CORPORATION 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 at various locations. The Corporation's marketing infrastructure includes vast network of Installations, Depots, Retail Outlets, Aviation Fuelling Stations and LPG distributors.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation: The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the Act and Rules thereunder.

The Financial Statements have been prepared under historical cost convention basis, except for certain assets and liabilities measured at fair value.

The Corporation has adopted all the Ind AS and the adoption was carried out during Financial Year 2016-17 in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the "Previous GAAP".

The Corporation's presentation and functional currency is Indian Rupees (₹). All figures appearing in the financial statements are rounded to the nearest Crores (₹ Crores) except where otherwise indicated.

Authorisation of Financial Statements: The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 29th May 2018.

1.1. Use of Judgement and Estimates

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Corporation continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

1.2. Property, plant and equipment

1.2.1. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

1.2.2. The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

1.2.3. Expenditure during construction period: Direct expenses incurred during construction period on capital projects are capitalised. Other expenses of the project group which are allocated to projects costing above a threshold limit are also capitalised. Expenditure incurred on enabling assets are capitalised.

1.2.4. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

1.2.5. Expenditure on assets, other than plant and machinery, LPG cylinders and pressure regulators, not exceeding threshold limit are charged to revenue.

1.2.6. Spare parts which meet the definition of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

1.2.7. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

1.2.8. The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

1.2.9. Goods and Service Tax (GST) on common capital goods: In respect of the capital goods common for both GST and non-GST products, the GST input tax credit is taken on the eligible portion based on GST and non-GST product ratio in the month of procurement and the ineligible portion is capitalised. Subsequently, this ratio is reviewed every month as per the GST provisions and the differential GST amount arising due to changes in the ratio is capitalised when beyond the materiality threshold.

1.2.10. The Corporation has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

1.3. Depreciation

Depreciation on Property, Plant and Equipment are provided on the straight line basis, over the estimated useful lives of assets (after retaining the estimated residual value of upto 5%). These useful lives determined are in line with the useful lives as prescribed in the Schedule II of the Act, except in following cases:

1.3.1. 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.

1.3.2. Computer equipments are depreciated over a period of 3 years (previously 4 years) and Mobile phones are depreciated over a period of 2 years based on internal assessment. Apart from the above, Furniture provided to management staff is depreciated over a period of 6 years as per internal assessment.

1.3.3. Solar Panels are depreciated over a period of 25 years based on the technical assessment of useful life and applicable warranty conditions.

1.3.4. 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.

1.3.5. Items of Property, Plant and Equipment costing not more than the threshold limit 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.

1.3.6. 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 of such components has been assessed based on historical experience and internal technical assessment.

1.3.7. Depreciation on spare parts specific to an item of Property, Plant and Equipment is based on life of the related Property, Plant and Equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment.

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

1.4. Intangible Assets

1.4.1. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Expenditure on internally generated intangibles, excluding development costs, are not capitalised and is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if, and only if, technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Corporation has an intention and ability to complete and use or sell the asset and the costs can be measured reliably.

1.4.2. Assets where entire output generated is committed to be sold to entities providing public services for almost entire useful life of the asset are classified as intangible assets as per the requirements of Ind AS 11 and are amortised (after retaining the residual value, if applicable) over their useful life or the period of the agreement, whichever is lower.

1.4.3. In cases where, the Corporation has constructed assets on behalf of public infrastructure entities and the Corporation has only a preferential right to use, these assets are classified as intangible assets and are amortised (after retaining the residual value, if applicable) over their useful life or the period of the agreement, whichever is lower.

1.4.4. Intangible assets with indefinite useful lives, such as right of way which is perpetual and absolute in nature, are not amortised, but are tested for impairment annually. The useful lives are reviewed at each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment losses on intangible assets with indefinite life is recognised in the Statement of Profit and Loss.

1.4.5. Expenditure incurred for creating / acquiring other intangible assets above threshold limit 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, on a straight line basis, from the time the intangible asset starts providing the economic benefit. In other cases, the expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at each year end. The amortisation expense on intangible asset with finite useful lives and impairment losses in case there is an indication that the intangible asset may be impaired, is recognised in the Statement of Profit and Loss.

1.4.6. The Corporation has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

1.5. Investment Property

1.5.1. Investment property is property (land or a building - or part of a building - or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

1.5.2. Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in Statement of Profit and Loss.

1.5.3. On transition to Ind AS i.e 1st April 2015, the Corporation has re-classified certain items from Property, Plant and Equipment to investment property. For the same, Corporation has elected to use the exemption available under Ind AS 101 to continue the carrying value for such assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

1.6. Borrowing costs

1.6.1. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.6.2. Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

1.6.3. Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

1.7. Non-current assets held for sale

1.7.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

1.7.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell (@ 5% of the acquisition value).

1.7.3. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

1.8. Leases

1.8.1. Finance Lease

Lease Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Lease Agreements in respect of land for lease period above threshold limit are classified as a finance lease

1.8.2. Operating Lease

Lease Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss with reference to lease terms and other relevant considerations. Lease incentives received / lease premium paid (if any) are recognised as an integral part of the total lease expense, over the term of the lease. Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

1.8.3. At the inception of an arrangement, the Corporation determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Corporation separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. In case of a finance lease, if the corporation concludes that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying assets; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Corporation's incremental borrowing rate.

1.9. Impairment of Non-financial Assets

1.9.1. Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

1.9.2. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.10. Inventories

1.10.1. 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:

- 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.
- The cost of Stock-in-Process is determined at raw material cost plus cost of conversion.

1.10.2. 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.

1.10.3. 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.

1.10.4. 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 marketing companies and retail consumers respectively. For the purpose of stock valuation, the proportion of sales to oil marketing companies and retail consumers are determined on all India basis and considered for stock valuation at all locations.

1.10.5. Raw Materials held for use in the production of finished goods are not written down below cost except in cases where raw material prices have declined and it is estimated that the cost of the finished goods will exceed their net realisable value.

1.10.6. 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.

1.11. Revenue Recognition

1.11.1. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue and the associated costs can be estimated reliably and it is probable that economic benefits associated with the transaction will flow to the Corporation.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, taxes or duties collected on behalf of the Government and applicable trade discounts or rebates.

Revenue is allocated between loyalty programmes and other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Corporation has fulfilled its obligation to supply the products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

Where the Corporation acts as an agent on behalf of a third party, the associated income is recognised on a net basis.

Claims in respect of 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 as stipulated.

1.11.2. Construction contracts

Revenue from Construction contracts arise from the service concession arrangements entered into by the Corporation and certain arrangements involving construction of specific assets as part of multiple deliverable arrangements.

Contract revenue includes the amount agreed in the contract to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of the construction contract can be estimated reliably, then contract revenue is recognised in Statement of Profit and Loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to the proportion of actual cost incurred as compared to the total estimated cost of the related contract. Otherwise contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset relating to future contract activity. An expected loss on a contract is recognised immediately in the Statement of Profit and Loss.

1.11.3. Interest income is recognised using effective interest rate (EIR) method.

1.11.4. Dividend is recognised when right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

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

1.11.6. Claims other than subsidy claims on LPG and SKO from Government of India are booked when there is a reasonable certainty of recovery.

1.12. Classification of Income / Expenses

1.12.1. Income / expenditure (net) in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts and / or restating the opening Balance Sheet for the earliest prior period presented.

1.12.2. Prepaid expenses upto threshold limit in each case, are charged to revenue as and when incurred.

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

1.13. Employee Benefits

1.13.1. Short-term employee benefits

Short-term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

1.13.2. Post-employment benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans such as pension are recognised as an expense in the Statement of Profit and Loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a refund in future payments is available.

Defined Benefit Plans

The Corporation's net obligation in respect of defined benefit plans such as gratuity, other post-employment benefits etc., is calculated separately for each plan by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Corporation, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurements which comprise of actuarial gains and losses, the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability (asset)) and the effect of the asset ceiling (if any, excluding amounts included in the net interest on the net defined benefit liability (asset)), are recognised in other comprehensive income.

1.13.3. Other long-term employee benefits

Liability towards other long term employee benefits - leave encashment and long service awards etc., are determined on actuarial valuation by qualified actuary by using Projected Unit Credit method.

The current service cost of other long terms employee benefits, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The interest cost is calculated by applying the discount rate to the balance of the obligation. This cost is included in employee benefit expense in the Statement of Profit and Loss. Re-measurements are recognised in the Statement of Profit and Loss.

1.13.4. Termination benefits

Expenditure on account of Voluntary Retirement Scheme are charged to Statement of Profit and Loss as and when incurred.

1.14. Foreign Currency Transactions

1.14.1. Monetary items

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2016) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

The Corporation has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2016 i.e. foreign exchange differences arising on settlement or translation of 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 liability.

1.14.2. Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.15. Investment in Subsidiaries, Joint Ventures and Associates

Investments in equity shares of Subsidiaries, Joint Ventures and Associates are recorded at cost and reviewed for impairment at each reporting date.

1.16. Government Grants

1.16.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

1.16.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

1.16.3. Government grants relating to Property, Plant and Equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

1.17. Provisions, Contingent Liabilities and Capital Commitments

1.17.1. Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

1.17.2. The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

1.17.3. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

1.17.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Corporation, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

1.17.5. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

1.17.6. Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

1.18. Fair Value measurement

1.18.1. The Corporation measures certain financial instruments at fair value at each reporting date.

1.18.2. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

1.18.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability also reflects its non-performance risk.

