Trade**		
	Investment In Debentures, Unquoted	**0.01**	0.01
	In Association of Persons, Unquoted		
	Capital Contribution in Petroleum India International	**0.10**	10.00
	Share in accumulated surplus of Petroleum India International	**4.40**	16.56
		4.51	26.57
		2,376.99	2,335.16
	Share of Interest in Joint Ventures	**102.88**	16.19
	Total	**2,479.87**	2,351.35

* includes investment in Shares of Kannur International Airport Limited ₹ **170 crores** (previous year ₹ 120 crores), in Cochin International Airport Limited ₹ **23.63 crores** (previous year ₹ 10.50 crores), in Share warrants of Bharat Oman Refineries Limited ₹ **792.83 crores** (previous year ₹ 792.83 crores), in Brahmaputra Cracker and Polymer Limited ₹ **126.90 crores** (previous year ₹ 126.90 crores), in DNP Limited ₹ **49.81 crores** (previous year ₹ 43.49 crores), in BPCL-KIAL Fuel Farm Facility Pvt. Ltd ₹ **4.44 crores** (previous year Nil), in Bharat Renewable Energy Ltd ₹ **3.36 crores** (previous year ₹ 3.36 crores), in Petronet CI Ltd ₹ **1.58 crores** (previous year ₹ 1.58 crores)

Debentures of Sabarmati Gas Limited ₹ **0.03 crores** (previous year ₹ 10 crores) has been classified as Current Investment as at 31st March 2016. (Refer Note No. 19)

17. LONG-TERM LOANS AND ADVANCES (CONSOLIDATED)

(Unsecured, considered good unless otherwise stated) ₹ in Crores

	31/03/2016	31/03/2015
Capital advances	**233.25**	525.34
Security deposits		
Considered good	**196.92**	32.06
Considered doubtful	**0.65**	0.45
Less: Provision for doubtful deposits	**(0.65)**	(0.45)
Loans and advances to related parties		
Bharat Oman Refineries Limited	**677.05**	677.05
Bharat Renewable Energy Limited #	**0.54**	0.75
Less: Provision in respect of Bharat Renewable Energy Limited	**(0.54)**	(0.75)
Petronet LNG Limited	**175.00**	131.25
Advance for investments *	**-**	6.75
Loans and advances to employees (including accrued interest) (secured)	**598.74**	584.08
Loans and advances to others		
Considered good	**28.61**	30.40
Considered doubtful	**0.77**	1.03
Less: Provision for doubtful loans	**(0.77)**	(1.03)
Claims & Deposits		
Considered good	**600.10**	452.20
Considered doubtful	**132.42**	80.91
Less: Provision for doubtful claims & deposits	**(132.42)**	(80.91)
Advance Income Tax (Net of provision for taxation)	**72.78**	57.93
Others	**0.51**	0.17
	2,582.96	2,497.23
Share of Interest in Joint Ventures	**188.17**	197.98
Total	**2,771.13**	2,695.21

Advance against equity shares (pending allotment).

* Advance against equity shares (pending allotment) pertaining to Kochi Salem Pipeline Private Limited as at 31st March 2015; since allotted during the year.

18. OTHER NON-CURRENT ASSETS (CONSOLIDATED)

(Unsecured, considered good unless otherwise stated) ₹ in Crores

	31/03/2016	31/03/2015
Unamortized Borrowings Expenses	**180.02**	70.57
Gratuity Account Balance	**5.19**	11.93
Bank deposits with more than twelve months maturity		
Considered Good *	**122.31**	0.96
Considered Doubtful	**0.02**	0.02
Less: Provision for bank deposits with more than twelve months maturity	**(0.02)**	(0.02)
	307.52	83.46
Share of Interest in Joint Ventures	**14.90**	1.01
Total	**322.42**	84.47

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

19. CURRENT INVESTMENTS (CONSOLIDATED)

(Current Investments are valued at lower of cost or fair market value) ₹ in Crores

		31/03/2016	31/03/2015
Investments in Government Securities (Face Value of ₹ 100 each)			
Non Trade, Quoted			
1.	6.35% Oil Marketing Companies GOI Special Bonds 2024	**2,094.96**	2,094.96
2.	6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**2,474.00**	2,474.00
3.	7.95% Oil Marketing Companies GOI Special Bonds 2025	**10.63**	10.63
4.	8.20% Oil Marketing Companies GOI Special Bonds 2024	**897.78**	897.78
		5,477.37	5,477.37
	Less: Provision for diminution in value of investment		
	In 6.35% Oil Marketing Companies GOI Special Bonds 2024	**(210.91)**	(211.39)
	In 6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**(188.34)**	(176.89)
	In 7.95% Oil Marketing Companies GOI Special Bonds 2025	**(0.01)**	-
	Total provision for dimunition in value of investment	**(399.26)**	(388.28)
Investment in Debentures (Face Value of ₹ 1,00,000 each - fully paid up)			
Trade - Unquoted			
	6% Optional Convertible Debenture of Sabarmati Gas Limited ##	**0.03**	-
Investment in Mutual Funds (Quoted)		**146.39**	236.80
		5,224.53	5,325.89
Share of Interest in Joint Ventures		**31.90**	34.57
Total		**5,256.43**	5,360.46

Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO of face Value ₹ **2,450 crores** (previous year ₹ 2,450 crores).

Classified as Non-Current Investment as at 31st March 2015 (Refer Note No. 16).

In respect of Corporation:

Aggregate value of Unquoted Securities ₹ **0.03 crores** (previous year Nil)

Aggregate value of Quoted Securities ₹ **5,078.11 crores** (previous year ₹ 5,089.09 crores)

Market value of Quoted Securities ₹ **5,091.67 crores** (previous year ₹ 5,104.33 crores)

20. INVENTORIES (CONSOLIDATED)

(Refer Note No. 1.9 and Note No. 53) ₹ in Crores

	31/03/2016	31/03/2015
Raw materials	**1,449.22**	2,135.46
Raw materials in transit	**2,030.69**	1,585.10
	3,479.91	3,720.56
Stock in process	**373.64**	423.46
Finished goods	**6,120.10**	7,256.05
Stock-in-trade	**3,728.06**	3,617.52
Stock-in-trade in transit	**469.15**	559.81
	4,197.21	4,177.33
Stores and spares	**459.73**	421.15
Provision for Stores and spares	**(98.41)**	(90.13)
Stores and spares in transit	**3.08**	3.73
	364.40	334.75
Packaging material	**15.15**	10.42
	14,550.41	15,922.57
Share of Interest in Joint Ventures	**946.44**	1,477.45
Total	**15,496.85**	17,400.02

21. TRADE RECEIVABLES (CONSOLIDATED)

(Unsecured unless otherwise stated)

₹ in Crores

	31/03/2016	31/03/2015
Outstanding for a period exceeding 6 months from due date of payment		
Considered good *	**166.91**	110.05
Considered doubtful	**274.93**	201.19
Less: Provision for doubtful debts	**(274.93)**	(201.19)
Other debts		
Considered good *	**2,004.63**	2,462.18
Considered doubtful	**0.06**	1.10
Less: Provision for doubtful debts	**(0.06)**	(1.10)
	2,171.54	2,572.23
Share of Interest in Joint Ventures	**251.96**	329.62
Total	**2,423.50**	2,901.85

* Includes Secured debts ₹ **564.14 crores** (previous year ₹ 621.40 crores)

22. CASH AND BANK BALANCES (CONSOLIDATED)

₹ in Crores

	31/03/2016	31/03/2015
Cash on hand	**24.34**	26.87
Cheques and drafts on hand	**11.91**	25.88
Balances with Banks:		
On Current Account	**171.53**	284.87
Demand deposits with banks with original maturity of less than three months	**3,319.35**	2,130.00
Cash and Cash equivalents	**3,527.13**	2,467.62
Earmarked Balances		
Unpaid Dividend	**5.80**	3.56
Fixed deposits with banks with original maturity of 3-12 months *	**415.68**	741.38
Fixed deposits with banks with original maturity of more than 12 months *	**249.13**	-
DBTL Account **	**0.01**	-
	4,197.75	3,212.56
Share of Interest in Joint Ventures	**431.25**	233.70
Total	**4,629.00**	3,446.26

* Includes Fixed deposits with State Bank of India held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014; includes acrrued interest of ₹ **4.63 crores** (previous year NIL) - Refer Note No. 10

** Represents balance in current account with State Bank of India held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014 - Refer Note No. 10

23. SHORT-TERM LOANS AND ADVANCES (CONSOLIDATED)

(unsecured, considered good unless otherwise stated)

₹ in Crores

	31/03/2016	31/03/2015
Loans and advances to related parties		
Dues from Joint Venture Companies	**4.07**	7.52
Loans and advances to employees (including accrued interest) (secured)	**73.92**	69.47
Loans to Others, considered good	**11.12**	13.47
Loans to Others, Doubtful	**1.58**	1.56
Less: Provision for Loans to Others, Doubtful	**(1.58)**	(1.56)
Advances		
Advances Recoverable in cash, or in kind or for value to be received, considered good	**236.14**	220.81
Advances considered doubtful	**14.65**	11.78
Less: Provision for doubtful advances	**(14.65)**	(11.78)
	236.14	220.81
Advance Income Tax (Net of provision for taxation)	**8.40**	138.15
Claims, Considered good	**181.76**	140.86
Claims, Doubtful	**2.04**	2.04
Less: Provision for Claims, Doubtful	**(2.04)**	(2.04)
Recoverables with Customs, Excise, Port Trust, etc.	**567.61**	346.37
Others	**5.71**	4.29
	1,088.73	940.94
Share of Interest in Joint Ventures	**59.71**	124.32
Total	**1,148.44**	1,065.26

24. OTHER CURRENT ASSETS (CONSOLIDATED)

₹ in Crores

		31/03/2016	31/03/2015
Interest accrued on investments and bank deposits			
Considered good		**100.03**	85.15
Considered doubtful		**0.02**	0.02
Less: Provision		**(0.02)**	(0.02)
Interest accrued on Loans to Related Parties		**14.41**	14.32
Receivable from Central Government/State Government		**3,479.57**	5,869.65
Unamortized premium (foreign exchange forward contract)		**4.95**	2.14
Unamortized Borrowing Expenses		**31.84**	29.80
Others -	Considered good	**405.88**	47.33
	Considered doubtful	**285.49**	305.83
	Less: Provision for doubtful	**(285.49)**	(305.83)
		4,036.68	6,048.39
Share of Interest in Joint Ventures		**34.44**	72.08
Total		**4,071.12**	6,120.47

25. REVENUE FROM OPERATIONS (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
(i) a) Sales		
Petroleum products	**2,15,834.83**	2,44,396.70
Crude oil	**575.99**	885.73
	2,16,410.82	2,45,282.43
b) Subsidy on LPG (Domestic) & SKO (PDS)*	**-**	612.79
c) Subsidy from Government of India (Refer Note No. 35(b))	**1,598.49**	7,290.40
	2,18,009.31	2,53,185.62
Less: Excise duty	**(30,601.71)**	(16,132.59)
	1,87,407.60	2,37,053.03
(ii) Other operating revenues	**203.48**	179.74
	1,87,611.08	2,37,232.77
Share of Interest in Joint Ventures	**1,040.28**	5,365.73
Total	**1,88,651.36**	2,42,598.50

* As per the scheme of the Government of India

26. OTHER INCOME (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Income from Current Investments		
Interest Income	**477.38**	426.99
Dividend Income	**39.64**	30.61
Income from Non-Current Investments		
Dividend Income - Others	**26.27**	16.03
Interest Income	**-**	1.20
Income from Association of Persons	**1.54**	1.19
Income from Others (Refer Note No. 37)	**259.71**	114.68
Interest-Others (including on bank deposits)	**415.80**	341.22
Write back of liabilities no longer required	**20.64**	13.95
Reversal towards diminution in value of current investments	**-**	483.42
Prior period income (net)	**5.71**	43.86
Gain on Foreign Currency Transactions and Translations (net)	**-**	223.76
Others #	**442.10**	384.75
	1,688.79	2,081.66
Share of Interest in Joint Ventures *	**52.10**	38.39
Total	**1,740.89**	2,120.05

\# Includes amortization of capital grants ₹ **1.93 crores** (previous year ₹ 2.30 crores)

* Includes ₹ **12.07 crores** on account of share in profit of associates of Indraprastha Gas Limited

27. COST OF RAW MATERIALS CONSUMED (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Opening stock	**3,720.56**	3,796.05
Add: Purchases (Refer Note No. 35(a))	**67,318.69**	1,02,027.78
Less: Closing stock	**(3,479.91)**	(3,720.56)
	67,559.34	1,02,103.27
Share of Interest in Joint Ventures	**9,796.69**	16,363.30
Total	**77,356.03**	1,18,466.57

28. PURCHASE OF STOCK-IN-TRADE (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Petroleum products (Refer Note No. 35(a))	**75,607.59**	91,270.23
Crude oil	**895.10**	1,100.11
	76,502.69	92,370.34
Share of Interest in Joint Ventures	**982.80**	1,502.43
Total	**77,485.49**	93,872.77

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Value of opening stock of		
Finished goods	**7,256.05**	9,935.24
Stock-in-trade	**4,177.33**	5,369.51
Stock in process	**423.46**	976.50
	11,856.84	16,281.25
Less: Value of closing stock of		
Finished goods	**6,120.10**	7,256.05
Stock-in-trade	**4,197.21**	4,177.33
Stock in process	**373.64**	423.46
	10,690.95	11,856.84
Net (Increase)/Decrease in Inventory	**1,165.89**	4,424.41
Share of Interest in Joint Ventures	**419.97**	(72.96)
Total	**1,585.86**	4,351.45

30. EMPLOYEE BENEFIT EXPENSES (CONSOLIDATED)

(Refer Note No. 46)

₹ in Crores

	2015-16	2014-15
Salaries and wages	**2,199.06**	1,534.93
Contribution to Provident and Other Funds	**449.43**	251.96
Staff welfare expenses	**431.33**	483.98
Voluntary Retirement Scheme	**-**	1.28
	3,079.82	2,272.15
Share of Interest in Joint Ventures	**92.53**	77.70
Total	**3,172.35**	2,349.85

31. FINANCE COSTS (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Interest expense	**513.08**	496.92
Interest on shortfall in payment of advance tax	**68.85**	58.10
Other borrowing costs	**87.28**	54.55
Applicable loss on foreign currency transactions and translations (Net)	**8.45**	81.20
	677.66	690.77
Share of Interest in Joint Ventures	**454.41**	489.70
Total	**1,132.07**	1,180.47

32. OTHER EXPENSES (CONSOLIDATED)

₹ in Crores

	2015-16	2014-15
Transportation	**5,464.40**	5,160.32
Excise Duty on Inventory differential	**810.48**	793.20
Octroi, Other Levies and Irrecoverable Taxes	**934.35**	979.96
Repairs and maintenance		
Machinery	**706.41**	660.20
Building	**68.19**	94.37
Others	**260.40**	219.11
Sub-Total	**1,035.00**	973.68
Power and Fuel	**3,595.07**	5,325.31
Less: Consumption of fuel out of own production	**(1,814.00)**	(3,385.10)
Power and Fuel consumed (net)	**1,781.07**	1,940.21
Stores, spares and materials	**400.51**	419.09
Less: Charged to other revenue accounts	**(297.59)**	(275.04)
Stores, spares and materials (net)	**102.92**	144.05
Packages consumed	**168.42**	150.36
Office Administration, Selling and Other expenses		
Rates & Taxes	**39.67**	72.27
Rent (Refer Note No. 43)	**424.44**	226.40
Utilities	**245.64**	222.97
Terminalling and related charges	**262.57**	175.26
Travelling and conveyance	**193.82**	172.97
Insurance	**64.32**	60.05
Communication expenses	**36.69**	35.78
Remuneration to auditors		
Audit fees	**0.91**	0.76
Fees for other services - Certification	**0.41**	0.45
Reimbursement of out of pocket expenses	**0.02**	0.02
Sub-Total	**1.34**	1.23
Write offs		
Bad debts and claims	**0.04**	0.83
Other write offs	**10.90**	0.75
Project cost charged off	**-**	185.51
Provision for doubtful debts & advances (net)	**106.88**	162.19
Provision for Impairment (Refer Note No. 38)	**37.15**	0.84
Provision towards diminution in value of current investments	**10.98**	-
Loss on sale of fixed assets (net)	**27.80**	2.89
Loss on foreign currency transactions and translations (net)	**672.71**	-
Liability upon termination	**-**	21.91
CSR Expenditure	**124.67**	83.80
Others (Refer Note No. 47(I)(d))	**1,311.25**	1,195.31
Sub-Total - Office Administration, Selling and Other Expenses	**3,570.87**	2,620.96
	13,867.51	12,762.74
Share of Interest in Joint Ventures	**770.40**	1,017.55
Total	**14,637.91**	13,780.29

33. In line with the General Circular No. 39/2014 dated 14th October, 2014, issued by the Ministry of Corporate Affairs, the disclosures relevant to Consolidated Financial Statements only have been provided.

34. Capital Reserve on acquisition of subsidiaries includes ₹ **61.65 Crores** being the share of the Group out of grant of ₹ **100 Crores** received by Numaligarh Refinery Limited from the Government of India during the project period.

35. Consequent to non-revision in Retail Selling Prices corresponding to the international prices and applicable foreign exchange rates prevailing during the year, the Corporation has suffered gross under-recovery of ₹ **1,796.50 Crores** (previous year ₹ 16,140.66 Crores) on sale of sensitive petroleum products.

As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows:

a) ₹ **198.01 Crores** (previous year ₹ 8,362.88 Crores) discount on crude oil/products purchased from ONGC/GAIL which has been adjusted against Purchase cost;

b) ₹ **1,598.49 Crores** (previous year ₹ 7,290.40 Crores) subsidy from Government of India has been accounted as Revenue from operations.

After adjusting the above compensation, the net under-recovery absorbed by the Corporation is **Nil** (previous year under-recovery ₹ 487.38 Crores).

36. Pursuant to the Ministry of Corporate Affairs Notification G.S.R. 914 (E) dated 29th December, 2011, the Corporation and a Joint Venture had exercised the option under Para 46 A of AS-11 (notified under the Companies (Accounting Standard) Rules, 2006) (as amended) and has changed its accounting policy in the financial year 2011-12 and onwards for recognition of exchange differences arising on reporting of long-term foreign currency monetary items. For the current financial year, the impact on account of this change (net of depreciation and amortization) is increase in profit before tax of ₹ **489.45 Crores** including ₹ **48.07 Crores** pertaining to interest of Joint Ventures (previous year increase in profit before tax of ₹ 336.63 Crores including ₹ 29.57 Crores pertaining to interest of Joint Ventures). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2016 is ₹ **79.20 Crores** (net gain in the previous year ₹ 26.99 Crores)

37. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited (KRL) with the Corporation approved by the Government of India, 3,37,28,737 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile KRL) to a trust for the benefit of the Corporation in the financial year 2006-07. After the 1:1 Bonus issue in July 2012, presently the trust holds 6,74,57,474 equity shares of the Corporation. Accordingly the cost of the original investment of ₹ **659.10 Crores** (previous year ₹ 659.10 Crores) together with the additional contribution to the corpus of the trust of ₹ 0.01 Crores made in 2014-15 amounting to ₹ **659.11 Crores** is included in Non-Current Investments (Refer Note No.16). The income distributed by the trust during the year 2015-16 amounting to ₹ **259.71 Crores** (previous year ₹ 114.68 crores) have been included in Note No. 26.-'Other income'

38. **Impairment of Assets:** It is assumed that suitable mechanism would be in place by the Government of India, in line with earlier/current year(s), to provide compensation towards under-recoveries of margin, if any, and recoveries against Direct Benefit Transfer for LPG Scheme on account of sale of sensitive petroleum products in subsequent years. Hence, there is no indication of impairment of assets of the Corporation as at 31st March 2016. In case of one subsidiary company, provision for impairment of capital work in progress of ₹ **124.38 Crores** has been made as at 31st March 2016 (provision as at 31st March 2015 ₹ 87.24 Crores).

39. The Group has numerous transactions with other oil companies. The outstanding balances (included under Trade Payables/Trade Receivables, etc.) from them including certain other outstanding credit and debit balances are subject to confirmation/reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

40. Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits":

In case of the Corporation and its Subsidiaries, contribution to the Provident Fund is remitted to a separate trust/ Employees Provident Fund established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, in respect of the trust, based on the Government specified minimum rate of return, will be made good by the Corporation and charged to Statement of Profit and Loss.

Gratuity: The Corporation and its Subsidiaries have a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid/payable to a trust which is invested as per investment pattern prescribed by the Government in plan assets. Gratuity is paid to a staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

Leave Encashment: The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

Other Defined Benefits: These are (a) Post Retirement Medical Scheme Benefit (managed by a trust) to employees, spouse, dependent children and dependent parents; (b) Pension/ex-gratia scheme to the retired employees who are entitled to receive the monthly pension/ex-gratia for life; (c) Death in service/Permanent disablement given to employee, the spouse of the employee, provided the deceased's family/disabled employee deposits retirement dues such as PF, Gratuity, Leave encashment payable to them with the Corporation/ Subsidiary; and (d) Resettlement allowance paid to employees to permanently settle down at a place at the time of retirement.

Disclosures as per requirements of Accounting Standard 15 continued:

₹ in Crores

a) Reconciliation of balances of Defined Benefit Obligations	Gratuity - Funded		Post Retirement Medical - Funded		Gratuity- Non-Funded	Leave Encashment - Non Funded		Burmah Shell Pension - Non Funded		Death/Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Defined Obligations at the beginning of the year	**639.58**	616.58	**669.57**	568.05	**0.50**	**711.40**	813.96	**82.72**	88.46	**11.64**	8.75	**7.47**	6.87	**333.38**	272.81
- Petronet CCK Limited	**-**	-	**-**	-	**-**	**0.17**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest Cost	**50.55**	57.05	**53.24**	52.67	**0.04**	**56.24**	75.31	**6.00**	7.41	**0.44**	0.38	**0.62**	0.73	**26.90**	26.10
Current Service Cost	**3.63**	3.52	**30.93**	26.55	**0.04**	**61.30**	47.03	**-**	-	**-**	-	**1.37**	1.21	**15.04**	18.26
Past Service Cost	**-**	-	**1.90**	-	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(48.37)**	(92.00)	**(28.68)**	(25.44)	**-**	**(193.46)**	(314.61)	**(15.36)**	(17.01)	**(12.25)**	(9.33)	**(1.71)**	(0.44)	**(19.99)**	(19.03)
Actuarial (Gains)/Losses on obligations	**18.56**	54.43	**152.10**	47.74	**0.07**	**151.50**	89.71	**5.68**	3.86	**12.28**	11.84	**9.78**	(0.90)	**(34.24)**	35.24
Defined Obligations at the end of the year	**663.95**	639.58	**879.06**	669.57	**0.65**	**787.15**	711.40	**79.04**	82.72	**12.11**	11.64	**17.53**	7.47	**321.09**	333.38

b) Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity/Post Retirement Medical Fund				
Fair Value at the beginning of the year	**651.99**	685.35	**620.90**	547.72
Expected Return (a)	**51.53**	59.78	**49.37**	47.23
Actuarial gains/(losses) (b)	**14.68**	(1.14)	**8.44**	3.51
Actual Return on Plan Assets (a+b)	**66.21**	58.64	**57.81**	50.74
Contribution by employer	**-**	-	**75.74**	46.69
Contribution by employee	**-**	-	**0.92**	1.18
Benefits paid	**(48.37)**	(92.00)	**(28.68)**	(25.44)
Fair Value of Plan Assets at the end of the year	**669.83**	651.99	**726.69**	620.89

c) Amount recognised in Balance Sheet (a-b)	**(5.88)**	(12.41)	**152.37**	48.68	**0.65**	**787.15**	711.40	**79.04**	82.72	**12.11**	11.64	**17.53**	7.47	**321.09**	333.38
d) Amount recognised in Statement of Profit and Loss															
Current Service Cost	**3.63**	3.52	**30.93**	26.55	**0.04**	**61.30**	47.03	**-**	-	**-**	-	**1.37**	1.21	**15.04**	18.26
Past Service Cost	**-**	-	**1.90**	-	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest Cost	**50.55**	57.05	**53.24**	52.67	**0.04**	**56.24**	75.31	**6.00**	7.41	**0.44**	0.38	**0.62**	0.73	**26.90**	26.10
Expected Return on Plan Assets	**(51.53)**	(59.78)	**(49.37)**	(47.23)	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Contribution by employee	**-**	-	**(0.92)**	(1.18)	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial (Gains)/Losses	**3.88**	55.57	**143.65**	44.23	**0.07**	**151.50**	89.71	**5.68**	3.86	**12.28**	11.84	**9.78**	(0.90)	**(34.24)**	35.24
Expenses for the year	**6.53**	56.36	**179.43**	75.04	**0.15**	**269.04**	212.05	**11.68**	11.27	**12.72**	12.22	**11.77**	1.04	**7.70**	79.60
e) Major Actuarial Assumptions															
Discount Rate (%)	**8.04-7.99**	7.99-7.90	**8.06-8.04**	7.99-7.95	**8.08**	**8.08-7.99**	7.99-7.90	**7.79**	7.99	**7.84**	8.04	**8.04-7.99**	7.99-7.90	**8.06**	7.95
Salary Escalation/Inflation (%)	**8.00**	8.00	**8.00-7.00**	8.00-7.00	**5.00**	**8.00-5.00**	8.00	**-**	-	**-**	-	**-**	-	**-**	-
Expected Return on Plan Assets (%)	**8.04-7.99**	7.99-7.90	**8.06-8.04**	7.99-7.95	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

f) Investment pattern for Fund as on	**31/03/2016**	31/03/2015	**31/03/2016**	31/03/2015
Category of Asset	**%**	%	**%**	%
Government of India Asset	**22.64**	23.89	**8.70**	7.72
Corporate Bonds	**19.88**	25.92	**61.03**	52.83
Insurer Managed Funds	**47.31**	42.70	**-**	3.03
State Government	**4.03**	5.16	**22.68**	33.07
Others	**6.14**	2.33	**7.59**	3.35
Total	**100.00**	100.00	**100.00**	100.00

g) As per our best estimate, ₹ Nil is the expected contribution to be paid to the Gratuity fund in year 2016-17

h) Effect of Increase/Decrease of 1% is assumed for medical cost trend to the Post Retirement Medical Liability:

	31/03/2016	31/03/2015
Change in liability for 1% increase in Discount Rate	**(91.22)**	(67.33)
Change in liability for 1% increase in Medical Inflation	**112.33**	83.69
Change in liability for 1% decrease in Discount Rate	**111.21**	81.53
Change in liability for 1% decrease in Medical Inflation	**(93.49)**	(69.49)

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.
The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.
Petronet CCK Limited has become the subsidiary during the year 2015-16. Accordingly, details of Gratuity (Non- funded) & Leave Encashement (Non- funded) have been included for 2015-16.

41. To the extent, the Corporation and its Subsidiaries has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

₹ in Crores

	31/03/2016	31/03/2015
Amount Due and Payable at the year end		
-Principal	**3.85**	3.75
-Interest on above Principal	**-**	-
Payment made during the year after the due date		
-Principal	**-**	-
-Interest	**-**	-
Interest due and payable for Principal already paid	**-**	-
Total Interest accrued and remained unpaid at year end	**-**	-

The interest payable to such vendors is not likely to be material.

42. Related Party Disclosures as per Accounting Standard 18

Key Managerial Personnel (Whole time directors):

Shri S. Varadarajan, (Chairman & Managing Director), BPCL

Shri P. Balasubramanian, Director (Finance), BPCL

Shri K.K. Gupta, Director (Marketing), BPCL till 29th February 2016

Shri S. Ramesh, Director (Marketing), BPCL w.e.f. 1st March 2016

Shri B.K. Datta, Director (Refineries), BPCL

Shri S.P. Gathoo, Director (Human Resources), BPCL

Remuneration to Key Managerial Personnel: ₹ **3.27 Crores** (previous year ₹ 2.93 Crores).

As mentioned in Note No. 1.1 (C) (i), (ix) and (x), BPCL-KIAL Fuel Farm Facility Private Limited, Bharat Renewable Energy Limited and Kannur International Airport Limited have not been considered in the preparation of Consolidated Financial Statements for reasons mentioned therein.

Further, Videocon Energy Brazil Limited is a Co Venturer of Bharat PetroResources Limited, 100% Subsidiary of the Corporation.

The transactions with these Companies are as below:

₹ in Crores

S. No.	Nature of Transactions	2015-16	2014-15
1.	Investment and Advance for Investments*	**54.44**	50.75
2.	Reimbursement of Expenditure #	**2.67**	0.61

*** Kannur International Airport Limited – ₹ 50.00 Crores** (previous year ₹ 50.00 Crores)

BPCL-KIAL Fuel Farm Facility Private Limited – ₹ 4.44 Crores (previous year Nil)

Bharat Renewable Energy Limited – Nil (previous year ₹ 0.75 Crores)

 # Videocon Energy Brazil Limited

43. Disclosure for Operating Leases as per Accounting Standard 19

The Group enters into cancellable/non-cancellable operating lease arrangements for office premises, staff quarters and others. The lease rentals paid/received for the same are charged to the Consolidated Statement of Profit and Loss.

A) As Lessee

a) The Corporation and its Subsidiaries enter into non-cancellable operating leases in respect of Godowns and Product Tanks. The details are as follows-

₹ in Crores

S.No.	Particulars		2015-16	2014-15
i)	Future Lease payment obligations under non-cancellable operating leases			
	a)	Not later than one year	**8.35**	9.08
	b)	Later than one year and not later than five years	**0.17**	8.10
	c)	Later than five years	**-**	-
ii)	Lease Rentals recognized in the Statement of Profit and Loss		**5.74**	8.63

b) The Corporation enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ **27.65 Crores** (previous year ₹ 27.29 Crores) has been charged to Consolidated Statement of Profit and Loss on account of lease rentals.

B) As Lessor

i) The Corporation enters into cancellable/non cancellable operating lease arrangements in respect of commercial spaces, storage and distribution facilities and others. The details are as follows-

₹ in Crores

Particulars	Buildings		Plant & Machinery		Tanks & Pipelines		Furniture		Office Equipment		Railway Siding	
	15-16	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15
Gross Carrying Amount	**164.84**	163.80	**129.27**	104.09	**406.35**	398.69	**16.42**	15.22	**16.52**	16.03	**80.44**	77.84
Accumulated depreciation	**56.64**	55.97	**35.47**	26.98	**115.94**	102.27	**12.25**	9.44	**14.44**	14.20	**23.74**	18.33
Depreciation recognised in the Statement of Profit and Loss	**4.21**	37.90	**7.72**	7.61	**13.67**	12.98	**2.01**	2.85	**0.58**	0.98	**5.41**	5.31

The above includes assets given on lease within the Group.

ii) Total contingent rent recognised as income in the Consolidated Statement of Profit and Loss in the FY 2015-16 is ₹ **23.20 Crores** (previous year ₹ 23.21 Crores).

iii) Future Lease rentals under non-cancellable operating leases

₹ in Crores

S.No.	Particulars		2015-16	2014-15
i)	Future Lease rentals under non-cancellable operating leases			
	a)	Not later than one year	**26.04**	26.08
	b)	Later than one year and not later than five years	**104.00**	104.00
	c)	Later than five years	**104.00**	130.00

44. Earnings per share

₹ in Crores

Particulars	Unit	2015-16	2014-15
Profit after Tax	₹ Crores	**7,981.51**	4,806.57
Weighted average number of shares outstanding during the year	Crore nos.	**72.31**	72.31
Basic earnings per share	₹	**110.38**	66.47
Diluted earnings per share	₹	**110.38**	66.47

45. In compliance of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", the required information in respect of the Corporation and its Subsidiaries is as under:

Nature	**Opening balance**	**Additions during the year**	**Utilisation during the year**	**Reversals during the year**	**Closing balance**
Excise	55.98	62.97	-	-	118.95
Customs	65.12	-	-	62.61	2.51
Service Tax	0.07	-	0.07	-	-
VAT/Sales Tax/ Entry Tax	819.51	164.64	-	34.52	949.63
Property Tax	83.08	99.19	-	81.59	100.68
Total	**1,023.76**	**326.80**	**0.07**	**178.72**	**1,171.77**
Previous Year	679.01	393.30	10.27	38.28	1,023.76

The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

Above includes provision of ₹ **62.47 Crores** made by the parent company (previous year ₹ 26.26 Crores) in respect of which deposits have been made.

In case of the Subsidiary Company, provision for Entry Tax represents an amount of ₹ **194.53 crores** towards Assam Entry Tax for the period November 2006 to May 2008, which has been disputed by the Company and a Writ Petition (Civil) has been filed before the Hon'ble Supreme Court of India. Based on the Writ Petition, the Court has directed the Assessing Authority to assess the liability for the aforesaid period which was assessed at ₹ **194.53 crores**. The Court vide interim Order dated 04.02.2010 has directed the Company to pay, under protest, to the State a sum of ₹ 50 crores which the Company has deposited under protest to the tax authority. Additions during the year for Entry Tax is for the Interest amount for the period from Nov'06 to Feb'11 amounting to ₹ **118.52 crores** which was not considered earlier (the applicability of Interest from Nov'06 to Feb'11 was reviewed and based on some recent court judgments and opinion, the interest element for this period has been provided for) and interest for the current year amounting to ₹ **26.04 crores**.

Further, provision for Sales Tax includes an amount of ₹ **17.47 crores** as penalty for non submission of waybill as required under West Bengal VAT Act based on some recent court judgments and opinion.

Also, provision for Excise Duty includes an amount of ₹ **60.04 crores** provided for as duty liability on intermingling of SKO with HSD on outward transportation of final products from place of removal.

The above provisions are made based on estimates and the expected timing of outflow is not ascertainable at this stage.

46. The Employee benefits expense for the Corporation for the FY 2015-16 include reversal of provisions no longer required ₹ **Nil** (previous year ₹ 657.93 Crores).

47. Additional information as appearing in the financial statements of certain Subsidiaries and Joint Venture Companies:

I. Numaligarh Refinery Limited (Subsidiary)

a) Pending finalization of the Crude Oil Sales Agreement, purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in financial year 2015-16 in line with the previous year.

To augment crude availability of North-East refineries, imported crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is being shared by all four north east (NE) refineries as per mutual agreement. The Subsidiary company's share of the transportation cost and other incidentals thereof has been included in crude cost as well as for valuation of the closing inventory.

b) An amount of ₹ **111.76 Crores** (previous year ₹ 87.11 Crores) has been charged to the Statement of Profit and Loss towards under-recovery of Central Sales Tax (CST) on petroleum products.

c) As on 31st March 2016, the Company has a stock of approximately 110 kgs of spent catalyst (scrap) (previous year 800 kgs), which contains approximately 0.36 kgs of platinum (previous year 2.63 kgs).

d) Claim on account of Loss due to fire in the Refinery has been settled by the Insurance Company and the differential between the amount of the claim provisionally recognised earlier and the amount of ₹ **1.86 Crores** settled has been recognised (net-off expenses).

II. Bharat PetroResources Limited (Subsidiary)

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

b) BPRL Group has entered into Standby Letter of Credit (SBLC) facility agreement with a number of Indian banks to the extent of **USD 1,750 Mn** (₹ 11,608.26 Crores). During the year, the Company has entered into additional Standby Letter of Credit (SBLC) facility agreement of **USD 750 Mn** (₹ 4,974.97 Crores) with an Indian bank. As per the SBLC facility agreement banks will issue SBLC's, on behalf of BPRL International BV, a wholly owned subsidiary, for loans taken by BPRL International BV in favour of the foreign currency lenders, to the extent of their respective commitments. As of the date of Balance Sheet, SBLC's to the tune of **USD 1,089 Mn** (₹ 7,223.65 Crores) has been issued.

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

III. Bharat Oman Refineries Limited (Joint Venture Company)

a) The Company by virtue of an MOU entered into, with the Government of Madhya Pradesh is entitled to fiscal assistance as given below:

i. Entry Tax exemption on Crude Oil procured.

ii. Interest free VAT loan up to ₹ 250 Crores per annum for fifteen years. Principal repayable from 16th year onwards.

iii. Central Sales Tax exemption on sale of finished goods.

b) A liability was raised for ₹ **65.11 Crores** after adjustment of the amount already recovered from the contractors and deposited with the authorities based on a demand raised in March 2009 by the Government of Madhya Pradesh for Cess under Building and Other Construction Workers Welfare (BOCW) Cess Act, 1996 considering the entire project cost. During the year, the Company has been legally advised that the cess is leviable only to the extent of civil construction activities and not on the entire project cost. Accordingly the Company has reversed the liability of ₹ **65.11 crores** which is not related to the civil construction activities with corresponding decapitalization during the year. Based on this legal advice, the outflow on account of interest demand of ₹ **22.30 crores** is considered remote.

c) BPCL holds 98.33% of the share warrants of BORL amounting to ₹ **1,585.68 Crores,** out of which the amount of ₹ **792.84 Crores** is appearing as investments of the Group after eliminating 50% of the total amount of the share warrants upon consolidation.

d) Deferred Tax Asset on unabsorbed depreciation and unabsorbed business losses available as per the Income Tax Act, 1961 has been recognized, since the Company is virtually certain that sufficient future taxable income will be available to adjust such losses considering the following:

i. The Company has entered into a binding agreement with BPCL for offtake of products at prices determined with reference to international product prices.

ii. The refinery is operating above the designed capacity.

iii. The Company's Gross Refinery Margin is generally higher than other Indian refineries due to superior refinery configuration.

iv. Unabsorbed depreciation which forms major portion of the Deferred Tax Asset, can be carried forward and set off against profits for unlimited number of years under the Income Tax Act, 1961.

e) The accumulated loss as on 31st March 2016 is ₹ **2,251.60 Crores** (previous year ₹ 2,617.38 Crores). Considering various factors as enumerated below, the financial statements have been drawn on a going concern basis:

i. The Company has made a Profit after Tax of ₹ **365.78 Crores** in the current year (previous year loss ₹ 790.17 Crores).

ii. There is no impairment in the value of assets used to generate Cash Flows.

iii. Expected infusion of funds from shareholder.

iv. The Company is able to pay creditors, loan instalments and interest on respective due dates. The Bankers continue to extend support to the Company.

v. The refinery is operating above the designed capacity.

IV. Petronet LNG Limited (Joint Venture Company)

a) Customs duty on import of Project materials/equipments has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.

V. Indraprastha Gas Limited (Joint Venture Company)

a) As per the terms of Gas Supply agreement (including amendments) between Indraprastha Gas Limited and GAIL (India) Limited, the Company had a minimum take or pay commitment to purchase natural gas quantities on an yearly basis. In case the Company does not offtake the minimum quantities in the year, the Company had the right to purchase the short drawn quantity in the future periods.

The Company had not purchased the minimum committed natural gas quantities for the year ended 31st December 2014. On 17th August 2015, the Company entered into a one-time settlement with GAIL under which the Company paid an amount of ₹ **14.03 Crores** (including service tax) to GAIL, as net settlement of its purchase obligation and surrender of its right to purchase the short drawn quantities of natural gas in future periods.

VI. Petronet India Limited (Joint Venture Company)

PIL's investment of ₹ 3,74,40,000/-(37,44,000 equity shares of ₹ 10/-each/26% equity holdings) in Petronet CI Limited (which was considered as a subsidiary of PIL under section 4 (1) (a) of The Companies Act, 1956) has been fully provided for diminution in value as the subsidiary has been under Voluntary Liquidation since 14/12/2006.

In view of the consistent excellent performance and declaration of dividend by PCCKL since FY 2013-14 and valuation of shares by professional valuer above cost, provision for diminution in value of investment in PCCKL has been reversed in the current year.

VII. GSPL India Gasnet Limited (Joint Venture Company)

a) The Company has signed Rupee Loan Facility Agreement for Term Loan of ₹ **4,516 Crores** with a consortium of 13 banks with Bank of India as the Lead Bank. However, disbursement of loan is not yet taken by the Company.

VIII. GSPL India Transco Limited (Joint Venture Company)

a) The Company has signed Rupee Loan Facility Agreement for Term Loan of ₹ **5,080 Crores** with a consortium of 14 banks with Bank of India as the Lead Bank. However, disbursement of loan is not yet taken by the Company.

IX. **Kochi-Salem Pipeline Private Limited (Joint Venture Company)**

a) The Company has signed Rupee Term Loan Facility agreement for term loan of ₹ **722.87 Crores** with State Bank Of India. However, till 31st March 2016, disbursement of loan has not been taken by the Company. The expenses against upfront fees, debt syndication fees etc have been amortized over the period of loan. The security i.e. the first charge of company's fixed assets to be created within six months of initial drawdown date.

48. The following Oil and Gas blocks are held by Bharat PetroResources Limited/its subsidiaries and Joint Ventures as on 31/03/2016:

Name	Company	Country	Participating Interest of the Group	
			31/03/2016	31/03/2015
NELP – IV				
CY/ONN/2002/2(b)	BPRL	India	**40.00%**	40.00%
NELP – VI				
CY/ONN/2004/1(a)	BPRL	India	**-**	-
CY/ONN/2004/2	BPRL	India	**20.00%**	20.00%
NELP – VII				
RJ/ONN/2005/1 (c)	BPRL	India	**33.33%**	33.33%
NELP – IX				
CB/ONN/2010/11	BPRL	India	**25.00%**	25.00%
AA/ONN/2010/3	BPRL	India	**20.00%**	20.00%
CB/ONN/2010/8	BPRL	India	**25.00%**	25.00%
MB/OSN/2010/2 (d)	BPRL	India	**20.00%**	20.00%
Blocks outside India				
JPDA 06-103 (e)	BPR JPDA	Australia/ Timor	**-**	-
EP-413	BPRL	Australia	**27.80%**	27.80%
Sergipe and Alagoas				
SEAL-M-349	IBV Brazil Petroleo Pvt Ltda.	Brazil	**40.00%**	40.00%
SEAL-M-426	IBV Brazil Petroleo Pvt Ltda.	Brazil	**40.00%**	40.00%
SEAL-M-497	IBV Brazil Petroleo Pvt Ltda.	Brazil	**40.00%**	40.00%
SEAL-M-569 (f)	IBV Brazil Petroleo Pvt Ltda.	Brazil	**-**	40.00%
Espirito Santo				
ES-24-661 (g)	IBV Brazil Petroleo Pvt Ltda.	Brazil	**-**	-
Campos				
C-M-30-101	IBV Brazil Petroleo Pvt Ltda.	Brazil	**25.00%**	25.00%
Portiguar				
POT-16-663	IBV Brazil Petroleo Pvt Ltda.	Brazil	**20.00%**	20.00%
POT-16-760	IBV Brazil Petroleo Pvt Ltda.	Brazil	**20.00%**	20.00%
Mozambique Rovuma Basin (h)	BPRL Ventures Mozambique B.V.	Mozambique	**10.00%**	10.00%
Nunukan PSC, Tarakan Basin	BPRL Ventures Indonesia B.V.	Indonesia	**12.50%**	12.50%

(a) On completion of Minimum Work Programme Commitments and based on analysis of seismic and well drilling results indicating poor prospectivity, as assessed by the Management, the Company has withdrawn in respect of Block CY/ONN/2004/1. Consequently, an amount of ₹ **31.60 Crores** has been written off to the Statement of Profit and Loss in 2014-15.

(b) In respect of CY/ONN/2002/2, the block has entered into Development Phase subsequent to the approval of Field Development Plan (FDP) for 140 sq.km of block area by Management Committee in their meeting held on 16th October 2015. Hence, cost incurred in respect of this block has shown under Development wells-in-progress.

During the year, an amount of ₹ **8.71 Crores** (previous year ₹ 1.48 Crores) net of Royalty of ₹ **1.17 Crores** (previous year ₹ 0.20 Crores) has been generated from production & sale of Pit Oil/Test Oil during testing of Wells NMAD (MD#6) in the block CY/ONN/2002/02. Pending Petroleum Mining Lease from State Government has been adjusted from the cost of development wells in progress expenditure.

(c) On account of the poor prospectivity, as assessed by Management, Company has provided ₹ **21.60 Crores** in the financial statements for the year towards impairment loss for Block RJ/ONN/2005/1.

