

M/s T R Chadha & Co.
Chartered Accountants
Smruti, M V Panloskar Marg,
Hanuman Cross Rd No. 2, Vile Parle E
Mumbai 400 057

M/s K. Varghese & Co.
Chartered Accountants
Sageeti Business Centre,
Choolackal Building, Opp Metro Plaza
Ernakulam, Kochi- 682014

INDEPENDENT AUDITOR'S REPORT to

The Board of Directors of Bharat Petroleum Corporation Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Bharat Petroleum Corporation Limited** ("the Company"), its subsidiaries and its interest in joint venture companies (collectively referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



2/3

Opinion

1. We report that consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 on "Consolidated Financial Statements" and Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures", notified by the National Accounting Standards Board. However, we would like to draw attention that the Company has not used uniform accounting policies nor has disclosed together with the proportions of items to which the different accounting policies have been applied.
2. Attention is drawn to Note no.42 (g) wherein the auditors of Bharat Oman Refineries Limited (one of the joint venture company) have drawn attention towards recognition of deferred tax assets of Rs.697.89 Crores, considering the binding agreement entered into by the Company with one of the promoters (BPCL) for off-take of the products manufactured by the refinery at the prices determined with reference to the International prices and other factors as stated, the Company is virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.
3. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the separate financial statements / consolidated financial statements of the subsidiaries and joint venture companies as noted below, the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2013;
 - ii) in case of the Consolidated Statement of Profit & Loss, of the consolidated profit of the Group for the year ended on that date; and
 - iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Other Matters:

We have relied on the audited financial statements / consolidated financial statements of two subsidiaries and seven joint venture companies, whose financial statements / consolidated financial statements reflect total assets (net) of Rs.18174.26 Crores as at March 31, 2013 / December 31, 2012, total revenues (net) of Rs.23579.23 Crores and net cash flows amounting to Rs.2551.51 Crores for the year ended on that date. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of six joint venture companies whose financial statements / consolidated financial statements reflect total assets (net) of Rs.813.38 crores as at March 31, 2013, total revenues (net) of Rs. 1059.58 Crores and net cash inflows amounting to Rs.2.03 Crores for the year ended on that date. These unaudited financial statements as approved by the respective



313

management of these companies have been furnished to us and our report in so far as it relates to the amounts included in respect of the joint venture companies as mentioned above is based solely on such approved unaudited financial statements.

For and on behalf of
T R CHADHA & CO.
Chartered Accountants
FR No: 006711N


Vikas Kumar
Partner
Membership No: 75363

Mumbai
Dated: 29th May 2013

For and on behalf of
K. VARGHESE & Co.
Chartered Accountants
FR No: 004525S


Sam Varghese
Partner
Membership No: 216979