1.18.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Corporation determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

1.18.5. While measuring the fair value of an asset or liability, the Corporation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs)

1.18.6. When quoted price in active market for an instrument is available, the Corporation measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

1.18.7. If there is no quoted prices in an active market, then the Corporation uses a valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

1.18.8. The Corporation regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Corporation assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

1.19. Financial Assets

1.19.1. Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Corporation becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

1.19.2. Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Corporation classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in other comprehensive Income.

Debt instruments at Fair value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation at amortised cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Statement of Profit and Loss separately.

Equity investments

All equity investments within the scope of Ind-AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Corporation decides to classify the same either as FVOCI or FVTPL. The Corporation makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). Dividends on such equity instruments are recognised in the Statement of Profit or Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

1.19.3. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Corporation's Balance Sheet) when:

The rights to receive cash flows from the asset have expired, or

The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Corporation has transferred substantially all the risks and rewards of the asset, or
- The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

1.19.4. Impairment of financial assets

In accordance with Ind-AS 109, the Corporation applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

1.20. Financial Liabilities

1.20.1. Initial recognition and measurement

Financial liabilities are initially recognised when the Corporation becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

1.20.2. Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

Financial Liabilities at amortised cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the effective interest rate ("EIR") method.

Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortisation done using the EIR method is included as finance costs in the Statement of Profit and Loss.

1.20.3. De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

1.21. Financial guarantees

Financial guarantee contracts issued by the Corporation are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

1.22. Derivative financial instruments

The Corporation uses derivative financial instruments to manage the commodity price risk and exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair valuation gains or losses on foreign currency derivatives measured at FVTPL are grouped along with Gain or loss on foreign currency transactions and translations and presented under "Other Income" or "Other expenses", as the case may be, since these derivatives constitute hedges from an economic perspective and may not qualify for hedge accounting under Ind AS 109.

1.23. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

1.24. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.25. Taxes on Income

1.25.1. Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

1.25.2. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.26. Earnings per share

1.26.1. Basic earnings per share are calculated by dividing the 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.

1.26.2. For the purpose of calculating diluted earnings per share, the 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.

1.27. 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 (considered as 12 months) and other criteria set out in Schedule III of the Act.

1.28. Cash and Cash equivalents

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, 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.

1.29. Cash Flows

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.

1.30. The Corporation has adopted the following materiality threshold limits in the preparation and presentation of financials statements as given below:

Threshold Item	**Accounting Policy Reference**	**Unit**	**Threshold Limit Value**
Allocation of other expenses to projects costing in each case	1.2.3.	₹ Crores	5
Expenditure on certain items of Property, Plant and Equipment charged to revenue in each case	1.2.5.	₹	1,000
Capitalisation of spare parts meeting the definition of Property, Plant and Equipment in each case	1.2.6.	₹ Lakhs	10
GST on common capital goods per item per month	1.2.9	₹ Lakhs	5
Depreciation at 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators	1.3.5.	₹	5,000
Expenditure incurred for creating / acquiring other intangible assets in each case	1.4.5.	₹ Lakhs	50
Lease agreements in respect of land	1.8.1.	Period (years)	99
Income / expenditure (net) in aggregate pertaining to prior year(s)	1.12.1.	₹ Crores	50
Prepaid expenses in each case	1.12.2.	₹ Lakhs	5
Disclosure of Contingent liabilities and Capital Commitments in each case	1.17.6.	₹ Lakhs	5

NOTE 2 PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Gross Block					Depreciation				Net Carrying Amount	
	As at 01/04/17	Additions	Other Adjustments [Refer Note 55]	Reclassifications/ Deductions On Account Of Retirement / Disposal	As at 31/03/18	Up to 31/03/17	For the Year	Reclassifications/ Deductions On Account Of Retirement / Disposal	Up to 31/03/18	As at 31/03/18	As at 31/03/17
Land											
(a) Freehold*	834.10	396.51	-	(0.35)	**1,230.96**	-	-	-	**-**	**1,230.96**	834.10
(b) Leasehold*	0.74	-	-	-	**0.74**	0.05	0.01	-	**0.06**	**0.68**	0.69
Buildings including Roads*	5,753.60	976.94	11.16	8.06	**6,733.64**	644.58	344.79	0.74	**988.63**	**5,745.01**	5,109.02
Plant and Equipments*	14,461.31	7,649.42	391.88	293.63	**22,208.98**	1,628.76	1,270.34	197.97	**2,701.13**	**19,507.85**	12,832.55
Furniture and Fixtures*	437.61	156.40	0.06	3.50	**590.57**	115.69	62.99	1.61	**177.07**	**413.50**	321.92
Vehicles*	40.53	13.99	0.32	1.88	**52.96**	10.49	6.29	0.85	**15.93**	**37.03**	30.04
Office Equipments*	662.40	184.79	4.45	9.99	**841.65**	196.10	136.79	6.03	**326.86**	**514.79**	466.30
Railway Sidings*	142.57	11.94	0.57	0.26	**154.82**	26.39	13.64	0.04	**39.99**	**114.83**	116.18
Tanks and Pipelines*	6,240.89	2,567.11	136.36	13.33	**8,931.03**	378.33	322.00	1.14	**699.19**	**8,231.84**	5,862.56
Dispensing Pumps	2,385.00	193.06	-	25.44	**2,552.62**	318.31	171.86	12.52	**477.65**	**2,074.97**	2,066.69
LPG Cylinders and Allied Equipments	3,984.80	1,569.36	-	-	**5,554.16**	346.19	303.64	-	**649.83**	**4,904.33**	3,638.61
Total	**34,943.55**	**13,719.52**	**544.80**	**355.74**	**48,852.13**	**3,664.89**	**2,632.35**	**220.90**	**6,076.34**	**42,775.79**	**31,278.66**
Previous Year	24,866.06	9,732.20	439.15	93.86	**34,943.55**	1,810.49	1,886.63	32.23	**3,664.89**	**31,278.66**	

* These include assets which are given on Operating Leases or taken on Finance Leases, the details thereof are included in Note no. 49

NOTE 3 CAPITAL WORK-IN-PROGRESS

₹ in Crores

Particulars			As at 31/03/2018	As at 31/03/2017
Capital work-in-progress				
Property, plant and equipment under erection / construction			**3,070.06**	9,463.00
Capital stores including lying with contractors			**614.40**	912.53
Capital goods in transit			**154.87**	56.12
Allocation of Construction period expenses	**2017-18**	**2016-17**		
Opening balance	**785.08**	997.61		
Add: Expenditure during the year				
Establishment charges including Salaries & Wages	**133.23**	125.32		
Interest	**107.93**	299.04		
Loss / (Gain) on foreign currency transactions and translations	**0.34**	(370.72)		
Insurance	**7.56**	19.04		
Others	**14.51**	25.78		
	1,048.65	1,096.07		
Less: Allocated to assets capitalised during the year / charged off	**(844.27)**	(310.99)		
Closing balance pending allocation			**204.38**	785.08
Total			**4,043.71**	11,216.73

NOTE 4 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross Block				Depreciation				Net Carrying Amount	
	As at 01/04/17	Additions	Reclassifications/ Deductions on Account of Retirement / Disposal	As at 31/03/18	Up to 31/03/17	For the Year	Reclassifications/ Deductions on Account of Retirement / Disposal	Up to 31/03/18	As at 31/03/18	As at 31/03/17
Buildings	0.66	-	0.33	**0.33**	0.26	0.02	0.21	**0.07**	**0.26**	0.40
TOTAL	**0.66**	**-**	**0.33**	**0.33**	**0.26**	**0.02**	**0.21**	**0.07**	**0.26**	**0.40**
Previous Year	0.52	0.32	0.18	**0.66**	0.04	0.22	-	**0.26**	**0.40**	

The corporation's investment property consists of office buildings rented out to third parties

Information Regarding Income and Expenditure of Investment Property

₹ in Crores

Particulars	2017-18	2016-17
Rental Income derived from investment Properties	**1.08**	6.48
Less - Depreciation	**0.02**	0.22
Profit arising from Investment Properties before direct expenses	**1.06**	6.26

The direct operating expenses on the investment property are not separately identifiable and the same are not likely to be material.

As at 31st March 2018 and 31st March 2017 the fair values of the property are ₹ **3.73 Crores** and ₹ 36.02 Crores respectively. These fair values of the investment property are categorised as Level 2 in the fair valuation hierarchy and has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

NOTE 5 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Useful Life (No. of Years)	Gross Block					Amortisation				Net Carrying Amount	
		As at 01/04/17	Additions	Other Adjustments	Reclassifications/ Deletions	As at 31/03/18	Upto 31/03/17	For the year	Reclassifications/ Deletions	Upto 31/03/18	As at 31/03/18	As at 31/03/17
Right of Way	Indefinite	35.11	-	-	-	**35.11**	-	-	-	**-**	**35.11**	35.11
Right of Way	Upto 30	34.99	-	-	-	**34.99**	1.72	2.38	-	**4.10**	**30.89**	33.27
Right to use Jetty	30	-	4.09	-	-	**4.09**	-	0.14	-	**0.14**	**3.95**	-
Service Concession Arrangements [Refer note no. 48]	20	63.00	-	-	-	**63.00**	5.16	3.54	-	**8.70**	**54.30**	57.84
Software/ Licenses	Upto 5	30.67	10.81	-	-	**41.48**	15.18	8.05	-	**23.23**	**18.25**	15.49
Process Licenses	Upto 5	30.29	54.05	3.27	-	**87.61**	13.75	14.52	-	**28.27**	**59.34**	16.54
Total		**194.06**	**68.95**	**3.27**	**-**	**266.28**	**35.81**	**28.63**	**-**	**64.44**	**201.84**	**158.25**
Previous Year		169.32	24.60	0.22	0.08	**194.06**	17.59	18.22	-	**35.81**	**158.25**	

NOTE 6 INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Crores

Particulars	Gross Amount			
	As at 01/04/17	Additions	Capitalizations as Intangible Asset / Deletions	As at 31/03/18
Process Licenses	405.79	7.43	49.39	**363.83**
Total	**405.79**	**7.43**	**49.39**	**363.83**
Previous Year	215.18	190.61	-	**405.79**

There are no internally generated Intangible Assets.