(d) Based on analysis of 3D seismic data indicating poor prospectivity, as assessed by Management, Company has provided ₹ **14.92 Crores** in the financial statements for the year towards impairment loss for Block MB/OSN/2010/2. Company has also provided ₹ **3.98 Crores** as Provision for Liquidated Damages being liability on termination in the financial statement for the year.

(e) The Group had a participating interest of 20% in JPDA 06-103 block. The JV submitted formal request to ANP (Regulator) towards termination of PSC for consent, without claim or penalty, citing expenditure in excess of commitment. ANP rejected the JV's offer to terminate without claim and penalty. The regulator terminated the PSC on 15th July 2015 and demanded the payment of the "liability upon termination". Based on the notice a provision of ₹ **21.91 Crores** towards company's share of contractor's liability towards termination was created in the accounts of F.Y. 2014-15. This has been restated as on 31st March 2016 at the closing exchange rate i.e. ₹ 66.3329 per USD and the revised amount works out to ₹ **23.22 Crores.** Negotiations are on-going with the regulator to reach at final decision.

(f) During the previous year 2014-15, upon completion of Minimum Work Programme Commitments and based on analysis of G&G data indicating limited prospectivity, as assessed by the Management, the group has relinquished the area under the Papangu appraisal plan in SEAL-M-569 block, retaining an area of 20 sq. km (out of a total of 774 sq. km) in SEAL-M-569 as part of the Verde joint appraisal plan. Accordingly the group has written off 97.4% of the capitalized costs pertaining to block SEAL-M-569 amounting to ₹ **170.69 Crores** in the previous year 2014-15.

(g) During the previous year 2014-15, upon completion of Minimum Work Programme Commitments and based on analysis of G&G data indicating limited prospectivity, as assessed by the Management, the group along with other consortium partners has withdrawn participating interest in respect of Block ES-M-661. Consequently an amount of ₹ **83.81 Crores** has been written off in the books of the accounts, in the previous year 2014-15.

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

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

(i) During 2015-16, the Capital Expenditure in respect of Indian blocks and Foreign block is ₹ **25.01 Crores** and ₹ **1,329.53 Crores** respectively.

49. Segment Reporting

In compliance with Accounting Standard-17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the segment information is as under:

I. The Group is engaged in the following business segments:

a) Downstream petroleum i.e. Refining and Marketing of Petroleum Products

b) Exploration and Production of Hydrocarbons (E&P)

Segments have been identified taking into account the nature of activities and its risks and returns.

II. There are no geographical segments.

III. Segment-wise details are as follows:

₹ in Crores

	Year Ended 31st March 2016			Year Ended 31st March 2015		
	Downstream petroleum	E&P	Total	Downstream petroleum	E&P	Total
Revenue						
External Revenue	**1,89,139.62**	**3.37**	**1,89,142.99**	2,43,752.71	1.59	2,43,754.30
Inter Segment Revenue						
Total Revenue	**1,89,139.62**	**3.37**	**1,89,142.99**	2,43,752.71	1.59	2,43,754.30
Results						
Segment Results	**12,655.76**	**(169.48)**	**12,486.28**	7,535.47	(340.45)	7,195.02
Unallocated Corporate Expenses						
Operating Profit	**12,655.76**	**(169.48)**	**12,486.28**	7,535.47	(340.45)	7,195.02
Add:						
Interest/Dividend Income			**1,249.26**			964.25
Less:						
a) Finance Cost			**1,132.07**			1,180.47
b) Loss on sale of current investments			**-**			-
c) Provision/(Reversal) of current Investment			**8.98**			(483.42)
d) MTM (Gains)/ Losses on derivative contracts			**0.58**			(228.25)
e) Income Tax (including deferred Tax)			**4,129.93**			2,608.46
Profit after tax			**8,463.98**			5,082.01
Other Information						
Segment Assets	**74,652.88**	**9,070.91**	**83,723.79**	68,881.85	8,168.25	77,050.10
Unallocated Corporate Assets			**10,064.73**			9,922.43
Total Assets			**93,788.52**			86,972.53
Segment Liabilities	**28,554.20**	**117.88**	**28,672.08**	29,988.48	355.38	30,343.86
Unallocated Corporate Liabilities			**35,510.12**			32,780.35
Total Liabilities			**64,182.20**			63,124.21
Capital Expenditure	**10,220.92**	**1,308.57**	**11,529.49**	9,249.89	1,784.38	11,034.27
Depreciation/ Amortization	**2,428.15**	**0.48**	**2,428.63**	3,025.76	0.92	3,026.68
Non-Cash Expenses other than depreciation	**106.88**	**37.15**	**144.03**	162.19	0.84	163.03

50. Disclosures as required under Schedule III to the Companies Act 2013 with respect to consolidated financial statements

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores
	Parent				
1	Bharat Petroleum Corporation Limited	86.90%	24,334.53	93.30%	7,457.81
	Subsidiaries				
	Indian				
1	Bharat PetroResources Limited (Incl. Subsidiaries and Joint Ventures)	4.70%	1,318.27	-3.10%	(249.18)
2	Numaligarh Refinery Limited	7.80%	2,189.62	9.50%	757.45
3	Petronet CCK Limited	0.50%	134.27	0.60%	44.09
4	BPCL- KIAL Fuel Farm Facility Private Limited*				
	Minority Interest	-5.60%	(1,572.74)	-6.10%	(484.96)
	Joint Ventures				
	Indian				
1	Bharat Oman Refineries Limited	-0.10%	(33.34)	2.30%	183.53
2	Bharat Renewable Energy Limited *				
3	Bharat Stars Services Private Limited	0.00%	12.98	0.00%	1.45
4	Central U.P. Gas Limited	0.10%	36.74	0.10%	8.18
5	Delhi Aviation Fuel Facility Private Limited	0.20%	67.47	0.20%	13.94
6	GSPL India Gasnet Limited	0.10%	21.36	0.00%	0.13
7	GSPL India Transco Limited	0.10%	16.74	0.00%	0.10
8	Indraprastha Gas Limited	1.80%	499.49	1.30%	104.79
9	Kannur International Airport Limited *				
10	Maharashtra Natural Gas Limited	0.20%	54.02	0.20%	16.98
11	Petronet India Limited	0.00%	10.61	0.00%	2.20
12	Petronet LNG Limited	2.60%	719.55	1.50%	116.47
13	Sabarmati Gas Limited	0.50%	127.69	0.00%	0.49
14	Petronet CI Limited *				
15	Mumbai Aviation Fuel Farm Facility Private Limited	0.10%	35.51	0.10%	4.50
16	Kochi Salem Pipeline Private Limited	0.10%	34.76	0.00%	(1.21)
	Foreign				
1	Matrix Bharat Pte. Ltd.	0.00%	12.17	0.10%	4.75
	Total	**100.00%**	**28,019.70**	**100.00%**	**7,981.51**

* Subsidiaries/Joint Ventures have not been considered for consolidation

51. (a) The Corporation and its Subsidiaries has on the Balance Sheet date, outstanding forward contracts amounting to **USD 228.75 Million**, of which **NIL** (previous year USD 14.62 Million i.e. an equivalent of ₹ 91.51 Crores) is to hedge the foreign currency exposure towards loans and **USD 228.75 Million** i.e. an equivalent of ₹ **1,533.66 Crores** (previous year USD 184 Million i.e. an equivalent of ₹ 1,152.96 Crores) to hedge foreign currency exposure for payment of crude oil.

Following are the unhedged foreign currency on account of exposures in respect of Corporation and its Subsidiaries:

	31/03/2016		31/03/2015	
Exposure Type	**USD Million**	**₹ in Crores**	USD Million	₹ in Crores
Imports	**507.76**	**3,368.11**	838.71	5,249.57
Buyers Credit Loan (Short-term)	**-**	**-**	11.75	73.51
ECB (Long-term) *	**2,182.03**	**14,474.05**	1,806.63	11,307.83
Export Debtors	**56.20**	**372.77**	132.09	826.78
Other Payables #	**5.23**	**34.66**	48.67	304.64

* This includes 3 % CHF Bonds 2019 for **CHF 200 Million** which were swapped into **USD 228.29 Million**.

This includes payables in AUD/Reias and GBP converted into equivalent USD.

(b) The RBI swap transactions outstanding as on 31/03/2014 had matured during 2014-15 and the gain of ₹ 521.14 Crores had been recognised in the Consolidated Statement of Profit and Loss during the year 2014-15.

(c) The Corporation had raised Swiss Franc (CHF) 200 Million of 3% CHF Bonds 2019 in March 2014, the proceeds of which were swapped into USD 228.29 Million on the same day. The mark to market losses of ₹ **0.58 Crores** (previous year ₹ 96.09 Crores) in respect of this CHF-USD Swap transaction have been recognized as expense during 2015-16 based on the concept of prudence and in line with the ICAI announcement of 29th March 2008 on Accounting for Derivatives.

(d) The Corporation has on the Balance Sheet date the following outstanding derivatives for hedging purposes:

Instrument	**Description**	**Quantity**
OTC Swap	Spread between Petroleum Products and Crude Oil	0.30 million barrels
ZCC Option	Petroleum Product - HSFO 180	3000 MT

There are no Mark-to-market losses as on 31st March 2016 (previous year ₹ 0.01 Crores) in respect of these derivative contracts.

52. Contingent Liabilities and Capital Commitments:

₹ in Crores

	31/03/2016	31/03/2015
(a) Contingent Liabilities:		
In respect of Income Tax matters	**80.43**	80.68
Other Matters:		
i) Claims against the Corporation not acknowledged as debts:*		
Excise, Service and Customs matters	**1,446.87**	1,364.46
Sales Tax matters	**7,296.83**	6,556.18
Land Acquisition cases for higher compensation	**176.75**	121.05
Others	**582.56**	663.58

* These include ₹ **4,606.08 Crores** (previous year ₹ 4,178.48 Crores) against which Group has a recourse for recovery and ₹ **216.41 Crores** (previous year ₹ 49.93 Crores) which are on capital account.

		31/03/2016	31/03/2015
	ii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**18.14**	15.95
	iii) Guarantees given on behalf of Subsidiaries/JV's	**866.83**	2,139.94
	Share of Interest in Joint Ventures	**1,070.70**	997.97
(b)	**Capital Commitments:**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**5,426.30**	8,050.19
	Other Commitments	**8.24**	66.72
	Share of Interest in Joint Ventures	**502.75**	259.25
	Total	**5,937.29**	8,376.16

53. The Corporation, Subsidiary Numaligarh Refinery Limited and Joint Venture Bharat Oman Refineries Limited has, in the current year, changed the method of determination of cost of inventories from 'Weighted Average' to 'First-in-First-Out' (FIFO) in respect of crude oil and finished products (except lubricants which are continued to be determined at weighted average). This has resulted in (net) increase in value of inventory of crude oil and finished products including intermediaries by ₹ **181.33 Crores**, resulting in corresponding increase in the profit before tax in the current year.

54. Figures of the previous year have been regrouped wherever necessary, to confirm to current period presentation.

Signature to Notes '1 to 54'

For and on behalf of the Board of Directors

As per our attached report of even date
For and on behalf of

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
BHARAT PETROLEUM CORPORATION LIMITED

To the Members of
Bharat Petroleum Corporation Limited

We have audited the accompanying consolidated financial statements of BHARAT PETROLEUM CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture companies ("JV") [except three JVs as mentioned in note no. 1.1 (c)-note (vi),(vii) of the consolidated financial statements] comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or "the CFS").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and of JVs in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of JVs are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the CFS. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (2) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its JVs as at 31st March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

(1) The auditors of a Subsidiary Company have stated in their report about the incorporation of details of its share in assets, liabilities, income and expense in the operations of jointly controlled entities based on the audited/ unaudited statements received from the respective Operators. They have observed that:

(a) In case of one block, no audited statements have been received by the Company. Total assets, liabilities, income and expenses in respect of these blocks, amount to ₹ 61.18 crores, ₹ 0.57 crores, ₹ 0.01 crores and ₹ Nil, respectively;

(b) The audited statements referred above are prepared, as stated there in, to meet requirements of production sharing contracts and are special purpose statement;

(c) None of the statements, audited as well as unaudited, are drawn up in the format prescribed under Schedule III to the Act;

(d) Some of the Operators use accounting policies other than those adopted by the Company for like transactions. The Company has made appropriate adjustments while incorporating relevant data; and

(e) No break-up of assets and liabilities is available in respect of one block where the Company has invested ₹ 9.25 crores.

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

(2) The auditors of a Subsidiary Company have drawn attention to the observation made by the auditors of its Subsidiary Company regarding the financial statements indicating that the Company has accumulated losses and negative net worth. The Company has incurred a net loss of ₹ 22.95 crores during the current year (previous year loss ₹ 86.38 crores). These conditions, along with other matters indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

(3) We draw attention to note no. 51(j) to the CFS regarding recognition of Deferred Tax Assets of ₹ 635.22 crores (previous year ₹ 398.39 crores) on unabsorbed losses and unabsorbed depreciation by a JV;

(4) We draw attention to note no. 51(k) to the CFS in respect of accumulated losses in the Financial Statements of a JV. In view of the matters stated therein, the financial statements of this JV have been drawn up on going concern basis;

(5) We draw attention to note no. 51(t) to the CFS wherein the promoters/ shareholders of a JV Company in their meeting of the 12th March, 2004 as noted in the JV Company's Board of Directors meeting on the 20th March, 2004 have unanimously opined that the continuation of this JV is not viable and to explore realization of investment.

Our Opinion is not modified in respect of these matters.

Other Matters

(1) The auditors of JV of a Subsidiary Company have drawn attention to the fact that the said JV has spent significant amounts that are related mainly to exploration and evaluation costs, the recovery of which is subject to the success of all its exploration campaigns. The management of the said JV understands that the members of the JV will continue to provide the funds necessary for keeping the Company's operations and, therefore, the financial statements for the year ended December 31, 2014 were prepared based on the assumption that the Company will continue to operate as a going concern;

(2) We did not audit the financial statements of two subsidiaries (and its step down subsidiaries and JVs), whose financial statements reflect total assets (net) of ₹ 4,784.60 crores as at March 31, 2015, total revenue of ₹ 9,963.22 crores and net cash outflow aggregating ₹ 583.65 crores for the year then ended. We also did not audit the financial statements of ten JVs, whose aggregate share of total assets (net) of ₹ 1,517.42 crores as at March 31, 2015 / December 31, 2014, total revenue of ₹ 19,852.80 crores and net cash outflow of ₹ 157.73 crores for the year then ended are also included in the CFS. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the CFS, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and JVs, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and JVs, is based solely on the reports of the other auditors.

(3) The CFS include unaudited figures in respect of four JVs which are provisional / as approved by their Management. The aggregate share of total assets (net) of these JVs is ₹ 690.53 crores as at March 31, 2015, total revenue is ₹ 1,292.29 crores and net cash inflow is ₹ 2.36 crores for the year then ended. Our opinion on the CFS, insofar as it relates to the amounts and disclosures included in respect of these JVs, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid JVs, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to these CFS.

Our opinion on the CFS and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company, Subsidiary Companies and JVs incorporated in India to whom the Order is applicable and further based on our comments in respect of Companies which are unaudited, stated in clause (3) of Other Matters, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid CFS. However, we have not received responses to the Group Audit instructions from the auditors of subsidiaries and JVs and hence we are unable to comment on its implications, if any;
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working / records maintained for the purpose of preparation of the CFS;
   (d) In our opinion, the aforesaid CFS comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors and report of the statutory auditors of the respective Companies of the Group and JVs incorporated in India, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act, except in respect of one Subsidiary Company where the Statutory Auditor of that Company has stated that as per notification no. G.S.R. 829 (E) dated October 21, 2003, the Government Companies are exempted from the provisions of Section 164(2) of the Act;
   (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Group and its JVs have disclosed the impact of pending litigations, on its financial position in the CFS- Refer Note 56 of the CFS;
      ii. The Group and its JVs have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 51 of the CFS;
      iii. There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group and its JVs.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : 28th May, 2015

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2015

₹ in Crores

		Note No	As at 31/03/2015	As at 31/03/2014
I.	**EQUITY AND LIABILITIES**			
	(1) Shareholders' Funds			
	(a) Share Capital	2	**723.08**	723.08
	(b) Reserves and Surplus	3	**21,825.42**	18,703.19
			22,548.50	19,426.27
	(2) Minority Interest		**1,286.37**	1,146.86
	(3) Share Warrants in respect of Joint Venture		**13.45**	13.45
	(4) Non-current liabilities			
	(a) Long-term borrowings	4	**19,341.82**	21,997.72
	(b) Deferred tax liabilities (net)	5	**1,997.21**	1,670.10
	(c) Other Long-term Liabilities	6	**184.34**	100.75
	(d) Long term provisions	7	**1,396.86**	1,325.76
			22,920.23	25,094.33
	(5) Current liabilities			
	(a) Short-term borrowings	8	**1,675.88**	10,800.82
	(b) Trade payables	9	**12,614.66**	12,899.11
	(c) Other current liabilities	10	**21,678.03**	16,119.33
	(d) Short-term provisions	11	**4,219.78**	3,379.00
			40,188.35	43,198.26
	TOTAL		**86,956.90**	88,879.17
II.	**ASSETS**			
	(1) Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12	**28,520.65**	26,811.53
	(ii) Intangible assets	13	**574.30**	768.42
	(iii) Capital work-in-progress	15	**15,762.27**	9,346.65
	(iv) Intangible assets under development	14	**25.07**	25.07
	(b) Goodwill on consolidation		**14.45**	-
	(c) Non-current investments	16	**2,351.35**	2,306.40
	(d) Deferred tax assets (net)	5	**650.44**	419.00
	(e) Long-term loans and advances	17	**2,695.21**	2,520.89
	(f) Other non-current assets	18	**84.47**	166.56
			50,678.21	42,364.52
	(2) Current assets			
	(a) Current investments	19	**5,360.46**	4,678.91
	(b) Inventories	20	**17,400.02**	23,169.47
	(c) Trade receivables	21	**2,948.38**	4,543.69
	(d) Cash and Bank Balances	22	**3,446.26**	2,311.34
	(e) Short-term loans and advances	23	**1,027.43**	895.61
	(f) Other current assets	24	**6,096.14**	10,915.63
			36,278.69	46,514.65
	TOTAL		**86,956.90**	88,879.17
Significant Accounting Policies		1		
Other Notes to Accounts		33 to 57		

For and on behalf of the Board of Directors

As per our attached report of even date
For and on behalf of

Sd/-
S. VARADARAJAN
Chairman and Managing Director

CNK & ASSOCIATES LLP
Chartered Accountants
FR No: 101961W

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No: 103523W

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place : Mumbai
Dated : 28th May, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

₹ in Crores

		Note No	2014-15	2013-14
I)	Revenue from operations	25	**2,42,598.50**	2,64,421.06
II)	Other income	26	**2,120.05**	1,386.75
III)	**Total Revenue (I + II)**		**2,44,718.55**	2,65,807.81
IV)	**Expenses**			
	1) Cost of raw materials consumed	27	**1,18,466.57**	1,34,041.98
	2) Purchases of stock-in-trade	28	**93,872.77**	107,085.74
	3) Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**4,351.45**	(1,977.74)
	4) Employee benefits expense	30	**2,349.85**	3,115.26
	5) Finance costs	31	**1,180.47**	1,982.14
	6) Depreciation and amortization expense	12,13	**3,026.68**	2,610.92
	7) Other expenses	32	**13,780.29**	12,783.83
	Total expenses		**2,37,028.08**	2,59,642.13
V)	**Profit / (Loss) before tax (III - IV)**		**7,690.47**	6,165.68
VI)	**Tax expense**			
	1) Current tax		**2,551.38**	2,566.48
	2) Less: MAT credit entitlement		**(28.94)**	(12.05)
	3) Deferred tax		**95.55**	(355.31)
	4) Short / (Excess) provision of earlier years		**(9.53)**	(86.42)
	Total tax expense		**2,608.46**	2,112.70
VII)	**Profit / (Loss) after tax for the year (V - VI)**		**5,082.01**	4,052.98
VIII)	Minority Interest		**275.44**	142.30
IX)	**Net Profit / (Loss) for the Group**		**4,806.57**	3,910.68
X)	**Basic and Diluted Earnings per Share (Face value ₹ 10)** (Refer Note No. 43)		**66.47**	54.08
	Significant Accounting Policies	1		
	Other Notes to Accounts	33 to 57		

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

CONSOLIDATED CASH FLOW STATEMENT

₹ in Crores

	For the Year ended	31/03/2015	31/03/2014
A	**Cash Flow from Operating Activities**		
	Net Profit Before tax & Prior Period Items	**7,646.61**	6,116.55
	Adjustments for :		
	Depreciation	**3,026.68**	2,610.92
	Interest	**1,180.47**	1,803.09
	Foreign Exchange Fluctuations (Refer explanatory note 3)	**(391.64)**	370.94
	(Profit) / Loss on Sale of fixed assets	**3.48**	15.88
	(Profit) / Loss on Sale of investments	**(7.57)**	28.00
	Income from Investments	**(904.08)**	(804.41)
	Dividend Received	**(52.89)**	(57.79)
	Expenditure towards Corporate Social Responsibility	**83.80**	
	Other Non-Cash items (Refer explanatory note 4)	**(50.67)**	1,083.40
	Operating Profit before Working Capital Changes	**10,534.19**	11,166.58
	(Invested in)/Generated from :		
	Inventories	**5,769.85**	(3,214.89)
	Trade Receivables	**1,638.16**	(496.92)
	Other Receivables	**4,679.31**	(1,600.88)
	Current Liabilities & Payables	**867.99**	5,813.09
	Cash generated from Operations	**23,489.50**	11,666.98
	Direct Taxes paid	**(2,749.30)**	(2,128.03)
	Paid for Corporate Social Responsibility	**(41.74)**	
	Cash flow before prior period items	**20,698.46**	9,538.95
	Prior Period Items	**43.86**	49.13
	Net Cash from / (used in) Operating Activities	**20,742.32**	9,588.08
B	**Net Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(10,884.59)**	(7,237.62)
	Sale of fixed assets	**18.70**	7.59
	Capital Advances	**(121.57)**	(293.36)
	Capital Grant Received	**4.98**	6.30
	(Investment) / Sale of Investment in Shares	**(50.00)**	(31.74)
	(Investment) / Sale of Investment in Associate Companies	**-**	(7.49)
	Loans & Advances		(9.27)
	Bharat Renewable Energy Ltd	**(0.75)**	-
	Petronet LNG Limited (Advances)	**(82.09)**	-
	Kochi Salem Pipeline Pvt Ltd (Advance against equity shares)	**(6.75)**	-
	Goodwill on Acquisition of Shares	**(14.45)**	-
	Investment in BPCL Trust for investment in shares	**(0.01)**	-
	Purchase of Investments	**(369.91)**	(550.01)
	Sale of Investments	**18.44**	222.00
	Income from Investment	**119.99**	993.07
	Dividend Received	**47.49**	54.66
	Interest Received	**784.89**	(34.77)
	Net Cash from / (used in) Investing Activities	**(10,535.63)**	(6,880.64)
C	**Net Cash Flow from Financing Activities**		
	Proceeds towards issue of Share Capital	**-**	2.76
	Long term Borrowings	**2,096.20**	10,645.86
	Short term Borrowings	**77.56**	-
	Repayment of loans	**(9,231.30)**	(11,455.71)
	Interest paid	**(1,237.32)**	(1,955.61)
	Dividend Paid	**(1,272.90)**	(831.68)
	Corporate Dividend Tax	**(224.91)**	(141.67)
	Net Cash from / (used in) Financing Activities	**(9,792.67)**	(3,736.05)
D	**Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)**	**414.02**	(1,028.61)

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

		₹ in Crores
Cash and Cash equivalents as at	**31/03/2014**	31/03/2013
Cash on hand	**48.34**	52.75
Cheques and drafts on hand	**55.68**	74.46
Cash at Bank	**1,626.11**	2,644.23
Current Investments (Cash Equivalents)	**10.84**	32.08
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**33.16**	(0.80)
	1,774.11	2,802.72
Cash and Cash equivalents as at	**31/03/2015**	31/03/2014
Cash on hand	**27.24**	48.34
Cheques and drafts on hand	**25.88**	55.68
Cash at Bank	**2,647.19**	1,626.11
Current Investments (Cash Equivalents)	**9.27**	10.84
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(521.43)**	33.16
	2,188.13	1,774.11
Net change in Cash and Cash equivalents	**414.02**	(1,028.61)

		₹ in Crores
Reconciliation of Cash and Cash Equivalents with Balance Sheet	**31/03/2015**	31/03/2014
A. Cash and Bank Balances as per Balance Sheet (Refer Note no. 22)	**3,446.26**	2,312.92
B. Less: Bank Balances not considered as Cash & Cash Equivalents		
Ear Marked Balances (Unclaimed Dividend)	**4.46**	2.89
Deposits not included in Cash and Cash Equivalents	**741.49**	581.29
	2,700.31	1,728.74
C. Add: Items to be considered as part of Cash & Cash Equivalents		
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(521.44)**	35.28
Bank deposit under Current Assets included in Cash and Cash Equivalents as per AS 3	**9.26**	10.09
	(512.18)	45.37
Cash and Cash Equivalents at the end of the year as per Cash Flow (A-B+C)	**2,188.13**	**1, 774.11**

Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 as notified by the Central Government.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. “Other Non-Cash items” include excess provisions written back, diminution in value of investment, amortisation of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5. "Current Liabilities and Payables" may include Payables in respect of Purchase of Fixed Assets, if any.
6. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

1.1 BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relate to Bharat Petroleum Corporation Limited (BPCL or Parent Company or Corporation), its subsidiary companies and interest in Joint Ventures (together referred to as Group).

(a) **Basis of accounting:** The Financial Statements of the subsidiary companies and the Joint Venture Companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of BPCL i.e. 31st March 2015, except for Matrix Bharat Pte. Ltd. whose accounts are drawn for the year ended 31st December 2014, where there are no significant transactions or other events that have occurred between 31st December, 2014 to 31st March, 2015. The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP), except for the financial statements of Matrix Bharat Pte. Ltd. which have been prepared in accordance with Singapore Financial Reporting Standards ("FRS" and "INT FRS").

(b) **Principles of Consolidation:** The Consolidated Financial Statements have been prepared as per AS- 21 "Consolidated Financial Statements" and AS- 27 "Financial Reporting of Interest in Joint Ventures" as notified on the following basis:-

i. The Financial Statements of BPCL and its subsidiary companies (which are not in the nature of joint ventures) have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, contingent liabilities and capital commitments. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.

ii. The Consolidated Financial Statements include the interest of the Corporation in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Corporation's share of assets, liabilities, income and expenses, contingent liabilities and capital commitments of a jointly controlled entity is considered as a separate line item in the Consolidated Financial Statements. The exchange rate used for conversion in case of Matrix Bharat Pte. Ltd. (where the reporting currency is USD) is average rate for calendar year 2014 for Statement of Profit and Loss and closing rate as at 31st December 2014 for Balance Sheet items.

iii. The share of equity in the subsidiary companies / joint venture companies as on the date of investment, if in excess of the cost of investment, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries / Consolidation" and if the cost of investment in the subsidiary companies / joint venture companies exceeds share of equity, the difference is recognised as "Goodwill".

iv. Minority interest in the Net Assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

v. In cases where unaudited financial statements have been consolidated in the previous financial year, the difference between the audited and unaudited financial statements, if any, are adjusted in the appropriate heads of accounts in the current financial year.

(c) The percentage of ownership interest of the Corporation in the Subsidiary Companies and the JVC's as on 31st March 2015 are as under :

	Percentage of ownership interest as on		Country of Incorporation
	31/03/2015	**31/03/2014**	
Subsidiaries			
Numaligarh Refinery Limited (NRL)	**61.65**	61.65	India
Bharat PetroResources Limited (BPRL)	**100.00**	100.00	India
Bharat PetroResources JPDA Limited (Note i)	**100.00**	100.00	India
BPRL International BV (Note i)	**100.00**	100.00	Netherlands
BPRL Ventures BV (Note ii)	**100.00**	100.00	Netherlands
BPRL Ventures Mozambique BV (Note ii)	**100.00**	100.00	Netherlands

	Percentage of ownership interest as on		Country of Incorporation
	31/03/2015	**31/03/2014**	
BPRL Ventures Indonesia BV (Note ii)	**100.00**	100.00	Netherlands
Joint Venture Companies (JVC)			
Indraprastha Gas Limited	**22.50**	22.50	India
Petronet CCK Limited (Note iv)	**53.16**	49.00	India
Petronet LNG Limited	**12.50**	12.50	India
Bharat Oman Refineries Limited (BORL)	**50.00**	50.00	India
Central UP Gas Limited(Note v)	**36.25**	36.25	India
Maharashtra Natural Gas Limited (Note viii)	**33.75**	22.50	India
Sabarmati Gas Limited	**25.00**	25.00	India
Bharat Stars Services Private Limited	**50.00**	50.00	India
Bharat Renewable Energy Limited (Note vi)	**33.33**	33.33	India
Matrix Bharat Pte Ltd.	**50.00**	50.00	Singapore
Delhi Aviation Fuel Facility Private Limited	**37.00**	37.00	India
IBV (Brazil) Petroleo Pvt. Ltda. (Note iii)	**50.00**	50.00	Brazil
Petronet CI Limited (Note vi)	**11.00**	11.00	India
Petronet India Limited	**16.00**	16.00	India
GSPL India Gasnet Limited	**11.00**	11.00	India
GSPL India Transco Limited	**11.00**	11.00	India
Kannur International Airport Limited (Note vii)	**21.68**	17.00	India
Mumbai Aviation Fuel Farm Facility Private Limited	**25.00**	-	India
Associates			
DNP Limited (Note ix)	**26.00**	26.00	India

Notes:

(i) Bharat PetroResources JPDA Limited and BPRL International BV are 100% subsidiaries of BPRL.

(ii) BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV are wholly owned subsidiaries of BPRL International BV which have been incorporated outside India.

(iii) BPRL Ventures BV holds 50% equity in Joint Venture Company IBV (Brazil) Petroleo Pvt. Ltda., incorporated in Brazil.

(iv) Petronet CCK Limited's proportionate share includes 4.16% indirectly held by BPCL through Petronet India Limited.

(v) Central UP Gas Limited proportionate share includes 11.25% indirectly held by BPCL through Indraprastha Gas Limited.

(vi) Proportionate consolidation in respect of Investment in Petronet CI Limited and Bharat Renewable Energy Limited have not been considered in the preparation of Consolidated Financial Statements as the parent company has decided to exit from these Joint Ventures and provision for full diminution in the value of investment has been done in the standalone financial statements of the parent company.

(vii) Kannur International Airport Limited is a Joint Venture Company which has not yet started operations. Hence, the same has not been considered for consolidation since no financial statements have been prepared and the same are not expected to be material. Current year percentage of ownership interest is after considering proposed increase in equity participation.

(viii) BPCL's ownership in Maharashtra Natural Gas Limited has been considered at 33.75% after considering the indirect holding of 11.25% through Indraprastha Gas Limited. BPCL's direct ownership in Maharashtra Natural Gas Limited is 22.50% as per the Joint Venture Agreement. The actual percentage of Share Capital as on 31st March 2015 held by BPCL is marginally higher. The management is of the opinion that it is a temporary phase and the other joint venture partners will contribute their share of the equity capital as per the Joint Venture Agreement. This excess contribution by BPCL in the Equity Share Capital amounting to ₹ **1.13 crores** (previous year ₹ 1.13 crores) is included in "Advances Recoverable in cash or in kind or for value to be received" (Refer Note No. 23).

(ix) DNP Limited is an associate of Numaligarh Refinery Limited which has not been considered for consolidation, since the same is not considered material.

(x) The financial statements of Joint Venture companies Indraprastha Gas Limited, Central UP Gas Limited, Sabarmati Gas Limited and Maharashtra Natural Gas Limited are yet to be audited and hence the provisional financial statements provided by the respective management have been considered for the purpose of preparation of Consolidated Financial Statements.

1.2 BASIS FOR PREPARATION:

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Corporation has prepared these financial statements to comply in all material respects with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule (7) of the Companies (Accounts) Rules, 2014 and other provisions of the Act (to the extent notified). The financial statements have been prepared on an accrual basis (unless otherwise stated) and under historical cost convention. The accounting policies are consistent with those used in previous year except for the policy in respect of the depreciation of Fixed Assets referred to in para 1.8 and for Sabarmati Gas Limited for the policy in respect of revenue recognition in 'Other Operating Income' referred to in para 1.11.ix.

1.3 USE OF ESTIMATES:

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

1.4 Certain accounting policies of JVCs towards Depreciation, Inventory Valuation, Employee Benefits and Classification of Income/Expenses, etc are different with that followed by the Parent Company which has been stated along with the respective policy.

1.5 FIXED ASSETS

(a) Tangible Fixed Assets

(i) Fixed Assets are stated at cost net of accumulated depreciation.

(ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

(iii) First time procurement cost of catalyst is capitalized along with the project cost and the cost of subsequent replacements are charged off in the year of issuance to consumption.

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

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

(vi) Land acquired on lease where period of lease exceeds 99 years is treated as freehold land.

(vii) The dead stock of fuel maintained in the storage tanks by design or nature is capitalized as fixed assets by Mumbai Aviation Fuel Farm Facility Private Limited.

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

(b) Intangible Assets

(i) Intangible assets are carried at cost less accumulated amortization.

(ii) Cost of Right of Way which is perpetual and absolute in nature is amortised over a period of 99 years and in other cases, over its estimated useful life.

(iii) Expenditure incurred for creating/acquiring other intangible assets of ₹ 0.50 crores and above and ₹ 0.02 crores and above in case of Joint Venture Company Petronet CCK Limited, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit. In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

(iv) Expenditure incurred on intangible assets is capitalised and amortised over a period of 5 years by Indraprastha Gas Limited and Central UP Gas Limited and over a period of 3 years by Petronet LNG Limited and Maharashtra Natural Gas Limited.

(v) Bharat Oman Refineries Limited - Expenditure incurred on construction of facilities such as SPM, Sub-sea Pipeline etc., the ownership of which is not with the Company but for which the Company has license to use, is capitalized as "Intangible Asset". Intangible assets are amortized over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

a) Computer software – 5 years

b) Single Point Mooring System and Sub-sea Pipeline – 25 years

c) Others – 5 years

(vi) GSPL India Transco Limited and GSPL India Gasnet Limited – Software is amortised at 40% on WDV method.

(vii) In case of GSPL India Transco Limited and GSPL India Gasnet Limited, 'Right of Use and Right of way on land' is not amortised but is tested for impairment on periodic basis.

1.6 IMPAIRMENT OF ASSETS

The values of tangible and intangible assets (including Goodwill) of respective Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date, if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the higher of net selling price of the asset or present value of estimated future Cash Flows, the difference is recognized as an impairment loss. At each Balance Sheet date, the goodwill is tested for impairment and the impairment loss, if any, is recognized in the financial statements.

1.7 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to revenue.

1.8 DEPRECIATION

The group has provided depreciation on fixed assets on straight line basis, over the useful lives of assets (after retaining the residual value of upto 5%) as prescribed in Schedule II of the Act, except in certain cases based on technical / internal evaluation.

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

b) In case of the Corporation, Plant & Machinery at Retail Outlets (other than Storage tanks and related equipments) are depreciated over a useful life of 15 years based on the technical assessment.

c) In case of the Corporation, Numaligarh Refinery Limited and Bharat PetroResources Limited, computer equipments are depreciated over a period of 4 years and Mobile phones are depreciated over a period of 3 years based on internal assessment. Furniture, other than computer equipments and mobile phones, provided at the residence of management staff are depreciated over a period of 7 years as per internal assessment.

d) In case of the Corporation, Numaligarh Refinery Limited, Bharat PetroResources Limited and Bharat Oman Refineries Limited fixed assets costing not more than ₹ 5,000 each are depreciated at 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators in case of the Corporation which are depreciated over a useful life of 15 years based on the technical assessment.

e) Indraprastha Gas Limited:
   i. Mother compressors, Online compressors and Booster compressors – 10 years
   ii. Signages (forming part of Buildings) - 10 years
   iii. Pipelines – 25 years

f) Petronet LNG Limited: Useful life of the assets, required to be transferred under Concession Agreement have been restricted up to the end of the Concession Agreement.

g) Bharat Stars Services Private Limited: Depreciation is provided on Written Down Value(WDV) method as per the useful lives prescribed in Schedule II of the Act except the following assets:
   i. Chassis of dispensers and refuellers (Aviation Refuelling Equipments) – 8 years
   ii. Cost of Operating rights is amortised over a period of 10 years.

h) Maharashtra Natural Gas Limited:
   i. Mother compressors, Online compressors and Booster compressors – 7 years
   ii. Computer and Mobile Phones - 3 years
   iii. Signages – 10 years
   iv. Pipelines – 21 years
   v. Vehicles – 6 years
   vi. Buildings – 30 years

i) Sabarmati Gas Limited: Certain items of Plant & Machinery ranging from 15 to 30 years.

j) Bharat Oman Refineries Limited:
   i. Roads and Boundary walls – 30 years
   ii. Cetane and Octane Engine – 25 years

k) Delhi Aviation Fuel Facility Private Limited: Building is charged over useful life of 25 years as provided in concession and operating agreement.

l) Petronet CCK Limited :
   i. Furniture and Fixtures provided at the residence of employees – 7 years
   ii. Computers and Peripherals (other than servers and hubs) and mobile phones– 4 years

m) GSPL India Gasnet Limited and GSPL India Transco Limited: Depreciation is provided on WDV method as per the useful life of the Schedule II of the Act except on mobile instruments which are depreciated over 2 years.

n) Mumbai Aviation Fuel Farm Private Limited: Depreciation on dead stock forming part of the plant and machinery is provided on the basis of diminution in the value of dead stock calculated on realization price method. In respect of the assets acquired from the promoters, the useful life been determined ranging from 0 to 21 years based on technical advice.

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

1.9 INVESTMENTS

i. Current investments are valued at lower of cost or fair value determined on an individual investment basis.

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

1.10 INVENTORY

i. Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis (determined on periodical basis as appropriate) and comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis.

ii. The net realizable value of finished goods and stock in trade are based on the inter-company transfer prices and final selling prices (applicable at the location of stock) for sale to oil companies and retail consumers respectively. For the purpose of stock valuation, the proportion of Sales to oil companies and retail sales are determined on all India basis and considered for stock valuation at all locations.

iii. The Cost of Stock-in-process is determined at raw material cost plus cost of conversion.

iv. Obsolete, slow moving, surplus and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks. In case of Numaligarh Refinery Limited, the obsolete, slow-moving/ non-moving/ surplus stores and other materials including project materials for three years and above are provided for in full and regular stores are provided for at the rate of 2%.

v. Finished products are valued at weighted average cost or at net realisable value, whichever is lower. In case of Indraprastha Gas Limited, Maharashtra Natural Gas Limited and Central UP Gas Limited the cost is determined on First-in-First-Out basis. In case of Matrix Bharat Pte. Ltd. inventories are valued at fair value less cost to sell.

vi. In case of Petronet CCK Limited, the stores and spares are valued on First-in-First-Out basis.

vii. The cost of raw materials in case of Petronet LNG Limited is determined on First-in-First-Out basis.

viii. Sabarmati Gas Limited, Mahanagar Gas Limited and Central UP Gas Limited estimate their closing stock of PNG pipelines on volumetric basis.

1.11 REVENUE RECOGNITION

i. Revenue is recognised when sufficient risks and rewards incidental to ownership is transferred to the customers, it can be reliably measured and it is reasonable to expect ultimate collection.

ii. Sales represents invoiced value of goods supplied net of trade discounts, and include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT / Sales Tax. Further, it includes other elements allowed by the Government from time to time.

iii. Claims including subsidy on LPG and SKO from Government of India are booked on ‘in principle acceptance’ thereof on the basis of available instructions/clarifications subject to final adjustments after necessary audit, as stipulated.

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

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

vi. Dividend income is recognized when the Corporation’s right to receive the dividend is established.

vii. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

viii. Bharat PetroResources Limited

Liquidated damages for delay in execution of contracts/ supplies are accounted for as per the terms of the contracts and are recognized as income in the year of deduction.

ix. Sabarmati Gas Limited

During the year, the company changed its accounting policy in respect of Accounting for Initial Connection Charges (ICC).

Hitherto, the amounts collected towards ICC from Industrial Customers and Commercial / Non Commercial customers for providing the infrastructure to facilitate the supply of gas were recognised as revenue only when such infrastructure is commissioned by the company.

Based on Management review and opinion taken by the company from Senior Counsel on identical facts and also to fall in line with the treatment of such ICC in accordance with section 14(2) of Service Obligation of Authorised Entity (Post Commissioning) notified under The Petroleum and Natural Gas Regulatory Board (Authorising Entities To Lay, Build, Operate or Expand City Or Local Natural Gas Distribution Networks) Regulations 2008 as well as practice generally adopted by the similar industries, the company, effective from 1st April 2014, has changed the accounting treatment by considering the amount so collected towards ICC as “Refundable Security Deposit” instead of revenue and carried the same to Balance Sheet as liability and classified under the head “Other Non Current Liabilities” as “Security Deposits from customers”.

1.12 CLASSIFICATION OF INCOME/EXPENSES

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

ii. Income/expenditure upto ₹ 0.05 Crores in each case pertaining to prior years is charged to the current year by the parent company, Numaligarh Refinery Limited and Petronet CCK Limited; and ₹ 50,000 by GSPL India Transco Limited and GSPL India Gasnet Limited.

iii. Prepaid expenses upto ₹ 0.05 Crores in each case, are charged to revenue as and when incurred by the parent company and Numaligarh Refinery Limited, upto ₹ 50,000 by GSPL India Transco Limited and GSPL India Gasnet Limited and upto ₹ 10,000 by Bharat PetroResources Limited and Petronet CCK Limited. No such policy exists in other group companies.

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

v. Liabilities for expenses in Bharat PetroResources Limited and in Petronet CCK Limited (other than for transportation, rent and property taxes) are provided only if the amount exceeds ₹ 10,000 in each case.

1.13 EMPLOYEE BENEFITS

i. Contributions to defined contribution schemes such as Pension, Superannuation, Provident Fund, etc. are charged to the Statement of Profit and Loss as and when incurred.

ii. The Group also provides for retirement / post-retirement benefits in the form of gratuity, leave encashment, post retirement benefits and other long term benefits. Such defined benefits are charged to the Statement of Profit and Loss based on valuations made by independent actuary using the Projected Unit Credit Method, as at the Balance Sheet date.

iii. Expenditure on Voluntary Retirement Scheme is charged to Statement of Profit and Loss as and when incurred.

1.14 DUTIES ON BONDED STOCKS

i. Customs duty on raw materials / finished goods lying in bonded warehouse are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

ii. Excise duty on finished stocks lying at manufacturing location is provided for, at the assessable value applicable at each of the locations based on end use.

1.15 FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

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

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

iii. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Statement of Profit and Loss either as profit or loss on Foreign Currency transactions and translations or finance cost as the case may be.

iv. In case of parent company, Numaligarh Refinery Limited, Bharat Oman Refineries Limited and Bharat PetroResources Limited the foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the asset or liability.

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

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

vii. All the subsidiaries and joint ventures incorporated outside India are considered to be "non integral foreign operations" in terms of Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". Consequently, the assets and liabilities, monetary and non-monetary of such subsidiaries and joint ventures have been translated at the closing rates. Income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the period.

1.16 GOVERNMENT GRANTS

i. When the grant relates to an expense item or depreciable fixed assets, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Grants relating to depreciable fixed assets are reflected as Capital Grants under Reserves & Surplus in Balance Sheet and recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

ii. Government grants of the nature of promoter's contribution or relating to non depreciable assets are credited to capital reserve in Balance Sheet.

iii. In case of Bharat Oman Refineries Limited grants related to specific fixed assets are shown as a deduction from the gross value of fixed asset concerned. Grants related to revenue are deducted in reporting the related expenses.

1.17 PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

i. A provision is recognized when corporation has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

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

iii. Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 0.05 crores in each case of the Corporation, Numaligarh Refinery Limited, and Bharat Oman Refineries Limited and ₹ 0.01 crores in case of Bharat PetroResources Limited.

1.18 TAXES ON INCOME

i. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

ii. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

iii. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward losses, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty supported by convincing evidence that the assets will be realized in future.

iv. The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each Balance Sheet date.