Additional information in respect of Note no. 2 to 6:

a) Land:

   i) Freehold land includes ₹ **93.08 Crores** (Previous year: ₹ 94.66 Crores) capitalized at various locations for which conveyance deeds are yet to be executed and/or mutation is pending.

   ii) Freehold land includes ₹ **2.20 Crores** (Previous year: ₹ 2.20 Crores) which is in the process of being surrendered to the Competent Authority.

   iii) Lease hold land represents land taken on finance lease for more than 99 years.

b) Buildings include Ownership flats having gross block of ₹ **41.28 Crores** (Previous year: ₹ 41.07 Crores) in proposed / existing co-operative societies and others.

c) Other adjustments include capitalization of foreign exchange differences (net) of ₹ **25.76 Crores** (Previous year: ₹ 226.25 Crores) and borrowing costs of ₹ **522.31 Crores** (Previous year: ₹ 213.12 Crores).

d) Freehold Land, Plant and Equipment, Tanks and Pipelines, Railway Sidings, Buildings etc. jointly owned in varying extent with other Oil Companies / Railways: Gross Block ₹ **198.77 Crores** (Previous year: ₹ 204.55 Crores), Cumulative Depreciation ₹ **29.95 Crores** (Previous year: ₹ 20.52 Crores), Net Block ₹ **168.82 Crores** (Previous year: ₹ 184.03 Crores).

e) Charge has been created over the fixed assets of the Company, mainly Plant and Machinery at Mumbai Refinery and Kochi Refinery in regard to the borrowings– Refer note no. 25.

f) Compensation received from third parties in respect of items of Property, Plant and Equipment / Capital work in progress that were impaired, lost or given up during the year ₹ **8.11 Crores** (Previous year: ₹ 1.82 Crores).

g) Gross Block reclassifications / deductions on account of retirement / disposal includes:

   i) Decapitalization of ₹ **57.61 Crores** (Previous year: ₹ 27.05 Crores).

   ii) Deduction on account of retirement / disposal during the year ₹ **298.46 Crores** (Previous year: ₹ 67.07 Crores).

h) Depreciation and amortization for the year is ₹ **2661.00 Crores** (Previous year: ₹ 1905.07 Crores) [Refer Note no. 66] from which, after reducing -

   i) Depreciation on decapitalization of ₹ **8.28 Crores** (Previous year: ₹ 1.75 Crores) and

   ii) Depreciation on reclassification of assets of ₹ **4.24 Crores** (Previous year: ₹ 12.00 Crores).

   Net Depreciation and amortization for the year charged to Profit and Loss statement is ₹ **2648.48 Crores** (Previous year: ₹ 1891.32 Crores).

i) Deduction from accumulated depreciation on account of retirement / disposal during the year is ₹ **208.59 Crores** (Previous year: ₹ 18.48 Crores).

j) The Corporation has assessed the useful life of Right of way as indefinite where the same is perpetual in nature.

k) The Corporation has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment, Capital work in progress, Investment properties, Intangible assets and Intangible assets under development as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

NOTE 7 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Particulars	No. of units		₹ in Crores	
	As at 31/03/2018	As at 31/03/2017	As at 31/03/2018	As at 31/03/2017
Investment in Subsidiaries				
Unquoted				
Equity shares of [₹ 10 each (fully paid up)]				
Numaligarh Refinery Limited	**45,35,45,998**	45,35,45,998	**453.55**	453.55
Bharat PetroResources Limited*	**4,44,80,02,670**	2,92,00,02,670	**4,942.41**	3,414.40
Petronet CCK Limited	**9,99,99,998**	9,99,99,998	**194.23**	194.23
Investment in Joint Ventures				
Unquoted				
Equity Shares of [₹ 10 each (fully paid up)]				
Bharat Oman Refineries Limited (BORL)	**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**	99,87,400	**122.40**	122.40
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
Mumbai Aviation Fuel Farm Facility Pvt Ltd.	**4,18,88,750**	3,82,71,250	**41.89**	38.27
Kochi Salem Pipeline Private Limited	**7,50,00,000**	5,50,00,000	**75.00**	55.00
BPCL-KIAL Fuel Farm Facility Private Limited	**55,50,000**	55,50,000	**5.55**	5.55
Haridwar Natural Gas Private Limited	**75,00,000**	75,00,000	**7.50**	7.50
Goa Natural Gas Private Limited	**75,00,000**	25,00,000	**7.50**	2.50
Ratnagiri Refinery & Petrochemical Limited	**2,50,00,000**	-	**25.00**	-
Equity Shares of [USD 1 each (fully paid up)]				
Matrix Bharat Pte. Ltd.	**20,00,000**	20,00,000	**8.41**	8.41
Share warrants of BORL				
- 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
0% Compulsorily Convertible Debenture of ₹ 10 each (fully paid up) of BORL	**1,00,00,00,000**	1,00,00,00,000	**1,000.00**	1,000.00
Investment in Associates				
Quoted				
Equity Shares of [₹ 10 each (fully paid up)]				
Petronet LNG Limited	**18,75,00,000**	9,37,50,000	**98.75**	98.75
Equity Shares of [₹ 2 each (fully paid up)]				
Indraprastha Gas Limited [Previous year (₹ 10 fully paid up)]	**15,75,00,400**	3,15,00,080	**31.50**	31.50

NOTE 7 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTD.)

Particulars	No. of units		₹ in Crores	
	As at 31/03/2018	As at 31/03/2017	As at 31/03/2018	As at 31/03/2017
Unquoted				
Equity Shares of [₹ 10 each (fully paid up)]				
GSPL India Gasnet Ltd.	**4,25,72,128**	3,04,72,128	**42.57**	30.47
GSPL India Transco Ltd.	**3,74,00,000**	2,25,50,000	**37.40**	22.55
Petronet CI Limited	**15,84,000**	15,84,000	**1.58**	1.58
Fino PayTech Ltd	**2,84,35,423**	2,84,35,423	**251.00**	251.00
Equity Shares of [₹ 0.10 each (fully paid up)]				
Petronet India Limited (Previous year (₹ 10 fully paid up))	**1,60,00,000**	1,60,00,000	**0.16**	16.00
Equity Shares of [₹ 100 each (fully paid up)]				
Kannur International Airport Limited	**2,16,80,000**	2,13,80,000	**216.80**	213.80
Unquoted - Association of Persons				
Capital Contribution in Petroleum India International #			**0.10**	0.10
Impairment in the value of investments				
Bharat Renewable Energy Ltd			**(3.36)**	(3.36)
Petronet CI Limited			**(1.58)**	(1.58)
Total			**10,144.19**	8,548.45
Aggregate amount of Unquoted Securities			**10,013.94**	8,418.20
Aggregate amount of Quoted Securities			**130.25**	130.25
Market value of Quoted Securities			**8,728.77**	6,969.40
Aggregate amount of Impairment in the value of investments			**4.94**	4.94

* Includes equity component of ₹ **494.40 Crores** (Previous year: ₹ 494.40 Crores) recognised on fair valuation of concessional rate loan given to subsidiary.

Member Companies of Association of Persons are 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 and Oil India Limited. 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.

NOTE 8 INVESTMENTS

₹ in Crores

Particulars	No. of Units 31/03/2018	No. of Units 31/03/2017	As at 31/03/2018	As at 31/03/2017
Investment in equity instruments designated at Fair Value Through Other Comprehensive Income				
Equity Shares of [₹ 10 each (fully paid up)]				
Quoted				
Oil India Limited *	2,67,50,550	1,78,33,700	575.94	594.85
Unquoted				
Cochin International Airport Limited *	1,31,25,000	1,31,25,000	105.26	97.80
Investment in Debentures at Amortised cost				
Unquoted				
5% Debentures (Fully Paid up) of East India Clinic Limited	1	1	0.01	0.01
Investment in Equity Instruments designated at Fair Value Through Profit or Loss				
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				
Total			681.21	692.66

* The Corporation has designated these investments at fair value through Other Comprehensive Income because these investments represent the investments that the Corporation intends to hold for long-term purposes. No such investments were disposed off during the year and accordingly, there have been no transfers of the cumulative gains or losses on these investments.

Aggregate amount of Unquoted Securities			105.27	97.81
Aggregate amount of Quoted Securities			575.94	594.85
Market value of Quoted Securities			575.94	594.85
Aggregate amount of Impairment in the value of investments			-	-

NOTE 9 LOANS

(Unsecured, considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Security deposits		
Considered good *	98.88	62.71
Considered doubtful	0.90	0.89
Less : Provision for doubtful	(0.90)	(0.89)
Loans to subsidiaries		
Loan to Bharat PetroResources Limited	841.81	2,047.10
Loans to Joint Ventures		
Bharat Oman Refineries Limited	1,254.10	1,254.10
Loans to employees (including accrued interest) (secured) [Refer Note No. 52]	389.03	387.45
Loans to others		
Considered good**	507.56	32.29
Considered doubtful	0.45	0.53
Less: Provision for doubtful	(0.45)	(0.53)
Total	3,091.38	3,783.65

* Includes Secured deposits ₹ **18.49 Crores** (Previous year: Nil).