1.19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

1.20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and on hand. The Corporation considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.21 CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

All assets and liabilities are classified as current or non-current as per the normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act..

1.22 ACCOUNTING FOR LEASES

For operating leases, rentals are expensed with reference to lease terms and other relevant considerations.

1.23 CASH FLOW

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

1.24 OIL AND GAS EXPLORATION ACTIVITIES IN CASE OF BHARAT PETRORESOURCES LIMITED

(i) 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. General & Administrative expenses identifiable in respect of blocks or cost centre is capitalised along with block or 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.

The net quantities of the group's interest is in proved reserves and proved developed reserves of oil and gas at the beginning and additions, deductions, productions and closing balance for the year and disclosure of quantities on the geographical basis are not mentioned as the group is in exploratory/appraisal phase.

(ii) Surrender of field / disposal of participation interest

If the Company were to surrender a field, the accumulated acquisition, exploration, development and general & administrative 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, surrendered or farmed out.

(iii) 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.

(iv) Site restoration costs

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

2. SHARE CAPITAL (CONSOLIDATED)

₹ in Crores

		31/03/2015	31/03/2014
i.	**Authorised**		
	2,50,00,00,000 equity shares	**2,500.00**	2,500.00
	(previous year 2,50,00,00,000 equity shares)		
ii.	**Issued, subscribed and paid-up**		
	72,30,84,248 (previous year 72,30,84,248) equity shares fully paid-up	**723.08**	723.08
	Total	**723.08**	723.08

iii. The Corporation has only one class of shares namely equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Corporation, the holders of equity shares will be entitled to receive the remaining assets of the Corporation in proportion to the number of equity shares held.

iv. The Corporation declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended 31st March 2015, proposed dividend per share for the Corporation is ₹ **22.50** (previous year ₹ 17). The total dividend appropriation for the year ended 31st March 2015 amounted to ₹ **1,921.21 crores** (previous year ₹ 1,425.82 crores) including Corporate Dividend Tax of ₹ **294.27 crores** (previous year ₹ 196.58 crores).

v. During Financial Year 2012-13, the Corporation had issued Bonus Shares in the ratio of 1:1 by capitalisation of General Reserve. The total number of Bonus Shares issued is 36,15,42,124 equity shares having face value of ₹ 10 each.

vi. Reconciliation of No. of Equity Shares

		31/03/2015	31/03/2014
A.	Opening Balance	**72,30,84,248**	72,30,84,248
B.	Shares Issued		
	- Bonus Shares	**-**	-
C.	Shares Bought Back	**-**	-
D.	Closing Balance	**72,30,84,248**	72,30,84,248

vii. Shareholders holding more than 5% shares

	31/03/2015		31/03/2014	
Name of shareholder	**% Holding**	**No. of Shares**	% Holding	No. of Shares
Government of India	**54.93**	**39,72,00,120**	54.93	39,72,00,120
BPCL Trust for Investment in shares	**9.33**	**6,74,57,474**	9.33	6,74,57,474
Life Insurance Corporation of India	**3.75**	**2,70,86,759**	5.42	3,91,62,846

3. RESERVES AND SURPLUS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Capital Reserve		
As per last Balance Sheet	**50.68**	50.68
Capital Grant		
As per last Balance Sheet	**9.37**	3.94
Add: Grant received during the year	**4.98**	6.30
Less: Amortization of Capital Grant during the year	**(2.30)**	(0.87)
	12.05	9.37
Capital Reserve on Acquisition of subsidiaries (Refer Note No. 49)	**66.45**	66.45
Debenture Redemption Reserve		
As per last Balance Sheet	**323.14**	126.30
Add: Transfer during the year	**194.35**	196.84
	517.49	323.14
Foreign currency translation reserve	**397.29**	(56.16)
Foreign Currency Monetary Item Translation Difference Account		
As per last Balance Sheet	**184.25**	-
Add / Less : Additions / (Deletions) during the year	**(149.35)**	191.84
Less : Amortisation during the year	**(7.91)**	(7.59)
	26.99	184.25
General reserve		
As per last Balance Sheet	**19,861.80**	17,190.19
Add: Transfer from Surplus	**3,333.10**	2,671.61
	23,194.90	19,861.80
Surplus as per Statement of Profit and Loss *	**(1,438.53)**	(994.40)
Sub Total	**22,827.32**	19,445.13
Less: Minority Interest (net of dividend payable)	**(1,004.29)**	(864.78)
Share of interest in Joint Ventures #	**2.39**	122.84
Grand Total	**21,825.42**	18,703.19
# Share of Interest in Joint Ventures		
Debenture Redemption Reserve	**11.66**	1.87
General Reserve	**137.45**	126.47
Securities Premium Reserve	**224.39**	224.39
Foreign Currency Translation Reserve	**2.72**	2.47
Surplus as per Statement of Profit and Loss	**(373.83)**	(232.36)
Sub Total	**2.39**	122.84
*** Surplus as per Statement of Profit and Loss**		
As per last Balance Sheet	**(994.40)**	(600.28)
Add : Profit / (Loss) for the year	**5,177.28**	3,965.29
Less : Proposed Dividend	**(1,739.78)**	(1,274.38)
Less : Corporate Dividend Tax	**(354.18)**	(216.58)
Less: Transfer to Debenture Redemption Reserve	**(194.35)**	(196.84)
Less : Transfer to General Reserve	**(3,333.10)**	(2,671.61)
Sub Total	**(1,438.53)**	(994.40)

4. LONG-TERM BORROWINGS (CONSOLIDATED)

₹ in Crores

	31/03/2015		31/03/2014	
	Current #	**Non-Current**	Current #	Non-Current
Secured				
From others				
Debentures				
8.65% secured non-convertible debentures 2017 *	**-**	**700.00**	-	700.00
Term Loan				
Term loan from Banks / Financial Institutions**	**3,129.54**	**2,816.59**	-	4,958.17
Foreign Currency Loan Syndicated ***	**-**	**469.43**	-	450.75
Loan from Oil Industry Development Board@	**-**	**941.10**	-	42.00
Unsecured				
Term Loan				
Loan from Oil Industry Development Board	**93.15**	**73.50**	203.48	158.25
From Banks				
Foreign Currency Loan Syndicated	**1,251.82**	**5,633.17**	150.25	6,610.98
Bonds				
4.625% US Dollar International bonds 2022	**-**	**3,129.54**	-	3,004.99
3% Swiss franc International bonds 2019	**-**	**1,293.30**	-	1,350.39
	4,474.51	**15,056.63**	353.73	17,275.53
Share of Interest in Joint Ventures	**-**	**4,285.19**	-	4,722.19
Total	**4,474.51**	**19,341.82**	353.73	21,997.72

\# Classified under other current liabilities (Refer Note No.10)

* The Corporation had allotted redeemable non-convertible 8.65% Debentures of face value of ₹ 700 crores on 8th October 2012 redeemable on 8th October 2017 with a put call option on 8th October 2015. These are secured by first legal mortgage by way of a Registered Debenture Trust Deed over the fixed assets of the Corporation, mainly Plant and Machinery at Mumbai Refinery.

** Pledge of shares held in BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV; a first rank of security interest on fixed and current assets and cash flows of BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV.

*** Loan is secured in favour of participating banks ranking pari-passu inter-alia by hypothecation of Plants & Equipments both present and future.

@ Loan is secured by way of mortgage / hypothecation of assets / projects financed out of loan proceeds from OIDB for which the charge is under creation.

4. LONG-TERM BORROWINGS (CONSOLIDATED) (CONTD.)

Terms of Repayment Schedule of Long-term borrowings as on 31/03/2015

Non-Current	₹ in Crores	Maturity
8.65% Secured Non-Convertible Debentures 2017	700.00	8-Oct-17
Loan from Oil Industry Development Board - 2017	73.50	Apr 16 - Sep 17
Loan from Oil Industry Development Board - 2019	888.00	Apr 16 - Sep 19
Loan from Oil Industry Development Board - 2020	19.50	Jan 17 - Jan 20
Foreign Currency Loans - Syndicated	1,877.72	9-Mar-17
	1,032.75	7-Nov-17
	625.91	5-Feb-18
	1,064.04	7-Nov-18
	1,032.75	7-Nov-19
3% Swiss Franc International Bonds 2019	1,293.30	20-Dec-19
4.625% US Dollar International Bonds 2022	3,129.54	25-Oct-22
Loan from Bank (BPRL)	1,877.72	6-Dec-17
Loan from Bank (BPRL)	938.86	16-Jun-16

In respect of Numaligarh Refinery Limited

Secured Loans from Oil Industry Development Board consists of 3 loans as on 31.03.2015:

a) ₹ 22.68 crores drawn at 8.56% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual instalment of ₹ 5.67 crores.

b) ₹ 3.16 crores drawn at 8.65% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual instalment of ₹ 0.79 crores.

c) ₹ 7.76 crores drawn at 8.77% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual instalment of ₹ 1.94 crores.

External Commercial Borrowing is repayable in 3 equal yearly instalments at the end of 4th, 5th and 6th year from the date of the loan taken on various dates and keeping the average age of the maturity of repayments as 5 years.

Current	₹ in Crores	Maturity
Foreign Currency Loans - Syndicated	1,251.82	26-Feb-16
Loan from Oil Industry Development Board - 2015	19.25	20-Apr-15
Loan from Oil Industry Development Board - 2017	24.25	28-Sep-15
Loan from Oil Industry Development Board - 2017	25.00	30-Mar-16
Loan from Bank (BPRL)	3,129.54	29-Nov-15

5. DEFERRED TAX LIABILITIES & ASSETS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Deferred Tax Liabilities:		
On account of depreciation	**3,163.74**	2,859.43
Total Deferred Tax Liabilities (A)	**3,163.74**	2,859.43
Deferred Tax Asset:		
Disallowance under Income Tax Act, 1961	**828.13**	677.83
Provisions for mark to market for investments & Loans, doubtful debts, claims, etc.	**381.64**	556.52
Voluntary Retirement Scheme & Long term Capital loss	**32.67**	46.22
Others	**68.81**	26.05
Total Deferred Tax Assets (B)	**1,311.25**	1,306.62
Net Deferred Tax Liabilities (A-B)	**1,852.49**	1,552.81
Share of Interest in Joint Ventures	**144.72**	117.29
Total Deferred Tax Liabilities	**1,997.21**	1,670.10
Deferred Tax Assets:		
Share of Interest in Joint Ventures	**650.44**	419.00
Total Deferred Tax Assets	**650.44**	419.00

6. OTHER LONG-TERM LIABILITIES (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Security / Earnest Money Deposits	**22.46**	16.39
Retiral Dues	**50.03**	46.81
	72.49	63.20
Share of Interest in Joint Ventures	**111.85**	37.55
Total	**184.34**	100.75

7. LONG-TERM PROVISIONS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Contingencies for probable obligations	**269.94**	154.53
Provision for employee benefits (Refer Note No. 46)	**1,118.02**	1,165.34
	1,387.96	1,319.87
Share of Interest in Joint Ventures	**8.90**	5.89
Total	**1,396.86**	1,325.76

8. SHORT-TERM BORROWINGS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Loans repayable on demand		
Secured		
From banks		
Working capital loans / Cash Credit*	**40.27**	1,756.99
From Others		
Collateralized borrowing and lending obligation **	**-**	1,101.25
Unsecured		
From banks		
Bank overdraft	**1.08**	0.70
Foreign currency loans	**164.53**	5,584.06
	205.88	8,443.00
Share of Interest in Joint Ventures	**1,470.00**	2,357.82
Total	**1,675.88**	10,800.82

* Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock- in- process, book debts, stores, components and spares and all movables both present and future.

** Secured by Oil Marketing Companies GOI Special Bonds 2026 of ₹ **2,450 crores** (previous year ₹ 2,450 crores) and a bank guarantee of ₹ **500 crores** (previous year ₹ 500 crores) issued in favour of Clearing Corporation of India Limited.

9. TRADE PAYABLES (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Dues to Micro, Small and Medium Enterprises	**0.65**	1.55
Dues to others	**12,185.52**	11,809.69
	12,186.17	11,811.24
Share of Interest in Joint Ventures	**428.49**	1,087.87
Total	**12,614.66**	12,899.11

10. OTHER CURRENT LIABILITIES (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Current maturities of long-term borrowings (Refer Note No. 4)	**4,474.51**	353.73
Interest accrued but not due on borrowings	**181.00**	153.12
Security / Earnest Money Deposits	**476.98**	361.60
Deposits for Containers	**7,677.48**	6,494.96
Advances from Customers	**666.85**	593.13
Unclaimed Dividend*	**3.47**	2.80
Unclaimed Deposits*	**0.08**	0.14
Unclaimed Interest on Deposits*	**0.04**	0.07
Statutory Liabilities	**2,650.62**	2,661.41
Dues to Micro, Small and Medium Enterprises (Refer Note No. 39)	**163.67**	131.87
Other Liabilities (Including Sundry creditors and others)	**4,049.26**	4,375.33
	20,343.96	15,128.16
Share of Interest in Joint Ventures	**1,334.07**	991.17
Total	**21,678.03**	16,119.33

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

11. SHORT-TERM PROVISIONS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Provision for Taxation (Net of Advance Tax paid)	**882.25**	1,095.36
Provision for Liquidated Damages	**25.48**	5.63
Proposed dividend	**1,739.78**	1,274.38
Corporate Dividend Tax on proposed dividend	**354.18**	216.58
Provision for employee benefits (Refer Note No. 46)	**198.97**	187.45
Provision for CSR Expenditure (Refer Note No. 45)	**42.06**	-
Others (Refer Note No. 44)	**727.56**	511.35
	3,970.28	3,290.75
Share of Interest in Joint Ventures	**249.50**	88.25
Total	**4,219.78**	3,379.00

12. TANGIBLE ASSETS (CONSOLIDATED)

₹ in Crores

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01/04/2014	Additions	Other adjustments	Reclassification / Deductions on account of disposals	As at 31/03/2015	Up to 31/03/2014	For the year	Reclassification / Deductions on account of disposals	Up to 31/03/2015	As at 31/03/2015	As at 31/03/2014
Land											
Freehold	785.91	132.62	-	76.12	**842.41**	-	-	-	**-**	**842.41**	785.91
Leasehold	198.50	15.57	-	(0.81)	**214.88**	35.34	5.27	-	**40.61**	**174.27**	163.16
Buildings including Roads	6,746.47	543.01	24.38	249.61	**7,064.25**	1,226.88	1,278.01	52.32	**2,452.57**	**4,611.68**	5,519.59
Plant And Equipments	16,264.96	1,335.71	67.58	(15.31)	**17,683.56**	7,446.25	772.55	(13.27)	**8,232.07**	**9,451.49**	8,818.71
Furniture And Fixtures	298.54	48.04	-	(183.95)	**530.53**	133.56	117.45	(21.95)	**272.96**	**257.57**	164.98
Vehicles	188.58	8.82	-	113.52	**83.88**	128.95	6.51	77.62	**57.84**	**26.04**	59.63
Office Equipments	932.82	102.27	-	(10.58)	**1,045.67**	685.99	104.85	37.92	**752.92**	**292.75**	246.83
Railway Sidings	359.02	2.08	-	2.88	**358.22**	192.26	32.79	2.02	**223.03**	**135.19**	166.76
Tanks and Pipelines	6,350.12	675.82	-	4.10	**7,021.84**	3,499.42	143.08	10.44	**3,632.06**	**3,389.78**	2,850.70
Dispensing Pumps	2,526.14	218.99	15.90	28.02	**2,733.01**	751.55	158.76	23.99	**886.32**	**1,846.69**	1,774.59
LPG Cylinders And Allied Equipments	6,944.32	1,117.30	26.93	1.17	**8,087.38**	6,944.32	56.08	1.25	**6,999.15**	**1,088.23**	-
Others	81.62	12.28	-	2.73	**91.17**	44.24	16.47	2.02	**58.69**	**32.48**	37.38
Total	**41,677.00**	**4,212.51**	**134.79**	**267.50**	**45,756.80**	**21,088.76**	**2,691.82**	**172.36**	**23,608.22**	**22,148.58**	**20,588.24**
Share of interest in Joint Ventures	**7,420.35**	**404.32**	**44.72**	**(34.34)**	**7,903.73**	**1,197.06**	**299.43**	**(35.17)**	**1,531.66**	**6,372.07**	**6,223.29**
Grand Total - Current Year	**49,097.35**	**4,616.83**	**179.51**	**233.16**	**53,660.53**	**22,285.82**	**2,991.25**	**137.19**	**25,139.88**	**28,520.65**	**26,811.53**
Previous year	37,096.95	4,407.33	331.31	158.59	**41,677.00**	18,786.71	2,412.94	110.89	**21,088.76**	**20,588.24**	
Share of interest in Joint Ventures	6,683.33	585.54	159.54	8.06	**7,420.35**	1,030.61	162.85	(3.60)	**1,197.06**	**6,223.29**	
Grand Total - Previous Year	43,780.28	4,992.87	490.85	166.65	**49,097.35**	19,817.32	2,575.79	107.29	**22,285.82**	**26,811.53**	

Notes:

1. In accordance with the requirements prescribed under Schedule II of Act, the Group has assessed the estimated useful lives of its fixed assets and has adopted the useful lives as prescribed in Schedule II except in certain cases (Refer Note No. 1.8). This has resulted in net decrease in the depreciation expense for the year ended March 31, 2015 by ₹ **1053.27 Crores** (includes Share of Interest in Joint Ventures of ₹ 2.25 Crores wherein there has been increase in depreciation expense) as compared to depreciation under Schedule XIV of Companies Act, 1956 applicable till 31st March 2014.

   As per the transitional provisions of Schedule II of the Companies Act, 2013, and in line with the Notification dated August 29, 2014 issued by Ministry of Corporate Affairs (MCA), the Group has charged ₹ **1,045.83 Crores** (includes Share of Interest in Joint Ventures of ₹ 7.34 crores) to the Statement of Profit and Loss on account of the carrying amount of assets (after retaining the residual value) where the remaining useful life of the asset is Nil.

   As permitted by the Notification dated August 29, 2014 issued by Ministry of Corporate Affairs, the Corporation will comply with the requirements of paragraph 4(a) of Notes to Schedule II of the Companies Act, 2013 relating to componentization, from financial year 2015-16.

2. Other adjustments include capitalization of foreign exchange differences of ₹ **173.28 crores** (previous year ₹ 386.70 crores) which includes Share in Joint Venture ₹ **42.03 crores** (previous year ₹ 98.68 crores) and borrowing costs of ₹ **12.82 crores** (previous year ₹ 43.33 crores).

3. In respect of Land:
   a) Freehold land of the Corporation includes ₹ **33.54 Crores** (previous year ₹ 32.04 Crores) with more than 99 years lease period.
   b) Freehold land includes ₹ **387.56 Crores** (previous year ₹ 367.32 Crores) capitalized at various locations for which conveyance deeds are yet to be executed and/or mutation is pending.
   c) Leasehold land of the Group includes gross block ₹ **2.95 Crores** (previous year ₹ 1.31 crores) which though in possession, the lease deeds are yet to be registered.
   d) Freehold land of the Corporation includes land costing ₹ **2.20 crores** (previous year ₹ 2.20 crores) which is in the process of being surrendered to competent authority.

4. Buildings included Ownership flats of ₹ **49.36 crores** (previous year ₹ 47.43 crores) in proposed / existing co-operative societies and others.

5. Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned by the Corporation in varying extent with other Oil Companies / Railways :- Gross Block ₹ **292.26 crores** (previous year ₹ 198.67 crores), Cumulative Depreciation ₹ **128.92 crores** (previous year ₹ 116.32 crores), Net Block ₹ **163.34 crores** (previous year ₹ 82.35 crores).

6. Gross Block of the Corporation includes ₹ **16.15 crores** (previous year ₹ 42.41 crores) towards assets which are not in active use during the period in respect of which additional depreciation of ₹ **6.08 crores** (previous year ₹ 17.82 crores) has been provided to recognise the expected loss on disposal.

13. INTANGIBLE ASSETS (CONSOLIDATED)

₹ in Crores

Particulars	Gross Block					Amortisation				Net Carrying Amount	
	As at 01/04/2014	Additions	Other adjustments	Reclassification / Deductions on account of disposals	As at 31/03/2015	Up to 31/03/2014	For the year	Reclassification / Deductions on account of disposals	Up to 31/03/2015	As at 31/03/2015	As at 31/03/2014
Right Of Way	36.47	21.55	-	6.86	**51.16**	2.53	0.92	0.50	**2.95**	**48.21**	33.94
Software	109.49	7.70	-	18.13	**99.06**	61.36	11.13	-	**72.49**	**26.57**	48.13
Development Rights	1.50	-	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
Process License	87.23	12.86	-	(0.04)	**100.13**	74.13	8.76	-	**82.89**	**17.24**	13.10
Total	**234.69**	**42.11**	**-**	**24.95**	**251.85**	**139.52**	**20.81**	**0.50**	**159.83**	**92.02**	**95.17**
Share of interest in Joint Ventures*	**725.13**	**5.62**	**(100.56)**	**81.84**	**548.35**	**51.88**	**14.00**	**(0.19)**	**66.07**	**482.28**	**673.25**
Grand Total	**959.82**	**47.73**	**(100.56)**	**106.79**	**800.20**	**191.40**	**34.81**	**0.31**	**225.90**	**574.30**	**768.42**
Previous year	196.90	31.79	20.12	14.12	**234.69**	122.98	18.43	1.89	**139.52**	**95.17**	
Share of interest in Joint Ventures	721.43	3.80	24.10	24.20	**725.13**	36.95	14.93	-	**51.88**	**673.25**	
Grand Total	918.33	35.59	44.22	38.32	**959.82**	159.93	33.36	1.89	**191.40**	**768.42**	

* Includes share of Goodwill on acquisition pertaining to Subsidiary Company's Joint Venture Companies ₹ **274.67 crores** (previous year ₹ 475.82 crores).

14. INTANGIBLE ASSETS UNDER DEVELOPMENT (CONSOLIDATED)

₹ in Crores

Particulars	Gross Block					Amortisation				Net Carrying Amount	
	As at 01/04/2014	Additions	Capitalisation as intangible asset	Deletions	As at 31/03/2015	Up to 31/03/2014	2014-15	Reclassification / Deductions on account of disposals	Up to 31/03/2015	As at 31/03/2015	As at 31/03/2014
Process Licenses	25.07	-	-	-	**25.07**	-	-	-	**-**	**25.07**	25.07
Total	**25.07**	**-**	**-**	**-**	**25.07**	**-**	**-**	**-**	**-**	**25.07**	**25.07**
Share of interest in Joint Ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total	**25.07**	**-**	**-**	**-**	**25.07**	**-**	**-**	**-**	**-**	**25.07**	**25.07**
Previous year	2.53	-	(2.53)	-	**-**	-	-	-	**-**	**-**	
Share of interest in Joint Ventures	-	-	-	-	**-**	-	-	-	**-**	**-**	
Grand Total	2.53	-	(2.53)	-	**-**	-	-	-	**-**	**-**	

15. CAPITAL WORK-IN-PROGRESS (AT COST) (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Tangible Assets under erection / construction *	**9,936.36**	5,496.69
Capital stores including lying with contractors	**1,150.68**	596.66
Capital goods in transit	**167.39**	31.92
Allocation of construction period expenses		
Opening balance	**372.72**	133.09
Add: Expenditure during the year		
Establishment charges including Salaries & Wages	**102.32**	82.50
Interest	**188.69**	52.53
Loss on foreign currency transactions and translations	**65.10**	183.10
Others	**36.47**	32.69
	765.30	483.91
Less: Allocated to assets capitalised during the year / charged off	**(130.71)**	(111.19)
Closing balance	**634.59**	372.72
	11,889.02	6,497.99
Share of Interest in Joint Ventures	**3,873.24**	2,848.66
Total	**15,762.26**	9,346.65

* Net of provision for impairment loss of ₹ **87.24 Crores** (previous year ₹ 86.40 Crores) - Refer Note No. 37

* Includes assets held for sale of ₹ **1.22 Crores** (previous year ₹ 1.20 Crores) in case of Numaligarh Refinery Limited

16. NON-CURRENT INVESTMENTS (CONSOLIDATED)

(At cost unless otherwise stated)

₹ in Crores

		31/03/2015	31/03/2014
	Long Term		
(a)	**Trade**		
	Investment In Equity Instruments, Warrants & Debentures		
	Oil India Limited - Quoted	**561.76**	561.76
	Unquoted *	**1,108.66**	1,061.04
	Less: Provision for diminution in value of investments	**(20.94)**	(20.94)
		1,649.48	1,601.86
	Others		
	BPCL Trust for Investment in Shares (Refer Note No. 36)	**659.11**	659.10
(b)	**Non - Trade**		
	Investment In Debentures, Unquoted	**0.01**	0.01
	In Association Persons, Unquoted		
	Capital Contribution in Petroleum India International	**10.00**	10.00
	Share in accumulated surplus of Petroleum India International	**16.56**	15.37
		26.57	25.38
		2,335.16	2,286.34
	Share of Interest in Joint Ventures	**16.19**	20.06
	Total	**2,351.35**	2,306.40

* Includes investment in Shares of Kannur International Airport Limited ₹ **120 crores** (previous year ₹ 70 crores), in Cochin International Airport Limited ₹ **10.50 crores** (previous year ₹ 10.50 crores), in Share warrants of Bharat Oman Refineries Limited ₹ **792.84 crores** (previous year ₹ 792.84 crores), in Brahmaputra Cracker and Polymer Limited ₹ **126.90 crores** (previous year ₹ 113.29 crores), DNP Limited ₹ **43.49 crores** (previous year ₹ 43.49 crores), in Debentures of Sabarmati Gas Limited ₹ **10 crores** (previous year ₹ 10 crores).

17. LONG TERM LOANS AND ADVANCES (CONSOLIDATED)

(Unsecured, considered good unless otherwise stated) ₹ in Crores

	31/03/2015	31/03/2014
Capital advances	**525.34**	399.62
Security deposits		
Considered good	**32.06**	28.02
Considered doubtful	**0.45**	-
Less : Provision for doubtful deposits	**(0.45)**	-
Loans and advances to related parties		
Bharat Oman Refineries Limited	**677.05**	677.05
Bharat Renewable Energy Limited	**0.75**	-
Less : Provision in respect of Bharat Renewable Energy Limited	**(0.75)**	-
Petronet LNG Limited	**131.25**	49.16
Advance for investments *	**6.75**	14.74
Loans and advances to employees (including accrued interest) (secured) (Refer Note No. 41)	**584.08**	588.01
Loans and advances to others		
Considered good	**30.40**	37.79
Considered doubtful	**1.03**	0.10
Provision for doubtful loans	**(1.03)**	(0.10)
Claims & Deposits :		
Considered good	**452.20**	439.88
Considered doubtful	**80.91**	47.68
Less : Provision for doubtful claims & deposits	**(80.91)**	(47.68)
Advance Income Tax (net of provision for taxation)	**57.93**	120.61
Others	**0.17**	-
	2,497.23	2,354.88
Share of Interest in Joint Ventures	**197.98**	166.01
Total	**2,695.21**	2,520.89

* Advance against equity shares (pending allotment) pertaining to Kochi Salem Pipeline Private Limited as at 31st March, 2015

18. OTHER NON-CURRENT ASSETS (CONSOLIDATED)

(Unsecured,considered good unless otherwise stated) ₹ in Crores

	31/03/2015	31/03/2014
Unamortized Borrowings Expenses	**70.57**	100.21
Gratuity Account Balance	**11.93**	64.96
Bank deposits with more than twelve months maturity*		
Considered Good	**0.96**	0.97
Considered Doubtful	**0.02**	-
Less: Provision for bank deposits with more than 12 months maturity	**(0.02)**	-
	83.46	166.14
Share of Interest in Joint Ventures	**1.01**	0.42
Total	**84.47**	166.56

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

19. CURRENT INVESTMENTS (CONSOLIDATED)

(Current Investments are valued at lower of cost or fair market value) ₹ in Crores

		31/03/2015	31/03/2014
Investment in Government Securities (Face value of ₹ 100/- each)			
Non-Trade, Quoted			
1.	6.35% Oil Marketing Companies GOI Special Bonds 2024	**2,094.96**	2,094.96
2.	6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**2,474.00**	2,474.00
3.	7.59% Oil Marketing Companies GOI Special Bonds 2015	**-**	2.31
4.	7.61% Oil Marketing Companies GOI Special Bonds 2015	**-**	0.81
5.	7.95% Oil Marketing Companies GOI Special Bonds 2025	**10.63**	10.63
6.	8.20% Oil Marketing Companies GOI Special Bonds 2024	**897.78**	897.78
		5,477.37	5,480.49
Less:	**Provision for diminution in value of investment**		
	In 6.35% Oil Marketing Companies GOI Special Bonds 2024	**(211.39)**	(405.09)
	In 6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**(176.89)**	(405.74)
	In 7.59% Oil Marketing Companies GOI Special Bonds 2015	**-**	(0.02)
	In 7.61% Oil Marketing Companies GOI Special Bonds 2015	**-**	(0.01)
	In 7.95% Oil Marketing Companies GOI Special Bonds 2025	**-**	(0.91)
	In 8.20% Oil Marketing Companies GOI Special Bonds 2024	**-**	(59.93)
		(388.28)	(871.70)
	Investment in Mutual Funds (Quoted)	**236.80**	53.05
		5,325.89	4,661.84
Share of Interest in Joint Ventures		**34.57**	17.07
Total		**5,360.46**	4,678.91

Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO of Face Value ₹ **2,450 crores** (previous year ₹ 2,450 crores)

Market value of quoted Government Securities ₹ **5,104.33 crores** (previous year ₹ 4608.79 crores)

20. INVENTORIES (CONSOLIDATED)

(Refer Note No. 1.10) ₹ in Crores

	31/03/2015	31/03/2014
Raw materials	**2,135.46**	2,431.05
Raw materials in transit	**1,585.10**	1,365.01
	3,720.56	3,796.06
Stock in process	**423.46**	976.50
Finished goods	**7,256.05**	9,923.70
Stock-in-trade	**3,617.52**	4,981.99
Stock-in-trade in transit	**559.81**	387.52
	4,177.33	5,369.51
Stores and spares	**421.15**	401.54
Provision for Stores and spares	**(90.13)**	(81.45)
Stores and spares in transit	**3.73**	1.64
	334.75	321.73
Packaging material	**10.42**	10.91
	15,922.57	20,398.41
Share of Interest in Joint Ventures	**1,477.45**	2,771.06
Total	**17,400.02**	23,169.47

21. TRADE RECEIVABLES (CONSOLIDATED)

(Unsecured unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Outstanding for a period exceeding 6 months from due date of payment		
Considered good*	**125.75**	184.92
Considered doubtful	**491.31**	291.47
Less : Provision for doubtful debts	**(491.31)**	(291.47)
Other Debts		
Considered good*	**2,493.01**	3,823.87
Considered doubtful	**16.81**	95.30
Less : Provision for doubtful debts	**(16.81)**	(95.30)
	2,618.76	4,008.79
Share of Interest in Joint Ventures	**329.62**	534.90
Total	**2,948.38**	4,543.69

* Includes secured debt ₹ **621.40 crores** (previous year ₹ 764.97 crores)

22. CASH AND BANK BALANCES (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Cash on hand	**26.87**	47.08
Cheques and drafts on hand	**25.88**	55.68
Balance with banks :		
On Current Account	**284.87**	281.39
Demand deposits with banks with original maturity of less than three months	**2,130.00**	965.00
Cash and Cash equivalents	**2,467.62**	1,349.15
Demand deposits with banks with original maturity of 3-12 months	**741.38**	581.09
Earmarked balances *	**3.56**	2.89
	3,212.56	1,933.13
Share of Interest in Joint Ventures	**233.70**	378.21
Total	**3,446.26**	2,311.34

* Includes unpaid dividend

23. SHORT-TERM LOANS AND ADVANCES (CONSOLIDATED)

(unsecured,considered good unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Loans and advances to related parties		
Dues from Joint Venture Companies	**7.52**	4.48
Loans and advances to employees (including accrued interest) (secured)	**69.47**	69.76
Loans to Others	**13.47**	8.40
Loans to Others, Doubtful	**1.56**	1.20
Less : Provision for Loans to Other, Doubtful	**(1.56)**	(1.20)
Advances :		
Advances Recoverable in cash, or in kind or for value to be received	**182.98**	166.83
Advances considered doubtful	**11.78**	6.81
Less : Provision for doubtful advances	**(11.78)**	(6.81)
	182.98	166.83
Advance Income Tax (Net of provision for taxation)	**138.15**	142.77
Claims, Considered good	**140.86**	171.52
Claims, Doubtful	**2.04**	2.23
Less : Provision for Claims, Doubtful	**(2.04)**	(2.23)
Balances With Customs, Excise, Port Trust, etc.	**346.37**	218.96
Others	**4.29**	4.37
	903.11	787.09
Share of Interest in Joint Ventures	**124.32**	108.52
Total	**1,027.43**	895.61

24. OTHER CURRENT ASSETS (CONSOLIDATED)

₹ in Crores

	31/03/2015	31/03/2014
Interest accrued on investments and bank deposits		
Considered good	**85.15**	79.31
Considered doubtful	**0.02**	-
Less: Provision for interest accrued on investments and bank deposits	**(0.02)**	-
Interest accrued on Loans to Related Parties	**14.32**	14.32
Receivable from Government of India	**5,869.64**	10,615.09
Unamortised premium (foreign exchange forward contract)	**2.14**	1.78
Unamortized Borrowing Expenses	**52.01**	32.77
Other receivables	**0.80**	5.48
	6,024.06	10,748.75
Share of Interest in Joint Ventures	**72.08**	166.88
Total	**6,096.14**	10,915.63

25. REVENUE FROM OPERATIONS (CONSOLIDATED)

₹ in Crores

			2014-15	2013-14
i)	a)	Sales		
		Petroleum Products	**2,44,396.70**	2,49,496.66
		Crude Oil	**885.73**	937.36
			2,45,282.43	2,50,434.02
	b)	Subsidy on LPG (Domestic) & SKO (PDS)*	**612.79**	639.96
	c)	Subsidy from Government of India (Refer Note No. 34 (b))	**7,290.40**	18,374.28
			2,53,185.62	2,69,448.26
		Less: Excise Duty	**(16,132.59)**	(11,598.49)
			2,37,053.03	2,57,849.77
ii)	Other operating revenues		**179.74**	140.11
			2,37,232.77	2,57,989.88
	Share of interest in Joint Ventures		**5,365.73**	6,431.18
	Total		**2,42,598.50**	2,64,421.06

* As per the scheme of the Government of India

26. OTHER INCOME (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Income from Current Investments		
Interest Income	**426.99**	382.03
Dividend Income	**30.61**	12.10
Income from Non Current Investments		
Dividend Income - Others	**16.03**	39.72
Interest Income	**1.20**	1.20
Income from Association of Persons	**1.19**	1.13
Income from Others (Refer Note No. 36)	**114.68**	74.20
Interest-Others (including on bank deposits)	**341.22**	322.94
Write back of liabilities no longer required	**13.95**	11.39
Reversal towards diminution in value of current investments	**483.42**	-
Prior period income (net) #	**43.86**	107.33
Gain on Foreign Currency Transactions and Translation (net)	**223.76**	-
Others #	**384.75**	393.65
	2,081.66	1,345.69
Share of interest in Joint Ventures	**38.39**	41.06
Total	**2,120.05**	1,386.75

Includes amortisation of capital grants ₹ **2.30 Crores** (previous year ₹ 0.87 crores)

27. COST OF RAW MATERIALS CONSUMED (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Opening Stock	**3,796.05**	3,208.42
Add : Purchases (Refer Note No. 34 (a))	**1,02,027.78**	1,17,546.16
Less: Closing Stock	**(3,720.56)**	(3,796.06)
	1,02,103.27	1,16,958.52
Share of interest in Joint Ventures	**16,363.30**	17,083.46
Total	**1,18,466.57**	1,34,041.98

28. PURCHASE OF STOCK-IN-TRADE (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Petroleum Products (Refer Note No. 34 (a))	**91,270.23**	1,05,272.75
Crude Oil	**1,100.11**	1,022.69
	92,370.34	106,295.44
Share of interest in Joint Ventures	**1,502.43**	790.30
Total	**93,872.77**	1,07,085.74

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Value of opening stock of		
Finished goods	**9,935.24**	6,988.62
Stock-in-trade	**5,369.51**	6,271.94
Stock in process	**976.50**	811.00
	16,281.25	14,071.56
Less : Value of closing stock of		
Finished goods	**7,256.05**	9,935.24
Stock-in-trade	**4,177.33**	5,369.51
Stock in process	**423.46**	976.50
	11,856.84	16,281.25
Net (Increase) / Decrease in Inventory	**4,424.41**	(2,209.69)
Share of interest in Joint Ventures	**(72.96)**	231.95
Total	**4,351.45**	(1,977.74)

30. EMPLOYEE BENEFIT EXPENSES (CONSOLIDATED)

(Refer Note No. 47)

₹ in Crores

	2014-15	2013-14
Salaries and wages	**1,534.93**	2,285.67
Contribution to Provident and Other Funds	**251.96**	348.93
Staff Welfare expenses	**483.98**	288.19
Voluntary Retirement Scheme	**1.28**	126.82
	2,272.15	3,049.61
Share of interest in Joint Ventures	**77.70**	65.65
Total	**2,349.85**	3,115.26

31. FINANCE COSTS (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Interest expense	**496.92**	551.20
Interest on shortfall in payment of advance tax	**58.10**	61.93
Other borrowing costs	**54.55**	51.33
Applicable loss on foreign currency transactions and translations (net)	**81.20**	807.94
	690.77	1,472.40
Share of interest in Joint Ventures	**489.70**	509.74
Total	**1,180.47**	1,982.14

32. OTHER EXPENSES (CONSOLIDATED)

₹ in Crores

	2014-15	2013-14
Transportation	**5,160.32**	4,610.55
Excise Duty on Inventory differential	**793.20**	172.08
Octroi, Other Levies and Irrecoverable Taxes	**979.96**	832.35
Repairs and maintenance		
Machinery	**660.20**	837.35
Building	**94.37**	44.21
Others	**219.11**	192.06
Sub-Total	**973.68**	1,073.62
Power and Fuel	**5,325.31**	5,566.17
Less: Consumption of fuel out of own production	**(3,385.10)**	(4,222.65)
Power and Fuel consumed (net)	**1,940.21**	1,343.52
Stores, spares and materials	**419.09**	537.57
Less: Charged to other revenue accounts	**(275.04)**	(446.65)
Stores, spares and materials (net)	**144.05**	90.92
Packages consumed	**150.36**	165.35
Office Administration, Selling and Other expenses		
Rates & Taxes	**72.27**	135.26
Rent (Refer Note No. 42)	**226.40**	247.57
Utilities	**222.97**	199.80
Terminalling and related charges	**175.26**	151.07
Travelling and conveyance	**172.97**	155.97
Insurance	**60.05**	58.08
Communication Expenses	**35.78**	24.64
Remuneration to auditors		
Audit fees	**0.70**	0.62
Fees for other services - Certification	**0.51**	0.47
Reimbursement of out of pocket expenses	**0.02**	-
Sub-Total	**1.23**	1.09
Write Offs		
Bad debts and claims	**0.83**	2.68
Other write offs	**0.75**	5.16
Project cost Charged off	**185.51**	380.05
Provision for doubtful debts & advances (net)	**162.19**	233.32
Provision for Impairment (Refer Note No. 37)	**0.84**	86.40
Loss on sale of Current Investments	**0.00**	29.45
Provision towards diminution in value of Current Investments	**0.00**	302.11
Provision towards diminution in value of Non Current Investments	**0.00**	3.36
Loss on sale of fixed assets (net)	**2.89**	12.98
Loss on foreign currency transactions and translations (net)	**0.00**	694.91
Liability upon termination	**21.91**	-
CSR Expenditure (Refer Note No. 45)	**83.80**	40.35
Others	**1,195.31**	1,015.23
Sub-Total - Office Administration, Selling and Other Expenses	**2,620.96**	3,779.48
	12,762.74	12,067.87
Share of interest in Joint Ventures	**1,017.55**	715.96
Total	**13,780.29**	12,783.83

33. In line with the General Circular No. 39/2014 dated 14th October 2014, issued by the Ministry of Corporate Affairs, the disclosures relevant to Consolidated Financial Statements only have been provided.

34. Consequent to non-revision in Retail Selling Prices corresponding to the international prices and applicable foreign exchange rates prevailing during the year, the Corporation has suffered gross under-recovery of ₹ **16,140.66 Crores** (previous year ₹ 34,462.56 Crores) on sale of sensitive petroleum products.

As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows:

a) ₹ **8,362.88 Crores** (previous year ₹ 15,576.78 Crores) discount on crude oil/products purchased from ONGC/ GAIL which has been adjusted against Purchase cost;

b) ₹ **7,290.40 Crores** (previous year ₹ 18,374.28 Crores) subsidy from Government of India has been accounted as Revenue from operations.

After adjusting the above compensation, the net under-recovery absorbed by the Corporation is ₹ **487.38 Crores** (previous year ₹ 511.50 Crores).

35. Pursuant to the Ministry of Corporate Affairs Notification G.S.R. 914 (E) dated 29th December 2011, the Corporation had exercised the option under Para 46 A of AS-11 [notified under the Companies (Accounting Standard) Rules, 2006) (as amended)] and has changed its accounting policy in the financial year 2011-12 and onwards for recognition of exchange differences arising on reporting of long term foreign currency monetary items. For the current financial year, the impact on account of this change (net of depreciation and amortisation) is increase in profit before tax of ₹ **349.10 Crores** including ₹ **42.04 Crores** pertaining to interest of Joint Ventures (previous year increase in profit before tax of ₹ 308.44 Crores including ₹ 98.68 Crores pertaining to interest of Joint Ventures).

36. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited (KRL) with the Corporation approved by the Government of India, 3,37,28,737 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile KRL) to a trust for the benefit of the Corporation in the financial year 2006-07. After the 1:1 Bonus issue in July 2012, presently the trust holds 6,74,57,474 equity shares of the Corporation. Accordingly the cost of the original investment of ₹ **659.10 Crores** and contribution to the corpus of the trust of ₹ **0.01 Crores** (previous year NIL) is included in Non Current Investments (Refer Note No.16). The income distributed by the trust during the year 2014-15 amounting to ₹ **114.68 Crores** (previous year ₹ 74.20 Crores) have been included in Note No.26. -'Other income'.

37. **Impairment of Assets:** It is assumed that suitable mechanism would be in place by the Government of India, in line with earlier/ current year(s), to provide compensation towards under-recoveries of margin, if any, and recoveries against Direct Benefit Transfer for LPG Scheme on account of sale of sensitive petroleum products in subsequent years. Hence, there is no indication of impairment of assets of the Corporation as at 31st March 2015. In case of one subsidiary company, provision for impairment of capital work in progress of ₹ **87.24 Crores** has been made during FY 2014-15 (previous year ₹ 86.40 Crores).

38. Bharat Petroleum Corporation Limited and Numaligarh Refinery Limited have numerous transactions with other oil companies. The outstanding balances (included under Trade Payables/ Trade Receivables, etc) from them including certain other outstanding credit and debit balances are subject to confirmation/reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

39. To the extent, the Corporation and its Subsidiaries have received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

₹ in Crores

	31/03/2015	31/03/2014
Amount Due and Payable at the year end		
-Principal	**3.75**	59.79
-Interest on above Principal	**-**	-
Payment made during the year after the due date		
-Principal	**-**	-
-Interest	**-**	-
Interest due and payable for Principal already paid	**-**	-
Total Interest accrued and remained unpaid at year end	**-**	-

The interest payable to such vendors is not likely to be material.

40. Related Party Disclosures as per Accounting Standard 18

Key Managerial Personnel (Whole time directors):

Shri S. Varadarajan, (Chairman & Managing Director), BPCL w.e.f. 01.10.2013 and Director (Finance), BPCL up to 31.03.2014.

Shri P. Balasubramanian, Director (Finance), BPCL w.e.f. 01.04.2014

Shri K.K. Gupta, Director (Marketing), BPCL

Shri B.K. Datta, Director (Refineries), BPCL

Shri S.P. Gathoo, Director (Human Resources), BPCL

Shri R.K. Singh, (Chairman & Managing Director), BPCL upto 30.09.2013.