** The above includes ₹ **463.87** Crores as at 31st March 2018 pertaining to Loans given to Consumers under Pradhan Mantri Ujjwala Yojana scheme, the recovery period has been deferred beyond one year with effect from 1st April 2018.

NOTE 10 OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Claims		
Considered good	39.89	34.16
Considered doubtful	17.96	25.12
Less : Allowances for doubtful	(17.96)	(25.12)
Bank deposits with more than twelve months maturity		
Considered good*	0.99	0.98
Considered doubtful	0.02	0.02
Less: Allowance for doubtful	(0.02)	(0.02)
Advances against Equity to Joint Ventures#		
GSPC India Transco Limited	4.51	-
Bharat Renewable Energy Limited	0.54	0.54
Less : Allowance for doubtful	(0.54)	(0.54)
Total	45.39	35.14

* Includes deposit of ₹ **0.80 Crores** (Previous year: ₹ 0.80 Crores) that have been pledged / deposited with local authorities.

Advance against equity shares (pending allotment).

NOTE 11 INCOME TAX ASSETS (NET)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Advance Payment of Income Tax (Net of provision)	405.25	126.78
Total	405.25	126.78

NOTE 12 OTHER NON-CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Capital advances	76.62	127.80
Advance to Associates		
Petronet LNG Limited	164.72	185.00
Advance to Employee Benefit Trusts [Refer Note No. 50]	28.09	9.83
Prepaid Expenses	813.47	565.65
Claims and Deposits		
Considered good	488.38	596.72
Considered doubtful	141.49	127.22
Less : Allowance for doubtful	(141.49)	(127.22)
Total	1,571.28	1,485.00

NOTE 13 INVENTORIES

[Refer Note No. 1.10]

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Raw materials	4,972.63	3,664.95
[Including in transit ₹ **2,381.78 Crores** (Previous year: ₹1,599.83 Crores)]		
Work-in-progress	883.39	610.43
Finished goods	9,282.92	7,761.08
Stock -in-trade	5,196.89	7,312.29
[Including in transit ₹ **682.22 Crores** (Previous year: ₹1,113.40 Crores)]		
Stores and spares	527.22	429.29
[Including in transit ₹ **5.05 Crores** (Previous year: ₹ 3.24 Crores)]		
Packaging material	10.70	19.97
Total	20,873.75	19,798.01

The write-down of inventories to net realisable value during the year amounted to ₹ **155.00 Crores** (Previous year : ₹ 254.52 Crores). The reversal of write downs during the year amounted to ₹ **3.08 Crores** (Previous year : ₹ 2.61 Crores) due to increase in net realisable value of the inventories. The write downs and reversal are included in cost of materials consumed or changes in inventories of finished goods, stock-in-trade and work-in-progress.

Inventories pledged as collateral - Refer Note No. 30

NOTE 14 INVESTMENTS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Investments at Fair Value Through Profit and Loss		
Investments in Government Securities of Face Value ₹ 100 each (fully paid)		
Quoted		
6.35% Oil Marketing Companies GOI Special Bonds 2024	1,979.42	1,992.27
6.90% Oil Marketing Companies GOI Special Bonds 2026#	1,986.15	2,418.46
7.95% Oil Marketing Companies GOI Special Bonds 2025	10.92	11.09
8.20% Oil Marketing Companies GOI Special Bonds 2024	923.04	938.52
7.59% Government Stock 2026#	93.35	-
	4,992.88	5,360.34
Investment in Others		
Unquoted		
Equity Shares of [₹ 10 each (fully paid up)]		
Sai Wardha Power Generation Limited	2.30	-
Total	4,995.18	5,360.34

Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in Collateralised Borrowing and Lending Obligations of face Value ₹ **2,162 Crores** (Previous Year: ₹ 2,200 Crores) - [Refer Note No. 30].

Aggregate amount of Unquoted Securities	2.30	-
Aggregate amount of Quoted Securities	4,992.88	5,360.34
Market value of Quoted Securities	4,992.88	5,360.34
Aggregate amount of Impairment in the value of investments	-	-

NOTE 15 TRADE RECEIVABLES

(Unsecured unless otherwise stated)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Considered good *	5,166.50	4,773.75
Less: Allowance for Expected Credit Loss	(13.90)	(15.57)
Considered doubtful	134.08	265.29
Less: Allowance for doubtful	(134.08)	(265.29)
Total	5,152.60	4,758.18

* Includes Secured debts ₹ **446.14 Crores** (Previous year: ₹ 423.76 Crores)
Trade receivables pledged as collateral [Refer Note No. 30]

NOTE 16 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Balances with Banks		
On Current Account	39.50	14.96
Cheques and drafts on hand	35.80	38.69
Cash on hand	0.43	0.70
Total	75.73	54.35

NOTE 17 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Earmarked Balances		
Unpaid Dividend	12.34	10.34
Total	12.34	10.34

NOTE 18 LOANS

(Unsecured, considered good unless otherwise stated)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Loans to employees [(including accrued interest) (Secured) [Refer Note No. 52]]	62.45	62.77
Loans to Others	8.50	7.88
Total	70.95	70.65

NOTE 19 OTHER FINANCIAL ASSETS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Interest accrued on bank deposits etc.		
Considered good	0.14	0.14
Considered doubtful	0.02	0.02
Less: Allowance for doubtful	(0.02)	(0.02)
Interest Accrued on Loans to Related Parties	97.87	89.50
Derivative asset	11.64	6.10
Receivable from Central Government/State Government		
Considered good	3,860.06	2,365.95
Considered doubtful	79.99	8.64
Less: Allowance for doubtful	(79.99)	(8.64)
Dues from Related parties		
Dues from subsidiaries	26.22	6.70
Dues from Joint Venture Companies	39.99	21.31
Advances and recoverables		
Considered good	543.21	814.35
Considered doubtful	118.76	300.81
Less : Allowance for doubtful	(118.76)	(300.81)
Total	4,579.13	3,304.05

NOTE 20 CURRENT TAX ASSETS (NET)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Advance Income Tax (Net of provision for taxation)	23.73	23.08
Total	23.73	23.08

NOTE 21 OTHER CURRENT ASSETS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Advances other than Capital Advances		
Other advances including prepaid expenses	**311.94**	289.98
Claims	**419.71**	235.07
Recoverables from Customs, Excise etc.	**366.42**	344.44
Total	**1,098.07**	869.49

NOTE 22 ASSETS HELD FOR SALE

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Non Current Assets Held for Sale	**16.93**	9.63
Total	**16.93**	9.63

Non Current Assets held for sale consists of items such as Plant and equipment, Dispensing pumps etc. which have been identified for disposal due to replacement/ obsolescence of assets which happens in the normal course of business. These assets are expected to be disposed off within the next twelve months. On account of re-classification of these assets, an impairment loss of ₹ **26.72 Crores** during the year (Previous year: ₹ 5.52 Crores) has been recognised in the statement of profit and loss.

NOTE 23 EQUITY SHARE CAPITAL

₹ in Crores

	Particulars	As at 31/03/2018	As at 31/03/2017
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**		
	2,16,92,52,744 (Previous year: 1,44,61,68,496) equity shares fully paid-up	**2,169.25**	1,446.17
	Less - BPCL Trust for Investment in Shares [Refer Note No. 45]	**(202.37)**	(134.92)
	Total	**1,966.88**	1,311.25

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, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

NOTE 23 EQUITY SHARE CAPITAL (CONTD.)

iv During the Financial year 2017-18, the Corporation has issued Bonus Shares in the ratio of 1:2 by capitalisation of General Reserves. The total number of shares issued is 72,30,84,248 having face value of ₹ 10 each.

During the Financial year 2016-17, the Corporation has issued Bonus Shares in the ratio of 1:1 by capitalisation of General Reserves. The total number of shares issued is 72,30,84,248 having face value of ₹ 10 each.

v **Reconciliation of No. of Equity Shares**

Particulars	As at 31/03/2018	As at 31/03/2017
A. Opening Balance	1,44,61,68,496	72,30,84,248
B. Shares Issued		
- Bonus Shares	72,30,84,248	72,30,84,248
C. Shares Bought Back	-	-
D. Closing Balance	2,16,92,52,744	1,44,61,68,496

vi **Details of shareholders holding more than 5% shares**

	As at 31/03/2018		As at 31/03/2017	
Name of shareholder	% Holding	No. of shares	% Holding	No. of shares
Government of India	54.31	1,17,80,95,019	54.93	79,44,00,240
BPCL Trust for Investment in Shares [Refer Note No. 45]	9.33	20,23,72,422	9.33	13,49,14,948

NOTE 24 OTHER EQUITY

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Capital Reserve	12.33	12.33
Debenture Redemption Reserve	1,108.56	810.82
General Reserve	26,360.45	24,683.03
Foreign Currency Monetary Item Translation Difference Account	66.76	206.34
Equity Instruments through Other Comprehensive Income	78.99	94.24
Retained Earnings	5,014.77	3,074.56
BPCL Trust for Investment in Shares [Refer Note No. 45]	(456.74)	(524.19)
Total	32,185.12	28,357.13
Capital Reserve		
Opening balance	12.33	12.33
Add/(Less) : Additions/(Deletions) during the year	-	-
Closing balance	12.33	12.33
Debenture Redemption Reserve		
Opening balance	810.82	586.24
Add : Transfer from Retained Earnings	297.74	224.58
Closing balance	1,108.56	810.82