Shri P. Padmanabhan, (Managing Director), NRL

Shri Sona Ram Medhi, Director (Technical), NRL

Shri Saumendra Kumar Barua, Director (Finance), NRL

Shri D. Rajkumar (Managing Director), BPRL

Remuneration to Key Managerial Personnel: ₹ **4.75 Crores** (previous year ₹ 4.51 Crores).

As mentioned in Note no. 1.1 (C) (vi) and (vii), Kannur International Airport Limited and Bharat Renewable Energy Limited have not been considered in the preparation of Consolidated Financial Statements for reasons mentioned therein.

Further, Videocon Energy Brazil Limited is a Co Venturer of Bharat PetroResources Limited, 100% Subsidiary of the Corporation.

The transactions with these Companies are as below:

₹ in crores

S.No.	Nature of Transactions	2014-15	2013-14
1.	Investment and Advance for Investments*	**50.75**	31.11
2.	Reimbursement of Expenditure #	**0.61**	-

*** Kannur International Airport Limited – ₹ 50.00 Crores** (previous year ₹ 30.00 Crores)

 # Videocon Energy Brazil Limited

41. Dues from directors of the Corporation is ₹ **0.32 Crores** (previous year ₹ 0.25 Crores) and Dues from Officers of the Corporation is ₹ **3.30 Crores** (previous year ₹ 3.74 Crores).

42. Disclosure for Operating Leases as per AS-19

The Group enters into cancellable / non-cancellable operating lease arrangements for office premises, staff quarters and others. The lease rentals paid / received for the same are charged to the Consolidated Statement of Profit and Loss.

A) As Lessee

a) The Corporation and its Subsidiaries enters into non-cancellable operating leases in respect of Godowns and Product Tanks. The details are as follows-

₹ in Crores

S.No.	Particulars	2014-15	2013-14
i)	Future Lease payment obligations under non-cancellable operating leases		
	a) Not later than one year	**9.08**	8.49
	b) Later than one year and not later than five years	**8.10**	16.12
	c) Later than five years	**-**	-
ii)	Lease Rentals recognized in the Statement of Profit and Loss	**8.63**	7.98

b) The Corporation enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ **27.29 Crores** (previous year ₹ 24.03 Crores) has been charged to Consolidated Statement of Profit and Loss on account of lease rentals.

B) As Lessor

i) The Corporation enters into cancellable / non-cancellable operating lease arrangements in respect of commercial spaces, storage and distribution facilities and others. The details are as follows-

₹ in Crores

Particulars	Buildings		Plant and Equipments		Tanks and Pipelines		Furniture and Fixtures		Office Equipments	
	2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Gross Carrying Amount	**158.28**	152.30	**567.10**	530.36	**23.45**	26.70	**12.47**	11.65	**5.37**	5.50
Accumulated depreciation	**53.98**	17.26	**134.46**	105.91	**22.21**	24.25	**7.57**	5.28	**4.48**	3.91
Depreciation recognized in the Statement of Profit and Loss	**36.63**	3.49	**26.11**	26.41	**-**	0.17	**2.19**	0.68	**0.67**	0.39

The above includes assets given on lease within the Group.

ii) Total contingent rent recognised as income in the Consolidated Statement of Profit and Loss in the FY 2014-15 is ₹ **18.32 Crores** (previous year ₹ 17.06 Crores).

iii) Future Lease rentals under non-cancellable operating leases ₹ in Crores

S.No	Particulars	2014-15	2013-14
i)	Future Lease rentals under non-cancellable operating leases		
	a) Not later than one year	**13.12**	13.29
	b) Later than one year and not later than five years	**52.00**	52.01
	c) Later than five years	**78.00**	91.00

43. Earnings per share

		2014-15	2013-14
Profit after Tax	₹ Crores	**4,806.57**	3,910.68
Weighted average number of shares outstanding during the year	Crore nos.	**72.31**	72.31
Basic earnings per share	₹	**66.47**	54.08
Diluted earnings per share	₹	**66.47**	54.08

44. In compliance of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", the required information in respect of the Corporation and its Subsidiaries is as under:

₹ in Crores

Nature	Opening balance	Additions during the year	Utilisation during the year	Reversals during the year	Closing balance
Excise	50.60	5.64	0.20	0.06	55.98
Customs	65.12	-	-	-	65.12
Service Tax	0.03	0.07	0.03	-	0.07
Sales Tax	353.82	251.34	0.04	36.50	568.62
Property Tax	54.91	29.89	-	1.72	83.08
Entry Tax	144.53	106.36	-	-	250.89
Legal Cases	10.00	-	10.00	-	-
Total	**679.01**	**393.30**	**10.27**	**38.28**	**1,023.76**
Previous year	425.43	256.23	-	2.65	679.01

The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

Above includes provision of ₹ **26.26 Crores** (previous year ₹ 13.13 Crores) in respect of which deposits have been made.

45. Disclosure in respect of Expenditure on Corporate Social Responsibility Activities of the Corporation

₹ in Crores

a)	Amount required to be spent by the Corporation during the year.	**76.01**
b)	Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the Corporation) #	**33.95 ***
c)	Provision created for balance amount	**42.06**

The above expenditure includes contribution to funds, expenses through registered trusts / registered society or company established under Section 8 of the Act and direct expenses by the Corporation.

* including payables of ₹ 7.28 Crores as on 31.03.2015.

46. Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits":

In case of the Corporation and its Subsidiaries, contribution to the Provident Fund is remitted to a separate trust/ Employees Provident Fund established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, in respect of the trust, based on the Government specified minimum rate of return, will be made good by the Corporation and charged to Statement of Profit and Loss.

Gratuity: The Corporation and its Subsidiaries have a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid /payable to a trust which is invested as per investment pattern prescribed by the Government in plan assets. Gratuity is paid to a staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

Leave Encashment: The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

Other Defined Benefits: These are (a) Post Retirement Medical Scheme benefit (managed by a trust) to employees, spouse, dependent children and dependent parents; (b) Pension/ex-gratia scheme to the retired employees who are entitled to receive the monthly pension / ex-gratia for life; (c) Death in service / Permanent disablement given to employee, the spouse of the employee, provided the deceased's family/disabled employee deposits retirement dues such as PF, Gratuity, Leave encashment payable to them with the Corporation/Subsidiary; and (d) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

Disclosures (for the Corporation and Subsidiaries) as per requirements of Accounting Standard 15 continued:

₹ in Crores

a) Reconciliation of balances of Defined Benefit Obligations	Gratuity - Funded		Post Retirement Medical - Funded		Leave Encashment - Non Funded		Burmah Shell Pension - Non Funded		Death / Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Defined Obligations at the beginning of the year	**616.58**	669.81	**568.05**	492.74	**813.96**	770.30	**88.46**	74.20	**8.75**	7.73	**6.87**	7.91	**272.81**	250.35
Interest Cost	**57.05**	53.58	**52.67**	41.28	**75.31**	59.84	**7.41**	5.41	**0.38**	0.37	**0.73**	0.71	**26.10**	21.02
Current Service Cost	**3.52**	4.37	**26.55**	21.42	**47.03**	38.97	**-**	-	**-**	-	**1.21**	1.20	**18.26**	13.18
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(92.00)**	(36.06)	**(25.44)**	(20.45)	**(314.61)**	(124.39)	**(17.01)**	(17.17)	**(9.33)**	(6.45)	**(0.44)**	(0.32)	**(19.03)**	(17.54)
Actuarial (Gains)/ Losses on obligations	**54.43**	(75.12)	**47.74**	33.06	**89.71**	69.24	**3.86**	26.02	**11.84**	7.10	**(0.90)**	(2.63)	**35.24**	5.80
Defined Obligations at the end of the year	**639.58**	616.58	**669.57**	568.05	**711.40**	813.96	**82.72**	88.46	**11.64**	8.75	**7.47**	6.87	**333.38**	272.81

b) Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity / Post Retirement Medical Fund				
Fair Value at the beginning of the year	**685.35**	580.00	**547.72**	475.22
Expected Return (a)	**59.78**	50.29	**47.23**	41.81
Actuarial gains/ (losses) (b)	**(1.14)**	(0.12)	**3.51**	13.46
Actual Return on Plan assets (a+b)	**58.64**	50.17	**50.74**	55.27
Contribution by employer	**-**	91.24	**46.69**	37.68
Contribution by employee	**-**	-	**1.18**	-
Benefits paid	**(92.00)**	(36.06)	**(25.44)**	(20.45)
Fair Value of Plan Assets at the end of the year	**651.99**	685.35	**620.89**	547.72

c) Amount recognised in Balance sheet (a-b)	**(12.41)**	(68.77)	**48.68**	20.33	**711.40**	813.96	**82.72**	88.46	**11.64**	8.75	**7.47**	6.87	**333.38**	272.81

d) Amount recognised in Statement of Profit and Loss														
Current Service Cost	**3.52**	4.37	**26.55**	21.42	**47.03**	38.97	**-**	-	**-**	-	**1.21**	1.20	**18.26**	13.18
Past Service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest Cost	**57.05**	53.58	**52.67**	41.28	**75.31**	59.84	**7.41**	5.41	**0.38**	0.37	**0.73**	0.71	**26.10**	21.02
Expected Return on Plan Assets	**(59.78)**	(50.29)	**(47.23)**	(41.81)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Contribution by employee	**-**	-	**(1.18)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial (Gains)/ Losses	**55.57**	(75.00)	**44.23**	19.60	**89.71**	69.24	**3.86**	26.02	**11.84**	7.10	**(0.90)**	(2.63)	**35.24**	5.80
Expenses for the year	**56.36**	(67.34)	**75.04**	40.49	**212.05**	168.05	**11.27**	31.43	**12.22**	7.47	**1.04**	(0.72)	**79.60**	40.00

e) Major Actuarial Assumptions														
Discount Rate (%)	**7.99-7.90**	9.31-9.25	**7.99-7.95**	9.31-9.27	**7.99-7.90**	9.31-9.25	**7.99**	9.27	**8.04**	9.27	**7.99-7.90**	9.31-9.25	**7.95**	9.27
Salary Escalation/ Inflation (%)	**8.00**	8.00	**8.00-7.00**	8.00-7.00	**8.00**	8.00	**-**	-	**-**	-	**-**	-	**-**	-
Expected Return on Plan assets (%)	**7.99-7.90**	9.31-8.70	**7.99-7.95**	9.31-8.60	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

f) Investment pattern for Fund as on	**31.03.2015**	31.03.2014	**31.03.2015**	31.03.2014
Category of Asset	**%**	%	**%**	%
Government of India Asset	**23.89**	24.29	**7.72**	10.00
Corporate Bonds	**25.92**	18.83	**52.83**	6.73
Insurer Managed funds	**42.70**	28.89	**3.03**	-
State Government	**5.16**	7.65	**33.07**	59.91
Others	**2.33**	20.34	**3.35**	23.36
Total	**100.00**	100.00	**100.00**	100.00

g) As per our best estimate, ₹ Nil is the expected contribution to be paid to the Gratuity fund in year 2014-15

h) Effect of Increase / Decrease of 1% is assumed for medical cost trend to the Post Retirement Medical Liability:

	31.03.2015	31.03.2014
Change in liability for 1% increase in Discount Rate	**(67.33)**	(66.93)
Change in service cost for 1% increase in Discount Rate	**(2.23)**	(1.78)
Change in liability for 1% decrease in Discount Rate	**81.53**	59.70
Change in service cost for 1% decrease in Discount Rate	**2.58**	2.06

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation

47. The Employee benefits expense for the Corporation for the FY 2014-15 include reversal of provisions no longer required ₹ **657.93 Crores**.

48. As indicated in Significant Accounting Policies, certain accounting policies of JVCs towards Depreciation, Inventory Valuation, Employee Benefits and classification of Income/ Expenses etc are not in line with that followed by the parent company. However, considering the nature of transactions and amounts involved the impact is not expected to be material had the accounting policies of the parent company been followed.

49. Capital Reserve on acquisition of subsidiaries includes ₹ **61.65 Crores** being the share of the group out of grant of ₹ **100 Crores** received by Numaligarh Refinery Limited from the Government of India during the project period.

50. Value of imports for the Corporation and its Subsidiaries calculated on C.I.F. basis

₹ in Crores

		2014-15	2013-14
(a)	Raw Materials (including Crude Oil)	**72,603.81**	85,636.60
(b)	Capital Goods	**448.28**	410.10
(c)	Components and Spare parts (including packages, chemicals and catalysts)	**88.48**	139.02

51. Additional information as appearing in the financial statements of certain Subsidiaries and Joint Venture Companies:

Numaligarh Refinery Limited (Subsidiary)

a) Pending finalization of the Crude Oil Sales Agreement, purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in financial year 2014-15 same as in the previous year.

To augment crude availability of North-East refineries, imported crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is being shared by all four north east (NE) refineries as per mutual agreement. The company's share of the transportation cost and other incidentals thereof has been included in crude cost as well as for valuation of the closing inventory.

b) An amount of ₹ **87.11 Crores** (previous year ₹ 84.05 Crores) has been charged to the Statement of Profit and Loss towards under recovery of Central Sales Tax (CST) on petroleum products.

c) As on 31st March 2015, the Company has a stock of approximately 800 kgs of spent catalyst (scrap), which contains approximately 2.63 kgs of platinum.

Bharat PetroResources Limited (Subsidiary)

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

e) BPRL has entered into Standby Letter of Credit (SBLC) facility agreement with a number of Indian banks to the extent of USD 1750 Mn (₹ 10,953.39 Crores). As per the SBLC facility agreement banks will issue SBLC's, on behalf of BPRL International BV, a wholly owned subsidiary, for loans taken by BPRL International BV in favour of the foreign currency lenders, to the extent of their respective commitments. As of the date of Balance Sheet, SBLC's to the tune of USD 959.62 Mn (₹ 6,006.34 Crores) has been issued.

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

Bharat Oman Refineries Limited (Joint Venture Company)

g) The Company by virtue of MOU entered into with the Government of Madhya Pradesh is entitled to fiscal assistance as given below:

i. Entry Tax exemption on Project material and Crude Oil procured.

ii. Reimbursement of Work Contract Tax paid for the purpose of construction (Adjusted against cost of asset).

iii. Interest free VAT loan up to ₹ 250 Crores per annum for fifteen years. Principal repayable from 16th year onwards.

iv. Central Sales Tax exemption on sale of finished goods for a period of fifteen years from the date of commercial production.

h) The Company has obtained interim stay in the matter of demand raised by the M.P. Government for Cess under Building and Other Construction Workers Welfare Cess Act 1996, amounting to ₹ **122.30 Crores** (previous year: ₹ 122.30 Crores)including interest of ₹ **22.30 Crores** (previous year: ₹ 22.30 Crores). The matter is pending for adjudication in the High Court of Madhya Pradesh.

   In the opinion of the Company, the primary responsibility of Building and Other Construction Workers' Welfare Cess (BOCW) is on the contractors. The company, therefore, on conservative basis has accounted for liability of ₹ **65.11 Crores** (previous year: ₹ 65.11 Crores) towards Cess after adjustment of the amount already recovered from the contractors and deposited with Secretary BOCW Welfare Board, Bhopal, Madhya Pradesh. The Interest of ₹ 22.30 Crores demanded has been included under contingent liability.

i) BPCL holds 98.33% of the share warrants of BORL amounting to ₹ 1,585.68 Crores, out of which the amount of ₹ 792.84 Crores is appearing as investments of the group after eliminating 50% of the total amount of the share warrants upon consolidation.

j) Deferred Tax Asset on unabsorbed depreciation and unabsorbed business losses available as per the Income Tax Act, 1961 has been recognized, since the Company is virtually certain that sufficient future taxable income will be available to adjust such losses considering the following:

   i. The company has entered into a binding agreement with BPCL for off take of products at prices determined with reference to international product prices.

   ii. Since the products will be sold at prices with reference to international prices, the Gross Refinery Margin is also linked to margins prevailing in the international markets. The company expects its GRM to be more than the GRM prevailing in international markets because of location advantage and superior refinery configuration.

   iii. The refinery will operate at the designed capacity.

   iv. Unabsorbed depreciation which forms major portion of the Deferred Tax Asset, can be carried forward and set off against profits for unlimited number of years under the Income Tax Act, 1961.

k) The company has incurred a net loss of ₹ **790.17 Crores** (previous year: ₹ 296.51 Crores) during the year ended 31st March 2015 and the accumulated losses are ₹ **2,617.38 Crores** (previous year: ₹ 1,827.21 Crores) as on that date. Considering various factors as enumerated below, the financial statements have been drawn up on going concern basis and no adjustments are required to the carrying value of the assets and liabilities:-

   i. The losses in the current year are mainly on account of adventitious losses due to steep fall in the prices of crude oil and finished products in the international market.

   ii. There is no impairment in the value of assets used to generate Cash Flows.

   iii. Expected infusion of additional Equity Funds in the near future.

   iv. The Company is able to pay creditors, loan instalments and interest in respect of such loans on due dates.

   v. The Bankers continue to extend support to the Company. The Company has also entered into a refinancing agreement in respect of major portions of loans with a two year moratorium period for principal repayment.

   vi. The refinery is operating at the designed capacity.

l) Balances in Creditors' accounts and advances are subject to confirmation and reconciliation. Adjustments would be made in the related cost of asset upon obtaining confirmation and reconciliation.

m) Impairment of Assets

   Determination as to whether and how much an asset is impaired, involves management's estimates of highly uncertain matters such as international prices of crude oil and products. The value in use is taken as the recoverable amount and in measuring the value in use, cash flow projection based on the forecasts and discount rate worked out on the basis of weighted average cost of capital employed have been considered. Based on cash flow projection worked out as above (which indicates that the recoverable amount is more than the carrying amount of assets) and based on the assessment of the management, there is no indication of impairment of the fixed assets as on the balance sheet date.

Petronet LNG Limited (Joint Venture Company)

n) Income Tax cases are pending at various appellate authorities / levels regarding addition of income at the time of Income Tax assessment. The Company has deposited ₹ **94.27 Crores** against the demand raised by the tax authorities. Pending the final outcome of the case, demand raised by the tax authorities have been provided for in the books of account in the year of receipt of the demand.

o) Customs duty on import of Project materials / equipments has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.

p) The Company is eligible for deduction under section 80IA of the Income Tax Act, 1961, with respect to power generation and port undertakings at Dahej. Till previous year, provision of Income tax has been made in the books without considering deduction under section 80IA, as the deduction was disallowed by the Income Tax Department at the time of assessment. During the year, the Company has been allowed deduction under section 80IA for AY 2012-13 and therefore, tax benefits amounting to ₹**123.14 Crores** has been accounted for in the books w.r.t. AY 2012-13 to AY 2014-15. Further, the Company has claimed income tax deduction benefit of ₹ **20.48 Crores** under section 32AC at the time of filing of Income Tax return for AY 2014-15 and the same has been accounted for in the books during the current year.

q) The company has long term LNG purchase commitments against which back to back sale agreements have been made.

Indraprastha Gas Limited (Joint Venture Company)

r) Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April, 2012 has determined the per unit network tariff and compression charge for the CGD Network of IGL for Delhi, based on submission of data by the company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB are much lower than the rates submitted by the company.

Further, PNGRB has made the determined tariffs applicable with retrospective effect from 01.04.2008. In its order PNGRB has stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge shall be decided subsequently.

IGL has filled a writ petition on 10.04.2012 against the order of PNGRB dated 09.04.2012 before the Hon'ble Delhi High Court. The Hon'ble High Court of Delhi has passed the judgment in this case on 01.06.2012 and has quashed the PNGRB order dated 09.04.2012. PNGRB has filed special leave petition before the Hon'ble Supreme Court of India against the order dated 01.06.2012 of Hon'ble Delhi High Court. Matter is still pending in the Hon'ble Supreme Court of India.

Sabarmati Gas Limited (Joint Venture Company)

s) There has been a change in the accounting policy in the respect of the recognition of revenue towards initial connection charges (refer note 1.11 (ix)) . Consequent upon such change in policy the profit for the current financial year is lower by ₹ **1.03 Crores** and the Non current liabilities are higher by the like amount.

Petronet India Limited (Joint Venture Company)

t) The Promoters/Shareholders at their meeting on March 12, 2004 as noted in the Board of Directors meeting on March 20, 2004 had unanimously opined that continuation of the company is not viable. This situation has risen, due to the new guidelines issued by Ministry of Petroleum & Natural Gas vide notification dated 20.11.2002 permitting the oil companies to lay pipelines by themselves from their respective refineries as captive pipelines. In addition, they could lay pipelines from port locations or from Refineries having length more than 300 km by inviting Expression of Interest from others. Since the company was formed under Government of India approval, its closure also required government approval.

Accordingly, Petronet India Limited (PIL) approached the Government for its approval for the closure of the company in 2004-05. As a result of constant follow up with the government for the last 8-9 years, Ministry of Petroleum & Natural Gas, New Delhi conveyed government approval vide letter No. R-30011/1/2006-O R-I dated 20-09-2013 for closure of the company and directed to ensure that PIL disposes of its equity holdings in its Joint Venture Companies (JVCs) in a transparent manner in terms of the share holders' agreements (SHAs) entered by the company with the respective JVCs.

Through tender process, the company with the concurrence of the respective Co-promoters appointed M/s. Price Waterhouse & Co. (PwC), Mumbai, as Independent Valuer for determination of fair market prices of its holdings in its JVCs namely Petronet CCK Limited (PCCKL), Petronet MHB Limited (PMHBL) and Petronet VK Limited (PVKL).

PwC submitted valuation reports dated 14-11-2014 determining fair market prices of PIL's equity holdings in its JVCs. On 09-03-2015, Board adopted the valuation reports and approved PIL's divestment of its entire holdings in the JVCs by offering to respective Co-promoters namely Bharat Petroleum Corporation Limited (for PCCKL), Hindustan Petroleum Corporation Limited (for PMHBL) and Indian Oil Corporation Limited (for PVKL) at the determined prices in terms of the respective SHAs. Accordingly, offer letters for sale of the equity holdings have been sent to the respective Co-promoters. On receipt of acceptance/response from the Co-promoters, company will proceed further appropriately in this regard.

After disposal of equity holdings as above in terms of respective SHAs, appropriate steps will be taken by the company to initiate closure proceedings in terms of the provisions of Company Law as applicable during FY 2015-16.

PIL's investment of ₹ 3,74,40,000/-(37,44,000 equity shares of ₹ 10/-each /26% equity holdings) in Petronet CI Limited (which was considered as a subsidiary of PIL under section 4 (1) (a) of The Companies Act, 1956) has been fully provided for diminution in value as the subsidiary has been under Voluntary Liquidation since 14-12-2006.

52. The following Oil and Gas blocks are held by Bharat PetroResources Limited / its subsidiaries and joint ventures as on 31.03.2015:

Name	**Company**	**Country**	**Participating Interest of the Group**	
			31.03.2015	**31.03.2014**
NELP – IV				
CY/ONN/2002/2	BPRL	India	40.00%	40.00%
NELP – VI				
CY/ONN/2004/1(a)	BPRL	India	20.00%	20.00%
CY/ONN/2004/2	BPRL	India	20.00%	20.00%
NELP – VII				
RJ/ONN/2005/1	BPRL	India	33.33%	33.33%
NELP – IX				
CB/ONN/2010/11	BPRL	India	25.00%	25.00%
AA/ONN/2010/3	BPRL	India	20.00%	20.00%
CB/ONN/2010/8	BPRL	India	25.00%	25.00%
MB/OSN/2010/2	BPRL	India	20.00%	20.00%
Blocks outside India				
JPDA 06-103 (c)	BPR JPDA	Australia / Timor	20.00%	20.00%
EP-413	BPRL	Australia	27.80%	27.80%
Sergipe and Alagoas				
SEAL-M-349	IBV Brazil Petroleo Pvt Ltda.	Brazil	40.00%	40.00%
SEAL-M-426	IBV Brazil Petroleo Pvt Ltda.	Brazil	40.00%	40.00%
SEAL-M-497	IBV Brazil Petroleo Pvt Ltda.	Brazil	40.00%	40.00%
SEAL-M-569 (d)	IBV Brazil Petroleo Pvt Ltda.	Brazil	-	40.00%
Espirito Santo				
ES-24-661 (e)	IBV Brazil Petroleo Pvt Ltda.	Brazil	-	30.00%
Campos				
C-M-30-101	IBV Brazil Petroleo Pvt Ltda.	Brazil	25.00%	25.00%
Portiguar				
POT-16-663	IBV Brazil Petroleo Pvt Ltda.	Brazil	20.00%	20.00%
POT-16-760	IBV Brazil Petroleo Pvt Ltda.	Brazil	20.00%	20.00%
Mozambique Rovuma Basin	BPRL Ventures Mozambique B.V.	Mozambique	10.00%	10.00%
Nunukan PSC, Tarakan Basin	BPRL Ventures Indonesia B.V.	Indonesia	12.50%	12.50%

(a) On completion of Minimum Work Programme Commitments and based on analysis of seismic and well drilling results indicating poor prospectively, as assessed by the Management, the Company has withdrawn in respect of Blocks: CY/ONN/2004/1. Consequently an amount of ₹ **31.60 Crores** has been written off to the Statement of Profit and Loss.

(b) In the previous year 2013-14, on completion of Minimum Work Programme Commitments and based on analysis of seismic and well drilling results indicating poor prospectively, as assessed by the Management, the Company has withdrawn in respect of Blocks: KG/DWN/2004/2, KG/ DWN/2004/5 and RJ/ONN/2004/1. Consequently an amount of ₹ **50.59 Crores** has been written off to the Statement of Profit and Loss.

(c) The Group has a participating interest of 20% in JPDA 06-103 block. The continuation of activities in the block has been adversely affected due to a 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 to have the CMATS declared void ab initio.

The consortium partners have requested ANP to terminate the PSC with all parties remaining in good standing. The decision of authority is awaited. In the month of May 2015, the operator of the block received from ANP the notice of intention to terminate PSC imposing the contractor's liability upon termination.

In light of the uncertainties, the management has provided ₹ **87.24 Crores** being the cumulative expenditure accounted under capital work in progress in the financial statements for the year.

(d) During the current year, upon completion of Minimum Work Programme Commitments and based on analysis of G&G data indicating limited prospectivity, as assessed by the Management, the group has relinquished the area under the Papangu appraisal plan in SEAL-M-569 block, retaining an area of 20 sq. km (out of a total of 774 sq. km) in SEAL-M-569 as part of the Verde joint appraisal plan. Accordingly the group has written off 97.4% of the capitalized costs pertaining to block SEAL-M-569 amounting to ₹ **170.69 Crores.**

(e) During the current year, upon completion of Minimum Work Programme Commitments and based on analysis of G&G data indicating limited prospectivity, as assessed by the Management, the group along with other consortium partners has withdrawn participating interest in respect of Block ES-M-661. Consequently an amount of ₹ **83.81 Crores** has been written off in the books of the accounts.

(f) In the previous year 2013-14, on completion of Minimum Work Programme Commitments and based on analysis of G&G data indicating limited prospectivity, as assessed by the Management, BPRL has withdrawn the participating in respect of Blocks ES-M-588 and ES-M-663 in BM-ES-24 concession, Brazil. Consequently an amount of ₹ **329.46 Crores** has been written off in the books of accounts. IBV Brazil, Joint Venture of holding company does not follow the same accounting policy as BPRL. The amount of ₹ **329.46 Crores** written off has been determined, using best judgment, on the basis of billing statement received by BPRL and adjustments if any, in respect of these blocks. In the opinion of the management there is no significant difference arising on account of using judgment. The auditor has relied upon the computation prepared by the management.

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

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

53. Segment Reporting

In compliance with Accounting Standard - 17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the segment information is as under:

I. The group is engaged in the following business segments:

a) Downstream petroleum i.e. Refining and Marketing of Petroleum Products

b) Exploration and Production of Hydrocarbons (E&P)

Segments have been identified taking into account the nature of activities and its risks and returns.

II. There are no geographical segments.

III. Segment-wise details are as follows:

	Year Ended 31st March 2015			Year Ended 31st March 2014		
	Downstream petroleum	**E&P**	**Total**	**Downstream petroleum**	**E&P**	**Total**
Revenue						
External Revenue	**2,43,752.71**	**1.59**	**2,43,754.30**	2,64,885.88	53.44	2,64,939.32
Inter Segment Revenue						
Total Revenue	**2,43,752.71**	**1.59**	**2,43,754.30**	2,64,885.88	53.44	2,64,939.32
Results						
Segment Results	**7,535.47**	**(340.45)**	**7,195.02**	8,420.50	(466.49)	7,954.01
Unallocated Corporate Expenses						
Operating Profit	**7,535.47**	**(340.45)**	**7,195.02**	8,420.50	(466.49)	7,954.01
Add :						
Interest / Dividend Income			**964.25**			868.49
Less :						
a) Finance Cost			**1,180.47**			1,982.14
b) Loss on sale of current investments			**-**			29.45
c) Provision / (Reversal) of current Investment			**(483.42)**			305.47
d) MTM (Gains) / Losses on derivative contracts			**(228.25)**			339.76
e) Income Tax (including deferred Tax)			**2,608.46**			2,112.70
Profit after tax			**5,082.01**			4,052.98
Other Information						
Segment Assets	**68,860.35**	**8,168.25**	**77,028.60**	73,629.27	6,124.11	79,753.38
Unallocated Corporate Assets			**9,928.30**			9,125.79
Total Assets			**86,956.90**			88,879.17
Segment Liabilities	**29,972.85**	**355.38**	**30,328.23**	29,143.35	237.97	29,381.32
Unallocated Corporate Liabilities			**32,780.35**			38,911.27
Total Liabilities			**63,108.58**			68,292.59
Capital Expenditure	**9,249.89**	**1,784.38**	**11,034.27**	6,563.98	1,805.25	8,369.23
Depreciation/Amortisation	**3,025.76**	**0.92**	**3,026.68**	2,609.54	1.38	2,610.92
Non-Cash Expenses other than depreciation	**162.19**	**0.84**	**163.03**	233.32	86.40	319.72

54. Disclosures as required under Schedule III to the Companies Act 2013 with respect to consolidated financial statements

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores
	Parent				
1	Bharat Petroleum Corporation Limited	86.80%	19,567.63	106.50%	5,121.28
	Subsidiaries				
	Indian				
1	Bharat PetroResources Limited (Incl. Subsidiaries and Joint Ventures)	5.50%	1,245.10	(8.10%)	(389.48)
2	Numaligarh Refinery Limited	8.00%	1,801.39	9.30%	446.04
	Minority Interests	(5.70%)	(1,286.37)	(5.70%)	(275.44)
	Joint Ventures				
	Indian				
1	Bharat Oman Refineries Limited	(0.90%)	(191.69)	(8.30%)	(397.94)
2	Bharat Renewable Energy Limited *	-	-	-	-
3	Bharat Stars Services Private Limited	0.10%	11.62	0.00%	1.01
4	Central U.P. Gas Limited	0.20%	45.09	0.20%	10.11
5	Delhi Aviation Fuel Facility Private Limited	0.30%	64.93	0.20%	9.91
6	GSPL India Gasnet Limited	0.10%	18.26	0.00%	0.14
7	GSPL India Transco Limited	0.10%	13.80	0.00%	0.16
8	Indraprastha Gas Limited	1.90%	430.53	2.10%	98.71
9	Kannur International Airport Limited *	-	-	-	-
10	Maharashtra Natural Gas Limited	0.30%	62.03	0.40%	17.67
11	Petronet CCK Limited	0.30%	66.30	0.50%	23.00
12	Petronet India Limited	0.00%	8.40	0.00%	0.18
13	Petronet LNG Limited	2.70%	619.30	2.30%	111.11
14	Sabarmati Gas Limited	0.30%	63.75	0.60%	27.91
15	Petronet CI Limited *	-	-	-	-
16	Mumbai Aviation Fuel Farm Facility Private Limited	0.00%	1.20	(0.10%)	(2.77)
	Foreign				
1	Matrix Bharat Pte Ltd	0.00%	7.23	0.10%	4.97
	Total	**100.00%**	**22,548.50**	**100.00%**	**4,806.57**

* Joint Ventures have not been considered for consolidation

55. (a) The Corporation and its Subsidiaries has on the Balance Sheet date, outstanding forward contracts amounting to **USD 198.62 Million**, of which **USD 14.62 Million** i.e. an equivalent of ₹ **91.51 Crores** (previous year USD 191.13 Million i.e. an equivalent of ₹ 1,148.70 Crores) is to hedge the foreign currency exposure towards loans and **USD 184 Million** i.e. an equivalent of ₹ **1,152.96 Crores** (previous year Nil) to hedge foreign currency exposure for payment of crude oil.

Following are the unhedged foreign currency on account of exposures in respect of Corporation and its Subsidiaries:

	31/03/2015		31/03/2014	
Exposure Type	**USD Million**	**₹ in Crores**	**USD Million**	**₹ in Crores**
Imports	**838.71**	**5,249.57**	973.37	5,849.91
Buyers Credit Loan (Short Term)	**11.75**	**73.51**	738.16	4,436.34
ECB (Long Term) *	**1,806.63**	**11,307.83**	1,853.29	11,138.23
Export Debtors	**132.09**	**826.78**	227.20	1,365.45
Other Payables #	**48.67**	**304.64**	48.09	288.99

* This includes 3 % CHF Bonds 2019 for **CHF 200 Million** which were swapped into **USD 228.29 Million**

This includes payables in AUD/ Reias and GBP converted into equivalent USD.

(b) The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **Nil** (previous year USD 1,229 Million equivalent ₹ 7,386.27 Crores) to hedge the foreign currency exposure arising out of RBI Swap window transactions. All the RBI swap transactions outstanding as on 31.03.14 have matured during 2014-15 and the gain of ₹ **521.14 Crores** (out of which ₹ 324.35 Crores is on account of reversal of mark to market losses accounted in previous years) have been recognised in the Consolidated Statement of Profit and Loss.

(c) The Corporation had raised Swiss Franc (CHF) 200 Million of 3% CHF Bonds 2019 in March 2014, the proceeds of which were swapped into USD 228.29 Million on the same day. The mark to market losses of ₹ **96.09 Crores** (previous year ₹ 15.41 Crores) in respect of this CHF-USD Swap transaction have been recognized as expense during 2014-15 based on the concept of prudence and in line with the ICAI announcement of 29th March 2008 on Accounting for Derivatives.

(d) The Corporation has on the Balance Sheet date the following outstanding derivatives for hedging purposes:

Instrument	**Description**	**Quantity**
OTC Swap	Spread between Petroleum Products and Crude Oil	3.20 million barrels

Mark-to-market losses amounting to ₹ **0.01 Crores** have been accounted as on 31st March 2015 (previous year Nil) in respect of these derivative contracts.

56. Capital Commitments and Contingent Liabilities :

₹ in Crores

	31/03/2015	31/03/2014
(a) Capital Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**8,050.19**	11,150.15
Other Commitments	**66.72**	24.61
Share of interest in Joint Ventures	**259.25**	548.23
Total	**8,376.16**	11,722.99

56. Capital Commitments and Contingent Liabilities : (Contd.)

₹ in Crores

	31/03/2015	31/03/2014
(b) Contingent Liabilities :		
In respect of Income Tax matters	**80.68**	84.13
Other Matters :		
i) Claims against the Corporation not acknowledged as debts :		
Excise, Service and Customs matters	**1,364.46**	1,412.27
Sales Tax matters	**6,556.18**	3,253.32
Land Acquisition cases for higher compensation	**121.05**	139.87
Others	**663.58**	715.37
These include ₹ **4,178.48 Crores** (previous year ₹ 1,065.60 Crores) against which BPCL has a recourse for recovery and ₹ **49.93 Crores** (previous year ₹ 224.63 Crores) which are on capital account.		
ii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**15.95**	13.28
iii) Guarantees given on behalf of Subsidiaries/JV's	**2,139.94**	2,075.09
Share of interest in Joint Ventures	**997.97**	259.55

57. Figures of the previous year have been regrouped whereever necessary, to confirm to current period presentation.

Signature to Notes '1' to '57'

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Bharat Petroleum Corporation Limited ("the Corporation"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the standalone financial statements that give a true and fair view 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 the Corporation's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Corporation as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(5) of the Act, we give in "Annexure B", a statement on the matters specified by the Comptroller and Auditor-General of India for the Corporation.

(3) As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e. In view of exemption given vide notification no. G.S.R. 463(E) dated June 5 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Corporation;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, we give our separate report in "Annexure C";

   g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Corporation has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 49 of the standalone financial statements;

      ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 50 of the standalone financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: 26th May 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Bharat Petroleum Corporation Limited ("the Corporation") on the standalone financial statements for the year ended March 31, 2016]

(i) (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) As per information and explanations given to us, physical verification of fixed assets (except LPG Cylinders and pressure regulators with customers) has been carried out by the Management during the year in accordance with the phased programme of verification of all assets over three years which, in our opinion, is reasonable having regard to the size of the Corporation and the nature of its assets. As informed, no material discrepancies were noticed on such verification;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Corporation, the title deeds of immovable properties are held in the name of the Corporation, except in cases given below:

Particulars	Number of Cases	Gross Block (₹ in Crore)	Net Block (₹ in Crore)	Remarks
Freehold land	27	132.90	132.90	Documents of title lying with Registration Authorities
Freehold land	2	2.26	2.26	Documents of title not available for verification
Leasehold Land having lease period of more than 99 years	9	1.76	1.70	Documents of title lying with Registration Authorities
Other leasehold land	1	0.23	0.09	Document of title lying with Registration Authorities

(ii) The inventory (excluding stocks with third parties and goods in transit) has been physically verified by the management during the year at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. No material discrepancies were noticed on physical verification of inventories carried out at the end of the year;

(iii) As informed, the Corporation has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable;

(iv) In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities;

(v) In our opinion and according to the information and explanations given to us, the Corporation has not accepted any deposits within the provisions of Sections 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act;

(vi) We have broadly reviewed the books of account maintained by the Corporation in respect of products where the maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act and we are of the opinion that prima-facie, the prescribed books of account and cost records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate or complete;

(vii) (a) The Corporation is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it;

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, were outstanding, as on the last day of the financial year, for a period of more than six months from the date they became payable;

(b) According to the information and explanation given to us, the dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax have not been deposited on account of any dispute, are as per Statement 1;

(viii) According to the information and explanations given to us, the Corporation has not defaulted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders;

(ix) The Corporation did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which those were raised;

(x) During the course of our examination of the books and records of the Corporation, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Corporation or on the Corporation by its officers and employees have been noticed or reported during the year, except for the following instance of fraud identified by the Management:

Two incidents of irregularities aggregating ₹ 0.25 crore were noticed in vendor payment relating to the Retail Territory by an officer. Inquiry against the concerned officer is in progress. The dues of the vendor have been withheld;

(xi) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Corporation. Accordingly, paragraph 3(xi) of the Order is not applicable;

(xii) In our opinion and according to the information and explanations given to us, the Corporation is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable;

(xiii) According to the information and explanations given to us and based on our examination of the records of the Corporation, all transactions entered into by the Corporation with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us and based on our examination of the records, the Corporation has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable;

(xv) According to the information and explanations given to us and based on our examination of the records, the Corporation has not entered during the year into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable;

(xvi) The Corporation is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: 26th May 2016

Statement 1 (Refer Clause vii (b) of Annexure A)

Details of dues outstanding with respect to, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax attached, on account of any dispute:

₹ in Crores

Sr. No.	Name of the Statute	Forum Where Dispute is pending	Amount	Period block to which it relates ^
1	Central Excise Act, 1944	Supreme Court	772.57	2000 - 2010
		High Court	121.23	1995 - 2015
		Appellate Tribunal *	1,060.01	1985 - 2016
		Appellate Authority **	30.67	1990 - 2016
		Adjudicating Authority ***	6,195.35	1995 - 2016
		Total	**8,179.83**	
2	Customs Act, 1962	Supreme Court	-	
		Appellate Tribunal *	81.33	1990 - 2010
		Appellate Authority **	2.83	2000 - 2005
		Adjudicating Authority ***	10.54	2000 - 2016
		Total	**94.70**	
3	Income Tax Act, 1961	High Court	7.65	1990 - 2005
		Appellate Tribunal *	5.73	1990 - 2005
		Appellate Authority **	1.42	1995 - 2015
		Total	**14.80**	
4	Sales Tax/VAT Legislations	Supreme Court	65.38	1995 - 2010
		High Court	400.36	1980 - 2016
		Appellate Tribunal *	1,114.36	1985 - 2015
		Appellate Authority **	7,834.13	1985 - 2015
		Adjudicating Authority ***	225.94	1985 - 2000
		Total	**9,640.17**	
5	Finance Act,1994 (Service tax)	Supreme Court	31.15	2000 - 2015
		Appellate Tribunal *	19.60	2000 - 2016
		Appellate Authority **	148.88	2000 - 2016
		Adjudicating Authority ***	168.40	2005 - 2016
		Total	**368.03**	
		Grand Total:	**18,297.53**	

Dues Include Penalty & Interest, wherever applicable

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

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

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

^ Period block shall indicate the period interval in which all the disputes under that authority have taken place.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Bharat Petroleum Corporation Limited ("the Corporation") on the standalone financial statements for the year ended March 31, 2016]

<table>
<tr><td>1</td><td>Areas Examined</td><td>Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.</td></tr>
<tr><td></td><td>Observations/Findings</td><td>
<table>
<tr><th>Particulars</th><th>Area
(In Acres)</th><th>Remarks</th></tr>
<tr><td>Freehold land</td><td>261.82</td><td>Documents of title lying with Registration Authorities</td></tr>
<tr><td>Freehold land</td><td>877.10</td><td>Document of title not available for verification</td></tr>
<tr><td>Leasehold Land having lease period of more than 99 years</td><td>3.35</td><td>Documents of title lying with Registration Authorities</td></tr>
<tr><td>Other leasehold land</td><td>0.44</td><td>Document of title lying with Registration Authorities</td></tr>
</table>
</td></tr>
<tr><td>2</td><td>Areas Examined</td><td>Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, with reasons there for and amount involved.</td></tr>
<tr><td></td><td>Observations/Findings</td><td>The details of cases of waiver/write off of debts/loans/interest by the Corporation during the year are as under:
<table>
<tr><th>Particulars</th><th>₹ in crores</th></tr>
<tr><td>Write off of debts</td><td>0.0012 *</td></tr>
<tr><td>Waiver of penalty & interest</td><td>-</td></tr>
</table>
*(₹ 11,512.58)</td></tr>
<tr><td>3</td><td>Areas Examined</td><td>Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from Government or other authorities?</td></tr>
<tr><td></td><td>Observations/Findings</td><td>Proper records are maintained for inventories lying with third parties;

The Corporation has not received any assets as gift/grants from Government or other authorities.</td></tr>
</table>

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: 26th May 2016

ANNEXURE C TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Bharat Petroleum Corporation Limited on the standalone financial statements for the year ended March 31, 2016]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bharat Petroleum Corporation Limited ("the Corporation") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place: Mumbai
Date: 26th May 2016

BALANCE SHEET AS AT 31ST MARCH 2016

₹ in Crores

	Note No.	As at 31/03/2016	As at 31/03/2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	**723.08**	723.08
(b) Reserves and Surplus	3	**26,435.61**	21,744.40
		27,158.69	22,467.48
(2) Non-current liabilities			
(a) Long-term borrowings	4	**13,685.69**	11,737.01
(b) Deferred tax liabilities (Net)	5	**2,228.90**	1,708.26
(c) Other long-term liabilities	6	**60.73**	70.03
(d) Long-term provisions	7	**1,156.84**	1,108.60
		17,132.16	14,623.90
(3) Current liabilities			
(a) Short-term borrowings	8	**23.96**	40.27
(b) Trade payables	9	**8,430.79**	12,467.04
(c) Other current liabilities	10	**20,217.97**	16,570.21
(d) Short-term provisions	11	**3,025.84**	3,575.61
		31,698.56	32,653.13
TOTAL		**75,989.41**	69,744.51
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	**23,377.80**	20,226.06
(ii) Intangible assets	13	**89.99**	89.00
(iii) Capital work-in-progress	15	**12,402.75**	7,640.61
(iv) Intangible assets under development	14	**215.18**	25.07
(b) Non-current investments	16	**7,875.58**	7,302.05
(c) Long-term loans and advances	17	**3,864.84**	4,077.17
(d) Other non-current assets	18	**87.70**	83.46
		47,913.84	39,443.42
(2) Current assets			
(a) Current investments	19	**5,098.11**	5,089.09
(b) Inventories	20	**13,696.28**	14,457.85
(c) Trade receivables	21	**2,165.02**	2,561.14
(d) Cash and Bank Balances	22	**2,067.35**	1,360.20
(e) Short-term loans and advances	23	**1,030.81**	786.22
(f) Other current assets	24	**4,018.00**	6,046.59
		28,075.57	30,301.09
TOTAL		**75,989.41**	69,744.51
Significant Accounting Policies	1		
Notes on Financial Statements	33 to 58		

For and on behalf of the Board of Directors

As per our attached report of even date
For and on behalf of

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

₹ in Crores

		Note No.	2015-16	2014-15
I)	Revenue from operations	25	**1,89,303.33**	2,38,086.90
II)	Other income	26	**2,012.16**	2,199.96
III)	**Total revenue (I + II)**		**1,91,315.49**	2,40,286.86
IV)	**Expenses**			
	1) Cost of raw materials consumed	27	**61,032.44**	94,424.39
	2) Purchases of stock-in-trade	28	**1,00,732.00**	1,17,051.71
	3) Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**724.42**	4,513.32
	4) Employee benefits expense	30	**2,879.05**	2,085.60
	5) Finance costs	31	**562.94**	583.10
	6) Depreciation and amortization expense	12,13	**1,854.30**	2,516.02
	7) Other expenses	32	**12,879.16**	11,697.21
	Total expenses		**1,80,664.31**	2,32,871.35
V)	**Profit/(Loss) before tax (III - IV)**		**10,651.18**	7,415.51
VI)	**Tax expense**			
	1) Current tax		**2,684.00**	2,010.00
	2) Deferred tax		**520.64**	347.36
	3) Short/(Excess) provision of earlier years		**14.66**	(26.36)
	Total tax expense		**3,219.30**	2,331.00
VII)	**Profit/(Loss) after tax for the year (V - VI)**		**7,431.88**	5,084.51
VIII)	**Basic and Diluted Earnings per share (Face value ₹ 10)** (Refer Note No. 44)		**102.78**	70.32
	Significant Accounting Policies	1		
	Notes on Financial Statements	33 to 58		

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

CASH FLOW STATEMENT

₹ in Crores

	For the year ended	31/03/2016	31/03/2015
A	**Net Cash Flow from Operating Activities**		
	Net Profit Before tax & Prior Period Items	**10,645.20**	7,371.80
	Adjustments for:		
	Depreciation	**1,854.30**	2,516.02
	Interest	**562.94**	583.10
	Foreign Exchange Fluctuations (Refer explanatory note 3)	**(3.68)**	(366.41)
	(Profit)/Loss on Sale of fixed assets	**27.24**	(0.15)
	Income from Investments	**(1,105.44)**	(878.66)
	Dividend Received	**(442.50)**	(159.30)
	Expenditure towards Corporate Social Responsibility	**112.60**	76.01
	Other Non-Cash items (Refer explanatory note 4)	**442.60**	(344.19)
	Operating Profit before Working Capital Changes	**12,093.26**	8,798.22
	(Invested in)/Generated from:		
	Inventories	**755.74**	4,613.28
	Trade Receivables	**314.56**	1,337.65
	Other receivables	**1,327.47**	4,689.00
	Current Liabilities & Payables	**(1,677.36)**	1,064.97
	Cash generated from Operations	**12,813.67**	20,503.12
	Direct Taxes paid	**(2,490.16)**	(2,329.54)
	Paid for Corporate Social Responsibility	**(95.59)**	(33.95)
	Cash flow before prior period items	**10,227.92**	18,139.63
	Prior Period Items	**5.98**	43.71
	Net Cash from/(used in) Operating Activities	**10,233.90**	18,183.34

CASH FLOW STATEMENT (CONTD.)