NOTE 24 OTHER EQUITY (CONTD.)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
General Reserve		
Opening balance	**24,683.03**	25,406.12
Add : Transfer from Retained Earnings	**2,400.50**	-
Less : Amount utilised for issue of bonus shares [Refer Note No. 23]	**(723.08)**	(723.09)
Closing balance	**26,360.45**	24,683.03
Foreign Currency Monetary Item Translation Difference Account [Refer Note No. 55]		
Opening balance	**206.34**	(79.28)
Add/(Less) : Additions / (Deletions) during the year	**(74.32)**	155.79
Add/(Less) : Additions / (Deletions) on account of Amortization during the year	**(65.26)**	129.83
Closing balance	**66.76**	206.34

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Equity Instruments through Other Comprehensive Income		
Opening balance	**94.24**	(88.88)
Add/(Less) : Additions / (Deletions) during the year	**(15.25)**	183.12
Closing balance	**78.99**	94.24
BPCL Trust for Investment in Shares: [Refer Note No. 45]		
Opening balance	**(524.19)**	(591.65)
Add/(Less) : Additions / (Deletions) during the year	**67.45**	67.46
Closing balance	**(456.74)**	(524.19)
Retained Earnings		
Opening balance	**3,074.56**	1,422.46
Add : Profit/(Loss) for the year as per Statement of Profit and Loss	**7,919.34**	8,039.30
Add/Less : Remeasurements of defined benefit plans (net of tax)	**24.36**	(50.69)
Less : Transfer to Debenture Redemption Reserve	**(297.74)**	(224.58)
Less : Transfer to General Reserve	**(2,400.50)**	-
Less : Interim Dividends for the year: ₹ **14 per share** (Previous year : ₹31.50 per share)	**(3,036.95)**	(4,555.43)
Less : Dividend Distribution Tax on Interim Dividends for the year	**(420.49)**	(828.23)
Less : Final Dividend for FY 2016-17 ₹ 1 per share (Previous year : ₹15 per share)	**(144.62)**	(1,084.63)
Less : Dividend Distribution Tax on Final Dividend for previous year	**-**	(169.81)
Add : Income from BPCL Trust for Investment in Shares [Refer Note No. 45]	**296.81**	526.17
Closing balance*	**5,014.77**	3,074.56
Total Other Equity	**32,185.12**	28,357.13

*The balance includes accumulated balance of Remeasurements of defined benefit plans (Net of tax) as of 31st March 2018 is ₹**(119.51) Crores** (as on 31st March 2017 ₹(143.87) Crores).

Nature and purpose of reserves

Capital Reserve

It represents Capital Reserve appearing in the financial statements of erstwhile Kochi Refineries Limited (KRL) transferred on amalgamation.

NOTE 24 OTHER EQUITY (CONTD.)

Debenture Redemption Reserve

Debenture redemption reserve represents reserve created out of the profits of the Corporation available for distribution to shareholders which is utilised for redemption of debentures/bonds.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Foreign Currency Monetary Item Translation Difference Account

Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognised are amortised in the statement of profit and loss over remaining maturity of related borrowings.

Retained Earnings

Retained Earnings (excluding accumulated balance of remeasurements of defined benefit plans (net of tax)) represents surplus/accumulated earnings of the Corporation and are available for distribution to shareholders.

Proposed Dividends on Equity Shares not recognised

₹ in Crores

	2017-18	2016-17
Final Dividend for the year ended (₹ **7** per share (Previous year : ₹ 1 per share))	1,518.48	144.62
Dividend Distribution Tax on Proposed Dividend	312.12	29.44
Total	1,830.60	174.06

NOTE 25 BORROWINGS

₹ in Crores

Particulars	As at 31/03/2018		As at 31/03/2017	
	Current #	Non-Current	Current #	Non-Current
Secured				
From others				
Debentures				
7.35% Secured Non-Convertible Debentures 2022*	-	549.84	-	549.80
Term Loan				
Loan from Oil Industry Development Board **	499.44	858.50	412.94	1,357.94
Unsecured				
From banks				
Foreign Currency Loans - Syndicated	-	2,771.42	1,718.22	2,142.37
Term loan	-	2,000.00	-	2,000.00
From Others				
Debentures				
7.69% Unsecured Non-Convertible Debentures 2023	-	749.68	-	-
Bonds				
4% US Dollar International Bonds 2025	-	3,227.22	-	3,211.28
4.625% US Dollar International Bonds 2022	-	3,238.55	-	3,222.60
3% Swiss Franc International Bonds 2019	-	1,363.01	-	1,292.45
Term Loan				
Loan from Oil Industry Development Board	-	-	24.25	-
Total	499.44	14,758.22	2,155.41	13,776.44

Classified under Other Financial Liabilities [Refer Note No. 32]

NOTE 25 BORROWINGS (CONTD.)

Terms of Repayment Schedule of Long-term borrowings as on 31/03/2018 :

Non-Current	**Coupon Rate of Interest**	**₹ in Crores**	**Maturity**
4% US Dollar International Bonds 2025	4.00%	3,252.21	08-May-25
Term Loan	SBI MCLR	1,466.40	15-Mar-24
Term Loan	SBI MCLR	133.40	15-Apr-23
7.69% Unsecured Non-Convertible Debentures 2023	7.69%	750.00	16-Jan-23
4.625% US Dollar International Bonds 2022	4.625%	3,252.21	25-Oct-22
Term Loan	SBI MCLR	133.40	15-Apr-22
7.35% Secured Non-Convertible Debentures 2022	7.35%	550.00	10-Mar-22
Term Loan	SBI MCLR	133.40	15-Apr-21
Non-Current	**Coupon Rate of Interest**	**₹ in Crores**	**Maturity**
Loan from Oil Industry Development Board - Secured	7.68% - 8.09%	86.50	Apr'21 - Mar'22
Foreign Currency Loans - Syndicated	L + 82 bps	2,146.46	26-Feb-21
Foreign Currency Loans - Syndicated	L + 71 bps	650.44	06-Nov-20
Term Loan	SBI MCLR	133.40	15-Apr-20
Loan from Oil Industry Development Board - Secured	7.68% - 8.09%	272.56	Apr'20 - Mar'21
3% Swiss Franc International Bonds 2019	3.00%	1,364.70	20-Dec-19
Loan from Oil Industry Development Board - Secured	7.68% - 9.11%	499.44	Apr'19 - Mar'20
Current			
Loan from Oil Industry Development Board - Secured	7.87% - 9.11%	499.44	Apr'18 - Mar'19

* The Corporation had allotted Non-Convertible 7.35% Debentures of face value of ₹ 550 Crores on 10th March 2017 redeemable on 10th March 2022. 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.

** These are secured by first legal mortgage over the Plant and machinery of the Corporation, mainly Plant and Machinery at Mumbai Refinery and Kochi Refinery.

NOTE 26 OTHER FINANCIAL LIABILITIES

₹ in Crores

Particulars	**As at 31/03/2018**	**As at 31/03/2017**
Security/Earnest Money Deposits	**2.91**	10.77
Retiral Dues	**55.49**	52.63
Total	**58.40**	63.40

NOTE 27 PROVISIONS

₹ in Crores

Particulars	**As at 31/03/2018**	**As at 31/03/2017**
Provision for employee benefits [Refer Note No. 50]	**1,366.19**	1,353.15
Total	**1,366.19**	1,353.15

NOTE 28 TAX EXPENSE AND DEFERRED TAX LIABILITIES (NET)

(a) Amounts recognised in profit and loss

₹ in Crores

	2017-18	2016-17
Current tax expense (A)		
Current year	2,110.00	2,210.00
Short/(Excess) provision of earlier years	(265.99)	(111.24)
Deferred tax expense (B)		
Origination and reversal of temporary differences*	1,434.66	904.73
Tax expense recognised in the income statement (A+B)	3,278.67	3,003.49

(b) Amounts recognised in other comprehensive income

₹ in Crores

	2017-18			2016-17		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	37.44	(13.08)	24.36	(77.52)	26.83	(50.69)
Equity instruments through Other Comprehensive income- net change in fair value	(11.44)	(3.81)	(15.25)	185.04	(1.92)	183.12
Total	26.00	(16.89)	9.11	107.52	24.91	132.43

(c) Reconciliation of effective tax rate

Particulars	2017-18		2016-17	
	%	₹ in Crores	%	₹ in Crores
Profit before tax		11,198.01		11,042.79
Tax using the Company's domestic tax rate	34.61	3,875.41	34.61	3,821.69
Tax effect of:				
Non-deductible tax expenses	0.54	60.46	0.51	56.35
Tax-exempt income	(3.83)	(428.83)	(2.73)	(301.59)
Interest expense not deductible for tax purposes	(0.05)	(5.45)	0.06	6.96
Incremental deduction allowed for research and development costs	(0.21)	(23.26)	(0.17)	(18.38)
Investment allowance deduction	0.02	1.80	(4.26)	(470.26)
Change in Tax Rate impact	0.49	54.51		
Others	0.09	10.02	0.18	19.96
Effective Income Tax Rate	31.66	3,544.66	28.21	3,114.73
Adjustments recognised in current year in relation to the current tax of prior years		(265.99)		(111.24)
Income Tax Expense		3,278.67		3,003.49

No aggregate amounts of current and deferred tax have arisen in the reporting period which have been recognised in equity and not in Statement of Profit or Loss or Other Comprehensive Income.

NOTE 28 TAX EXPENSE AND DEFERRED TAX LIABILITIES (NET) (CONTD.)

(d) Movement in deferred tax balances

₹ in Crores

					As at 31/03/2018		
	Net balance as at 01/04/2017	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net Balance	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(4,954.14)	(1,812.11)	-	-	(6,766.25)	-	(6,766.25)
Intangible assets	(19.74)	(15.52)	-	-	(35.26)	-	(35.26)
Derivatives	(1.26)	0.79	-	-	(0.47)	-	(0.47)
Inventories	-	-	-	-	-	-	-
Investments	50.55	21.50	(3.81)	-	68.24	68.24	-
Trade and other receivables	97.20	(45.49)	-	-	51.71	51.71	-
Loans and borrowings	8.68	(8.21)	-	-	0.47	0.47	-
Employee benefits	650.57	(104.92)	(13.08)	-	532.57	532.57	-
Deferred income	-	30.86	-	-	30.86	30.86	-
Provisions	85.89	39.48	-	-	125.37	125.37	-
Other Current liabilities	362.20	(35.77)	-	-	326.43	326.43	-
MAT Credit Entitlement*	-	680.00	-	-	680.00	680.00	-
Other items	218.34	(185.27)	-	-	33.07	33.07	-
Tax Assets/(Liabilities)	(3,501.71)	(1,434.66)	(16.89)	-	(4,953.26)	1,848.72	(6,801.98)

NOTE 28 TAX EXPENSE AND DEFERRED TAX LIABILITIES (NET) (CONTD.)

(e) Movement in deferred tax balances

₹ in Crores

					As at 31/03/2017		
	Net balance 01/04/2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net Balance	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,811.51)	(1,142.63)	-	-	(4,954.14)	-	(4,954.14)
Intangible assets	(24.95)	5.21	-	-	(19.74)	-	(19.74)
Derivatives	0.29	(1.55)	-	-	(1.26)	-	(1.26)
Inventories	(35.71)	35.71	-	-	-	-	-
Investments	122.37	(69.90)	(1.92)	-	50.55	50.55	-
Trade and other receivables	111.69	(14.49)	-	-	97.20	97.20	-
Loans and borrowings	9.44	(0.76)	-	-	8.68	8.68	-
Employee benefits	458.75	164.99	26.83	-	650.57	650.57	-
Deferred income	(6.60)	6.60	-	-	-	-	-
Provisions	219.51	(133.62)	-	-	85.89	85.89	-
Other Current Liabilities	200.95	161.25	-	-	362.20	362.20	-
Other items	133.88	84.46	-	-	218.34	218.34	-
Tax Assets/(Liabilities)	(2,621.89)	(904.73)	24.91	-	(3,501.71)	1,473.43	(4,975.14)

The corporation offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

*MAT credit entitlement of ₹ **680 Crores** is recognised as the corporation is liable to pay tax as per provision of Section 115JB of Income Tax Act, 1961 in the FY 2017-18. Management is confident that it would be in a position to utilise the MAT credit enititlement within the period specified under the Income Tax Act, 1961.

NOTE 29 OTHER NON-CURRENT LIABILITIES

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Deferred Income and Others*	**142.36**	137.29
Total	**142.36**	137.29

*Deferred Income includes unamortised portion of capital grants amounting to ₹ **85.97 Crores** as at 31st March 2018 (Previous year: ₹ 82.99 Crores) comprising mainly of works contract tax reimbursement received from Government of Kerala as part of the fiscal incentives sanctioned for IREP and grants received for technology development.

NOTE 30 BORROWINGS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Loans repayable on demand		
Secured		
From banks		
Working capital loans / Cash Credit *	**306.75**	87.60
From others		
Collateralized Borrowings and Lending Obligation **	**1,500.00**	1,350.00
Unsecured		
From banks		
Foreign Currency Loans - Buyer's Credit	**6,286.26**	5,789.76
Total	**8,093.01**	7,227.36

* Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, work-in-progress, book debts, stores, components and spares and all movables both present and future. [Refer Note no. 13 and 15].

The Corporation has Collateralized Borrowing & Lending Obligations limits from Clearing Corporation of India Limited, the balance of which is ₹ **1,500 Crores as at 31st March 2018 (Previous year: ₹ 1,350 Crores). These are secured by 6.90 % Oil Marketing Companies GOI Special Bonds 2026 & 7.59% Govt. Stock 2026 of Face Value ₹ **2,162 Crores** (Previous year: ₹ 2,200 Crores) [Refer Note no. 14].

NOTE 31 TRADE PAYABLES

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Dues to subsidiaries	**957.79**	728.72
Dues to others [Refer Note No. 46]	**12,106.05**	10,631.06
Total	**13,063.84**	11,359.78

NOTE 32 OTHER FINANCIAL LIABILITIES

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Current maturities of long-term borrowings [Refer Note No. 25]	**499.44**	2,155.41
Interest accrued but not due on borrowings	**183.33**	163.56
Security/Earnest Money deposits	**555.64**	501.86
Unclaimed Dividend*	**12.34**	10.34
Deposits for Containers**	**11,898.51**	10,496.15
Unclaimed Interest on Deposits */#	**-**	-
Dues to Micro and Small Enterprises [Refer Note No. 62]	**191.76**	160.13
Derivative liability	**90.16**	221.50
Other Liabilities (including creditors for expenses and others)	**4,498.23**	5,394.47
Total	**17,929.41**	19,103.42

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

** Includes deposit received towards Rajiv Gandhi Gramin LPG Vitrak Yojana and Pradhan Mantri Ujjwala Yojana Scheme (Central Scheme) as on 31st March 2018 ₹ **1,625.91 Crores** (Previous year: ₹ 1,060.53 Crores). The deposit against these schemes have been funded from CSR fund or Government of India.

Nil as at 31st March 2018 (Previous year: ₹ 4,087)

NOTE 33 OTHER CURRENT LIABILITIES

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Advances from Customers	**506.22**	585.08
Statutory Liabilities	**3,488.11**	3,226.23
Others (Deferred income etc.)	**57.18**	55.38
Total	**4,051.51**	3,866.69

NOTE 34 PROVISIONS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Provision for employee benefits [Refer Note No. 50]	**1,002.72**	1,102.71
Provision for CSR Expenditure [Refer Note No. 58]	**144.54**	127.23
Others [Refer Note No. 57]*	**367.90**	585.63
Total	**1,515.16**	1,815.57

*Above includes deposits/ claims made of ₹ **62.29 Crores** (Previous year: ₹ 62.57 Crores) netted of against provisions.

NOTE 35 CURRENT TAX LIABILITIES (NET)

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Current tax liabilities (Net of Taxes paid)	**139.18**	116.44
Total	**139.18**	116.44

NOTE 36 REVENUE FROM OPERATIONS

₹ in Crores

Particulars			2017-18	2016-17
(A)	**(i)**	**Sales**		
		Petroleum products	**273,924.27**	237,251.90
		Crude oil	**1,742.39**	3,423.19
			275,666.66	240,675.09
	ii)	Subsidy from Central/State Governments [Refer Note No. 44]	**734.23**	1,184.39
			276,400.89	241,859.48
(B)	**Other operating revenues**		**761.34**	188.34
Total			**277,162.23**	242,047.82

NOTE 37 OTHER INCOME

₹ in Crores

Particulars	2017-18	2016-17
Interest Income		
Instruments measured at FVTPL	**372.95**	492.19
Instruments measured at amortised cost	**578.50**	499.78
Dividend Income		
Dividend income - Subsidiaries, Joint Ventures and Associates	**1,208.84**	823.68
Dividend income from non-current equity instruments at FVOCI	**36.72**	30.60
Dividend income from current investments at FVTPL	**-**	15.28
Net gains on fair value changes of		
Instruments measured at FVTPL ^	**-**	227.86
Derivatives at FVTPL	**28.86**	21.91
Share of profit from association of persons	**-**	1.87
Write back of liabilities no longer required	**5.32**	16.18
Reversal of allowance on doubtful debts and advances	**236.54**	-
Reversal of impairment in value of investments in Subsidiaries, Joint Ventures and Associates	**-**	16.00
Net gains on foreign currency transactions and translations		
Exchange losses on foreign currency forwards and principal only swap contracts	**-**	(94.71)
Exchange Gains on foreign currency transactions and translations of other assets and liabilities	**-**	125.87
Sub-Total	**-**	31.16
Others#	**543.15**	424.17
Total	**3,010.88**	2,600.68

^ Includes gain on sale of investments for previous year ₹ 25.87 Crores. Gains on sale of investments during the current year of ₹ **10.65 Crores** are grouped under Other Expenses along with losses on fair value changes of instruments measured at FVTPL.