₹ in Crores

	For the year ended	31/03/2016	31/03/2015
B	**Net Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(9,374.49)**	(8,034.94)
	Sale of fixed assets	**8.54**	18.32
	Capital Advances	**295.17**	(121.57)
	Capital Grant Received	**-**	4.98
	Investment		
	Petronet CCK Limited	**(66.31)**	-
	Bharat Renewable Energy Limited	**-**	(0.75)
	Sabarmati Gas Limited	**(102.44)**	-
	GSPL India Gasnet Limited	**(2.75)**	(5.50)
	GSPL India Transco Limited	**(2.75)**	-
	Mumbai Aviation Fuel Farm Facility Private Limited	**(33.77)**	(4.50)
	Kannur International Airport Limited	**(50.00)**	(50.00)
	Kochi Salem Pipeline Private Limited	**(33.25)**	-
	BPCL - KIAL Fuel Farm Facility Private Limited	**(4.44)**	-
	Cochin International Airport Limited	**(13.13)**	-
	BPCL Trust for Investment in Shares	**-**	(0.01)
	Petroleum India International	**23.60**	-
	Advance against Equity		
	Kochi Salem Pipeline Private Limited	**-**	(6.75)
	Bharat PetroResources Limited	**-**	(300.00)
	Loans and Advances		
	Bharat PetroResources Limited	**-**	(350.00)
	Petronet LNG Limited	**(50.00)**	(93.82)
	GSPL India Transco Limited	**-**	(2.75)
	Sale of Investments	**-**	3.12
	Income from Investment	**1,107.84**	875.75
	Dividend Received	**442.50**	159.30
	Net Cash from/(used in) Investing Activities	**(7,855.68)**	(7,909.12)
C	**Net Cash Flow from Financing Activities**		
	Long term Borrowings	**4,181.49**	907.50
	Repayment of Loans	**(2,128.78)**	(7,937.13)
	Interest paid	**(786.64)**	(666.41)
	Dividend paid	**(2,781.64)**	(1,228.57)
	Corporate Dividend Tax	**(496.78)**	(196.58)
	Net Cash from/(used in) Financing Activities	**(2,012.35)**	(9,121.19)
D	**Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)**	**365.87**	1,153.03

CASH FLOW STATEMENT (CONTD.)

		₹ in Crores
Cash and Cash equivalents as at	**31/03/2015**	31/03/2014
Cash on hand	**26.86**	47.07
Cheques and drafts on hand	**25.88**	55.68
Cash at Bank	**1,303.99**	100.32
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(2.74)**	(2.11)
	1,353.99	200.96
Cash and Cash equivalents as at	**31/03/2016**	31/03/2015
Cash on hand	**24.32**	26.86
Cheques and drafts on hand	**11.91**	25.88
Cash at Bank	**1,684.31**	1,303.99
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(0.68)**	(2.74)
	1,719.86	1,353.99
Net change in Cash and Cash equivalents	**365.87**	1,153.03

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Accounting Standard 3 as notified by the Central Government.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit/loss arising due to conversion of current assets/current liabilities, receivable/payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. "Other Non-Cash items" include excess provisions written back, diminution in value of investment, amortization of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5 "Current Liabilities and Payables" may include Payables in respect of Purchase of Fixed Assets, if any.
6. Cash and Cash equivalents as at 31/03/2016 does not include fixed deposits and balance in current account with State Bank of India amounting to ₹ 341.11 crores held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014. Accordingly, for the year ended 31/03/2016 the amount included in Current Liabilities and Payables in Part-A of the Cash Flow Statement does not take into consideration the balance of ₹ 341.11 crores payable to Government of India.
7. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

Company Overview

Bharat Petroleum Corporation Limited referred to as "BPCL" or "the Corporation" was incorporated on 3rd November, 1952. BPCL is a Government of India Enterprise listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Corporation is engaged in the business of refining of crude oil and marketing of petroleum products. It has refineries at Mumbai and Kochi, LPG bottling plants and Lube blending plants. The Corporation's marketing infrastructure includes vast network of Installations, Depots, Retail Outlets, Aviation Service Stations and LPG distributors.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Corporation has prepared these financial statements to comply in all material respects with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule (7) of the Companies (Accounts) Rules, 2014 and other provisions of the Act (to the extent notified). The financial statements have been prepared on an accrual basis (unless otherwise stated) and under historical cost convention. The accounting policies are consistent with those used in previous year except for the policy in respect of capitalization of fixed bed catalysts referred to in para 1.2.1(c), the depreciation of Fixed Assets referred to in para 1.5.1(b), (c), (d) and (f) and valuation of inventory referred to in para 1.7.1.

1.1. USE OF ESTIMATES

The preparation of financial statements requires the Management of the Corporation to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences, if any, between actual amounts and estimates are recognised in the period in which the outcome is known.

1.2. FIXED ASSETS

1.2.1. TANGIBLE FIXED ASSETS

a) Fixed Assets are stated at cost net of accumulated depreciation.

b) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

c) First time procurement cost of fixed bed catalyst is capitalized as a separate 'component' in the respective Plant and Equipment.

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

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

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

g) Land acquired on lease for 99 years or less is treated as leasehold land.

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

1.2.2. INTANGIBLE ASSETS

a) Intangible assets are carried at cost less accumulated amortization.

b) Cost of Right of Way which is perpetual and absolute in nature is amortised over a period of 99 years and in other cases, over its estimated useful life.

c) Expenditure incurred for creating/acquiring other intangible assets of ₹ 0.50 Crore and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit. In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

1.3. IMPAIRMENT OF ASSETS

The values of tangible and intangible assets of respective Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date, if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than higher of net selling price of the asset or present value of estimated future cash flows, the difference is recognized as an impairment loss.

1.4. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to revenue.

1.5. DEPRECIATION

1.5.1. Depreciation on fixed assets is provided on the straight line basis, over the useful lives of assets (after retaining the residual value of upto 5%) as prescribed by the Schedule II of the Act, except in following cases:

a) Cost of leasehold land for lease period not exceeding 99 years, is amortised over the period of lease. Plant & Machinery at Retail Outlets (other than Storage tanks and related equipments) are depreciated over a useful life of 15 years based on the technical assessment.

b) Computer equipments are depreciated over a period of 4 years and Mobile phones are depreciated over a period of 2 years (previously 3 years) based on internal assessment. Furniture, other than computer equipments and mobile phones, provided at the residence of management staff are depreciated over a period of 7 years as per internal assessment.

c) Solar Panels are depreciated over a period of 25 years based on the technical assessment of useful life and applicable warranty conditions.

d) Moulds, used for the manufacturing of the packaging material for Lubricants, are depreciated over a period of 5 years based on technical assessment of useful life.

e) Fixed assets costing not more than ₹ 5,000 each are depreciated @ 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators which are depreciated over a useful life of 15 years based on the technical assessment.

f) Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life for such components has been assessed based on historical experience and internal technical assessment.

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

1.6. INVESTMENTS

1.6.1. Current investments are valued at lower of cost or fair value determined on an individual investment basis.

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

1.7. INVENTORIES

1.7.1 Inventories are stated at cost or net realisable value, whichever is lower. Cost of inventories comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis and are determined on the following basis:

a) Crude oil, traded goods and finished products other than lubricants are determined on First in First out basis

b) Other raw materials, packages, lubricants and stores and spares are determined on weighted average basis.

c) The cost of Stock-in-Process is determined at raw material cost plus cost of conversion.

1.7.2. The net realisable value of finished goods and stock in trade are based on the inter-company transfer prices and final selling prices (applicable at the location of stock) for sale to oil companies and retail consumers respectively. For the purpose of stock valuation, the proportion of sales to oil companies and retail sales are determined on all India basis and considered for stock valuation at all locations.

1.7.3. Obsolete, slow moving, surplus and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

1.8. REVENUE RECOGNITION

1.8.1. Revenue is recognised when, sufficient risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection.

1.8.2. Sales represents invoiced value of goods supplied net of trade discounts, and include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/ Sales Tax. Further, it includes other elements allowed by the Government from time to time.

1.8.3. Claims including subsidy on LPG and SKO from Government of India are booked on in principle acceptance thereof on the basis of available instructions/clarifications subject to final adjustments after necessary audit, as stipulated.

1.8.4. Other claims are booked when there is a reasonable certainty of recovery.

1.8.5. Income from sale of scrap is accounted for on realization.

1.8.6. Dividend income is recognized when the Corporation's right to receive the dividend is established.

1.8.7. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

1.9. CLASSIFICATION OF INCOME/EXPENSES

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

1.9.2. Income/expenditure upto ₹ 0.05 crore in each case pertaining to prior year(s) is charged to the current year.

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

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

1.10. EMPLOYEE BENEFITS

1.10.1. Contributions to defined contribution schemes such as Pension, Superannuation, Provident Fund, etc. are charged to the Statement of Profit and Loss as and when incurred.

1.10.2. The Corporation also provides for retirement/post-retirement benefits in the form of gratuity, leave encashment, post-retirement benefits and other long-term benefits. Such defined benefits are charged to the Statement of Profit and Loss based on valuations made by independent actuary using the Projected Unit Credit Method, as at the Balance Sheet date.

1.10.3. Expenditure on account of Voluntary Retirement Scheme are charged to Statement of Profit and Loss as and when incurred.

1.11. DUTIES ON BONDED STOCKS

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

1.11.2. Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on end use.

1.12. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

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

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

1.12.3. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Statement of Profit and Loss either as Profit or Loss on Foreign Currency transactions and translations or Finance Cost, as the case may be.

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

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

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

1.13. GOVERNMENT GRANTS

1.13.1. When the grant relates to an expense item or depreciable fixed assets, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Grants relating to depreciable fixed assets are reflected as Capital Grants under Reserves & Surplus in Balance Sheet and recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

1.13.2. Government grants of the nature of promoters' contribution or relating to non-depreciable assets are credited to Capital Reserve in Balance Sheet.

1.14. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

1.14.1. A provision is recognized when the Corporation has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

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

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

1.15. TAXES ON INCOME

1.15.1. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

1.15.2. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

1.15.3. Deferred Tax Assets are recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward losses, deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

1.15.4. The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each Balance Sheet date.

1.16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

1.17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Corporation considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

All assets and liabilities are classified as current or non-current as per the Corporation's normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

1.19. ACCOUNTING FOR LEASES

For operating leases, rentals are expensed with reference to lease terms and other relevant considerations.

1.20. CASH FLOWS

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2. SHARE CAPITAL

₹ in Crores

		31/03/2016	31/03/2015
i	**Authorised**		
	2,50,00,00,000 equity shares	**2,500.00**	2,500.00
	(previous year 2,50,00,00,000 equity shares)		
ii	**Issued, subscribed and paid-up**		
	72,30,84,248 (previous year 72,30,84,248) equity shares fully paid-up	**723.08**	723.08
	Total	**723.08**	723.08

iii The Corporation has only one class of shares namely equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per equity share. In the event of liquidation of the Corporation, the holders of equity shares will be entitled to receive the remaining assets of the Corporation in proportion to the number of equity shares held.

The Corporation declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

iv The Board at its meeting held on 20th January 2016 and 12th February 2016 declared interim dividends of ₹ **12.50** (previous year NIL) and ₹ **3.50** (previous year NIL) per equity share, respectively. The amount of interim dividends distributed to equity shareholders and Corporate Dividend Tax paid thereon is ₹ **1,156.93 crores** (previous year NIL) and ₹ **202.51 crores** (previous year NIL) respectively. In addition, the Board has also proposed a final dividend of ₹ **15** (previous year ₹ 22.50) per equity share. The final dividend appropriated for the year ended 31st March 2016 amounted to ₹ **1,273.11 crores** (previous year ₹ 1,921.21 crores) including Corporate Dividend Tax of ₹ **188.48 crores** (previous year ₹ 294.27 crores). The total dividend including interim dividend for the year ended 31st March 2016 is ₹ **31** (previous year ₹ 22.50) per equity share amounting to ₹ **2,632.55 crores** (previous year ₹ 1,921.21 crores) including Corporate Dividend Tax of ₹ **390.99 crores** (previous year ₹ 294.27 crores).

v During Financial Year 2012-13, the Corporation had issued Bonus Shares in the ratio of 1:1 by capitalization of General Reserve. The total number of Bonus Shares issued is 36,15,42,124 equity shares having face value of ₹ 10 each.

vi **Reconciliation of No. of Equity Shares**

		31/03/2016	31/03/2015
A.	Opening Balance	**72,30,84,248**	72,30,84,248
B.	Shares Issued		
	- Bonus Shares	**-**	-
C.	Shares Bought Back	**-**	-
D.	Closing Balance	**72,30,84,248**	72,30,84,248

vii **Details of shareholders holding more than 5% shares**

Name of shareholder	31/03/2016		31/03/2015	
	% Holding	No. of shares	% Holding	No. of shares
Government of India	**54.93**	**39,72,00,120**	54.93	39,72,00,120
BPCL Trust for Investment in shares	**9.33**	**6,74,57,474**	9.33	6,74,57,474

3. RESERVES AND SURPLUS

₹ in Crores

	31/03/2016	31/03/2015
Capital Reserve:		
As per last Balance Sheet	**12.33**	12.33
Capital Grant:		
As per last Balance Sheet	**12.05**	9.37
Add: Grant received during the year	**-**	4.98
Less: Amortization of Capital Grant during the year	**(1.93)**	(2.30)
	10.12	12.05
Debenture Redemption Reserve:		
As per last Balance Sheet	**517.49**	323.14
Add: Transfer from Surplus	**243.75**	194.35
Less: Transfer to General Reserve on redemption of debentures	**(175.00)**	-
	586.24	517.49
General Reserve:		
As per last Balance Sheet	**20,675.54**	17,706.59
Add: Transfer from Surplus	**4,555.58**	2,968.95
Add: Transfer from Debenture Redemption Reserve	**175.00**	-
	25,406.12	20,675.54
Foreign Currency Monetary Item Translation Difference Account:		
(Refer Note No. 34)		
As per last Balance Sheet	**26.99**	184.25
Add/(Less): Additions/(Deletions) during the year	**(340.10)**	(149.35)
Less: Amortization during the year	**233.91**	(7.91)
	(79.20)	26.99
Surplus:		
As per last Balance Sheet	**500.00**	500.00
Add: Profit/(Loss) for the year as per Statement of Profit and Loss	**7,431.88**	5,084.51
Less: Interim Dividend	**(1,156.93)**	-
Less: Corporate Dividend Tax on Interim Dividend	**(202.51)**	-
Less: Proposed Dividend	**(1,084.63)**	(1,626.94)
Less: Corporate Dividend Tax on Proposed Dividend	**(188.48)**	(294.27)
Less: Transfer to Debenture Redemption Reserve	**(243.75)**	(194.35)
Less: Transfer to General Reserve	**(4,555.58)**	(2,968.95)
	500.00	500.00
Total	**26,435.61**	21,744.40

4. LONG-TERM BORROWINGS

₹ in Crores

	31/03/2016		31/03/2015	
	Current #	**Non-Current**	Current #	Non-Current
Secured				
From others				
Debentures				
8.65% Secured Non-Convertible Debentures 2017 *	**-**	**-**	-	700.00
Term Loan				
Loan from Oil Industry Development Board **	**226.87**	**1,424.87**	-	907.50
Unsecured				
From banks				
Foreign Currency Loans - Syndicated	**1,989.99**	**3,979.97**	1,251.82	5,633.17
Term loan	**-**	**250.00**	-	-
From others				
Bonds				
4.625% US Dollar International Bonds 2022	**-**	**3,316.65**	-	3,129.54
4% US Dollar International Bonds 2025	**-**	**3,316.65**	-	-
3% Swiss Franc International Bonds 2019 (Refer Note No. 50 (c))	**-**	**1,373.30**	-	1,293.30
Term Loan				
Loan from Oil Industry Development Board	**49.25**	**24.25**	68.50	73.50
Total	**2,266.11**	**13,685.69**	1,320.32	11,737.01

Classified under other current liabilities (Refer Note No. 10)

4. LONG-TERM BORROWINGS (CONTD.)

Terms of Repayment Schedule of Long-term borrowings as on 31/03/2016:

Non-Current	**₹ in Crores**	**Maturity**
Loan from Oil Industry Development Board - Secured	1,424.87	Apr 17 - Mar 21
Loan from Oil Industry Development Board - Unsecured	24.25	28-Sep-17
Foreign Currency Loans - Syndicated	1,094.49	7-Nov-17
	663.33	5-Feb-18
	33.17	7-Nov-18
	2,188.98	26-Feb-21
3% Swiss Franc International Bonds 2019	1,373.30	20-Dec-19
4.625% US Dollar International Bonds 2022	3,316.65	25-Oct-22
Term Loan	250.00	Apr 20 - Mar 24
4% US Dollar International Bonds 2025	3,316.65	8-May-25

Current	**₹ in Crores**	**Maturity**
Foreign Currency Loans - Syndicated	1,989.99	9-Mar-17
Loan from Oil Industry Development Board - Secured	226.87	Apr 16 - Jan 17
Loan from Oil Industry Development Board - Unsecured	49.25	Sep 16 - Mar17

* The Corporation had allotted redeemable non-convertible 8.65% Debentures of face value of ₹ 700 crores on 8th October 2012 redeemable on 8th October 2017 with a put call option which was exercised on 8th October 2015. Accordingly Corporation has redeemed the debentures during the year. These were secured by first legal mortgage by way of a Registered Debenture Trust Deed over the fixed assets of the Company, mainly Plant and Machinery at Mumbai Refinery. The relevant charge has been satisfied.

** These are secured by first legal mortgage over the fixed assets of the Company, mainly Plant and Machinery at Mumbai Refinery and Kochi Refinery.

5. DEFERRED TAX LIABILITIES (NET)

The net deferred tax liability of ₹ **520.64 crores** (previous year ₹ 347.36 crores) is recognised during the year in the Statement of Profit and Loss. The breakup of components of deferred tax assets/liabilities are as under:

₹ in Crores

	31/03/2016	31/03/2015
Deferred Tax Liabilities:		
On account of depreciation	**3,487.08**	2,878.25
On account of Foreign Currency Monetary Item Translation Difference Account	**27.41**	-
Total Deferred Tax Liabilities	**3,514.49**	2,878.25
Deferred Tax Assets:		
Disallowances under Income Tax Act, 1961	**845.46**	755.68
Provisions for diminution in value of investment and provision for Loans, doubtful debts, claims, etc.	**422.31**	381.64
Voluntary Retirement Scheme	**17.82**	32.67
Total Deferred Tax Assets	**1,285.59**	1,169.99
Deferred Tax Liabilities (Net)	**2,228.90**	1,708.26

6. OTHER LONG-TERM LIABILITIES

₹ in Crores

	31/03/2016	31/03/2015
Security/Earnest Money Deposits	**11.24**	20.00
Retiral Dues	**49.49**	50.03
Total	**60.73**	70.03

7. LONG-TERM PROVISIONS

₹ in Crores

	31/03/2016	31/03/2015
Provision for employee benefits (Refer Note No. 39)	**1,156.84**	1,108.60
Total	**1,156.84**	1,108.60

8. SHORT-TERM BORROWINGS

₹ in Crores

	31/03/2016	31/03/2015
Loans repayable on demand		
Secured		
From banks		
Working capital loans/Cash Credit *	**23.96**	40.27
Total	**23.96**	**40.27**

* Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future.

The Corporation has Collaterized Borrowing & Lending Obligations limits from Clearing Corporation of India Limited, the balance of which is **Nil** as at 31st March 2016 (previous year Nil). These are secured by Oil Marketing Companies GOI Special Bonds 2026 of ₹ **2,450 crores** (previous year ₹ 2,450 crores) and a bank guarantee of **Nil** (previous year ₹ 500 crores) issued in favour of Clearing Corporation of India Limited.

9. TRADE PAYABLES

₹ in Crores

	31/03/2016	31/03/2015
Dues to subsidiaries	**792.17**	1,161.63
Dues to Micro, Small and Medium Enterprises	**-**	-
Dues to others (Refer Note No. 38)	**7,638.62**	11,305.41
Total	**8,430.79**	12,467.04

10. OTHER CURRENT LIABILITIES

₹ in Crores

	31/03/2016	31/03/2015
Current maturities of long-term borrowings (Refer Note No.4)	**2,266.11**	1,320.32
Interest accrued but not due on borrowings	**166.98**	165.02
Security/Earnest Money deposits	**456.69**	411.45
Deposits for Containers	**8,800.84**	7,677.48
Advances from Customers	**542.67**	663.23
Unclaimed Dividend *	**5.70**	3.47
Unclaimed Deposits *	**0.02**	0.08
Unclaimed Interest on Deposits */#	**-**	0.04
Statutory Liabilities	**2,748.75**	2,438.22
Dues to Micro, Small and Medium Enterprises (Refer Note No. 40)	**114.26**	163.67
Other Liabilities (including creditors for expenses and others) **	**5,115.95**	3,727.23
Total	**20,217.97**	16,570.21

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

** Includes balance payable to Government of India - DBTL account ₹ **341.11 Crores** (previous year NIL) - Refer Note No. 22

₹ 31,095 as at 31st March 2016

11. SHORT-TERM PROVISIONS

₹ in Crores

	31/03/2016	31/03/2015
Provision for employee benefits (Refer Note No. 39)	**168.72**	146.07
Provision for Taxation (Net of Advance tax paid)	**889.94**	738.71
Proposed Dividend	**1,084.63**	1,626.94
Corporate Dividend Tax on Proposed Dividend	**188.48**	294.27
Provision for CSR Expenditure (Refer Note No. 47)	**59.07**	42.06
Others (Refer Note No. 46)	**635.00**	727.56
Total	**3,025.84**	3,575.61

12. TANGIBLE ASSETS

₹ in Crores

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01/04/2015	Additions	Other Adjustments (Refer Note 34)	Reclassifications/ Deductions on account of retirement/Disposal	**As at 31/03/2016**	Up to 31/03/2015	For the year	Reclassifications/ Deductions on account of retirement/Disposal	**Up to 31/03/2016**	**As at 31/03/2016**	As at 31/03/2015
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1 Land (Refer Note 12.b)											
(a) Freehold	810.54	56.11	-	0.34	**866.31**	-	-	-	**-**	**866.31**	810.54
(b) Leasehold	214.72	68.22	-	0.21	**282.73**	40.52	6.35	0.01	**46.86**	**235.87**	174.20
2 Buildings including Roads *	6,543.96	575.37	28.59	(61.19)	**7,209.11**	2,311.42	338.14	(22.04)	**2,671.60**	**4,537.51**	4,232.54
3 Plant and Equipments *	14,245.38	1,850.58	254.79	303.78	**16,046.97**	6,234.05	848.13	242.41	**6,839.77**	**9,207.20**	8,011.33
4 Furniture and Fixtures *	515.69	75.89	-	7.28	**584.30**	265.44	58.99	5.00	**319.43**	**264.87**	250.25
5 Vehicles	78.89	7.63	-	2.77	**83.75**	55.22	5.03	2.36	**57.89**	**25.86**	23.67
6 Office Equipments *	1,027.81	154.57	0.25	41.87	**1,140.76**	742.18	93.69	39.18	**796.69**	**344.07**	285.63
7 Railway Sidings *	309.46	25.93	-	0.03	**335.36**	196.26	13.16	0.04	**209.38**	**125.98**	113.20
8 Tanks and Pipelines *	7,021.84	534.54	3.58	38.78	**7,521.18**	3,632.06	179.93	24.09	**3,787.90**	**3,733.28**	3,389.78
9 Dispensing Pumps	2,733.01	295.38	16.64	7.28	**3,037.75**	886.32	156.47	6.54	**1,036.25**	**2,001.50**	1,846.69
10 LPG Cylinders and Allied Equipments	8,087.38	1,054.14	45.21	2.60	**9,184.13**	6,999.15	152.23	2.60	**7,148.78**	**2,035.35**	1,088.23
Total	**41,588.68**	**4,698.36**	**349.06**	**343.75**	**46,292.35**	**21,362.62**	**1,852.12**	**300.19**	**22,914.55**	**23,377.80**	**20,226.06**
Previous Year	37,977.87	3,735.66	134.79	259.64	**41,588.68**	19,009.04	2,521.61	168.03	**21,362.62**	**20,226.06**	

* These include assets which are given on Operating Leases, the details thereof are included in Note No. 43

Additional information in respect of Note No. 12:

a) Pursuant to the notification dated 29th August 2014 issued by the Ministry of Corporate Affairs, the Corporation has complied with the requirements of paragraph 4(a) of Notes to Schedule II of the Companies Act, 2013 relating to Componentization in FY 2015-16. This has resulted in higher depreciation of ₹ 258.55 Crores in FY 2015-16.

b) Land:

i. Freehold land includes ₹ **37.76 Crores** (previous year ₹ 33.54 Crores) with more than 99 years lease period.

ii. Freehold land includes ₹ **126.20 Crores** (previous year ₹ 387.56 Crores) capitalized at various locations for which conveyance deeds are yet to be executed and/or mutation is pending. It also includes land acquired on lease for a period exceeding 99 years ₹ **1.06 Crores** (previous year ₹ 1.06 Crores), which though in possession of the Corporation, the lease deeds are yet to be registered.

iii. Freehold land includes ₹ **2.20 Crores** (previous year ₹ 2.20 Crores) which is in the process of being surrendered to the Competent Authority.

iv. Leasehold land includes the land with Gross Block ₹ **0.40 Crores** (previous year ₹ 0.40 Crores), Net Block ₹ **0.31 Crores** (previous year ₹ 0.31 Crores); which though in the possession of Corporation, the lease deeds are yet to be registered.

c) Buildings include Ownership flats of ₹ **50.36 Crores** (previous year ₹ 49.36 Crores) in proposed/existing co-operative societies and others.

d) Other adjustments include capitalization of foreign exchange differences (net) of ₹ **313.52 Crores** (previous year ₹ 131.24 Crores) and borrowing costs of ₹ **35.54 Crores** (previous year ₹ 3.55 Crores).

e) Land, Plant and Equipment, Tanks and Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies/Railways: Gross Block ₹ **294.94 Crores** (previous year ₹ 292.26 Crores), Cumulative Depreciation ₹ **137.61 Crores** (previous year ₹ 128.92 Crores), Net Block ₹ **157.33 Crores** (previous year ₹ 163.34 Crores).

f) Gross Block includes ₹ **29.05 Crores** (previous year ₹ 16.15 Crores) towards assets which are not currently in active use during the year, in respect of which additional depreciation of ₹ **4.90 Crores** (previous year ₹ 6.08 Crores) has been provided to recognize the expected loss on disposal.

13. INTANGIBLE ASSETS

₹ in Crores

Particulars	Useful Life (No. of Years)	Gross Amount				Amortization				Net Carrying Amount	
		As at 01/04/2015	Additions	Reclassifications/ Deletions	**As at 31/03/2016**	Up to 31/03/2015	For the year	Reclassifications/ Deletions	**Up to 31/03/2016**	**As at 31/03/2016**	As at 31/03/2015
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1 Right Of Way	upto 99	51.19	7.77	-	**58.96**	2.95	0.96	-	**3.91**	**55.05**	48.24
2 Software/Licenses	2 - 5	82.16	-	-	**82.16**	56.80	7.54	-	**64.34**	**17.82**	25.36
3 Development Rights	5	1.50	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
4 Process Licenses	5	86.10	9.58	0.01	**95.67**	70.70	7.85	-	**78.55**	**17.12**	15.40
Total		**220.95**	**17.35**	**0.01**	**238.29**	**131.95**	**16.35**	**-**	**148.30**	**89.99**	**89.00**
Previous Year		185.91	42.02	6.98	**220.95**	115.23	17.22	0.50	**131.95**	**89.00**	

Additional information in respect of Note Nos. 12 and 13:

a. Deduction from Gross Block includes:

i) Write back of excess capitalization of ₹ **29.11 Crores** (previous year ₹ 140.23 Crores)

ii) Deletions during the year ₹ **314.65 Crores** (previous year ₹ 126.39 Crores).

b. Depreciation and amortization for the year includes:

i) Charged to Statement of Profit and Loss ₹ **1,866.82** Crores (previous year ₹ 2,530.41 Crores)

ii) Charged to Prior Period expenses ₹ **1.65 Crores** (previous year ₹ 8.42 Crores).

c. Deductions from depreciation includes:

i) On excess capitalization ₹ **2.35 Crores** (previous year ₹ 2.16 Crores)

ii) On withdrawal of depreciation on deletion during the year ₹ **278.88 Crores** (previous year ₹ 108.22 Crores)

iii) On reclassification of assets ₹ **10.17 Crores** (previous year ₹ 12.23 Crores)

iv) Credited to Prior Period ₹ **8.79 Crores** (previous year ₹ 45.92 Crores)

14. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Crores

Particulars	Gross Amount			
	As at 01/04/15	Additions	Capitalizations as Intangible Asset/Deletions	**As at 31/03/16**
(1)	(2)	(3)	(4)	**(5)**
1. Process Licenses	25.07	190.11	-	**215.18**
Total	**25.07**	**190.11**	**-**	**215.18**
Previous Year	25.07	-	-	**25.07**

There are no internally generated Intangible Assets

15. CAPITAL WORK-IN-PROGRESS

₹ in Crores

			31/03/2016	31/03/2015
Capital work-in-progress (at cost)				
Tangible Assets under erection/ construction			**9,599.38**	5,701.63
Capital stores including lying with contractors			**1,749.23**	1,149.36
Capital goods in transit			**53.03**	162.78
Allocation of Construction period expenses				
	31/03/2016	31/03/2015		
Opening balance	**626.84**	349.04		
Add: Expenditure during the year				
Establishment charges including Salaries & Wages	**105.81**	97.89		
Interest	**238.67**	175.49		
Loss on foreign currency transactions and translations	**95.14**	65.10		
Insurance	**18.50**	22.25		
Others	**16.98**	13.79		
	1,101.94	723.56		
Less: Allocated to assets capitalised during the year/charged off	**(100.83)**	(96.72)		
Closing balance pending allocation			**1,001.11**	626.84
Total			**12,402.75**	7,640.61

16. NON-CURRENT INVESTMENTS

(At Cost unless otherwise specified)

	No. of Units		Book Value	
	31/03/2016	31/03/2015	**31/03/2016**	31/03/2015
Long Term	**Nos.**	Nos.	**₹ in Crores**	₹ in Crores
(a) Trade Investment in Equity Instruments				
Quoted				
Equity Shares of ₹ 10 each (fully paid up)				
Joint ventures				
Petronet LNG Limited	**9,37,50,000**	9,37,50,000	**98.75**	98.75
Indraprastha Gas Limited	**3,15,00,080**	3,15,00,080	**31.50**	31.50
Others				
Oil India Limited	**1,33,75,275**	1,33,75,275	**561.76**	561.76
			692.01	692.01
Unquoted				
A Equity Shares of ₹ 10 each (fully paid up)				
Subsidiaries				
Numaligarh Refinery Limited	**45,35,45,998**	45,35,45,998	**453.55**	453.55
Bharat PetroResources Limited	**2,92,00,02,670**	2,62,00,02,670	**2,920.00**	2,620.00
Petronet CCK Limited *	**7,39,59,998**	4,90,00,000	**115.31**	49.00
BPCL-KIAL Fuel Farm Facility Private Limited	**44,40,000**	-	**4.44**	-
Joint ventures				
Bharat Oman Refineries Limited	**88,86,13,336**	88,86,13,336	**888.61**	888.61
Delhi Aviation Fuel Facility Private Limited	**6,06,80,000**	6,06,80,000	**60.68**	60.68
Maharashtra Natural Gas Limited	**2,24,99,600**	2,24,99,600	**22.50**	22.50
Sabarmati Gas Limited	**99,87,400**	50,00,000	**122.40**	19.96
Petronet India Limited	**1,60,00,000**	1,60,00,000	**16.00**	16.00
Central UP Gas Limited	**1,49,99,600**	1,49,99,600	**15.00**	15.00
Bharat Stars Services Pvt. Ltd.	**1,00,00,000**	1,00,00,000	**10.00**	10.00
Bharat Renewable Energy Ltd.	**33,60,000**	33,60,000	**3.36**	3.36
Petronet CI Limited	**15,84,000**	15,84,000	**1.58**	1.58
GSPL India Gasnet Ltd.	**2,33,22,128**	2,05,72,128	**23.32**	20.57
GSPL India Transco Ltd.	**1,81,50,000**	1,54,00,000	**18.15**	15.40
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.	**3,82,71,250**	45,02,500	**38.27**	4.50
Kochi Salem Pipeline Private Limited	**4,00,00,000**	-	**40.00**	-
Others				
Cochin International Airport Limited	**1,31,25,000**	1,05,00,000	**23.63**	10.50
B Equity Shares of ₹ 100 each (fully paid up)				
Joint ventures				
Kannur International Airport Limited	**1,70,00,000**	1,70,00,000	**170.00**	120.00
Current year ₹ **100** (previous year ₹ 70.59) paid up				
C Equity Shares of USD 1 each (fully paid up)				
Joint ventures				
Matrix Bharat Pte. Ltd.	**20,00,000**	20,00,000	**8.41**	8.41
			4,955.21	4,339.62
Investment in Share Warrants				
Unquoted				
Joint ventures				
Bharat Oman Refineries Limited				
- of ₹ 10 each (fully paid up)	**48,68,86,664**	48,68,86,664	**486.89**	486.89
- of ₹ 15 each (fully paid up)	**29,91,94,364**	29,91,94,364	**448.79**	448.79
- of ₹ 18 each (fully paid up)	**36,11,11,111**	36,11,11,111	**650.00**	650.00
			1,585.68	1,585.68

16. NON-CURRENT INVESTMENTS (CONTD.)

		No. of Units		Book Value	
		31/03/2016 Nos.	31/03/2015 Nos.	**31/03/2016 ₹ in Crores**	31/03/2015 ₹ in Crores
	Investment in Debentures or Bonds				
	Unquoted				
	6% Optional Convertible Debenture of ₹ 1,00,000 each (fully paid up)				
	Joint ventures				
	Sabarmati Gas Limited**	**-**	2,000	**-**	20.00
				7,232.90	6,637.31
	Investment - Other				
	Unquoted				
	BPCL Trust for investment in shares (Refer Note No. 35)			**659.11**	659.11
	Less: Provision for diminution in value of investment				
	Petronet India Limited			**(16.00)**	(16.00)
	Bharat Renewable Energy Ltd			**(3.36)**	(3.36)
	Petronet CI Limited			**(1.58)**	(1.58)
				(20.94)	(20.94)
				7,871.07	7,275.48
(b)	**Non Trade**				
	Investment in Equity Instruments				
	Unquoted				
	Equity Shares of Kochi Refineries Employees Consumer Co-operative Society Limited (Fully paid up)	**500**	500	**##**	##
	## Value ₹ 5,000				
	Ordinary Shares (Fully paid up) of Sindhu Resettlement Corporation Limited	**6**	6	**#**	#
	# Value ₹ 19,000				
	Investment in Debentures or Bonds				
	Unquoted				
	Debentures (Irredeemable - Fully Paid up)				
	5 % debentures of East India Clinic Limited	**1**	1	**0.01**	0.01
				0.01	0.01
	In Association of Persons				
	Unquoted				
	Capital Contribution in Petroleum India International ***			**0.10**	10.00
	Share in accumulated surplus of Petroleum India International ***			**4.40**	16.56
				4.50	26.56
	Member Companies of Association of Persons ###				
	Bharat Petroleum Corporation Limited				
	Engineers India Limited				
	Hindustan Petroleum Corporation Limited				
	Indian Oil Corporation Limited				
	Reliance Industries Limited				
	Chennai Petroleum Corporation Limited				
	Oil and Natural Gas Corporation Limited				
	Oil India Limited				
	Total			**7,875.58**	7,302.05

* Petronet CCK Limited has become subsidiary from Joint venture during 2015-16.

** 6% Optional Convertible Debenture of Sabarmati Gas Limited has been classified as Current Investment as at 31st March 2016 (Refer Note no. 19)

*** Received ₹ **9.90 crores** (previous year Nil) against capital contribution and ₹ **13.70 crores** (previous year Nil) out of accumulated surplus.

Aggregate value of Unquoted Securities ₹ **7,183.57 crores** (previous year ₹ 6,610.04 crores)

Aggregate value of Quoted Securities ₹ **692.01 crores** (previous year ₹ 692.01 crores)

Market value of Quoted Securities ₹ **4,563.80 crores** (previous year ₹ 3,535.38 crores)

The total capital is ₹ 0.55 crore of which share of Bharat Petroleum Corporation Limited is ₹ 0.10 crore, Indian Oil Corporation Limited is ₹ 0.15 crore and other members have equal share of ₹ 0.05 crore each.

17. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated) ₹ in Crores

	31/03/2016	31/03/2015
Capital advances	**213.50**	508.67
Security deposits		
Considered good	**193.28**	28.10
Considered doubtful	**0.65**	0.45
Less: Provision for doubtful deposits	**(0.65)**	(0.45)
Loans and advances to subsidiaries (Refer Note No. 48)		
Loan to Bharat PetroResources Limited	**650.00**	650.00
Advance to Bharat PetroResources Limited *	**-**	300.00
Loans and advances to related parties (Refer Note No. 48)		
Bharat Oman Refineries Limited	**1,354.10**	1,354.10
Petronet LNG Limited	**200.00**	150.00
Bharat Renewable Energy Limited **	**0.54**	0.75
Less: Provision in respect of Bharat Renewable Energy Limited	**(0.54)**	(0.75)
Kochi Salem Pipeline Pvt Ltd *	**-**	6.75
Loans and advances to employees (including accrued interest) (secured) (Refer Note No. 42)	**552.46**	539.02
Loans to others		
Considered good	**28.62**	30.40
Considered doubtful	**0.77**	1.03
Less: Provision for doubtful loans	**(0.77)**	(1.03)
Claims & Deposits		
Considered good	**600.10**	452.20
Considered doubtful	**132.42**	80.91
Less: Provision for doubtful claims & deposits	**(132.42)**	(80.91)
Advance Income Tax (Net of provision for taxation)	**72.78**	57.93
Total	**3,864.84**	4,077.17

* Advance against equity shares (pending allotment); since allotted during the year

** Advance against equity shares (pending allotment)

18. OTHER NON-CURRENT ASSETS

(Unsecured, considered good unless otherwise stated) ₹ in Crores

	31/03/2016	31/03/2015
Unamortized Borrowings Expenses	**81.54**	70.57
Gratuity Fund Balance (Refer Note No. 39)	**5.19**	11.93
Bank deposits with more than twelve months maturity		
Considered good *	**0.97**	0.96
Considered doubtful	**0.02**	0.02
Less: Provision for Bank deposits with more than twelve months maturity	**(0.02)**	(0.02)
Total	**87.70**	83.46

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

19. CURRENT INVESTMENTS

(Current Investments are valued at lower of cost or fair market value)

₹ in Crores

	No. in Thousands		Book Value	
	31/03/2016	31/03/2015	**31/03/2016**	31/03/2015
Investments in Government Securities (Face Value ₹ 100 each)				
Non Trade - Quoted				
1. 6.35% Oil Marketing Companies GOI Special Bonds 2024	**2,09,496**	2,09,496	**2,094.96**	2,094.96
2. 6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**2,47,400**	2,47,400	**2,474.00**	2,474.00
3. 7.95% Oil Marketing Companies GOI Special Bonds 2025	**1,063**	1,063	**10.63**	10.63
4. 8.20% Oil Marketing Companies GOI Special Bonds 2024	**89,778**	89,778	**897.78**	897.78
			5,477.37	5,477.37
Less: Provision for diminution in value of investment				
in 6.35% Oil Marketing Companies GOI Special Bonds 2024			**(210.91)**	(211.39)
in 6.90% Oil Marketing Companies GOI Special Bonds 2026			**(188.34)**	(176.89)
in 7.95% Oil Marketing Companies GOI Special Bonds 2025			**(0.01)**	-
Total provision for diminution in value of investment			**(399.26)**	(388.28)
Investment in Debentures (Face Value ₹ 1,00,000 each) (fully paid up)				
Trade - Unquoted				
6% Optional Convertible Debenture of Sabarmati Gas Limited ##	**2**	-	**20.00**	-
Total			**5,098.11**	**5,089.09**

Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO of face Value ₹ **2,450 crores** (previous year ₹ 2,450 crores)

6% Optional Convertible Debenture of Sabarmati Gas Limited has been classified as Non - Current Investment as at 31st March 2015 (Refer Note No.16)

Aggregate value of Unquoted Securities ₹ **20.00 crores** (previous year Nil)

Aggregate value of Quoted Securities ₹ **5,078.11 crores** (previous year ₹ 5,089.09 crores)

Market value of Quoted Securities ₹ **5,091.67 crores** (previous year ₹ 5,104.33 crores)

20. INVENTORIES

(Refer Note No. 1.7 and Note No. 56)

₹ in Crores

	31/03/2016	31/03/2015
Raw materials	**3,369.70**	3,439.66
[Including in transit ₹ **2,030.69 crores** (previous year ₹ 1,585.10 crores)]		
Stock in process	**313.87**	376.42
Finished goods	**5,312.25**	6,065.55
Stock-in-trade	**4,402.55**	4,311.12
[Including in transit ₹ **469.15 crores** (previous year ₹ 559.81 crores)]		
Stores and spares	**282.76**	254.68
[Including in transit ₹ **1.26 crores** (previous year ₹ 1.44 crores)]		
Packaging material	**15.15**	10.42
Total	**13,696.28**	14,457.85

21. TRADE RECEIVABLES

(Unsecured unless otherwise stated)

₹ in Crores

	31/03/2016	31/03/2015
Outstanding for a period exceeding 6 months from due date of payment		
Considered good *	**166.06**	109.20
Considered doubtful	**274.93**	201.08
Less: Provision for doubtful debts	**(274.93)**	(201.08)
Other debts		
Considered good *	**1,998.96**	2,451.94
Considered doubtful	**0.06**	1.10
Less: Provision for doubtful debts	**(0.06)**	(1.10)
Total	**2,165.02**	2,561.14

* Includes Secured debts ₹ **564.14 crores** (previous year ₹ 621.40 crores)

22. CASH AND BANK BALANCES

₹ in Crores

	31/03/2016	31/03/2015
Cash on hand	**24.32**	26.86
Cheques and drafts on hand	**11.91**	25.88
Balances with Banks		
On Current Account	**99.31**	193.99
Demand deposits with banks with original maturity of less than three months	**1,585.00**	1,110.00
Cash and Cash equivalents	**1,720.54**	1,356.73
Earmarked Balances		
Unpaid Dividend	**5.70**	3.47
Fixed deposits with banks with original maturity of more than six months and less than twelve months*	**91.97**	-
Fixed deposits with banks with original maturity of more than twelve months*	**249.13**	-
DBTL Account **	**0.01**	-
Total	**2,067.35**	1,360.20

* Represents Fixed deposits with State Bank of India held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014; includes accrued interest of ₹ **4.63 Crores** (previous year NIL) - (Refer Note No. 10)

** Represents balance in current account with State Bank of India held on behalf of Government of India towards cash assistance under PAHAL (DBTL) scheme 2014 - (Refer Note No. 10)

23. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31/03/2016	31/03/2015
Loans and advances to related parties		
Dues from subsidiaries	**5.09**	5.44
Dues from Joint Venture Companies	**9.23**	11.66
Loans and advances to employees (including accrued interest) (Secured) (Refer Note No. 42)	**69.11**	65.06
Loans to Others	**9.22**	8.64
Advances		
Advances Recoverable in cash, or in kind or for value to be received - Considered good	**234.91**	219.04
Advances considered doubtful	**14.65**	11.78
Less: Provision for doubtful advances	**(14.65)**	(11.78)
	327.56	309.84
Advance Income Tax (Net of provision for taxation)	**-**	72.12
Claims (net)	**160.46**	81.13
Recoverables from Customs, Excise, Port Trust, etc.	**540.54**	320.18
Others	**2.25**	2.95
Total	**1,030.81**	786.22

24. OTHER CURRENT ASSETS

₹ in Crores

	31/03/2016	31/03/2015
Interest accrued on investments & bank deposits		
Considered good	**68.54**	71.11
Considered doubtful	**0.02**	0.02
Less: Provision	**(0.02)**	(0.02)
Interest accrued on Loans to Related Parties	**28.82**	28.65
Receivable from Central Government/State Government	**3,479.57**	5,869.65
Unamortized premium (foreign exchange forward contract)	**4.95**	0.85
Unamortized Borrowings Expenses	**31.84**	29.80
Others - Considered good	**404.28**	46.53
Considered doubtful	**285.49**	305.83
Less: Provision for doubtful	**(285.49)**	(305.83)
Total	**4,018.00**	6,046.59

25. REVENUE FROM OPERATIONS

₹ in Crores

	2015-16	2014-15
(i) a) **Sales**		
Petroleum products	**2,15,227.97**	2,43,954.36
Crude oil	**979.35**	1,215.67
	2,16,207.32	2,45,170.03
b) Subsidy on LPG (Domestic) & SKO (PDS)*	**-**	612.79
c) Subsidy from Government of India (Refer Note No. 33(b))	**1,598.49**	7,290.40
	2,17,805.81	2,53,073.22
Less: Excise duty	**(28,707.71)**	(15,167.96)
	1,89,098.10	2,37,905.26
(ii) Other operating revenues	**205.23**	181.64
Total	**1,89,303.33**	2,38,086.90

* As per the scheme of the Government of India

26. OTHER INCOME

₹ in Crores

	2015-16	2014-15
Income from Current Investments		
Interest Income	**477.98**	426.99
Dividend Income	**23.06**	17.36
Income from Non-Current Investments		
Dividend Income - Subsidiaries	**343.61**	72.57
Dividend Income - Others	**75.83**	69.38
Interest Income	**-**	1.20
Income from Association of Persons	**1.54**	1.19
Income from Others (Refer Note No. 35)	**259.71**	114.68
Interest-Others (including on bank deposits)	**366.21**	334.60
Write back of liabilities no longer required	**19.20**	13.82
Profit on sale of fixed assets (net)	**-**	0.15
Reversal towards diminution in value of current investments	**-**	483.42
Prior period income (net)	**5.98**	43.71
Gain on foreign currency transactions and translations (net) (Refer Note No. 50 (b) & (c))	**-**	224.33
Others #	**439.04**	396.56
Total	**2,012.16**	2,199.96

Includes amortization of capital grants ₹ **1.93 Crores** (previous year ₹ 2.30 Crores)

27. COST OF RAW MATERIALS CONSUMED

₹ in Crores

	2015-16	2014-15
Opening stock	**3,439.66**	3,538.35
Add: Purchases (Refer Note No. 33(a))	**60,962.48**	94,325.70
Less: Closing stock	**(3,369.70)**	(3,439.66)
Total	**61,032.44**	94,424.39

Particulars	Year	Imported		Indigenous		Total
		₹ in Crores	%	₹ in Crores	%	₹ in Crores
Crude oil	**2015-16**	**44,530.40**	**74.82**	**14,989.61**	**25.18**	**59,520.01**
	2014-15	73,899.40	79.45	19,108.74	20.55	93,008.14
Others	**2015-16**	**43.50**	**2.88**	**1,468.93**	**97.12**	**1,512.43**
	2014-15	39.49	2.79	1,376.76	97.21	1,416.25
Total	**2015-16**	**44,573.90**	**73.03**	**16,458.54**	**26.97**	**61,032.44**
	2014-15	73,938.89	78.30	20,485.50	21.70	94,424.39

28. PURCHASES OF STOCK-IN-TRADE

₹ in Crores

	2015-16	2014-15
Petroleum products (Refer Note No. 33(a))	**99,752.65**	1,15,836.04
Crude oil	**979.35**	1,215.67
Total	**1,00,732.00**	1,17,051.71

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ in Crores

	2015-16	2014-15
Value of opening stock of		
Finished goods	**6,065.55**	8,986.00
Stock-in-trade	**4,311.12**	5,369.51
Stock in process	**376.42**	910.90
	10,753.09	15,266.41
Less: Value of closing stock of		
Finished goods	**5,312.25**	6,065.55
Stock-in-trade	**4,402.55**	4,311.12
Stock in process	**313.87**	376.42
	10,028.67	10,753.09
Net (Increase)/Decrease in Inventory	**724.42**	4,513.32

30. EMPLOYEE BENEFITS EXPENSE

(Refer Note No. 51)

₹ in Crores

	2015-16	2014-15
Salaries and wages	**2,055.48**	1,397.77
Contribution to Provident and Other funds	**426.37**	227.33
Staff welfare expenses	**397.20**	459.22
Voluntary Retirement Scheme	**-**	1.28
Total	**2,879.05**	2,085.60

31. FINANCE COSTS

₹ in Crores

	2015-16	2014-15
Interest expense	**405.02**	409.97
Interest on shortfall in payment of advance tax	**68.85**	58.10
Other borrowing costs	**87.09**	54.40
Applicable loss on foreign currency transactions and translations (Net)	**1.98**	60.63
Total	**562.94**	583.10

32. OTHER EXPENSES

₹ in Crores

	2015-16	2014-15
Transportation	**5,403.30**	5,003.62
Excise Duty on inventory differential	**782.42**	731.32
Octroi, Other Levies and Irrecoverable Taxes	**614.25**	767.44
Repairs and maintenance		
Machinery	**658.59**	619.09
Building	**68.11**	93.70
Others	**184.89**	167.70
Sub-Total	**911.59**	880.49
Power and fuel	**3,354.13**	5,104.80
Less: Consumption of fuel out of own production	**(1,791.81)**	(3,368.68)
Power and fuel consumed (net)	**1,562.32**	1,736.12
Stores, spares and materials	**379.35**	394.64
Less: Charged to other revenue accounts	**(297.59)**	(275.04)
Stores, spares and materials (net)	**81.76**	119.60
Packages consumed	**168.42**	150.36
Office Administration, Selling and Other expenses		
Rates and Taxes	**36.90**	69.23
Rent (Refer Note No. 43)	**424.31**	223.89
Utilities	**240.91**	223.41
Terminaling and related expenses	**262.64**	175.93
Travelling and conveyance	**173.99**	155.38
Insurance	**55.13**	52.83
Communication expenses	**35.43**	35.06
Remuneration to auditors		
Audit fees	**0.36**	0.36
Fees for other services - Certification	**0.36**	0.40
Reimbursement of out of pocket expenses	**0.01**	0.01
Sub-Total	**0.73**	0.77
Write offs		
Bad debts and claims	**0.04**	0.83
Other write offs	**10.90**	0.75
Sub-Total	**10.94**	1.58
Provision for doubtful debts & advances (net)	**106.58**	161.69
Provision towards diminution in value of current investments	**10.98**	-
Loss on sale of fixed assets (net)	**27.24**	-
Loss on foreign currency transactions and translations (net) (Refer Note No. 50 (c))	**580.59**	-
CSR Expenditure (Refer Note No. 47)	**112.60**	76.01
Others	**1,276.13**	1,132.48
Sub-Total-Office Administration, Selling and Other expenses	**3,355.10**	2,308.26
Total	**12,879.16**	11,697.21
Details of stores/spare parts and components		
Imported - Amount	**72.51**	105.30
Imported - % of total	**19.11%**	26.68%
Indigenous - Amount	**306.84**	289.34
Indigenous - % of total	**80.89%**	73.32%
Sub-Total	**379.35**	394.64
Less: Charged to other revenue accounts	**(297.59)**	(275.04)
Total	**81.76**	119.60

33. Consequent to non-revision in retail selling prices corresponding to the international prices and applicable foreign exchange rates prevailing during the year, the Corporation has suffered gross under-recovery of ₹ **1,796.50 Crores** (previous year ₹ 16,140.66 Crores) on sale of sensitive petroleum products.

As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows:

a) ₹ **198.01 Crores** (previous year ₹ 8,362.88 Crores) discount on crude oil/products purchased from ONGC/GAIL/NRL which has been adjusted against purchase cost;

b) ₹ **1,598.49 Crores** (previous year ₹ 7,290.40 Crores) subsidy from Government of India has been accounted as Revenue from operations.

After adjusting the above compensation, the net under-recovery absorbed by the Corporation is **Nil** (previous year under-recovery ₹ 487.38 Crores).

34. Pursuant to the Ministry of Corporate Affairs Notification G.S.R. 914 (E) dated 29th December 2011, the Corporation had exercised the option under Para 46 A of AS-11 (notified under the Companies (Accounting Standards) Rules, 2006) (as amended) and has changed its accounting policy from FY 2011-12 onwards for recognition of exchange differences arising on reporting of long-term foreign currency monetary items. For the current financial year, the impact on account of this change (net of depreciation and amortization) is increase in profit before tax of ₹ **441.38 Crores** (previous year ₹ 307.06 Crores). The net loss remaining unamortised under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2016 is ₹ **79.20 Crores** (net gain in the previous year ₹ 26.99 Crores).

35. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited (KRL) with the Corporation approved by the Government of India, 3,37,28,737 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile KRL) to a trust for the benefit of the Corporation in the FY 2006-07. After the 1:1 Bonus issue in July 2012, presently the trust holds 6,74,57,474 equity shares of the Corporation. Accordingly the cost of the original investment of ₹ **659.10 Crores** (previous year ₹ 659.10 Crores) together with the additional contribution to the corpus of the trust of ₹ 0.01 Crores made in 2014-15 amounting to ₹ 659.11 Crores is included in Non-Current Investments (Refer Note no. 16). The income distributed by the trust during the year 2015-16 amounting to ₹ **259.71 Crores** (previous year ₹ 114.68 crores) have been included in 'Other income' (Refer Note No. 26).

36. **Impairment of Assets:** It is assumed that suitable mechanism would be in place by the Government of India, in line with earlier/current year(s), to provide compensation towards under recoveries of margin, if any, and recoveries against Direct Benefit Transfer for LPG Scheme on account of sale of sensitive petroleum products in subsequent years. Hence, there is no indication of impairment of assets of the Corporation as at 31st March 2016.

37. **Segment Reporting:** As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

38. The Corporation has numerous transactions with other oil companies. The outstanding balances (included under Trade Payables/Trade Receivables, etc) from them including certain other outstanding credit and debit balances are subject to confirmation/reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

39. **Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits":**

The Corporation's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Corporation and charged to Statement of Profit and Loss. The fair value of the assets of the Trust is more than the book value.

Gratuity: The Corporation has a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid/payable to a trust which is invested as per investment pattern prescribed by the Government in plan assets. Gratuity is paid to a staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

Leave Encashment: The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

Other Defined Benefits: These are (a) Post Retirement Medical Scheme Benefit (managed by a trust) to employees, spouse, dependent children and dependent parents; (b) Pension/ex-gratia scheme to the retired employees who are entitled to receive the monthly pension/ex-gratia for life; (c) Death in service/Permanent disablement given to employee, the spouse of the employee, provided the deceased's family/disabled employee deposits retirement dues such as PF, Gratuity, Leave encashment payable to them with the Corporation; and (d) Resettlement allowance paid to employees to permanently settle down at the time of retirement.

Disclosures as per requirements of Accounting Standard 15 continued:

₹ in Crores

a) Reconciliation of balances of Defined Benefit Obligations	Gratuity - Funded		Post Retirement Medical - Funded		Leave Encashment - Non Funded		Burmah Shell Pension - Non Funded		Death/Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Defined Obligations at the beginning of the year	**612.66**	594.76	**649.56**	551.84	**671.55**	783.15	**82.72**	88.46	**11.64**	8.75	**5.30**	5.14	**333.38**	272.81
Interest Cost	**48.40**	55.02	**51.64**	51.16	**53.05**	72.44	**6.00**	7.41	**0.44**	0.38	**0.45**	0.57	**26.90**	26.10
Current Service Cost	**3.39**	3.32	**29.42**	25.32	**60.45**	46.36	**-**	-	**-**	-	**1.10**	0.99	**15.04**	18.26
Past Service Cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(48.04)**	(91.40)	**(28.28)**	(25.21)	**(188.15)**	(311.09)	**(15.36)**	(17.01)	**(12.25)**	(9.33)	**(1.35)**	(0.02)	**(19.99)**	(19.03)
Actuarial (Gains)/Losses on obligations	**18.56**	50.96	**153.42**	46.45	**145.53**	80.69	**5.68**	3.86	**12.28**	11.84	**9.49**	(1.38)	**(34.24)**	35.24
Defined Obligations at the end of the year	**634.97**	612.66	**855.76**	649.56	**742.43**	671.55	**79.04**	82.72	**12.11**	11.64	**14.99**	5.30	**321.09**	333.38

b) Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity/Post Retirement Medical Fund				
Fair Value at the beginning of the year	**624.59**	659.76	**602.10**	530.36
Expected Return (a)	**49.34**	57.40	**47.87**	45.61
Actuarial gains/(losses) (b)	**14.27**	(1.17)	**8.43**	3.47
Actual Return on Plan assets (a+b)	**63.61**	56.23	**56.30**	49.08
Contribution by employer	**-**	-	**75.74**	46.69
Contribution by employee	**-**	-	**0.92**	1.18
Benefits paid	**(48.04)**	(91.40)	**(28.28)**	(25.21)
Fair Value of Plan Assets at the end of the year	**640.16**	624.59	**706.78**	602.10

c) Amount recognised in Balance sheet (a-b)	**(5.19)**	(11.93)	**148.98**	47.46	**742.43**	671.55	**79.04**	82.72	**12.11**	11.64	**14.99**	5.30	**321.09**	333.38

d) Amount recognised in Statement of Profit and Loss														
Current Service Cost	**3.39**	3.32	**29.42**	25.32	**60.45**	46.36	**-**	-	**-**	-	**1.10**	0.99	**15.04**	18.26
Past Service Cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest Cost	**48.40**	55.02	**51.64**	51.16	**53.05**	72.44	**6.00**	7.41	**0.44**	0.38	**0.45**	0.57	**26.90**	26.10
Expected Return on Plan Assets	**(49.34)**	(57.40)	**(47.87)**	(45.61)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Contribution by employee	**-**	-	**(0.92)**	(1.18)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial (Gains)/Losses	**4.29**	52.13	**144.99**	42.98	**145.53**	80.69	**5.68**	3.86	**12.28**	11.84	**9.49**	(1.38)	**(34.24)**	35.24
Expenses for the year	**6.74**	53.07	**177.26**	72.67	**259.03**	199.49	**11.68**	11.27	**12.72**	12.22	**11.04**	0.18	**7.70**	79.60

e) Major Actuarial Assumptions														
Discount Rate (%)	**7.99**	7.90	**8.06**	7.95	**7.99**	7.90	**7.79**	7.99	**7.84**	8.04	**7.99**	7.90	**8.06**	7.95
Salary Escalation/Inflation (%)	**8.00**	8.00	**7.00**	7.00	**8.00**	8.00	**-**	-	**-**	-	**-**	-	**-**	-
Expected Return on Plan assets (%)	**7.99**	7.90	**8.06**	7.95	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

f) Investment pattern for Fund as on	**31/03/2016**	31/03/2015	**31/03/2016**	31/03/2015
Category of Asset	**%**	%	**%**	%
Government of India Asset	**23.69**	24.94	**8.95**	7.96
Corporate Bonds	**20.80**	27.06	**62.75**	54.48
Insurer Managed funds	**49.50**	40.19	**-**	-
State Government	**4.22**	5.38	**23.32**	34.10
Others	**1.79**	2.43	**4.98**	3.46
Total	**100.00**	100.00	**100.00**	100.00

g) As per our best estimate, ₹ Nil is the expected contribution to be paid to the Gratuity Fund in the year 2016-17

h) Effect of Increase/Decrease of 1% is assumed for medical cost trend to the Post Retirement Medical Liability

	31/03/2016	31/03/2015
Change in liability for 1% increase in Discount Rate	**(92.77)**	(68.66)
Change in liability for 1% increase in medical inflation	**112.33**	83.69
Change in liability for 1% decrease in Discount Rate	**113.10**	83.16
Change in liability for 1% decrease in medical inflation	**(93.49)**	(69.49)

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation

Disclosures as per requirements of Accounting Standard 15 continued:

Details of present value of obligation, fair value of plan assets, surplus/deficit in plan and experience adjustments

Particulars	₹ in Crores				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Present Value of Obligation					
Funded*	**1,490.73**	1,262.22	1,146.60	1,124.09	1,032.60
Non Funded**	**1,169.66**	1,104.59	1,158.31	1,078.47	947.78
Sub-Total	**2,660.39**	**2,366.81**	**2,304.91**	**2,202.56**	**1,980.38**
Fair Value of Plan Assets	**1,346.94**	1,226.69	1,190.12	1,031.42	903.76
Deficit/(Surplus)	**1,313.45**	**1,140.12**	**1,114.79**	**1,171.14**	**1,076.62**
Experience Adjustments					
Gain/(Loss)On Funded Plan Liabilities	**(62.43)**	50.88	51.83	(33.44)	(13.50)
Gain/(Loss)On Funded Plan Assets	**22.70**	2.30	(0.37)	24.36	(7.08)
Gain/(Loss)On Non Funded Plan Liabilities	**(145.60)**	(6.11)	(157.72)	(100.63)	(100.16)

* Gratuity & Post Retirement Medical Benefit Scheme.

** Leave encashment, Burmah Shell Pension, Death/Permanent Disablement, Re-settlement Allowance & Ex-Gratia Scheme.

40. To the extent, the Corporation has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

₹ in Crores

	31/03/2016	31/03/2015
Amount Due and Payable at the year end		
- Principal	**0.89**	3.10
- Interest on above Principal	**-**	-
Payment made during the year after the due date		
- Principal	**-**	-
- Interest	**-**	-
Interest due and payable for Principal already paid	**-**	-
Total Interest accrued and remained unpaid at year end	**-**	-

The interest payable to such vendors is not likely to be material.

41. Related Party Disclosures as per Accounting Standard 18

Names of the Related parties (Joint Venture Companies)

Indraprastha Gas Limited
Petronet India Limited *
Petronet CCK Limited #
Petronet CI Limited *
Petronet LNG Limited
Bharat Oman Refineries Limited
Maharashtra Natural Gas Limited
Central UP Gas Limited
Sabarmati Gas Limited
Bharat Stars Services Private Limited
(Including Bharat Stars Services (Delhi) Pvt. Limited)
Bharat Renewable Energy Limited *
Matrix Bharat Pte. Ltd.
Delhi Aviation Fuel Facility Private Limited
Kannur International Airport Limited
GSPL India Gasnet Limited
GSPL India Transco Limited
Mumbai Aviation Fuel Farm Facility Private Limited
Kochi Salem Pipeline Private Limited
IBV (Brazil) Petroleo Ltda.

*Companies in the process of winding up

Petronet CCK Limited has become subsidiary w.e.f. 29th May 2015

Key Management Personnel (Whole time directors):

Shri S. Varadarajan, (Chairman & Managing Director)

Shri P. Balasubramanian, Director (Finance)

Shri K.K. Gupta, Director (Marketing) till 29th February 2016

Shri S. Ramesh, Director (Marketing) w.e.f. 1st March 2016

Shri B.K. Datta, Director (Refineries)

Shri S.P. Gathoo, Director (Human Resources)

The nature wise transactions with the above related parties are as follows:

S.No.	Nature of Transactions	**2015-16**	₹ in Crores 2014-15
1	Purchase of goods	**30,602.57**	35,756.86
2	Sale of goods	**2,429.92**	3,802.70
3	Rendering of Services	**58.63**	24.35
4	Receiving of Services	**92.28**	144.25
5	Interest Income	**130.21**	129.12
6	Dividend Received	**49.55**	53.44
7	Investment and Advance for Investments	**229.01**	70.25
8	Loans and Advances given	**56.18**	112.36
9	Management Contracts (Employees on deputation/consultancy services)	**24.06**	23.76
10	Lease Rental & Other Charges received	**27.09**	30.04
11	Lease Rental & Other Charges paid	**0.07**	0.07
12	Sale of Assets	**-**	5.01
13	Receivables as at year end	**1,661.73**	1,701.33
14	Payables as at year end	**1,065.48**	1,017.37

Guarantees of **USD 150 Million (₹ 994.99 Crores)** and **USD 84 Million (₹ 557.20 Crores)** were given to lender banks on behalf of Bharat Oman Refineries Ltd. against foreign currency loans which were refinanced during the year and have been extended to new lender banks.

Disclosure with respect to Related Party Transactions during the year (more than 10% of the total transaction value):

1. Purchase of goods: Bharat Oman Refineries Limited ₹ **25,898.20 Crores** (previous year ₹ 29,610.52 Crores) and Petronet LNG Limited ₹ **4,184.69 Crores** (previous year ₹ 5,612.34 Crores).
2. Sale of goods: Matrix Bharat Pte. Ltd. ₹ **997.74 Crores** (previous year ₹ 2,286.27 Crores), Bharat Oman Refineries Limited ₹ **808.08 Crores** (previous year ₹ 661.21 Crores), Sabarmati Gas Limited ₹ **300.28 Crores** (previous year ₹ 339.64 Crores) and Indraprastha Gas Limited ₹ **283.19 Crores** (previous year ₹ 434.38 Crores)
3. Rendering of Services: Kochi Salem Pipeline Private Limited ₹ **21.93 Crores** (previous year Nil), Mumbai Aviation Fuel Farm Private Limited ₹ **14.69 Crores** (previous year Nil), Indraprastha Gas Limited ₹ **15.12 Crores** (previous year ₹ 7.38 Crores) and Bharat Oman Refineries Limited ₹ **6.49 Crores** (previous year ₹ 16.13 Crores)
4. Receiving of Services: Mumbai Aviation Fuel Farm Facility Private Limited ₹ **40.87 Crores** (previous year Nil), Bharat Stars Services Private Limited ₹ **29.08 Crores** (previous year ₹ 16.70 Crores) and Bharat Oman Refineries Limited ₹ **12.00 Crores** (previous year ₹ 11.70 Crores)
5. Interest income: Bharat Oman Refineries Limited ₹ **129.01 Crores** (previous year ₹ 129.12 Crores)
6. Dividend received: Petronet LNG Limited ₹ **18.75 Crores** (previous year ₹ 18.75 Crores), Indraprastha Gas Limited ₹ **18.90 Crores** (previous year ₹ 17.33 Crores) and Delhi Aviation Fuel Facility Pvt. Ltd. ₹ **7.59 Crores** (previous year ₹ 7.59 Crores)
7. Investment and Advances for Investments: Sabarmati Gas Limited ₹ **102.24 Crores** (previous year Nil), Kannur International Airport Ltd ₹ **50.00 Crores** (previous year ₹ 50.00 crores), Kochi Salem Pipeline Private Limited ₹ **37.50 Crores** (previous year ₹ 6.75 Crores) and Mumbai Aviation Fuel Farm Facility Private Limited ₹ **33.77 Crores** (previous year ₹ 4.50 Crores)
8. Loans and Advances: Petronet LNG Limited ₹ **56.18 Crores** (previous year ₹ 112.36 Crores)
9. Management Contracts (Employees on deputation/consultancy services): Bharat Oman Refineries Limited ₹ **15.96 Crores** (previous year ₹ 16.46 Crores) and Bharat Stars Services Private Limited ₹ **2.50 Crores** (previous year ₹ 1.81 Crores)
10. Lease Rental & Other Charges received: Bharat Oman Refineries Limited ₹ **26.00 Crores** (previous year ₹ 29.21 Crores)

11. Lease Rental & Other Charges paid: Delhi Aviation Fuel Facility Private Limited ₹ **0.07 Crores** (previous year ₹ 0.07 crores)
12. Sale of Assets: Bharat Stars Services Private Limited **Nil** (previous year ₹ 3.09 Crores) and Mumbai Aviation Fuel Farm Private Limited **Nil** (previous year ₹ 1.92 Crores)
13. Receivables as at period end: Bharat Oman Refineries Limited ₹ **1,388.06 Crores** (previous year ₹1,390.18 Crores), which is mainly on account of Subordinated loan of ₹ **1,354.10 Crores** (previous year ₹ 1,354.10 Crores) and Petronet LNG Limited of ₹ **200.00 Crores** (previous year ₹ 105.22 Crores)
14. Payables as at period end: Bharat Oman Refineries Limited ₹ **908.04 Crores** (previous year ₹ 820.38 Crores) and Petronet LNG Limited ₹ **123.76 Crores** (previous year ₹ 151.03 Crores)

Remuneration to Key Management Personnel

₹ in Crores

Key Management Personnel	**2015-16**	2014-15
Shri S. Varadarajan	**0.68**	0.65
Shri P. Balasubramanian	**0.61**	0.46
Shri K.K. Gupta	**0.80**	0.73
Shri B.K. Datta	**0.58**	0.52
Shri S.P. Gathoo	**0.53**	0.57
Shri S. Ramesh	**0.07**	-
Total	**3.27**	2.93

In view of the exemption provided under AS-18 Related Party Disclosures, related party relationships with other state-controlled enterprises and transactions with such enterprises are not included in the above.

42. Dues from Directors is ₹ **0.35 Crores** (previous year ₹ 0.32 Crores) and Dues from Officers is ₹ **3.98 Crores** (previous year ₹ 3.30 Crores).

43. Disclosure for Operating Leases as per Accounting Standard - 19

The Corporation enters into cancellable/non-cancellable operating lease arrangements for office premises, staff quarters and others. The lease rentals paid/received for the same are charged to the Statement of Profit and Loss.

A) As Lessee

a) The Corporation enters into non-cancellable operating leases in respect of godowns. The details are as follows-

₹ in Crores

S.No.	**Particulars**	**2015-16**	2014-15
i)	Future Lease payment obligations under non-cancellable operating leases		
	a) Not later than one year	**0.10**	0.10
	b) Later than one year and not later than five years	**0.17**	0.36
	c) Later than five years	**-**	-
ii)	Lease Rentals recognized in the Statement of Profit and Loss	**0.10**	0.11

b) The Corporation enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ **27.65 Crores** (previous year ₹ 27.29 Crores) has been charged to Statement of Profit and Loss on account of lease rentals.

B) As Lessor

i) The Company enters into cancellable/non-cancellable operating lease arrangements in respect of commercial spaces, storage and distribution facilities and others. The details are as follows-

₹ in Crores

Particulars	Buildings		Plant & Machinery		Tanks & Pipelines		Furniture		Office Equipment		Railway Siding	
	15-16	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15	**15-16**	14-15
Gross Carrying Amount	**164.84**	163.80	**129.27**	104.09	**406.35**	398.69	**16.42**	15.22	**16.52**	16.03	**80.44**	77.84
Accumulated depreciation	**56.64**	55.97	**35.47**	26.98	**115.94**	102.27	**12.25**	9.44	**14.44**	14.20	**23.74**	18.33
Depreciation recognised in Statement of P&L	**4.21**	37.90	**7.72**	7.61	**13.67**	12.98	**2.01**	2.85	**0.58**	0.98	**5.41**	5.31

ii) Total contingent rent recognised as income in the Statement of Profit and Loss in the FY 2015-16 is ₹ **23.20 Crores** (previous year ₹ 23.21 Crores).

iii) Future Lease rentals under non-cancellable operating leases

₹ in Crores

S.No.	Particulars	2015-16	2014-15
i)	Future Lease rentals under non-cancellable operating leases		
	a) Not later than one year	**26.04**	26.08
	b) Later than one year and not later than five years	**104.00**	104.00
	c) Later than five years	**104.00**	130.00

44. Earnings per share

Particulars	Unit	2015-16	2014-15
Profit after Tax	₹ in Crores	**7,431.88**	5,084.51
Weighted average number of shares outstanding during the year	Crore nos.	**72.31**	72.31
Basic earnings per share	₹	**102.78**	70.32
Diluted earnings per share	₹	**102.78**	70.32

45. In compliance with Accounting Standard – 27 'Financial Reporting of Interests in Joint Ventures', the required information is as under:

(a) Jointly controlled entities	Country of Incorporation	Percentage of ownership interest as on	
		31/03/2016	31/03/2015
Indraprastha Gas Limited	India	**22.50**	22.50
Petronet India Limited #	India	**16.00**	16.00
Petronet CCK Limited $	India	**-**	49.00
Petronet CI Limited #	India	**11.00**	11.00
Petronet LNG Limited	India	**12.50**	12.50
Bharat Oman Refineries Limited	India	**50.00**	50.00
Central UP Gas Limited	India	**25.00**	25.00

(a) Jointly controlled entities	Country of Incorporation	Percentage of ownership interest as on	
		31/03/2016	31/03/2015
Maharashtra Natural Gas Limited	India	**22.50**	22.50
Sabarmati Gas Limited	India	**49.94**	25.00
Bharat Stars Services Private Limited	India	**50.00**	50.00
Bharat Renewable Energy Limited #	India	**33.33**	33.33
Matrix Bharat Pte. Ltd.	Singapore	**50.00**	50.00
Delhi Aviation Fuel Facility Pvt. Limited	India	**37.00**	37.00
Kannur International Airport Limited @	India	**21.68**	21.68
GSPL India Gasnet Limited	India	**11.00**	11.00
GSPL India Transco Limited	India	**11.00**	11.00
Mumbai Aviation Fuel Farm Facility Private Limited	India	**25.00**	25.00
Kochi Salem Pipeline Private Limited *	India	**50.00**	50.00

Companies in the process of winding up.

$ Petronet CCK Ltd. has become a Subsidiary with 73.96 % holding.

* The percentage of ownership interest as at 31st March 2015 is after considering Advance against Equity as per the Joint Venture Agreement.

@ The percentage of ownership interest is after considering proposed increased in equity participation.

BPRL Ventures B.V., a 100% step-down subsidiary of the Corporation holds 50% equity in IBV (Brazil) Petroleo Ltda., a Joint Venture company incorporated in Brazil.

The percentage of ownership interest is as per the respective Joint Venture Agreement.

(b) In respect of jointly controlled entities, the Corporation's share of assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of unaudited/audited financial statements received from these Joint Ventures are as follows:

₹ in Crores

Particulars	**31/03/2016**	31/03/2015
(i) Assets		
- Non Current Assets	**7,655.77**	7,431.73
- Current Assets	**2,225.21**	2,706.17
- Deferred Tax Asset	**547.15**	650.44
(ii) Liabilities		
- Non Current Liabilities	**5,622.27**	5,101.74
- Current Liabilities	**2,010.29**	3,334.11
- Deferred Tax Liability	**185.69**	144.72
(iii) Revenue	**14,763.85**	21,146.17
(iv) Expenses	**14,090.76**	21,379.83
(v) Contingent Liabilities	**1,070.70**	997.97
(vi) Capital & Other Commitments	**502.75**	259.25

46. In compliance of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

₹ in Crores

Nature	Opening balance	Additions during the year	Utilisation during the year	Reversals during the year	Closing balance
Excise	54.74	2.83	-	-	57.57
Customs	65.12	-	-	62.61	2.51
Service Tax	0.07	-	0.07	-	-
VAT/Sales Tax/Entry Tax	550.81	20.08	-	34.18	536.71
Property Tax	83.08	99.19	-	81.59	100.68
Total	**753.82**	**122.10**	**0.07**	**178.38**	**697.47**
Previous year	524.48	267.89	0.27	38.28	753.82

The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

Above includes provision of ₹ **62.47 Crores** (previous year ₹ 26.26 Crores) in respect of which deposits have been made.

47. Disclosure in respect of Expenditure on Corporate Social Responsibility Activities

₹ in Crores

		2015-16	2014-15
a)	Amount required to be spent by the Company during the year.	**112.60**	76.01
b)	Unspent CSR Expenditure carried forward from FY 2014-15	**42.06**	-
c)	Amount spent during the year (on purpose other than construction/ acquisition of assets controlled by the company) #	**95.59 ***	33.95
d)	Provision created for balance amount	**59.07**	42.06

The above expenditure includes contribution to funds, expenses through registered trusts/registered society or company established under section 8 of the Act and direct expenses by the company.

* including payables of ₹ **2.86 Crores** (previous year ₹ 7.28 Crores) as on 31/03/2016.

48. Disclosure as required by Regulation 34, Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

₹ in Crores

Particulars	**Balance as on**		**Maximum amount outstanding during the period**	
	31/03/2016	31/03/2015	**2015-16**	2014-15
(a) Loans and advances in the nature of Loans:				
(i) To Subsidiary Company - Bharat PetroResources Limited	**650.00**	650.00	**650.00**	650.00
(ii) To Associates - Bharat Oman Refineries Limited	**1,354.10**	1,354.10	**1,354.10**	1,354.10
(iii) To Firms/Companies in which Directors are interested	**-**	-	**-**	-
(b) Investment by the loanee in the shares of BPCL and its subsidiary companies	**-**	-	**-**	-

49. Contingent Liabilities and Capital Commitments

		31/03/2016	31/03/2015
			₹ in Crores
(a)	**Contingent Liabilities:**		
	In respect of Income Tax matters	**80.43**	80.68
	Other Matters:		
i)	Claims against the Corporation not acknowledged as debts *:		
	Excise, Service Tax and Customs matters	**1,207.79**	1,093.13
	Sales Tax matters	**7,260.48**	6,526.43
	Land Acquisition cases for higher compensation	**176.75**	121.05
	Others	**470.15**	441.42

* These include ₹ **4,606.08 Crores** (previous year ₹ 4,163.89 Crores) against which the Corporation has a recourse for recovery and ₹ **104.32 Crores** (previous year ₹ 49.93 Crores) which are on capital account.

		31/03/2016	31/03/2015
ii)	Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**16.28**	15.95
iii)	Guarantees **	**1,570.27**	2,698.04
(b)	**Capital Commitments:**		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	**4,674.55**	7,877.49
ii)	Uncalled liability on shares and other investments partly paid	**-**	50.00

**In respect of terms and conditions of guarantee for necessary infrastructure of terminal and pipelines at Kochi and obligations of Petronet LNG Limited under the LNG SPA, the outflow that may arise under the same is not quantifiable.

50. (a) The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **USD 228.75 Million (₹ 1,533.66 Crores)** (previous year - USD 184 Million, ₹ 1,152.96 Crores) to hedge foreign currency exposure for payment of crude oil.

Following are the unhedged foreign currency on account of exposures:

	31/03/2016		31/03/2015	
Exposure Type	**USD Million**	**₹ in Crores**	USD Million	₹ in Crores
Imports	**507.76**	**3,368.11**	838.71	5,249.57
ECB (Long Term) *	**2,107.03**	**13,976.55**	1,806.63	11,307.83
Export Debtors	**56.20**	**372.77**	132.09	826.78

* This includes 3 % CHF Bonds 2019 for **CHF 200 Million** which were swapped into **USD 228.29 Million**

(b) The RBI swap transactions outstanding as on 31/03/2014 had matured during 2014-15 and the gain of ₹ 521.14 Crores had been recognised in the Statement of Profit and Loss during the year 2014-15.

(c) The Corporation had raised Swiss Franc (CHF) 200 Million of 3% CHF Bonds 2019 in March 2014, the proceeds of which were swapped into USD 228.29 Million on the same day. The mark to market losses of ₹ **0.58 Crores** (previous year ₹ 96.09 Crores) in respect of this CHF-USD Swap transaction have been recognized as expense during 2015-16 based on the concept of prudence and in line with the ICAI announcement of 29th March 2008 on Accounting for Derivatives.

(d) The Corporation has on the Balance Sheet date the following outstanding derivatives for hedging purposes:

Instrument	Description	Quantity
OTC Swap	Spread between Petroleum Products and Crude Oil	0.30 million barrels
ZCC Option	Petroleum Product - HSFO 180	3000 MT

There are no mark-to-market losses as on 31st March 2016 (previous year ₹ 0.01 Crores) in respect of these derivative contracts.

51. The Employee benefits expense for FY 2015-16 include reversal of provisions no longer required **Nil** (previous year ₹ 657.93 Crores).

52. Value of imports calculated on C.I.F. basis

₹ in Crores

	2015-16	2014-15
(a) Raw Materials (including crude oil)	**43,690.17**	72,139.49
(b) Capital goods	**1,238.41**	432.75
(c) Components and spare parts (including packages, chemicals and catalysts)	**100.33**	77.28

53. Expenditure in foreign currency

₹ in Crores

	2015-16	2014-15
(a) Purchase of products	**4,810.92**	7,308.71
(b) Professional Consultancy Fees	**7.76**	5.27
(c) Freight	**219.50**	333.80
(d) Interest	**513.17**	375.63
(e) Royalty	**1.80**	1.21
(f) Other matters	**119.25**	62.43

54. Earnings in foreign exchange

₹ in Crores

	2015-16	2014-15
Exports on FOB basis #	**7,089.97**	12,364.27
Commodity Derivative Income ##	**47.98**	-

Includes receipt of ₹ **1,003.91 Crores** (previous year ₹ 1,438.32 crores) in Indian currency out of the repatriable funds of foreign airline and I&C customers and ₹ **53.93 Crores** (previous year ₹ 62.06 crores) of INR exports to Nepal and Bhutan.

Includes commodity derivative income of ₹ **47.98 Crores** (previous year loss of ₹ 43.70 crores included in 'Other matters' in Note No. 53)

55. Research and Development Expenditure

	2015-16	2014-15
		₹ in Crores
(a) Revenue expenditure	**40.49**	30.69
(b) Capital expenditure	**19.21**	10.04

56. The Corporation has, in the current year, changed the method of determination of cost of inventories from 'Weighted Average' to 'First in First Out' (FIFO) in respect of crude oil and finished products (except lubricants which are continued to be determined at weighted average). This has resulted in increase in value of inventory of crude oil by ₹ **15.30 Crores** and finished products including intermediaries by ₹ **167.87 Crores**, resulting in corresponding increase in the profit before tax in the current year.

57. During the year, the Corporation has released LPG cylinders for the BPL families as per the scheme of MOPNG. Out of these, in respect of certain connections, the claims on MOPNG towards deposits amounting to ₹ **95.85 Crores** are not yet accounted for, pending their approval.

58. Figures of the previous year have been regrouped wherever necessary, to conform to current period presentation.

Signature to Notes '1' to '58'

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director
DIN: 00052928

Sd/-
P. BALASUBRAMANIAN
Director (Finance)
DIN: 05262654

Sd/-
S.V. KULKARNI
Company Secretary

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place: Mumbai
Dated: 26th May 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Bharat Petroleum Corporation Limited ("the Corporation"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Corporation as at 31st March 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143 (5) of the Act, we give in Annexure B, a statement on the matters specified by the Comptroller and Auditor-General of India for the Corporation.

(3) As required by Section 143 (3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Corporation has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 50 of the standalone financial statements;

(ii) The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 51 of the standalone financial statements;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : 28th May, 2015

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Bharat Petroleum Corporation Limited ("the Corporation") on the standalone financial statements for the year ended March 31, 2015]

(i) (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per information and explanations given to us, physical verification of fixed assets (except LPG Cylinders and pressure regulators with customers) has been carried out by the Management during the year in accordance with the phased programme of verification of all assets over three years which, in our opinion, is reasonable having regard to the size of the Corporation and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(ii) (a) The inventory (excluding stocks with third parties and goods in transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Corporation and the nature of its business.

(c) The Corporation is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventories carried out at the end of the year.

(iii) As informed, the Corporation has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3 (iii)(a) and 3 (iii)(b) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists generally an adequate internal control system commensurate with the size of the Corporation and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Corporation.

(v) In our opinion and as explained to us, the Corporation has complied with provisions of Sections 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act.

(vi) We have broadly reviewed the books of account maintained by the Corporation in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) The Corporation is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, on account of any dispute, are as per Annexure A1.

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Corporation.

(viii) The Corporation does not have accumulated losses at the end of the financial year nor has incurred cash losses in the current and immediately preceding financial year.

(ix) According to the information and explanations given to us, the Corporation has been regular in the repayment of dues to financial institution(s), bank(s) or debenture holder(s).

(x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Corporation, for loans taken by a joint venture company of the Corporation from banks or financial institutions, are not prejudicial to the interest of the Corporation.

(xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(xii) During the course of our examination of the books and records of the Corporation, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Corporation, noticed or reported during the year, except for following instances of fraud identified by the management.

a) The incident of an irregularity of Rs. 0.96 crore by a Company Owned Company Operated retail outlet operator. An amount of Rs. 0.88 crore has since been recovered. Legal action has been initiated for recovery of the balance amount.

b) The incident of an irregularity of Rs. 0.15 crore relating to the Retail Territory by an officer. The officer concerned has since been dismissed from services of the Corporation. His dues and the transporter's dues have been withheld.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : 28th May, 2015

ANNEXURE A1

Details of dues outstanding with respect to, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, on account of any dispute

₹ in Crores

Sr No	Name of the Statute	Forum Where Dispute is pending	Amount	Period block to which it relates
1	Central Excise Act, 1944	Supreme Court	740.92	2000 to 2010
		High Court	41.67	1995 to 2015
		Appellate Tribunal *	875.06	1985 to 2015
		Appellate Authority **	96.75	1985 to 2015
		Adjudicating Authority ***	6,161.87	1995 to 2015
		Total	**7,916.27**	
2	Customs Act, 1962	Supreme Court	27.34	1995 to 2010
		Appellate Tribunal *	94.83	1990 to 2010
		Appellate Authority **	5.65	1995 to 2015
		Adjudicating Authority ***	9.19	2005 to 2010
		Total	**137.01**	
3	Income Tax Act, 1961	High Court	7.65	1990 to 2005
		Appellate Tribunal *	6.21	1990 to 2005
		Appellate Authority **	11.38	1995 to 2015
		Total	**25.24**	
4	Sales Tax/VAT Legislations	Supreme Court	82.26	1985 to 2010
		High Court	331.97	1980 to 2015
		Appellate Tribunal *	756.64	1985 to 2015
		Appellate Authority **	6,459.02	1985 to 2015
		Adjudicating Authority ***	1,107.94	1990 to 2015
		Total	**8,737.83**	
5	Finance Act,1994 (Service tax)	Supreme Court	26.50	2005 to 2015
		Appellate Tribunal *	154.16	2000 to 2015
		Appellate Authority **	7.22	2005 to 2015
		Adjudicating Authority ***	73.38	2000 to 2015
		Total	**261.26**	
6	Bombay Provincial Municipal Corporation Act, 1949	High Court	50.29	1995 to 2015
		Total	**50.29**	
7	Gujarat Municipal Act,1963	Adjudicating Authority ***	0.43	2010 to 2015
		Total	**0.43**	
8	Bombay Prohibition Act,1949	Appellate Tribunal *	0.16	2005 to 2010
		Total	**0.16**	
		Grand Total	**17,128.49**	

Dues include Penalty & Interest, wherever applicable

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

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

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

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Bharat Petroleum Corporation Limited ("the Corporation") on the standalone financial statements for the year ended March 31, 2015]

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Bharat Petroleum Corporation Limited (Standalone) for the year 2014-15 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

According to the information and explanations given to us we report as under:

<table>
<tr><th>Sr. No.</th><th>Areas Examined</th><th>Observation / Finding</th></tr>
<tr><td>1</td><td>If the Corporation has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including committed and general reserves) may be examined including the mode and present stage of disinvestment process.</td><td>The Corporation has not been selected for disinvestment during the year.</td></tr>
<tr><td>2</td><td>Please report whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.</td><td>The details of cases of waiver/ write off of debts / loans / interest by the Corporation during the year are as under:
<table><tr><th>Particulars</th><th>₹ in crores</th></tr><tr><td>Write off of debts</td><td>0.73</td></tr><tr><td>Waiver of penalty & interest</td><td>0.01</td></tr><tr><td>Total</td><td>0.74</td></tr></table></td></tr>
<tr><td>3</td><td>Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities</td><td>a. Proper records are maintained for inventories lying with third parties;
b. The Corporation has not received any assets as gifts from Government or other authorities.</td></tr>
<tr><td>4</td><td>A report on age-wise analysis of pending legal / arbitration cases including the reasons for pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</td><td>The age-wise analysis of pending legal / arbitration cases are as under:
<table><tr><th>Period</th><th>No of Active Cases</th></tr><tr><td>Prior to 2004</td><td>571</td></tr><tr><td>FY 2004-2009</td><td>747</td></tr><tr><td>FY 2009-2012</td><td>792</td></tr><tr><td>FY 2012-2014</td><td>1002</td></tr><tr><td>FY 2014-2015</td><td>897</td></tr><tr><td>Total</td><td>4009</td></tr></table>
The above does not include pending legal cases concerning tax matters which are listed in Note 50 of the standalone financial statements and also referred to in clause vii (b) of Annexure A of this report.</td></tr>
</table>

Sr. No.	Areas Examined	Observation / Finding
		<u>Reasons of pendency:</u> Courts / Arbitrators are required to dispose of the cases as per procedure prescribed under law. Parties need to be given reasonable opportunity of being heard. Further, Law provides appeal before higher courts. Reasons for pendency vary from case to case.
		<u>Existence / effectiveness of monitoring system for expenditure on all legal cases (Foreign/Local)</u> There exists an effective monitoring system for expenditure on legal cases. As informed to us there are no legal or arbitration matters pending outside India.

For CNK & ASSOCIATES LLP
Chartered Accountants
ICAI FRN. 101961W

Sd/-
Himanshu Kishnadwala
Partner
Membership No.: 37391

For HARIBHAKTI & CO. LLP
Chartered Accountants
ICAI FRN. 103523W

Sd/-
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : 28th May, 2015

BALANCE SHEET AS AT 31ST MARCH 2015

₹ in Crores

	Note No.	As at 31/03/2015	As at 31/03/2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	**723.08**	723.08
(b) Reserves and surplus	3	**21,744.40**	18,735.68
		22,467.48	19,458.76
(2) Non-current liabilities			
(a) Long-term borrowings	4	**11,737.01**	11,808.36
(b) Deferred tax liabilities (Net)	5	**1,708.26**	1,360.90
(c) Other long-term liabilities	6	**70.03**	60.74
(d) Long-term provisions	7	**1,108.60**	1,157.31
		14,623.90	14,387.31
(3) Current liabilities			
(a) Short-term borrowings	8	**40.27**	8,183.70
(b) Trade payables	9	**12,216.41**	12,038.74
(c) Other current liabilities	10	**16,805.21**	14,878.84
(d) Short-term provisions	11	**3,575.61**	3,179.94
		32,637.50	38,281.22
TOTAL		**69,728.88**	72,127.29
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	**20,226.06**	18,968.83
(ii) Intangible assets	13	**89.00**	70.68
(iii) Capital work-in-progress	15	**7,640.61**	3,040.03
(iv) Intangible assets under development	14	**25.07**	25.07
(b) Non-current investments	16	**7,302.05**	7,238.10
(c) Long-term loans and advances	17	**4,077.17**	3,266.66
(d) Other non-current assets	18	**83.46**	166.14
		39,443.42	32,775.51
(2) Current assets			
(a) Current investments	19	**5,089.09**	4,608.79
(b) Inventories	20	**14,457.85**	19,071.13
(c) Trade receivables	21	**2,607.67**	4,080.16
(d) Cash and bank balances	22	**1,360.20**	203.76
(e) Short-term loans and advances	23	**748.39**	641.23
(f) Other current assets	24	**6,022.26**	10,746.71
		30,285.46	39,351.78
TOTAL		**69,728.88**	72,127.29
Significant Accounting Policies	1		
Other Notes to Accounts	33 to 57		

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Place : Mumbai
Dated : 28th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

₹ in Crores

		Note No.	2014-15	2013-14
I)	Revenue from operations	25	**2,38,086.90**	2,60,074.99
II)	Other income	26	**2,199.96**	1,454.20
III)	**Total revenue (I + II)**		**2,40,286.86**	2,61,529.19
IV)	**Expenses**			
	1) Cost of raw materials consumed	27	**94,424.39**	1,09,197.43
	2) Purchases of stock-in-trade	28	**1,17,051.71**	1,30,897.87
	3) Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**4,513.32**	(2,030.30)
	4) Employee benefits expense	30	**2,085.60**	2,896.35
	5) Finance costs	31	**583.10**	1,359.08
	6) Depreciation and amortization expense	12,13	**2,516.02**	2,246.82
	7) Other expenses	32	**11,697.21**	11,012.96
	Total expenses		**2,32,871.35**	2,55,580.21
V)	**Profit / (Loss) before tax (III - IV)**		**7,415.51**	5,948.98
VI)	**Tax expense**			
	1) Current tax		**2,010.00**	2,275.00
	2) Deferred tax		**347.36**	(294.82)
	3) Short / (Excess) provision of earlier years		**(26.36)**	(92.08)
	Total tax expense		**2,331.00**	1,888.10
VII)	**Profit / (Loss) after tax for the year (V - VI)**		**5,084.51**	4,060.88
VIII)	**Basic and Diluted Earnings per share (Face value ₹ 10)** (Refer Note No. 44)		**70.32**	56.16
	Significant Accounting Policies	1		
	Other Notes to Accounts	33 to 57		

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

CASH FLOW STATEMENT

		₹ in Crores	
	For the year ended	**31/03/2015**	31/03/2014
A	**Cash Flow from Operating Activities**		
	Net Profit before tax & Prior Period Items	**7,371.80**	5,900.96
	Adjustments for :		
	Depreciation	**2,516.02**	2,246.82
	Interest	**583.10**	1,297.15
	Foreign Exchange Fluctuations (Refer explanatory note 3)	**(366.41)**	328.62
	(Profit) / Loss on Sale of fixed assets	**(0.15)**	12.98
	(Profit) / Loss on Sale of investments	**-**	29.45
	Income from Investments	**(878.66)**	(818.32)
	Dividend Received	**(159.30)**	(139.22)
	Expenditure towards Corporate Social Responsibility	**76.01**	
	Other Non-Cash items (Refer explanatory note 4)	**(344.19)**	577.52
	Operating Profit before Working Capital Changes	**8,798.22**	9,435.95
	(Invested in)/Generated from :		
	Inventories	**4,613.28**	(2,380.76)
	Trade Receivables	**1,337.65**	(310.79)
	Other receivables	**4,700.07**	(1,788.40)
	Current Liabilities & Payables	**1,064.97**	5,188.56
	Cash generated from Operations	**20,514.19**	10,144.56
	Direct Taxes paid	**(2,329.54)**	(1,788.48)
	Paid for Corporate Social Responsibility	**(33.95)**	
	Cash flow before prior period items	**18,150.70**	8,356.08
	Prior Period Items	**43.71**	48.02
	Net Cash from / (used in) Operating Activities	**18,194.41**	8,404.10

CASH FLOW STATEMENT (CONTD.)

₹ in Crores

	For the year ended	31/03/2015	31/03/2014
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(8,034.94)**	(4,743.87)
	Sale of fixed assets	**18.32**	7.10
	Capital Advances	**(121.57)**	(293.36)
	Capital Grant Received	**4.98**	6.30
	Investment, Loans and Advances to Joint Venture Companies		
	Bharat Renewable Energy Ltd.	**(0.75)**	(0.61)
	Petronet LNG Limited (Advances)	**(93.82)**	-
	Petroleum India International	**-**	(1.13)
	GSPL India Gasnet Ltd.	**(5.50)**	(6.59)
	GSPL India Transco Ltd.	**(2.75)**	(4.95)
	Mumbai Aviation Fuel Farm Facility Pvt. Ltd.	**(4.50)**	-
	Kannur International Airport Limited	**(50.00)**	(30.00)
	Kochi Salem Pipeline Pvt. Ltd. (Advance against equity shares)	**(6.75)**	-
	Investment, Loans and Advances to Subsidiaries		
	Bharat PetroResources Ltd. (Advance against equity shares)	**(300.00)**	-
	Bharat PetroResources Ltd. (Investment)	**-**	(250.00)
	Bharat PetroResources Ltd. (Loan)	**(350.00)**	(300.00)
	Investment in BPCL Trust for investment in shares	**(0.01)**	-
	Sale of Investments	**3.12**	220.55
	Income from Investment	**875.75**	971.45
	Dividend Received	**159.30**	139.22
	Net Cash from / (used in) Investing Activities	**(7,909.12)**	(4,285.89)
C	**Cash Flow from Financing Activities**		
	Long term Borrowings	**907.50**	6,351.23
	Repayment of loans	**(7,937.13)**	(10,199.77)
	Interest paid	**(676.81)**	(1,472.33)
	Dividend Paid	**(1,229.24)**	(795.39)
	Corporate Dividend Tax	**(196.58)**	(127.47)
	Net Cash from / (used in) Financing Activities	**(9,132.26)**	(6,243.73)
D	**Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)**	**1,153.03**	(2,125.52)

CASH FLOW STATEMENT (CONTD.)

₹ in Crores

Cash and Cash equivalents as at	31/03/2014	31/03/2013
Cash on hand	**47.07**	48.05
Cheques and drafts on hand	**55.68**	74.46
Cash at Bank	**100.32**	2,204.77
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(2.11)**	(0.80)
	200.96	2,326.48
Cash and Cash equivalents as at	**31/03/2015**	31/03/2014
Cash on hand	**26.86**	47.07
Cheques and drafts on hand	**25.88**	55.68
Cash at Bank	**1,303.99**	100.32
Effect of Exchange difference on Translation of Foreign Currency cash and cash equivalents	**(2.74)**	(2.11)
	1,353.99	200.96
Net change in Cash and Cash equivalents	**1,153.03**	(2,125.52)

Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 as notified by the Central Government.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head “Foreign Exchange Fluctuations”.
4. “Other Non-Cash items” include excess provisions written back, diminution in value of investment, amortisation of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5. "Current Liabilities and Payables" may include Payables in respect of Purchase of Fixed Assets, if any.
6. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

Company Overview

Bharat Petroleum Corporation Limited referred to as “BPCL” or “the Corporation” was incorporated on 3rd November, 1952. BPCL is a Government of India Enterprise listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Corporation is engaged in the business of refining of crude oil and marketing of petroleum products. It has refineries at Mumbai and Kochi, LPG bottling plants and Lube blending plants. The Corporation’s marketing infrastructure includes vast network of Installations, Depots, Retail Outlets, Aviation Service Stations and LPG distributors.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Corporation has prepared these financial statements to comply in all material respects with the accounting standards prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule (7) of the Companies (Accounts) Rules, 2014 and other provisions of the Act (to the extent notified). The financial statements have been prepared on an accrual basis (unless otherwise stated) and under historical cost convention. The accounting policies are consistent with those used in previous year except for the policy in respect of the depreciation of Fixed Assets referred to in para 1.5.1.

1.1 USE OF ESTIMATES

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

1.2 FIXED ASSETS

1.2.1. TANGIBLE FIXED ASSETS

a) Fixed Assets are stated at cost net of accumulated depreciation.

b) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

c) First time procurement cost of catalyst is capitalized along with the project cost and the cost of subsequent replacements are charged off in the year of issuance to consumption.

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

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

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

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

1.2.2. INTANGIBLE ASSETS

a) Intangible assets are carried at cost less accumulated amortization.

b) Cost of Right of Way which is perpetual and absolute in nature is amortised over a period of 99 years and in other cases, over its estimated useful life.

c) Expenditure incurred for creating/acquiring other intangible assets of ₹ 0.50 Crore and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit. In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

1.3 IMPAIRMENT OF ASSETS

The values of tangible and intangible assets of respective Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date, if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than higher of net selling price of the asset or present value of estimated future cash flows, the difference is recognized as an impairment loss.

1.4 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to revenue.

1.5 DEPRECIATION

1.5.1. Depreciation on fixed assets is provided on the straight line basis, over the useful lives of assets (after retaining the residual value of upto 5%) as prescribed by the Schedule II of the Act, except in following cases:

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

b) Plant & Machinery at Retail Outlets (other than Storage tanks and related equipments) are depreciated over a useful life of 15 years based on the technical assessment.

c) Computer equipments are depreciated over a period of 4 years and Mobile phones are depreciated over a period of 3 years based on internal assessment. Furniture, other than computer equipments and mobile phones, provided at the residence of management staff are depreciated over a period of 7 years as per internal assessment.

d) Fixed assets costing not more than ₹ 5,000 each are depreciated at 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators which are depreciated over a useful life of 15 years based on the technical assessment.

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

1.6 INVESTMENTS

1.6.1. Current investments are valued at lower of cost or fair value determined on an individual investment basis.

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

1.7 INVENTORY

1.7.1. Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis (determined on periodical basis as appropriate) and comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis.

1.7.2. The net realizable value of finished goods and stock-in-trade are based on the inter-company transfer prices and final selling prices (applicable at the location of stock) for sale to oil companies and retail consumers respectively. For the purpose of stock valuation, the proportion of sales to oil companies and retail sales are determined on all India basis and considered for stock valuation at all locations.

1.7.3. The cost of Stock-in-Process is determined at raw material cost plus cost of conversion.

1.7.4. Obsolete, slow moving, surplus and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

1.8 REVENUE RECOGNITION

1.8.1. Revenue is recognised when, sufficient risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection.

1.8.2. Sales represents invoiced value of goods supplied net of trade discounts, and include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT / Sales Tax. Further, it includes other elements allowed by the Government from time to time.

1.8.3. Claims including subsidy on LPG and SKO from Government of India are booked on in principle acceptance thereof on the basis of available instructions/clarifications subject to final adjustments after necessary audit, as stipulated.

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

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

1.8.6. Dividend income is recognized when the Corporation's right to receive the dividend is established.

1.8.7. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

1.9. CLASSIFICATION OF INCOME/EXPENSES

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

1.9.2. Income/expenditure upto ₹ 0.05 crore in each case pertaining to prior year(s) is charged to the current year.

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

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

1.10. EMPLOYEE BENEFITS

1.10.1. Contributions to defined contribution schemes such as Pension, Superannuation, Provident Fund, etc. are charged to the Statement of Profit and Loss as and when incurred.

1.10.2. The Corporation also provides for retirement / post-retirement benefits in the form of gratuity, leave encashment, post retirement benefits and other long term benefits. Such defined benefits are charged to the Statement of Profit and Loss based on valuations made by independent actuary using the Projected Unit Credit Method, as at the Balance Sheet date.

1.10.3. Expenditure on account of Voluntary Retirement Scheme are charged to Statement of Profit and Loss as and when incurred.

1.11. DUTIES ON BONDED STOCKS

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

1.11.2. Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on end use.

1.12. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

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

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

1.12.3. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Statement of Profit and Loss either as Profit or Loss on Foreign Currency transactions and translations or Finance Cost, as the case may be.

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

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

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

1.13. GOVERNMENT GRANTS

1.13.1. When the grant relates to an expense item or depreciable fixed assets, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Grants relating to depreciable fixed assets are reflected as Capital Grants under Reserves & Surplus in Balance Sheet and recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

1.13.2. Government grants of the nature of promoters' contribution or relating to non-depreciable assets are credited to Capital Reserve in Balance Sheet.

1.14. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

1.14.1. A provision is recognized when the Corporation has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

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

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

1.15. TAXES ON INCOME

1.15.1. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

1.15.2. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.

1.15.3. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward losses, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

1.15.4. The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each Balance Sheet date.

1.16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

1.17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and on hand. The Corporation considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT:

All assets and liabilities are classified as current or non-current as per the Corporation's normal operating cycle (determined at 12 months) and other criteria set out in Schedule III of the Act.

1.19. ACCOUNTING FOR LEASES

For operating leases, rentals are expensed with reference to lease terms and other relevant considerations.

1.20. CASH FLOW

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2. SHARE CAPITAL

₹ in Crores

		31/03/2015	31/03/2014
i	**Authorised**		
	2,50,00,00,000 equity shares	**2,500.00**	2,500.00
	(previous year 2,50,00,00,000 equity shares)		
ii	**Issued, subscribed and paid-up**		
	72,30,84,248 (previous year 72,30,84,248) equity shares fully paid-up	**723.08**	723.08
	Total	**723.08**	723.08

iii The Corporation has only one class of shares namely equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Corporation, the holders of equity shares will be entitled to receive the remaining assets of the Corporation in proportion to the number of equity shares held.

The Corporation declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

iv During the period ended 31st March 2015, proposed dividend per share is ₹ **22.50** (previous year ₹ 17). The total dividend appropriation for the year ended 31st March 2015 amounted to ₹ **1,921.21 crores** (previous year ₹ 1,425.82 crores) including Corporate Dividend Tax of ₹ **294.27 crores** (previous year ₹ 196.58 crores)

v During Financial Year 2012-13, the Corporation had issued Bonus Shares in the ratio of 1:1 by capitalisation of General Reserve. The total number of Bonus Shares issued is 36,15,42,124 equity shares having face value of ₹ 10 each.

vi **Reconciliation of No. of Equity Shares**

		31/03/2015	31/03/2014
A.	Opening Balance	**72,30,84,248**	72,30,84,248
B.	Shares Issued		
	- Bonus Shares	**-**	-
C.	Shares Bought Back	**-**	-
D.	Closing Balance	**72,30,84,248**	72,30,84,248

vii **Details of shareholders holding more than 5% shares**

Name of shareholder	31/03/2015		31/03/2014	
	% Holding	No. of shares	% Holding	No. of shares
Government of India	**54.93**	**39,72,00,120**	54.93	39,72,00,120
BPCL Trust for Investment in shares	**9.33**	**6,74,57,474**	9.33	6,74,57,474
Life Insurance Corporation of India	**3.75**	**2,70,86,759**	5.42	3,91,62,846

3. RESERVES AND SURPLUS

₹ in Crores

	31/03/2015	31/03/2014
Capital Reserve :		
As per last Balance Sheet	**12.33**	12.33
Capital Grant :		
As per last Balance Sheet	**9.37**	3.94
Add: Grant received during the year	**4.98**	6.30
Less : Amortisation of Capital Grant during the year	**(2.30)**	(0.87)
	12.05	9.37
Debenture Redemption Reserve :		
As per last Balance Sheet	**323.14**	126.30
Add : Transfer from Surplus	**194.35**	196.84
	517.49	323.14
General Reserve :		
As per last Balance Sheet	**17,706.59**	15,268.37
Add : Transfer from Surplus	**2,968.95**	2,438.22
	20,675.54	17,706.59
Foreign Currency Monetary Item Translation Difference Account :		
(Refer Note No. 34)		
As per last Balance Sheet	**184.25**	-
Add/(Less) : Additions/(Deletions) during the year	**(149.35)**	191.84
Less : Amortization during the year	**(7.91)**	(7.59)
	26.99	184.25
Surplus :		
As per last Balance Sheet	**500.00**	500.00
Add : Profit/(Loss) for the year as per Statement of Profit and Loss	**5,084.51**	4,060.88
Less : Proposed Dividend	**(1,626.94)**	(1,229.24)
Less : Corporate Dividend Tax	**(294.27)**	(196.58)
Less : Transfer to Debenture Redemption Reserve	**(194.35)**	(196.84)
Less : Transfer to General Reserve	**(2,968.95)**	(2,438.22)
	500.00	500.00
Total	**21,744.40**	18,735.68

4. LONG-TERM BORROWINGS

₹ in Crores

	31/03/2015		31/03/2014	
	Current #	Non-Current	Current #	Non-Current
Secured				
From others				
Debentures				
8.65% Secured Non-Convertible Debentures 2017 *	**-**	**700.00**	-	700.00
Term Loan				
Loan from Oil Industry Development Board	**-**	**907.50**	-	-
Unsecured				
From banks				
Foreign Currency Loans - Syndicated	**1,251.82**	**5,633.17**	150.25	6,610.98
From Others				
Bonds				
4.625% US Dollar International Bonds 2022	**-**	**3,129.54**	-	3,004.99
3% Swiss Franc International Bonds 2019	**-**	**1,293.30**	-	1,350.39
(Refer Note No. 51 (c))				
Term Loan				
Loan from Oil Industry Development Board	**68.50**	**73.50**	179.25	142.00
Total	**1,320.32**	**11,737.01**	329.50	11,808.36

Classified under other current liabilties (Refer Note No. 10)

4. LONG-TERM BORROWINGS (CONTD.)

Terms of Repayment Schedule of Long-term borrowings as on 31/03/2015 :

Non-Current	₹ in Crores	Maturity
8.65% Secured Non-Convertible Debentures 2017	700.00	8-Oct-17
Loan from Oil Industry Development Board - 2017	73.50	Apr 16 - Sep 17
Loan from Oil Industry Development Board - 2019	888.00	Apr 16 - Sep 19
Loan from Oil Industry Development Board - 2020	19.50	Jan 17 - Jan 20
Foreign Currency Loans - Syndicated	1,877.72	9-Mar-17
	1,032.75	7-Nov-17
	625.91	5-Feb-18
	1,064.04	7-Nov-18
	1,032.75	7-Nov-19
3% Swiss Franc International Bonds 2019	1,293.30	20-Dec-19
4.625% US Dollar International Bonds 2022	3,129.54	25-Oct-22

Current	₹ in Crores	Maturity
Foreign Currency Loans - Syndicated	1,251.82	26-Feb-16
Loan from Oil Industry Development Board - 2015	19.25	20-Apr-15
Loan from Oil Industry Development Board - 2017	24.25	28-Sep-15
Loan from Oil Industry Development Board - 2017	25.00	30-Mar-16

* The Corporation had allotted redeemable non-convertible 8.65% Debentures of face value of ₹ 700 crores on 8th October 2012 reedemable on 8th October 2017 with a put call option on 8th October 2015. These are secured by first legal mortgage by way of a Registered Debenture Trust Deed over the fixed assets of the Corporation, mainly Plant and Machinery at Mumbai Refinery.

5. DEFERRED TAX LIABILITIES (NET)

The net deferred tax liability of ₹ **347.36 crores** (previous year deferred tax asset of ₹ 294.82 crores) is recognised during the year in the Statement of Profit and Loss. The breakup of components of deferred tax assets / liabilities are as under :

₹ in Crores

	31/03/2015	31/03/2014
Deferred Tax Liabilities :		
On account of depreciation	**2,878.25**	2,574.80
Total Deferred Tax Liabilities	**2,878.25**	2,574.80
Deferred Tax Assets :		
Disallowances under Income Tax Act, 1961	**755.68**	611.16
Provisions for mark to market for investments & Loans, doubtful debts, claims, etc.	**381.64**	556.52
Voluntary Retirement Scheme & Long Term Capital Loss	**32.67**	46.22
Total Deferred Tax Assets	**1,169.99**	1,213.90
Deferred Tax Liabilities (Net)	**1,708.26**	1,360.90

6. OTHER LONG-TERM LIABILITIES

₹ in Crores

	31/03/2015	31/03/2014
Security/Earnest Money Deposits	20.00	13.93
Retiral Dues	50.03	46.81
Total	**70.03**	60.74

7. LONG - TERM PROVISIONS

₹ in Crores

	31/03/2015	31/03/2014
Provision for employee benefits (Refer Note No. 39)	1,108.60	1,157.31
Total	**1,108.60**	1,157.31

8. SHORT - TERM BORROWINGS

₹ in Crores

	31/03/2015	31/03/2014
Loans repayable on demand		
Secured		
From banks		
Working capital loans / Cash Credit *	40.27	1,723.91
From others		
Collateralized Borrowings and Lending Obligation **	-	1,101.25
Unsecured		
From banks		
Foreign Currency Loans	-	5,358.54
Total	**40.27**	8,183.70

* Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock- in- process, book debts, stores, components and spares and all movables both present and future.

** Secured by Oil Marketing Companies GOI Special Bonds 2026 of ₹ **2,450 crores** (previous year ₹ 2,450 crores) and a bank guarantee of ₹ **500 crores** (previous year ₹ 500 crores) issued in favour of Clearing Corporation of India Limited.

9. TRADE PAYABLES

₹ in Crores

	31/03/2015	31/03/2014
Dues to subsidiaries	1,161.63	191.45
Dues to others (Refer Note No. 38)	11,054.78	11,847.29
Total	**12,216.41**	12,038.74

10. OTHER CURRENT LIABILITIES

₹ in Crores

	31/03/2015	31/03/2014
Current maturities of long-term borrowings (Refer Note No.4)	**1,320.32**	329.50
Interest accrued but not due on borrowings	**165.02**	137.79
Security/Earnest Money deposits	**411.45**	358.81
Deposits for Containers	**7,677.48**	6,494.96
Advances from Customers	**663.23**	590.80
Unclaimed Dividend *	**3.47**	2.80
Unclaimed Deposits *	**0.08**	0.14
Unclaimed Interest on Deposits *	**0.04**	0.07
Statutory Liabilities	**2,438.22**	2,535.55
Dues to Micro, Small and Medium Enterprises (Refer Note No. 40)	**163.67**	131.87
Other Liabilities (including creditors for expenses and others)	**3,962.23**	4,296.55
Total	**16,805.21**	14,878.84

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

11. SHORT TERM PROVISIONS

₹ in Crores

	31/03/2015	31/03/2014
Provision for employee benefits (Refer Note No. 39)	**146.07**	153.01
Provision for Taxation (Net of Advance tax paid)	**738.71**	1,089.76
Proposed dividend	**1,626.94**	1,229.24
Corporate Dividend Tax on Proposed dividend	**294.27**	196.58
Provision for CSR Expenditure (Refer Note No. 47)	**42.06**	-
Others (Refer Note No. 46)	**727.56**	511.35
Total	**3,575.61**	3,179.94

12. TANGIBLE ASSETS

₹ in Crores

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01-04-2014	Additions	Other Adjustments (Refer Note 34)	Reclassifications / Deductions on Account of Retirement / Disposal	**As at 31/03/2015**	Up to 31/03/2014	For the Year	Reclassifications / Deductions on Account of Retirement / Disposal	**Up to 31/03/2015**	**As at 31/03/2015**	As at 31/03/2014
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1 Land [Refer Note 12(b)]											
(a) Freehold	756.52	130.14	-	76.12	**810.54**	-	-	-	**-**	**810.54**	756.52
(b) Leasehold	198.34	15.57	-	(0.81)	**214.72**	35.25	5.27	-	**40.52**	**174.20**	163.09
2 Buildings including Roads *	6,334.26	434.91	24.38	249.59	**6,543.96**	1,136.84	1,226.86	52.28	**2,311.42**	**4,232.54**	5,197.42
3 Plant and Equipments *	13,168.91	990.17	67.58	(18.72)	**14,245.38**	5,539.12	680.94	(13.99)	**6,234.05**	**8,011.33**	7,629.79
4 Furniture and Fixtures *	286.17	45.24	-	(184.28)	**515.69**	127.40	115.71	(22.33)	**265.44**	**250.25**	158.77
5 Vehicles	183.95	7.62	-	112.68	**78.89**	126.07	6.06	76.91	**55.22**	**23.67**	57.88
6 Office Equipments *	918.20	98.50	-	(11.11)	**1,027.81**	680.42	99.22	37.46	**742.18**	**285.63**	237.78
7 Railway Sidings	310.94	1.40	-	2.88	**309.46**	168.65	29.63	2.02	**196.26**	**113.20**	142.29
8 Tanks and Pipelines *	6,350.12	675.82	-	4.10	**7,021.84**	3,499.42	143.08	10.44	**3,632.06**	**3,389.78**	2,850.70
9 Dispensing Pumps	2,526.14	218.99	15.90	28.02	**2,733.01**	751.55	158.76	23.99	**886.32**	**1,846.69**	1,774.59
10 LPG Cylinders and Allied Equipments	6,944.32	1,117.30	26.93	1.17	**8,087.38**	6,944.32	56.08	1.25	**6,999.15**	**1,088.23**	-
Total	**37,977.87**	**3,735.66**	**134.79**	**259.64**	**41,588.68**	**19,009.04**	**2,521.61**	**168.03**	**21,362.62**	**20,226.06**	**18,968.83**
Previous Year	33,505.51	4,295.74	331.30	154.68	**37,977.87**	16,881.48	2,236.19	108.63	**19,009.04**	**18,968.83**	

* These include assets which are given on Operating Leases, the details thereof are included in Note No. 43

Additional information in respect of Note No. 12:

a) In accordance with the requirements prescribed under Schedule II of the Act, the Corporation has assessed the estimated useful lives of its fixed assets and has adopted the useful lives as prescribed in Schedule II except in certain cases (Refer Note No 1.5.1).

This has resulted in decrease in the depreciation expense for the year ended 31st March 2015 by ₹ **1,033.29 Crores** as compared to depreciation under Schedule XIV of Companies Act, 1956 applicable till 31st March 2014.

As per the transitional provisions of Schedule II of the Companies Act, 2013, and in line with the Notification dated August 29, 2014 issued by Ministry of Corporate Affairs (MCA), the Corporation has charged ₹ **993.38 Crores** to the Statement of Profit and Loss on account of the carrying amount of assets (after retaining the residual value) where the remaining useful life of the asset is Nil.

As permitted by the notification dated August 29, 2014 issued by Ministry of Corporate Affairs, the Corporation will comply with the requirements of paragraph 4(a) of Notes to Schedule II of the Act relating to componentization, from financial year 2015-16.

b) Land:

i. Freehold land includes ₹ **33.54 Crores** (previous year ₹ 32.04 Crores) with more than 99 years lease period.

ii. Freehold land includes ₹ **387.56 Crores** (previous year ₹ 339.34 Crores) capitalized at various locations for which conveyance deeds are yet to be executed and/or mutation is pending.

iii. Freehold land includes ₹ **2.20 Crores** (previous year ₹ 2.20 Crores) which is in the process of being surrendered to the Competent Authority.

iv. Leasehold land 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 ₹ **1.06 Crores** (previous year ₹ 0.91 Crores).
- Other leasehold land - Gross Block ₹ **0.40 Crores** (previous year ₹ 0.40 Crores), Net Block ₹ **0.31 Crores** (previous year ₹ 0.32 Crores).

c) Buildings include Ownership flats of ₹ **49.36 Crores** (previous year ₹ 47.43 Crores) in proposed / existing co-operative societies and others.

d) Other adjustments include capitalization of foreign exchange differences (net) of ₹ **131.24 Crores** (previous year ₹ 288.02 Crores) and borrowing costs of ₹ **3.55 Crores** (previous year ₹ 43.28 Crores).

e) Land, Plant and Equipments, Tanks and Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies / Railways : Gross Block ₹ **292.26 Crores** (previous year ₹198.67 Crores), Cumulative Depreciation ₹ **128.92 Crores** (previous year ₹ 116.32 Crores), Net Block ₹ **163.34 Crores** (previous year ₹ 82.35 Crores).

f) Gross Block includes ₹ **16.15 Crores** (previous year ₹ 42.41 Crores) towards assets which are not currently in active use during the period in respect of which additional depreciation of ₹ **6.08 Crores** (previous year ₹ 17.82 Crores) has been provided to recognize the expected loss on disposal.

13. INTANGIBLE ASSETS

₹ in Crores

Particulars	Useful Life (No. of Years)	Gross Amount					Amortisation				Net Carrying Amount	
		As at 01/04/2014	Additions	Other Adjustments	Reclassifications/ Deletions	**As at 31/03/2015**	Up to 31/03/2014	For the year	Reclassifications/ Deletions	**Up to 31/03/2015**	**As at 31/03/2015**	As at 31/03/2014
(1)	(2)	(3)	(4)	(5)	(6)	**(7)**	(8)	(9)	(10)	**(11)**	**(12)**	(13)
1 Right of Way	upto 99	36.46	21.59	-	6.86	**51.19**	2.53	0.92	0.50	**2.95**	**48.24**	33.93
2 Software/ License	2 - 5	74.70	7.58	-	0.12	**82.16**	47.00	9.80	-	**56.80**	**25.36**	27.70
3 Development Rights	5	1.50	-	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
4 Process Licenses	5	73.25	12.85	-	-	**86.10**	64.20	6.50	-	**70.70**	**15.40**	9.05
Total		**185.91**	**42.02**	**-**	**6.98**	**220.95**	**115.23**	**17.22**	**0.50**	**131.95**	**89.00**	**70.68**
Previous Year		169.27	29.10	0.24	12.70	**185.91**	102.89	14.23	1.89	**115.23**	**70.68**	

Additional information in respect of Note Nos. 12 and 13:

a. Deduction from Gross Block includes :

i) Write back of excess capitalisation of ₹ **140.23 Crores** (previous year ₹ 41.71 Crores)

ii) Deletions during the year ₹ **126.39 Crores** (previous year ₹ 125.67 Crores).

b. Depreciation and amortization for the year includes :

i) Charged to Statement of Profit and Loss ₹ **2,530.41 Crores** (previous year ₹ 2,250.42 Crores)

ii) Charged to Prior Period expenses ₹ **8.42 Crores** (previous year NIL).

c. Deductions from depreciation includes :

i) On excess capitalisation ₹ **2.16 Crores** (previous year ₹ 3.52 Crores)

ii) On withdrawal of depreciation on deletion during the year ₹ **108.22 Crores** (previous year ₹ 105.50 Crores)

iii) On reclassification of assets ₹ **12.23 Crores** (previous year ₹ 0.08 Crores)

iv) Credited to Prior Period ₹ **45.92 Crores** (previous year ₹ 1.42 Crores)

14. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Crores

Particulars	Gross Amount				Amortisation				Net Carrying Amount	
	As at 01/04/2014	Additions	Capitalizations as Intangible Asset/ Deletions	**As at 31/03/2015**	Up to 31/03/2014	For the year	Deletions/ Reclassifications	**Up to 31/03/2015**	**As at 31/03/2015**	As at 31/03/2014
(1)	(2)	(3)	(4)	**(5)**	(6)	(7)	(8)	**(9)**	**(10)**	(11)
1. Process Licenses	25.07	-	-	**25.07**	-	-	-	**-**	**25.07**	25.07
Total	**25.07**	**-**	**-**	**25.07**	**-**	**-**	**-**	**-**	**25.07**	**25.07**
Previous Year	-	-	-	**-**	-	-	-	**-**	**-**	

There are no internally generated Intangible Assets

15. CAPITAL WORK-IN-PROGRESS

₹ in Crores

			31/03/2015	31/03/2014
Capital work-in-progress (at cost)				
Tangible Assets under erection/ construction			**5,701.63**	2,079.38
Capital stores including lying with contractors			**1,149.36**	588.17
Capital goods in transit			**162.78**	23.44
Allocation of Construction period expenses				
	31/03/2015	31/03/2014		
Opening balance	**349.04**	120.91		
Add: Expenditure during the year				
Establishment charges including Salaries & Wages	**97.89**	79.15		
Interest	**175.49**	43.23		
Loss on foreign currency transactions and translations	**65.10**	183.10		
Others	**36.04**	32.12		
	723.56	458.51		
Less: Allocated to assets capitalised during the year / charged off	**(96.72)**	(109.47)		
Closing balance pending allocation			**626.84**	349.04
Total			**7,640.61**	3,040.03

16. NON - CURRENT INVESTMENTS

(At Cost unless otherwise specified)

(Refer Note No. 49)

	No. of Units		Book Value	
	31/03/2015 Nos.	31/03/2014 Nos.	**31/03/2015 ₹ in Crores**	31/03/2014 ₹ in Crores
Long Term				
(a) Trade Investment in Equity Instruments				
Quoted				
Equity Shares of ₹ 10 each (fully paid up)				
Joint ventures				
Petronet LNG Limited	**9,37,50,000**	9,37,50,000	**98.75**	98.75
Indraprastha Gas Limited	**3,15,00,080**	3,15,00,080	**31.50**	31.50
Others				
Oil India Limited	**1,33,75,275**	1,33,75,275	**561.76**	561.76
			692.01	692.01
Unquoted				
Equity Shares of ₹ 10 each (fully paid up)				
Subsidiaries				
Numaligarh Refinery Limited	**45,35,45,998**	45,35,45,998	**453.55**	453.55
Bharat PetroResources Limited	**2,62,00,02,670**	2,62,00,02,670	**2,620.00**	2,620.00
Joint ventures				
Bharat Oman Refineries Limited	**88,86,13,336**	88,86,13,336	**888.61**	888.61
Delhi Aviation Fuel Facility Private Limited	**6,06,80,000**	6,06,80,000	**60.68**	60.68
Petronet CCK Limited	**4,90,00,000**	4,90,00,000	**49.00**	49.00
Maharashtra Natural Gas Limited	**2,24,99,600**	2,24,99,600	**22.50**	22.50
Sabarmati Gas Limited	**50,00,000**	50,00,000	**19.96**	19.96
Petronet India Limited	**1,60,00,000**	1,60,00,000	**16.00**	16.00
Central UP Gas Limited	**1,49,99,600**	1,50,00,000	**15.00**	15.00
Bharat Stars Services Pvt. Ltd.	**1,00,00,000**	1,00,00,000	**10.00**	10.00
Bharat Renewable Energy Ltd.	**33,60,000**	33,60,000	**3.36**	3.36
Petronet CI Limited	**15,84,000**	15,84,000	**1.58**	1.58
GSPL India Gasnet Ltd.	**2,05,72,128**	1,50,72,128	**20.57**	15.07
GSPL India Transco Ltd.	**1,54,00,000**	1,26,50,000	**15.40**	12.65
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.	**45,02,500**	-	**4.50**	-
Others				
Cochin International Airport Limited	**1,05,00,000**	1,05,00,000	**10.50**	10.50
Equity Shares of ₹ 100 each (partly paid up)				
Joint ventures				
Kannur International Airport Limited Current year ₹ **70.59** (Previous Year ₹ 41.18) paid up	**1,70,00,000**	1,70,00,000	**120.00**	70.00
Equity Shares of USD 1 each (fully paid up)				
Joint ventures				
Matrix Bharat Pte. Ltd.	**20,00,000**	20,00,000	**8.41**	8.41
Others				
BPCL Trust for investment in shares			**659.11**	659.10
(Refer Note No. 35)			**4,998.73**	4,935.97
Investment in Share Warrants				
Unquoted				
Joint ventures				
Bharat Oman Refineries Limited				
- of ₹ 10 each (fully paid up)	**48,68,86,664**	48,68,86,664	**486.89**	486.89
- of ₹ 15 each (fully paid up)	**29,91,94,364**	29,91,94,364	**448.79**	448.79
- of ₹ 18 each (fully paid up)	**36,11,11,111**	36,11,11,111	**650.00**	650.00
			1,585.68	1,585.68

16. NON - CURRENT INVESTMENTS (CONTD.)

	No. of Units		Book Value	
	31/03/2015 Nos.	31/03/2014 Nos.	**31/03/2015 ₹ in Crores**	31/03/2014 ₹ in Crores
Investment in Debentures or Bonds				
Unquoted				
6% Optional Convertible Debenture of ₹ 1,00,000 each (fully paid up)				
Joint ventures				
Sabarmati Gas Limited	**2,000**	2,000	**20.00**	20.00
			7,296.42	7,233.66
Less : Provision for diminution in value of investment				
Petronet India Limited			**(16.00)**	(16.00)
Bharat Renewable Energy Ltd			**(3.36)**	(3.36)
Petronet CI Limited			**(1.58)**	(1.58)
			(20.94)	(20.94)
			7,275.48	7,212.72
(b) Non Trade				
Investment in Equity Instruments				
Unquoted				
Equity Shares of Kochi Refineries Employees Consumer Co-operative Society Limited (Fully paid up)	**500**	500	**##**	##
## Value ₹ 5,000				
Ordinary Shares (Fully paid up) of Sindhu Resettlement Corporation Limited	**6**	6	**#**	#
# Value ₹ 19,000				
Investment in Debentures or Bonds				
Unquoted				
Debentures (Irredeemable - Fully Paid up)				
5 % debentures of East India Clinic Limited	**1**	1	**0.01**	0.01
			0.01	0.01
In Association of Persons				
Unquoted				
Capital Contribution in Petroleum India International			**10.00**	10.00
Share in accumulated surplus of Petroleum India International			**16.56**	15.37
			26.56	25.37
Member Companies ###				
Bharat Petroleum Corporation Limited				
Engineers India Limited				
Hindustan Petroleum Corporation Limited				
Indian Oil Corporation Limited				
Indian Petrochemicals Corporation Limited				
Chennai Petroleum Corporation Limited				
Oil and Natural Gas Corporation Limited				
Oil India Limited				
Total			**7,302.05**	7,238.10

Aggregate value of Unquoted Securities ₹ **6,610.04 crores** (previous year ₹ 6,546.09 crores)

Aggregate value of Quoted Securities ₹ **692.01 crores** (previous year ₹ 692.01 crores)

Market value of Quoted Securities ₹ **3,535.38 crores** (previous year ₹ 2,866.35 crores)

The total capital is ₹ 55.00 crores of which share of Bharat Petroleum Corporation Limited is ₹ 10.00 crores, Indian Oil Corporation Limited is ₹ 15.00 crores and other members have equal share of ₹ 5.00 crores each.

17. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Capital advances	**508.67**	387.10
Security deposits		
Considered good	**28.10**	23.76
Considered doubtful	**0.45**	-
Less : Provision for doubtful deposits	**(0.45)**	-
Loans and advances to subsidiaries (Refer Note No. 49)		
Loan to Bharat PetroResources Limited	**650.00**	300.00
Advance to Bharat PetroResources Limited *	**300.00**	-
Loans and advances to related parties (Refer Note No. 49)		
Bharat Oman Refineries Limited	**1,354.10**	1,354.10
Petronet LNG Limited	**150.00**	56.18
Bharat Renewable Energy Limited *	**0.75**	-
Less: Provision in respect of Bharat Renewable Energy Limited	**(0.75)**	-
Kochi Salem Pipeline Pvt. Ltd. *	**6.75**	-
Loans and advances to employees (including accrued interest) (secured) (Refer Note No. 42)	**539.02**	547.27
Loans to others (Refer Note No. 49)		
Considered good	**30.40**	37.76
Considered doubtful	**1.03**	0.10
Less: Provision for doubtful loans	**(1.03)**	(0.10)
Claims & Deposits		
Considered good	**452.20**	439.88
Considered doubtful	**80.91**	47.68
Less : Provision for doubtful claims & deposits	**(80.91)**	(47.68)
Advance Income Tax (Net of provision for taxation)	**57.93**	120.61
Total	**4,077.17**	3,266.66

* Advance against equity shares (pending allotment)

18. OTHER NON-CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Unamortized Borrowings Expenses	**70.57**	100.21
Gratuity Account Balance (Refer Note No. 39)	**11.93**	64.96
Bank deposits with more than twelve months maturity		
Considered good *	**0.96**	0.97
Considered doubtful	**0.02**	-
Less: Provision for Bank deposits with more than twelve months maturity	**(0.02)**	-
Total	**83.46**	166.14

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

19. CURRENT INVESTMENTS

(Current Investments are valued at lower of cost or fair market value)

₹ in Crores

		No. in Thousands		Book Value	
		31/03/2015	31/03/2014	**31/03/2015**	31/03/2014
Investments in Government Securities (Face Value ₹ 100 each)					
Non Trade - Quoted					
1	6.35% Oil Marketing Companies GOI Special Bonds 2024	**2,09,496**	2,09,496	**2,094.96**	2,094.96
2	6.90% Oil Marketing Companies GOI Special Bonds 2026 #	**2,47,400**	2,47,400	**2,474.00**	2,474.00
3	7.59% Oil Marketing Companies GOI Special Bonds 2015	**-**	231	**-**	2.31
4	7.61% Oil Marketing Companies GOI Special Bonds 2015	**-**	81	**-**	0.81
5	7.95% Oil Marketing Companies GOI Special Bonds 2025	**1,063**	1,063	**10.63**	10.63
6	8.20% Oil Marketing Companies GOI Special Bonds 2024	**89,778**	89,778	**897.78**	897.78
				5,477.37	5,480.49
	Less : Provision for diminution in value of investment				
	in 6.35% Oil Marketing Companies GOI Special Bonds 2024			**(211.39)**	(405.09)
	in 6.90% Oil Marketing Companies GOI Special Bonds 2026			**(176.89)**	(405.74)
	in 7.59% Oil Marketing Companies GOI Special Bonds 2015			**-**	(0.02)
	in 7.61% Oil Marketing Companies GOI Special Bonds 2015			**-**	(0.01)
	in 7.95% Oil Marketing Companies GOI Special Bonds 2025			**-**	(0.91)
	in 8.20% Oil Marketing Companies GOI Special Bonds 2024			**-**	(59.93)
	Total provision for diminution in value of investment			**(388.28)**	(871.70)
	Total			**5,089.09**	4,608.79

Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO of face Value ₹ **2,450 crores** (previous year ₹ 2,450 crores)

Market value of Quoted Securities ₹ **5,104.33 crores** (previous year ₹ 4,608.79 crores)

20. INVENTORIES

(Refer Note No. 1.7)

₹ in Crores

	31/03/2015	31/03/2014
Raw materials	**3,439.66**	3,538.35
[Including in transit ₹ **1,585.10 crores** (previous year ₹ 1,365.01 crores)]		
Stock in process	**376.42**	910.90
Finished goods	**6,065.55**	8,986.00
Stock-in-trade	**4,311.12**	5,369.51
[Including in transit ₹ **559.81 crores** (previous year ₹ 387.52 crores)]		
Stores and spares	**254.68**	255.46
[Including in transit ₹ **1.44 crores** (previous year ₹ 1.32 crores)]		
Packaging material	**10.42**	10.91
Total	**14,457.85**	19,071.13

21. TRADE RECEIVABLES

(Unsecured unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Outstanding for a period exceeding 6 months from due date of payment		
Considered good *	**124.90**	171.57
Considered doubtful	**491.20**	291.36
Less: Provision for doubtful debts	**(491.20)**	(291.36)
Other debts		
Considered good *	**2,482.77**	3,908.59
Considered doubtful	**16.81**	95.30
Less: Provision for doubtful debts	**(16.81)**	(95.30)
Total	**2,607.67**	4,080.16

* Includes Secured debts ₹ **621.40 crores** (previous year ₹ 764.97 crores)

22. CASH AND BANK BALANCES

₹ in Crores

	31/03/2015	31/03/2014
Cash on hand	**26.86**	47.07
Cheques and drafts on hand	**25.88**	55.68
Balances with Banks		
On Current Account	**193.99**	98.21
Demand deposits with Banks with original maturity of less than three months	**1,110.00**	-
Cash and Cash equivalents	**1,356.73**	200.96
Earmarked Balances *	**3.47**	2.80
Total	**1,360.20**	203.76

* Represents unpaid dividend

23. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31/03/2015	31/03/2014
Loans and advances to related parties		
Dues from subsidiaries	**5.44**	5.09
Dues from Joint Venture Companies	**11.66**	7.16
Loans and advances to employees (including accrued interest) (Secured) (Refer Note No. 42)	**65.06**	65.94
Loans to Others (Refer Note No. 49)	**8.64**	7.53
Advances		
Advances Recoverable in cash, or in kind or for value to be received	**181.21**	166.29
Advances considered doubtful	**11.78**	6.81
Less : Provision for doubtful advances	**(11.78)**	(6.81)
	272.01	252.01
Advance Income Tax (Net of provision for taxation)	**72.12**	72.69
Claims (net)	**81.13**	122.32
Balances With Customs, Excise, Port Trust, etc.	**320.18**	191.18
Others	**2.95**	3.03
Total	**748.39**	641.23

24. OTHER CURRENT ASSETS

₹ in Crores

	31/03/2015	31/03/2014
Interest accrued on investments & bank deposits		
Considered good	**71.11**	69.39
Considered doubtful	**0.02**	-
Less: Provision for Interest accrued on investments & bank deposits	**(0.02)**	-
Interest accrued on Loans to Related Parties	**28.65**	28.65
Receivable from Government of India	**5,869.64**	10,615.09
Unamortised premium (foreign exchange forward contract)	**0.85**	0.81
Unamortised Borrowings Expenses	**52.01**	32.77
Total	**6,022.26**	10,746.71

25. REVENUE FROM OPERATIONS

₹ in Crores

	2014-15	2013-14
(i) a) **Sales**		
Petroleum products	**2,43,954.36**	2,50,380.84
Crude oil	**1,215.67**	1,515.23
	2,45,170.03	2,51,896.07
b) Subsidy on LPG (Domestic) & SKO (PDS)*	**612.79**	639.96
c) Subsidy from Government of India (Refer Note No. 33(b))	**7,290.40**	18,374.28
	2,53,073.22	2,70,910.31
Less: Excise duty	**(15,167.96)**	(10,976.82)
	2,37,905.26	2,59,933.49
(ii) Other operating revenues	**181.64**	141.50
Total	**2,38,086.90**	2,60,074.99

* As per the scheme of the Government of India

26. OTHER INCOME

₹ in Crores

	2014-15	2013-14
Income from current investments		
Interest Income	**426.99**	382.03
Dividend income	**17.36**	2.66
Income from non current investments		
Dividend income - Subsidiaries	**72.57**	45.35
Dividend income - Others	**69.38**	91.21
Interest income	**1.20**	1.20
Income from Association of Persons	**1.19**	1.13
Income from Others (Refer Note No. 35)	**114.68**	74.20
Interest - Others (including on bank deposits)	**334.60**	359.76
Write back of liabilities no longer required	**13.82**	5.79
Profit on sale of fixed assets (net)	**0.15**	-
Reversal towards diminution in value of current investments	**483.42**	-
Prior period income (net) #	**43.71**	48.02
Gain on foreign currency transactions and translations (net) (Refer Note No. 51(b) & (c))	**224.33**	-
Others #	**396.56**	442.85
Total	**2,199.96**	1,454.20

Includes amortisation of capital grants ₹ **2.30 Crores** (previous year ₹ 0.87 Crores)

27. COST OF RAW MATERIALS CONSUMED

₹ in Crores

	2014-15	2013-14
Opening stock	**3,538.35**	3,075.03
Add : Purchases (Refer Note No. 33(a))	**94,325.70**	1,09,660.75
Less: Closing stock	**(3,439.66)**	(3,538.35)
Total	**94,424.39**	1,09,197.43

Particulars	Year	Imported		Indigenous		Total
		₹ in Crores	%	₹ in Crores	%	₹ in Crores
Crude oil	**2014-15**	**73,899.40**	**79.45**	**19,108.74**	**20.55**	**93,008.14**
	2013-14	84,530.96	78.84	22,688.62	21.16	1,07,219.58
Others	**2014-15**	**39.49**	**2.79**	**1,376.76**	**97.21**	**1,416.25**
	2013-14	351.22	17.76	1,626.63	82.24	1,977.85
Total	**2014-15**	**73,938.89**	**78.30**	**20,485.50**	**21.70**	**94,424.39**
	2013-14	84,882.18	77.73	24,315.25	22.27	1,09,197.43

28. PURCHASES OF STOCK-IN-TRADE

₹ in Crores

	2014-15	2013-14
Petroleum products (Refer Note No. 33(a))	**1,15,836.04**	1,29,381.68
Crude Oil	**1,215.67**	1,516.19
Total	**1,17,051.71**	1,30,897.87

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ in Crores

	2014-15	2013-14
Value of opening stock of		
Finished goods	**8,986.00**	6,234.73
Stock-in-trade	**5,369.51**	6,271.94
Stock in process	**910.90**	729.44
	15,266.41	13,236.11
Less : Value of closing stock of		
Finished goods	**6,065.55**	8,986.00
Stock-in-trade	**4,311.12**	5,369.51
Stock in process	**376.42**	910.90
	10,753.09	15,266.41
Net (increase) / decrease in inventory	**4,513.32**	(2,030.30)

30. EMPLOYEE BENEFITS EXPENSE

(Refer Note No. 52)

₹ in Crores

	2014-15	2013-14
Salaries and wages	**1,397.77**	2,171.72
Contribution to Provident and Other funds	**227.33**	329.39
Staff Welfare Expenses	**459.22**	268.42
Voluntary Retirement Scheme	**1.28**	126.82
Total	**2,085.60**	2,896.35

31. FINANCE COSTS

₹ in Crores

	2014-15	2013-14
Interest expense	**409.97**	449.22
Interest on shortfall in payment of advance tax	**58.10**	61.93
Other borrowing costs	**54.40**	51.31
Applicable loss on foreign currency transactions and translations (Net)	**60.63**	796.62
Total	**583.10**	1,359.08

32. OTHER EXPENSES

	2014-15	2013-14
		₹ in Crores
Transportation	**5,003.62**	4,467.41
Excise Duty on inventory differential	**731.32**	169.47
Octroi, Other Levies and Irrecoverable Taxes	**767.44**	747.86
Repairs and maintenance		
Machinery	**619.09**	819.61
Building	**93.70**	43.65
Others	**167.70**	145.58
Sub-Total	**880.49**	1,008.84
Power and fuel	**5,104.80**	5,398.22
Less: Consumption of fuel out of own production	**(3,368.68)**	(4,201.33)
Power and fuel consumed (net)	**1,736.12**	1,196.89
Stores, spares and materials	**394.64**	511.98
Less: Charged to other revenue accounts	**(275.04)**	(446.65)
Stores, spares and materials (net)	**119.60**	65.33
Packages consumed	**150.36**	165.35
Office Administration, Selling and Other expenses		
Rates and Taxes	**69.23**	134.43
Rent (Refer Note No. 43)	**223.89**	244.29
Utilities	**223.41**	195.17
Terminaling and related expenses	**175.93**	151.07
Travelling and conveyance	**155.38**	140.44
Insurance	**52.83**	51.20
Communication expenses	**35.06**	23.99
Remuneration to auditors		
Audit fees	**0.30**	0.25
Fees for other services - Certification	**0.46**	0.43
Reimbursement of out of pocket expenses	**0.01**	-
Sub-Total	**0.77**	0.68
Write offs		
Bad debts and claims	**0.83**	2.68
Other write offs	**0.75**	5.16
Sub-Total	**1.58**	7.84
Provision for doubtful debts & advances (net)	**161.69**	232.14
Loss on sale of current investments	**-**	29.45
Provision towards diminution in value of current investments	**-**	302.11
Provision towards diminution in value of non-current investments	**-**	3.36
Loss on sale of fixed assets (net)	**-**	12.98
Loss on foreign currency transactions and translations (net) (Refer Note No. 51(b) & (c))	**-**	678.03
CSR Expenditure (Refer Note No. 47)	**76.01**	35.17
Others	**1,132.48**	949.46
Sub-total - Office Administration, Selling and Other expenses	**2,308.26**	3,191.81
Total	**11,697.21**	11,012.96
Details of stores / spare parts and components		
Imported - Amount	**105.30**	229.12
Imported - % of total	**26.68%**	44.75%
Indigenous - Amount	**289.34**	282.86
Indigenous - % of total	**73.32%**	55.25%
Sub-total	**394.64**	511.98
Less: Charged to other revenue accounts	**(275.04)**	(446.65)
Total	**119.60**	65.33

33. Consequent to non-revision in Retail Selling Prices corresponding to the international prices and applicable foreign exchange rates prevailing during the year, the Corporation has suffered gross under-recovery of ₹ **16,140.66** Crores (previous year ₹ 34,462.56 Crores) on sale of sensitive petroleum products.

As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows:

a) ₹ **8,362.88 Crores** (previous year ₹ 15,576.78 Crores) discount on crude oil / products purchased from ONGC/ GAIL/NRL which has been adjusted against purchase cost;

b) ₹ **7,290.40 Crores** (previous year ₹ 18,374.28 Crores) subsidy from Government of India has been accounted as Revenue from operations.

After adjusting the above compensation, the net under-recovery absorbed by the Corporation is ₹ **487.38 Crores** (previous year ₹ 511.50 Crores).

34. Pursuant to the Ministry of Corporate Affairs Notification G.S.R. 914 (E) dated 29th December 2011, the Corporation had exercised the option under Para 46 A of AS-11 (notified under the Companies (Accounting Standards) Rules, 2006) (as amended) and has changed its accounting policy from financial year 2011-12 onwards for recognition of exchange differences arising on reporting of long term foreign currency monetary items. For the current financial year, the impact on account of this change (net of depreciation and amortization) is increase in profit before tax of ₹ **307.06 Crores** (previous year ₹ 209.76 Crores). The net gain remaining unamortised under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2015 is ₹ **26.99 Crores** (previous year ₹ 184.25 Crores).

35. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited (KRL) with the Corporation approved by the Government of India, 3,37,28,737 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile KRL) to a trust for the benefit of the Corporation in the financial year 2006-07. After the 1:1 Bonus issue in July 2012, presently the trust holds 6,74,57,474 equity shares of the Corporation. Accordingly the cost of the original investment of ₹ **659.10 Crores** and contribution to the corpus of the trust of ₹ **0.01 Crores** (previous year NIL) is included in Non Current Investments (Refer Note No.16). The income distributed by the trust during the year 2014-15 amounting to ₹ **114.68 Crores** (previous year ₹ 74.20 crores) have been included in 'Other income' (Refer Note No.26).

36. Impairment of Assets: It is assumed that suitable mechanism would be in place by the Government of India, in line with earlier/ current year(s), to provide compensation towards under-recoveries of margin, if any, and recoveries against Direct Benefit Transfer for LPG Scheme on account of sale of sensitive petroleum products in subsequent years. Hence, there is no indication of impairment of assets of the Corporation as at 31st March 2015.

37. Segment Reporting: The Corporation operates in a single segment - Refinery and Marketing activities, i.e. downstream petroleum sector. Considering the nature of business and operation, there is no reportable segment (business and/or geographical) in accordance with the requirements of Accounting Standard 17.

38. The Corporation has numerous transactions with other oil companies. The outstanding balances (included under Trade Payables / Trade Receivables, etc) from them including certain other outstanding credit and debit balances are subject to confirmation/reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

39. Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits":

The Corporation's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Corporation and charged to Statement of Profit and Loss.

Gratuity: The Corporation has a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid /payable to a trust which is invested as per investment pattern prescribed by the Government in plan assets. Gratuity is paid to a staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

Leave Encashment: The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

Other Defined Benefits: These are (a) Post Retirement Medical Scheme benefit (managed by a trust) to employees, spouse, dependent children and dependent parents; (b) Pension/ex-gratia scheme to the retired employees who are entitled to receive the monthly pension / ex-gratia for life; (c) Death in service / Permanent disablement given to employee, the spouse of the employee, provided the deceased's family/disabled employee deposits retirement dues such as PF, Gratuity, Leave encashment payable to them with the Corporation; and (d) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

Disclosure as per requirements of Accounting Standard 15 continued:

₹ Crores

a) Reconciliation of balances of Defined Benefit Obligations.	Gratuity - Funded		Post Retirement Medical - Funded		Leave Encashment - Non Funded		Burmah Shell Pension - Non Funded		Death / Permanent disablement - Non Funded		Resettlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Defined Obligations at the beginning of the year	**594.76**	647.35	**551.84**	476.74	**783.15**	740.44	**88.46**	74.20	**8.75**	7.73	**5.14**	5.75	**272.81**	250.35
Interest Cost	**55.02**	51.79	**51.16**	40.00	**72.44**	57.45	**7.41**	5.41	**0.38**	0.37	**0.57**	0.54	**26.10**	21.02
Current Service Cost	**3.32**	4.00	**25.32**	20.20	**46.36**	38.23	**-**	-	**-**	-	**0.99**	1.00	**18.26**	13.18
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(91.40)**	(35.70)	**(25.21)**	(20.34)	**(311.09)**	(121.01)	**(17.01)**	(17.17)	**(9.33)**	(6.45)	**(0.02)**	(0.02)	**(19.03)**	(17.54)
Actuarial (Gains)/ Losses on obligations	**50.96**	(72.68)	**46.45**	35.24	**80.69**	68.04	**3.86**	26.02	**11.84**	7.10	**(1.38)**	(2.13)	**35.24**	5.80
Defined Obligations at the end of the year	**612.66**	594.76	**649.56**	551.84	**671.55**	783.15	**82.72**	88.46	**11.64**	8.75	**5.30**	5.14	**333.38**	272.81

b) Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity / Post Retirement Medical Fund				
Fair Value at the beginning of the year	**659.76**	556.20	**530.36**	475.22
Expected Return (a)	**57.40**	48.39	**45.61**	41.81
Actuarial gains/ (losses) (b)	**(1.17)**	(0.37)	**3.47**	12.59
Actual Return on Plan assets (a+b)	**56.23**	48.02	**49.08**	54.40
Contribution by employer	**-**	91.24	**46.69**	21.08
Contribution by employee	**-**	-	**1.18**	-
Benefits paid	**(91.40)**	(35.70)	**(25.21)**	(20.34)
Fair Value of Plan Assets at the end of the year	**624.59**	659.76	**602.10**	530.36

c) Amount recognised in Balance sheet (a-b)	**(11.93)**	(65.00)	**47.46**	21.48	**671.55**	783.15	**82.72**	88.46	**11.64**	8.75	**5.30**	5.14	**333.38**	272.81

d) Amount recognised in Statement of Profit and Loss														
Current Service Cost	**3.32**	4.00	**25.32**	20.20	**46.36**	38.23	**-**	-	**-**	-	**0.99**	1.00	**18.26**	13.18
Past Service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Interest Cost	**55.02**	51.79	**51.16**	40.00	**72.44**	57.45	**7.41**	**5.41**	**0.38**	0.37	**0.57**	0.54	**26.10**	21.02
Expected Return on Plan Assets	**(57.40)**	(48.39)	**(45.61)**	(41.81)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Contribution by employee	**-**	-	**(1.18)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial (Gains)/ Losses	**52.13**	(72.31)	**42.98**	22.65	**80.69**	68.04	**3.86**	**26.02**	**11.84**	7.10	**(1.38)**	(2.13)	**35.24**	5.80
Expenses for the period	**53.07**	(64.91)	**72.67**	41.04	**199.49**	163.72	**11.27**	**31.43**	**12.22**	7.47	**0.18**	(0.59)	**79.60**	40.00

e) Major Actuarial Assumptions														
Discount Rate (%)	**7.90**	9.25	**7.95**	9.27	**7.90**	9.25	**7.99**	9.27	**8.04**	9.27	**7.90**	9.25	**7.95**	9.27
Salary Escalation/ Inflation (%)	**8.00**	8.00	**7.00**	7.00	**8.00**	8.00	**-**	-	**-**	-	**-**	-	**-**	-
Expected Return on Plan assets (%)	**7.90**	8.70	**7.95**	8.60	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

f) Investment pattern for Fund as on	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Category of Asset	%	%	%	%
Government of India Asset	**24.94**	25.23	**7.96**	10.33
Corporate Bonds	**27.06**	19.56	**54.48**	6.95
Insurer Managed funds	**40.19**	30.01	**-**	-
State Government	**5.38**	7.94	**34.10**	61.87
Others	**2.43**	17.26	**3.46**	20.85
Total	**100.00**	100.00	**100.00**	100.00

g) As per our best estimate, ₹ Nil is the expected contribution to be paid to the Gratuity fund in year 2015-16

h) Effect of Increase / Decrease of 1% is assumed for medical cost trend to the Post Retirement Medical Liability:

	31/03/2015	31/03/2014
Change in liability for 1% increase in Discount Rate	**(68.66)**	(67.84)
Change in service cost for 1% increase in Discount Rate	**(2.23)**	(1.78)
Change in liability for 1% decrease in Discount Rate	**83.16**	61.03
Change in service cost for 1% decrease in Discount Rate	**2.58**	2.06

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation

Disclosure as per requirements of Accounting Standard 15 continued:
Details of present value of obligation, fair value of plan assets, surplus/deficit in plan and experience adjustments

Particulars	**₹ in Crores**				
	2014-15	**2013-14**	**2012-13**	**2011-12**	**2010-11**
Present Value of Obligation					
Funded*	**1,262.22**	1,146.60	1,124.09	1,032.60	600.75
Unfunded**	**1,104.59**	1,158.31	1,078.47	947.78	1,248.49
Sub-Total	**2,366.81**	**2,304.91**	**2,202.56**	**1,980.38**	**1,849.24**
Fair Value of Plan Assets	**1,226.69**	1,190.12	1,031.42	903.76	457.00
Deficit / (Surplus)	**1,140.12**	**1,114.79**	**1,171.14**	**1,076.62**	**1,392.24**
Experience Adjustments					
Gain/(Loss) On Funded Plan Liabilities	**50.88**	51.83	(33.44)	(13.50)	12.37
Gain/(Loss) On Funded Plan Assets	**2.30**	(0.37)	24.36	(7.08)	(14.96)
Gain/(Loss) On Un-Funded Plan Liabilities	**(6.11)**	(157.72)	(100.63)	(100.16)	(67.22)

* Gratuity & Post Retirement Medical Benefit Scheme. The Post Retirement Medical Benefit Scheme has become funded from financial year 2011-12 onwards.

** Leave encashment, Burmah Shell Pension, Death/ Permanent Disablement, Resettlement Allowance & Ex-Gratia Scheme.

40. To the extent, the Corporation has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

₹ in Crores

	31/03/2015	31/03/2014
Amount Due and Payable at the year end		
- Principal	**3.10**	58.24
- Interest on above Principal	**-**	-
Payment made during the year after the due date		
- Principal	**-**	-
- Interest	**-**	-
Interest due and payable for Principal already paid	**-**	-
Total Interest accrued and remained unpaid at year end	**-**	-

The interest payable to such vendors is not likely to be material.

41. Related Party Disclosures as per Accounting Standard 18

Names of the Related parties (Joint Venture Companies)

Indraprastha Gas Limited

Petronet India Limited *

Petronet CCK Limited

Petronet CI Limited *

Petronet LNG Limited

Bharat Oman Refineries Limited

Maharashtra Natural Gas Limited

Central UP Gas Limited

Sabarmati Gas Limited

Bharat Stars Services Private Limited
(Including Bharat Star Services (Delhi) Pvt. Limited)

Bharat Renewable Energy Limited *

Matrix Bharat Pte. Ltd.

Delhi Aviation Fuel Facility Private Limited

Kannur International Airport Limited

GSPL India Gasnet Limited

GSPL India Transco Limited

Mumbai Aviation Fuel Farm Facility Private Limited

Kochi Salem Pipeline Private Limited

IBV (Brazil) Petroleo Ltda.

*Companies in the process of winding up

Key Management Personnel (Whole time directors):

Shri S. Varadarajan, (Chairman & Managing Director) w.e.f. 01/10/2013 and (Director Finance) up to 31/03/2014

Shri P. Balasubramanian, Director (Finance) w.e.f. 01/04/2014

Shri K.K. Gupta, Director (Marketing)

Shri B.K. Datta, Director (Refineries)

Shri S.P. Gathoo, Director (Human Resources)

Shri R.K. Singh, (Chairman & Managing Director) up to 30/09/2013

The nature wise transactions with the above related parties are as follows:

S.No.	Nature of Transactions		₹ in Crores
		2014-15	2013-14
1	Purchase of goods	**35,756.86**	37,534.10
2	Sale of goods	**3,802.70**	6,826.85
3	Rendering of Services	**24.35**	29.66
4	Receiving of Services	**144.25**	130.59
5	Interest Income	**129.12**	129.92
6	Dividend Received	**53.44**	51.98
7	Investment and Advance for Investments	**70.25**	48.24
8	Loans and Advances given	**112.36**	56.18
9	Management Contracts (Employees on deputation/ consultancy services)	**23.76**	22.35
10	Lease Rental & Other Charges received	**30.04**	29.78
11	Lease Rental & Other Charges paid	**0.07**	0.29
12	Sale of Assets	**5.01**	-
13	Receivables as at year end	**1,701.33**	1,799.50
14	Payables as at year end	**1,017.37**	1,886.28

Disclosure with respect to Related Party Transactions during the year (more than 10% of the total transaction value):

1. Purchase of goods: Bharat Oman Refineries Limited ₹ **29,610.52 Crores** (previous year ₹ 30,971.47 Crores) and Petronet LNG Limited ₹ **5,612.34 Crores** (previous year ₹ 6,018.80 Crores).
2. Sale of goods: Matrix Bharat Pte. Ltd. ₹ **2,286.27 Crores** (previous year ₹ 4,676.70 Crores), Bharat Oman Refineries Limited ₹ **661.21 Crores** (previous year ₹ 1,158.61 Crores) and Indraprastha Gas Limited ₹ **434.38 Crores** (previous year ₹ 570.37 Crores)
3. Rendering of Services: Bharat Oman Refineries Limited ₹ **16.13 Crores** (previous year ₹ 24.71 Crores) and Indraprastha Gas Limited ₹ **7.38 Crores** (previous year ₹ 4.57 Crores)
4. Receiving of Services: Petronet CCK Limited ₹ **108.45 Crores** (previous year ₹ 104.39 Crores) and Bharat Star Services Private Limited ₹ **16.70 Crores** (previous year ₹ 11.68 Crores)
5. Interest income: Bharat Oman Refineries Limited ₹ **129.12 Crores** (previous year ₹ 128.96 Crores)
6. Dividend received: Petronet LNG Limited ₹ **18.75 Crores** (previous year ₹ 23.44 Crores), Indraprastha Gas Limited ₹ **17.33 Crores** (previous year ₹ 17.33 Crores) and Delhi Aviation Fuel Facility Pvt. Ltd. ₹ **7.59 Crores** (previous year ₹ 7.28 Crores)
7. Investment and Advances for Investments: Kannur International Airport Ltd. ₹ **50.00 Crores** (previous year ₹ 30.00 crores)
8. Loans and Advances: Petronet LNG Limited ₹ **112.36 Crores** (previous year ₹ 56.18 Crores)
9. Management Contracts (Employees on deputation / consultancy services): Bharat Oman Refineries Limited ₹ **16.46 Crores** (previous year ₹ 16.75 Crores)
10. Lease Rental & other charges received: Bharat Oman Refineries Limited ₹ **29.21 Crores** (previous year ₹ 29.21 Crores)
11. Lease Rental & Other Charges paid: Delhi Aviation Fuel Facility Pvt. Ltd ₹ **0.07 Crores** (previous year ₹ 0.21 crores).
12. Sale of Assets: Bharat Star Services Pvt. Limited ₹ **3.09 Crores** (previous year Nil) and Mumbai Aviation Fuel Farm Facility Private Limited ₹ **1.92 Crores** (previous year Nil).
13. Receivables as at period end: Bharat Oman Refineries Limited ₹ **1,390.18 Crores** (previous year ₹ 1,385.83 Crores), which is mainly on account of Subordinated loan of ₹ **1,354.10 Crores** (previous year ₹ 1,354.10 Crores).
14. Payables as at period end: Bharat Oman Refineries Limited ₹ **820.38 Crores** (previous year ₹ 1,592.05 Crores) and Petronet LNG Limited ₹ **151.03 Crores** (previous year ₹ 255.54 Crores)

Remuneration to Key Management Personnel

₹ in Crores

Key Management Personnel	2014-15	2013-14
Shri S. Varadarajan	**0.65**	0.50
Shri R.K. Singh	**-**	0.75
Shri P. Balasubramanian	**0.46**	-
Shri K.K. Gupta	**0.73**	0.52
Shri B.K. Datta	**0.52**	0.57
Shri S.P. Gathoo	**0.57**	0.52
Total	**2.93**	2.86

In view of the exemption provided under AS-18 Related Party Disclosures, related party relationships with other state-controlled enterprises and transactions with such enterprises are not included in the above.

42. Dues from Directors is ₹ **0.32 Crores** (previous year ₹ 0.25 Crores) and Dues from Officers is ₹ **3.30 Crores** (previous year ₹ 3.74 Crores).

43. Disclosure for Operating Leases as per Accounting Standard - 19

The Corporation enters into cancellable/ non-cancellable operating lease arrangements for office premises, staff quarters and others. The lease rentals paid/ received for the same are charged to the Statement of Profit and Loss.

A) As Lessee

a) The Corporation enters into non-cancellable operating leases in respect of Godowns. The details are as follows-

₹ in Crores

S.No.	Particulars	2014-15	2013-14
i)	Future Lease payment obligations under non-cancellable operating leases		
	a) Not later than one year	**0.10**	-
	b) Later than one year and not later than five years	**0.36**	-
	c) Later than five years	**-**	-
ii)	Lease Rentals recognized in the Statement of Profit and Loss	**0.11**	-

b) The Corporation enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ **27.29 Crores** (previous year ₹ 24.03 Crores) has been charged to Statement of Profit and Loss on account of lease rentals.

B) As Lessor

i) The Corporation enters into cancellable/non-cancellable operating lease arrangements in respect of commercial spaces, storage and distribution facilities and others. The details are as follows-

₹ in Crores

Particulars	Buildings		Plant and Equipments		Tanks and Pipelines		Furniture and Fixtures		Office Equipments	
	2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Gross Carrying Amount	**158.28**	152.30	**567.10**	530.36	**23.45**	26.70	**12.47**	11.65	**5.37**	5.50
Accumulated depreciation	**53.98**	17.26	**134.46**	105.91	**22.21**	24.25	**7.57**	5.28	**4.48**	3.91
Depreciation recognized in the Statement of Profit and Loss	**36.63**	3.49	**26.11**	26.41	**-**	0.17	**2.19**	0.68	**0.67**	0.39

ii) Total contingent rent recognised as income in the Statement of Profit and Loss in the financial year 2014-15 is ₹ **18.32 Crores** (previous year ₹ 17.06 Crores).

iii) Future Lease rentals under non-cancellable operating leases

₹ in Crores

S.No.	Particulars	2014-15	2013-14
i)	Future Lease rentals under non-cancellable operating leases		
	a) Not later than one year	**26.12**	26.29
	b) Later than one year and not later than five years	**104.00**	104.01
	c) Later than five years	**156.00**	182.00

44. Earnings per share

Particulars	Unit	2014-15	2013-14
Profit after Tax	₹ in Crores	**5,084.51**	4,060.88
Weighted average number of shares outstanding during the year	Crore nos.	**72.31**	72.31
Basic earnings per share	₹	**70.32**	56.16
Diluted earnings per share	₹	**70.32**	56.16

45. In compliance with Accounting Standard – 27 'Financial Reporting of Interests in Joint Ventures', the required information is as under:

(a) Jointly controlled entities	Country of Incorporation	Percentage of ownership interest as on	
		31/03/2015	31/03/2014
Indraprastha Gas Limited	India	**22.50**	22.50
Petronet India Limited (#)	India	**16.00**	16.00
Petronet CCK Limited	India	**49.00**	49.00
Petronet CI Limited (#)	India	**11.00**	11.00
Petronet LNG Limited	India	**12.50**	12.50
Bharat Oman Refineries Limited	India	**50.00**	50.00
Central UP Gas Limited	India	**25.00**	25.00
Maharashtra Natural Gas Limited	India	**22.50**	22.50
Sabarmati Gas Limited	India	**25.00**	25.00
Bharat Stars Services Private Limited	India	**50.00**	50.00
Bharat Renewable Energy Limited (#)	India	**33.33**	33.33
Matrix Bharat Pte. Ltd.	Singapore	**50.00**	50.00
Delhi Aviation Fuel Facility Pvt. Limited	India	**37.00**	37.00
Kannur International Airport Limited @	India	**21.68**	17.00
GSPL India Gasnet Limited	India	**11.00**	11.00
GSPL India Transco Limited	India	**11.00**	11.00
Mumbai Aviation Fuel Farm Facility Private Limited	India	**25.00**	-
Kochi Salem Pipeline Private Limited *	India	**50.00**	-

Companies in the process of winding up

* The percentage of ownership interest is after considering Advance against Equity as per the Joint Venture Agreement.

@ Current year percentage of ownership interest is after considering proposed increase in equity participation

BPRL Ventures B.V., a 100% step- down subsidiary of the Corporation holds 50% equity in IBV (Brazil) Petroleo Ltda., a joint venture company incorporated in Brazil.

The percentage of ownership interest is as per the respective Joint Venture Agreement.

(b) In respect of jointly controlled entities, the Corporation's share of assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of unaudited / audited financial statements received from these joint ventures are as follows:

₹ in Crores

Particulars	**31/03/2015**	31/03/2014
(i) Assets		
- Non Current Assets	**7,431.73**	7,190.37
- Current Assets	**2,706.17**	4,823.58
- Deferred Tax Asset	**650.44**	419.00
(ii) Liabilities		
- Non Current Liabilities	**5,101.74**	5,459.70
- Current Liabilities	**3,334.11**	4,532.98
- Deferred Tax Liability	**144.72**	117.29
(iii) Revenue	**21,146.17**	22,913.17
(iv) Expenses	**21,379.83**	22,792.14
(v) Contingent Liabilities	**997.97**	259.55
(vi) Capital & Other Commitments	**259.25**	548.23

46. In compliance of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

₹ in Crores

Nature	**Opening balance**	**Additions during the year**	**Utilisation during the year**	**Reversals during the year**	**Closing balance**
Excise	50.60	4.40	0.20	0.06	54.74
Customs	65.12	-	-	-	65.12
Service Tax	0.03	0.07	0.03	-	0.07
Sales Tax	353.82	233.53	0.04	36.50	550.81
Property Tax	54.91	29.89	-	1.72	83.08
Total	**524.48**	**267.89**	**0.27**	**38.28**	**753.82**
Previous year	280.90	246.23	-	2.65	524.48

The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

Above includes provision of ₹ **26.26 Crores** (previous year ₹ 13.13 Crores) in respect of which deposits have been made.

47. Disclosure in respect of Expenditure on Corporate Social Responsibility Activities

₹ in Crores

a)	Amount required to be spent by the Company during the year.	**76.01**
b)	Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company) #	**33.95 ***
c)	Provision created for balance amount	**42.06**

The above expenditure includes contribution to funds, expenses through registered trusts / registered society or company established under section 8 of the Act and direct expenses by the company.

* including payables of ₹ **7.28 Crores** as on 31/03/2015.

48. Disclosure as required by Clause 32 of Listing Agreement

₹ in Crores

Particulars	Balance as on		Maximum amount outstanding during the period	
	31/03/2015	31/03/2014	**2014-15**	2013-14
(a) Loans and advances in the nature of Loans:				
(i) To Subsidiary Company- Bharat PetroResources Limited	**650.00**	300.00	**650.00**	300.00
(ii) To Associates	**-**	-	**-**	-
(iii) Where there is :				
a) No repayment schedule or repayment beyond 7 years- Petronet CCK Limited	**-**	-	**-**	52.06
b) No interest or interest below Section 372A of Companies Act, 1956	**-**	-	**-**	-
(iv) To Firms/ Companies in which Directors are interested- Bharat Oman Refineries Limited	**1,354.10**	1,354.10	**1,354.10**	1,354.10
(b) Investment by the loanee in the shares of BPCL and its subsidiary companies	**-**	-	**-**	-

49. Disclosure under Section 186(4) of the Companies Act, 2013

a) Loans given during the year

₹ in Crores

Loans Given to	Opening balance	Additions during the year	Deletions during the year	Closing balance
Bharat Oman Refineries Ltd.	1,354.10	-	-	1,354.10
Bharat PetroResources Ltd.	300.00	350.00	-	650.00
Total	**1,654.10**	**350.00**	**-**	**2004.10**

The above loans are for the purpose of financing the capital projects.

b) Loans given to SC/ST Distributors

₹ in Crores

Opening balance	Additions during the year	Deletions during the year	Closing balance
45.39	3.42	8.74	40.07

The above loans are for the purpose of financing the working capital requirements.

c) Investments during the year

₹ in Crores

Opening balance	Additions during the year	Deletions during the year	Closing balance
7,238.10	63.95	-	7,302.05

Additions in Investments during the year	₹ in Crores
Equity shares in GSPL India Gasnet Ltd.	5.50
Equity shares in GSPL India Transco Ltd.	2.75
Equity shares in Kannur International Airport Ltd.	50.00
Equity shares in Mumbai Aviation Fuel Farm Facility Pvt. Ltd.	4.50
Increase in Accumulated Surplus in Petroleum India International	1.19
Contribution to BPCL Trust for Investment in Shares	0.01
Total	**63.95**

d) Guarantees given during the year

₹ in Crores

Guarantee Given on behalf of	Opening balance	Additions during the year *	Expired during the year	Closing balance
Bharat Oman Refineries Ltd.	1,406.34	58.29	-	1,464.63

*Additions represent mark to market Revaluation impact.

Guarantees given to banks on behalf of Bharat Oman Refineries Ltd. are against foreign currency loans raised.

50. Capital Commitments and Contingent Liabilities :

₹ in Crores

	31/03/2015	31/03/2014
(a) Capital Commitments :		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	**7,877.49**	9,662.74
ii) Uncalled liability on shares and other investments partly paid	**50.00**	100.00
(b) Contingent Liabilities :		
In respect of Income Tax matters	**80.68**	84.13
Other Matters :		
i) Claims against the Corporation not acknowledged as debts * :		
Excise, Service Tax and Customs matters	**1,093.13**	1,146.12
Sales tax matters	**6,526.43**	3,191.77
Land Acquisition cases for higher compensation	**121.05**	139.87
Others	**441.42**	399.02

* These include ₹ **4,163.89 Crores** (previous year ₹ 1,065.60 Crores) against which the Corporation has a recourse for recovery and ₹ **49.93 Crores** (previous year ₹ 75.55 Crores) which are on capital account.

ii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**15.95**	13.28
iii) Guarantees given on behalf of Subsidiaries/JV's	**2,698.04**	2,661.06

51. (a) The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **USD 184 Million**, of which **Nil** (previous year USD 175 Million i.e. an equivalent of ₹ 1,051.75 Crores) is to hedge the foreign currency exposure towards loans and **USD 184 Million** i.e. an equivalent of ₹ **1,152.96 Crores** (previous year Nil) to hedge foreign currency exposure for payment of crude oil.

Following are the unhedged foreign currency on account of exposures :

	31/03/2015		31/03/2014	
Exposure Type	**USD Million**	**₹ in Crores**	USD Million	₹ in Crores
Imports	**838.71**	**5,249.57**	973.37	5,849.91
Buyers Credit Loan (Short Term)	**-**	**-**	716.61	4,306.80
ECB (Long Term) *	**1,806.63**	**11,307.83**	1,853.29	11,138.23
Export Debtors	**132.09**	**826.78**	227.20	1,365.45

* This includes 3 % CHF Bonds 2019 for CHF 200 Million which were swapped into USD 228.29 Million

(b) The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **Nil** (previous year USD 1,229 Million equivalent to ₹ 7,386.27 Crores) to hedge the foreign currency exposure arising out of RBI Swap window transactions. All the RBI swap transactions outstanding as on 31/03/14 have matured during 2014-15 and the gain of ₹ **521.14 Crores** (out of which ₹ 324.35 Crores is on account of reversal of mark to market losses accounted in previous years) have been recognised in the Statement of Profit and Loss.

(c) The Corporation had raised Swiss Franc (CHF) 200 Million of 3% CHF Bonds 2019 in March 2014, the proceeds of which were swapped into USD 228.29 Million on the same day. The mark to market losses of ₹ **96.09 Crores** (previous year ₹ 15.41 Crores) in respect of this CHF-USD Swap transaction have been recognized as expense during 2014-15 based on the concept of prudence and in line with the ICAI announcement of 29th March 2008 on Accounting for Derivatives.

(d) The Corporation has on the Balance Sheet date the following outstanding derivatives for hedging purposes:

Instrument	**Description**	**Quantity**
OTC Swap	Spread between Petroleum Products and Crude Oil	3.20 million barrels

Mark-to-market losses amounting to ₹ **0.01 Crores** have been accounted as on 31st March 2015 (previous year Nil) in respect of these derivative contracts.

52. The Employee benefits expense for financial year 2014-15 include reversal of provisions no longer required ₹ **657.93 Crores.**

53. Value of imports calculated on C.I.F. basis

₹ in Crores

	2014-15	2013-14
(a) Raw Materials (including crude oil)	**72,139.49**	85,221.96
(b) Capital goods	**432.75**	268.84
(c) Components and spare parts (including packages, chemicals and catalysts)	**77.28**	124.83

54. Expenditure in foreign currency :

₹ in Crores

	2014-15	2013-14
(a) Purchase of products	**7,308.71**	5,109.48
(b) Professional Consultancy Fees	**5.27**	11.84
(c) Freight	**333.80**	256.08
(d) Interest	**375.63**	362.07
(e) Royalty	**1.21**	1.24
(f) Other matters	**62.43**	115.30

55. Earnings in foreign exchange :

₹ in Crores

	2014-15	2013-14
Exports on FOB basis #	**12,364.27**	19,122.06

Includes receipt of ₹ **1,438.32 Crores** (previous year ₹ 1,858.70 crores) in Indian currency out of the repatriable funds of foreign airline and I&C customers and ₹ **62.06 Crores** (previous year ₹ 54.42 crores) of INR exports to Nepal and Bhutan.

56. Research and development

₹ in Crores

	2014-15	2013-14
(a) Revenue expenditure	**30.69**	23.89
(b) Capital expenditure	**10.04**	12.93

57. Figures of the previous year have been regrouped wherever necessary, to conform to current period presentation.

Signature to Notes `1' to `57'

For and on behalf of the Board of Directors

Sd/-
S. VARADARAJAN
Chairman and Managing Director

Sd/-
P. BALASUBRAMANIAN
Director (Finance)

Sd/-
S.V. KULKARNI
Company Secretary

Place : Mumbai
Dated : 28th May, 2015

As per our attached report of even date
For and on behalf of

CNK & ASSOCIATES LLP
Chartered Accountants
FR No.: 101961W

Sd/-
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

HARIBHAKTI & CO. LLP
Chartered Accountants
FR No.: 103523W

Sd/-
CHETAN DESAI
Partner
Membership No. 17000

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