Includes amortisation of capital grants ₹ **5.46 Crores** (Previous year: ₹ 2.34 Crores)

NOTE 38 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	2017-18	2016-17
Opening stock	3,664.95	3,369.70
Add : Purchases	82,775.13	68,005.96
Less: Closing stock	(4,972.63)	(3,664.95)
Total	81,467.45	67,710.71

NOTE 39 PURCHASES OF STOCK-IN-TRADE

₹ in Crores

Particulars	2017-18	2016-17
Petroleum products	123,535.30	110,650.15
Crude oil	1,742.39	3,423.19
Others	185.04	146.75
Total	125,462.73	114,220.09

NOTE 40 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Crores

Particulars	2017-18	2016-17
Value of opening stock of		
Finished goods	7,761.08	5,389.77
Stock-in-trade	7,312.29	4,402.55
Work in progress	610.43	313.87
	15,683.80	10,106.19
Less : Value of closing stock of		
Finished goods	9,282.92	7,761.08
Stock-in-trade	5,196.89	7,312.29
Work in progress	883.39	610.43
	15,363.20	15,683.80
Net (increase) / decrease in inventories	320.60	(5,577.61)

NOTE 41 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	2017-18	2016-17
Salaries and Wages [Refer Note No. 47]	2,514.25	2,259.96
Contribution to Provident and Other funds	377.83	802.99
Staff Welfare Expenses	420.31	366.51
Voluntary Retirement Scheme	118.59	-
Total	3,430.98	3,429.46

NOTE 42 FINANCE COSTS

₹ in Crores

Particulars	2017-18	2016-17
Interest Expense	738.64	443.31
Other Borrowing Costs	21.97	26.77
Interest on shortfall in payment of income tax	-	20.11
Exchange differences regarded as an adjustment to borrowing costs	72.64	5.68
Total	833.25	495.87

NOTE 43 OTHER EXPENSES

₹ in Crores

Particulars	2017-18	2016-17
Transportation	6,265.77	5,644.70
Octroi, Other Levies and Irrecoverable Taxes	947.89	806.94
Repairs, maintenance, stores and spares consumption	1,095.56	966.24
Power and fuel	4,742.17	3,121.88
Less: Consumption of fuel out of own production	(2,992.67)	(1,812.52)
Power and fuel consumed (net)	1,749.50	1,309.36
Packages consumed	178.50	175.48
Net losses on fair value changes of		
Instruments measured at FVTPL ^	44.17	-
Office Administration, Selling and Other expenses		
Rent [Refer Note No. 49]	378.09	350.30
Utilities [Refer Note No. 49]	794.84	252.15
Terminaling and related expenses	284.49	306.78
Travelling and conveyance	213.81	189.84
Remuneration to auditors		
Audit fees	0.47	0.47
Fees for other services - Certification	0.30	0.47
Reimbursement of out of pocket expenses	0.01	-
Sub-Total	0.78	0.94
Bad debts and other write offs	5.60	5.40
Allowance for doubtful debts & advances (net)	-	21.66
Share of loss from association of persons	0.04	-
Loss on sale of property, plant and equipment / assets held for sale (net)	35.63	36.29
Net losses on foreign currency transactions and translations		
Exchange gains on foreign currency forwards and principal only swap contracts	(144.16)	-
Exchange losses on transactions and translations of other foreign currency assets and liabilities	152.91	-
Sub-Total	8.75	-
CSR Expenditure [Refer Note No. 58]	183.33	159.14
Impairment loss on assets held for sale	26.72	5.52
Others	1,749.01	1,367.88
Sub-Total - Office Administration, Selling and Other expenses	3,681.09	2,695.90
Total	13,962.48	11,598.62

^ Includes gain on sale of investments for current year ₹ **10.65 Crores**. Gains on sale of investments during the previous year of ₹ 25.87 Crores are grouped under Other Income along with gains on fair value changes of instruments measured at FVTPL.

NOTE 44

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 ₹ **719.30 Crores** (Previous year: ₹ **1,172.83 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 subsidy from Government of India amounting to ₹ **719.30 Crores** (Previous year: ₹ 1,172.83 Crores) and the same is accounted as Revenue from operations.

After adjusting the above compensation, the net under recovery absorbed by the Corporation is **Nil** (Previous year: under recovery Nil).

Further, subsidies received from State Governments which are recognised in Revenue From Operations is ₹ **14.93 Crores** (Previous year: ₹ 11.56 Crores) during current year.

NOTE 45

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 and July 2016 respectively and 1:2 bonus issue in July 2017, presently the trust holds 20,23,72,422 equity shares of the Corporation. The cost of the original investment together with the additional contribution to the corpus of the trust made in 2014-15 has been reduced from the total equity of the Corporation. To the extent of the face value of the shares, the same has been reduced from the Paid up Share capital of the Corporation and the balance has been reduced from Other Equity under a separate reserve. Accordingly, the income received from the Trust has been recognised directly under Other Equity of the Corporation.

NOTE 46

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.

NOTE 47

During the previous Financial Year 2016-17, provision was made under Salaries and Wages in respect of pay revision dues (including retiral dues) to employees w.e.f. 1st January 2017 at an estimated amount of ₹ 596.86 Crores based on the available information and judgement.

Further, pursuant to implementation of the pay revision in the current year and recognition of the employee benefit expenses thereof, an amount of ₹ 455.65 Crores representing past service cost in respect of employee gratuity scheme included in the provisions created in the previous year has been regrouped from “salaries and wages” to “contribution to provident and other funds” of the previous year to that extent.

NOTE 48 SERVICE CONCESSION ARRANGEMENTS

The Corporation has entered into service concession arrangements with entities supplying electricity ("The Regulator") to construct, own, operate and maintain a wind energy based electric power generating station ("Plant").

Under the terms of agreement, the Corporation will operate and maintain the Plant and sell electricity generated to Regulator for a period which covers the substantial useful life of the Plant which may be renewed for such further period as may be mutually agreed upon between the parties. The Corporation will be responsible for any maintenance services during the concession period.

The Corporation in turn has a right to charge the Regulator agreed rate as stated in the service concession arrangement.

The fair value towards the construction of the Plant has been recognised as an Intangible Asset and is amortised over the useful life of the asset or period of contract whichever is less.

NOTE 49 LEASES

Operating leases

A. Leases as lessee

The Corporation enters into cancellable/non-cancellable operating lease arrangements for land, godowns, office premises, staff quarters, third party operating plant and others. The lease rentals paid for the same are charged to the Statement of Profit and Loss.

a) The future minimum lease payments under Non cancellable leases payable as at the year ending are as follows:

₹ in Crores

	Particulars	**As at 31/03/2018**	As at 31/03/2017
i)	Less than one year	**374.18**	371.98
	Between one and five years	**1,928.59**	1,530.94
	More than five years	**7,321.39**	4,830.04
ii)	Lease Rentals recognized in the Statement of Profit and Loss	**349.84**	13.48

b) The Corporation enters into cancellable operating leases in respect of land, office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year ₹ **339.93 Crores** (Previous year: ₹ 311.83 Crores) has been charged to Statement of Profit and Loss on account of lease rentals.

B. Leases as lessor

a) The Corporation enters into cancellable/non-cancellable operating lease arrangements in respect of land, commercial spaces, storage distribution facilities etc. The details are as follows:

As at 31/03/2018

₹ in Crores

Particulars	**Land**	**Buildings**	**Plant and Equipments**	**Tanks & Pipelines**	**Furnitures and Fixtures**	**Office Equipment**	**Railway Sidings**	**Vehicle**
Gross Carrying Amount	**26.22**	**151.03**	**107.56**	**311.19**	**6.30**	**5.29**	**62.87**	**0.01**
Accumulated depreciation	**-**	**18.21**	**24.35**	**41.79**	**4.20**	**1.90**	**16.42**	**-**
Depreciation recognised in statement of P&L	**-**	**6.09**	**8.36**	**14.13**	**0.98**	**0.75**	**5.53**	**-**

As at 31/03/2017

₹ in Crores

Particulars	**Land**	**Buildings**	**Plant and Equipments**	**Tanks & Pipelines**	**Furnitures and Fixtures**	**Office Equipment**	**Railway Sidings**	**Vehicle**
Gross Carrying Amount	0.89	119.84	107.01	311.15	6.03	5.07	62.87	0.01
Accumulated depreciation	-	10.29	16.01	27.66	3.24	1.18	10.89	-
Depreciation recognised in statement of P&L	-	5.15	8.36	14.00	1.43	0.61	5.48	-

b) Total contingent rent recognised as income in the Statement of Profit and Loss in the FY 2017-18 is ₹ **21.60 Crores** (Previous year: ₹ 21.52 Crores).

NOTE 49 LEASES (CONTD.)

c) The future minimum lease payments under Non cancellable leases receivable as at the year ending are as follows:

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Less than one year	**26.03**	26.01
Between one and five years	**104.13**	104.02
More than five years	**58.55**	84.47

Finance Lease

A. Leases as lessee

i) The Corporation has finance lease arrangements for various Land leases. The carrying amount of these assets are shown below:

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Gross Carrying Amount	**0.74**	0.74
Accumulated depreciation	**0.06**	0.05
Depreciation recognised in statement of Profit and Loss	**0.01**	0.03

NOTE 50 EMPLOYEE BENEFITS

A Post Employment Benefit Plans:

Defined Contribution Scheme

Defined Contribution Scheme (DCS) was introduced effective from 1st Jan 2007. Corporation contributes at a defined percentage of the employee salary out of the total entitlements on account of superannuation benefits under this scheme. This Fund is maintained under a trust.

₹ in Crores

Amount recognised in the Statement of Profit and Loss	2017-18	2016-17
Defined Contribution Scheme	**232.95**	173.07

Defined Benefit Plans

The Corporation has the following Defined Benefit Plans

Gratuity: The Corporation has a defined benefit gratuity plan managed by a trust. The Trustees administer contributions made to the trust, investments thereof etc. Based on actuarial valuation, the contribution is paid to the trust which is invested in plan assets as per the investment pattern prescribed by the Government. 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.

Other Defined Benefits include: (a) Post Retirement Medical Scheme (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 benefit given to the spouse of the employee / employee, provided the deceased's family / disabled employee deposits with the Corporation, retirement dues such as Provident Fund, Gratuity, Leave Encashment etc. payable to them; (d) Resettlement allowance paid to employees to permanently settle down at the time of retirement; (e) The Corporation makes contribution towards Provident Fund, which is administered by the trustees. The Corporation has an obligation to fund any shortfall on the yield of the trust's investments over the interest rates declared by the Government under EPF scheme.

NOTE 50 EMPLOYEE BENEFITS (CONTD.)

These defined benefit plans expose the Corporation to actuarial risks, such as longetivity risk, interest rate risk and market (investment) risk.

Movement in net defined benefit (Asset)/Liability

a) Reconciliation of balances of Defined Benefit Obligations

₹ in Crores

	Gratuity - Funded		Post Retirement Medical - Funded		Burmah Shell Pension - Non Funded	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Defined Obligations at the beginning of the year	**629.91**	634.97	**981.85**	855.76	**88.49**	79.04
Interest Cost	**45.73**	50.73	**73.15**	68.97	**6.03**	6.16
Current Service Cost	**6.47**	5.50	**39.72**	38.34	**-**	-
Past Service Cost	**455.65**	-	**-**	-	**-**	-
Benefits paid	**(104.90)**	(54.35)	**(36.56)**	(32.80)	**(16.15)**	(17.66)
Actuarial (Gains)/ Losses on obligations						
- Changes in financial Assumptions	**(37.32)**	25.68	**1.63**	133.56	**(2.22)**	2.89
- Experience adjustments	**47.36**	(32.62)	**(22.76)**	(81.98)	**1.28**	18.06
Defined Obligations at the end of the year	**1,042.90**	629.91	**1,037.03**	981.85	**77.43**	88.49
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	**639.74**	640.16	**930.84**	706.78		
Interest income (i)	**46.45**	51.15	**69.35**	56.97		
Return on Plan Assets, excluding interest income(ii)	**7.11**	2.70	**12.66**	17.02		
Actual Return on Plan assets (i+ii)	**53.56**	53.85	**82.01**	73.99		
Contribution by employer	**50.52**	0.08	**52.27**	181.73		
Contribution by employee	**-**	-	**-**	1.14		
Benefits paid	**(104.90)**	(54.35)	**-**	(32.80)		
Fair Value of Plan Assets at the end of the year	**638.92**	639.74	**1,065.12**	930.84		
c) Amount recognised in Balance sheet (a-b)	**403.98**	(9.83)	**(28.09)**	51.01	**77.43**	88.49
d) Amount recognised in Statement of Profit and Loss						
Current Service Cost	**6.47**	5.50	**39.72**	38.34	**-**	-
Past Service Cost	**455.65**	-	**-**	-	**-**	
Interest Cost	**45.73**	50.73	**73.15**	68.97	**6.03**	6.16
Interest income	**(46.45)**	(51.15)	**(69.35)**	(56.97)	**-**	-
Contribution by employee	**-**	-	**-**	(1.14)		-
Expenses for the year	**461.40**	5.08	**43.52**	49.20	**6.03**	6.16

Note: Provision in respect of pay revision dues as mentioned in Note no. 47 is over and above the amounts recognised herein.

e) Amount recognised in Other Comprehensive Income

₹ in Crores

Remeasurements	Gratuity - Funded		Post Retirement Medical - Funded		Burmah Shell Pension - Non Funded	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Actuarial (Gains)/ Losses						
- Changes in financial assumptions	**(37.32)**	25.68	**1.63**	133.56	**(2.22)**	2.89
- Experience adjustments	**47.36**	(32.62)	**(22.76)**	(81.98)	**1.28**	18.06
Return on plan assets excluding net interest cost	**(7.11)**	(2.70)	**(12.66)**	(17.02)	**-**	-
Total	**2.93**	(9.64)	**(33.79)**	34.56	**(0.94)**	20.95

NOTE 50 EMPLOYEE BENEFITS (CONTD.)

f) Major Actuarial Assumptions

₹ in Crores

	Gratuity - Funded		Post Retirement Medical - Funded		Burmah Shell Pension - Non Funded	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Discount Rate (%)	**7.88**	7.26	**7.76**	7.45	**7.68**	6.81
Salary Escalation/ Inflation (%)	**8.00**	8.00	**7.00**	7.00	**-**	-
Expected Return on Plan assets (%)	**7.88**	7.26	**7.76**	7.45	**-**	-

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.

g) Investment pattern for Fund

	Gratuity - Funded		Post Retirement Medical - Funded	
	As at 31/03/2018	As at 31/03/2017	**As at 31/03/2018**	As at 31/03/2017
Category of Asset	**%**	%	**%**	%
Government of India Asset	**23.38**	23.57	**3.58**	5.16
Corporate Bonds	**5.56**	18.81	**72.17**	74.97
Insurer Managed funds	**61.30**	53.82	**-**	-
State Government	**1.49**	2.29	**19.00**	15.70
Others	**8.27**	1.51	**5.25**	4.17
Total (%)	**100.00**	100.00	**100.00**	100.00

For the funded plans, the trust maintains appropriate fund balance considering the analysis of maturities. Projected Unit credit method is adopted for Asset-Liability Matching.

Movement in net defined benefit (asset)/ liability

a) Reconciliation of balances of Defined Benefit Obligations

₹ in Crores

	Death / Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Defined Obligations at the beginning of the year	**14.01**	12.11	**14.70**	14.99	**326.43**	321.09
Interest Cost	**0.95**	0.95	**1.07**	1.20	**24.32**	25.66
Current Service Cost	**-**	-	**3.23**	3.24	**3.09**	6.48
Past service cost	**-**	-	**-**	-	**-**	(27.59)
Benefits paid	**(9.02)**	(11.63)	**(2.65)**	(1.69)	**(19.90)**	(21.32)
Actuarial (Gains)/ Losses on obligations						
- Changes in financial assumptions	**(1.92)**	2.95	**(0.50)**	0.01	**(8.38)**	14.61
- Experience adjustments	**7.49**	9.63	**(2.56)**	(3.05)	**0.23**	7.50
Defined Obligations at the end of the year	**11.51**	14.01	**13.29**	14.70	**325.79**	326.43

₹ in Crores

	Death / Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
b) Amount recognised in Balance sheet	**11.51**	14.01	**13.29**	14.70	**325.79**	326.43
c) Amount recognised in Statement of Profit and Loss						
Current Service Cost	**-**	-	**3.23**	3.24	**3.09**	6.48
Past Service Cost	**-**	-	**-**	-	**-**	(27.59)
Interest Cost	**0.95**	0.95	**1.07**	1.20	**24.32**	25.66
Expenses for the year	**0.95**	0.95	**4.30**	4.44	**27.41**	4.55

NOTE 50 EMPLOYEE BENEFITS (CONTD.)

₹ in Crores

		Death / Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
		2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
d)	**Amount recognised in Other Comprehensive Income**						
	Remeasurements :						
	Actuarial (Gains)/ Losses						
	- Changes in financial assumptions	**(1.92)**	2.95	**(0.50)**	0.01	**(8.38)**	14.61
	- Experience adjustments	**7.49**	9.63	**(2.56)**	(3.05)	**0.23**	7.50
	Total	**5.57**	12.58	**(3.06)**	(3.04)	**(8.15)**	22.11
e)	**Major Actuarial Assumptions**						
	Discount Rate (%)	**7.50**	6.81	**7.88**	7.26	**7.76**	7.45

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.

Sensitivity analysis

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31st March 2018 is as below:

₹ in Crores

Particulars	Gratuity - Funded	Post Retirement Medical - Funded	Burmah shell Pension- Non Funded	Death/ Permanent Disablement- Non funded	Resettlement allowance- Non funded	Exgratia scheme- Non funded
+ 1% change in rate of Discounting	**(54.39)**	**(129.93)**	**(2.79)**	**(2.62)**	**(0.72)**	**(24.52)**
- 1% change in rate of Discounting	**61.73**	**164.98**	**2.09**	**2.81**	**0.82**	**28.52**
+ 1% change in rate of Salary increase/ inflation	**13.22**	**172.09**				
- 1% change in rate of Salary increase/ inflation	**(15.13)**	**(136.32)**				

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31st March 2017 is as below:

₹ in Crores

Particulars	Gratuity - Funded	Post Retirement Medical - Funded	Burmah shell Pension- Non Funded	Death/ Permanent Disablement- Non funded	Resettlement allowance- Non funded	Exgratia scheme- Non funded
+ 1% change in rate of Discounting	(34.60)	(109.88)	(2.95)	(2.87)	(0.84)	(23.34)
- 1% change in rate of Discounting	39.38	134.96	3.20	3.10	0.96	26.70
+ 1% change in rate of Salary increase/ inflation	3.07	134.95				
- 1% change in rate of Salary increase/ inflation	(3.49)	(110.57)				

Sensitivity for significant actuarial asssumptions is computed by varying one actuarial assumption used for the valuation keeping all other actuarial assumptions constant.

NOTE 50 EMPLOYEE BENEFITS (CONTD.)

The expected future cash flows as at 31st March 2018 are as follows:

₹ in Crores

Expected contribution	Gratuity - Funded	Post Retirement Medical - Funded	Burmah shell Pension- Non Funded	Death/ Permanent Disablement- Non funded	Resettlement allowance- Non funded	Exgratia scheme- Non funded
Projected benefits payable in future years from the date of reporting						
1st following year	153.37	39.50	13.65	2.66	1.74	21.95
2nd following year	94.95	47.01	11.85	2.28	1.03	23.13
3rd following year	135.92	55.74	10.21	1.98	1.72	24.02
4th following year	120.68	59.99	8.72	1.73	1.51	24.51
5th following year	121.10	65.83	7.37	1.49	1.58	24.92
Years 6 to 10	485.10	425.70	21.63	4.10	6.61	125.59

Other details as at 31st March 2018

Particulars	Gratuity - Funded	Post Retirement Medical - Funded	Burmah shell Pension- Non Funded	Death/ Permanent Disablement- Non funded	Resettlement allowance- Non funded	Exgratia scheme- Non funded
Weighted average duration of the Projected Benefit Obligation (in years)	7.00	15.00	4.00	6.00	7.00	9.00
Prescribed contribution for next year (₹ in Crores)	121.17	-	-	-	-	-

[B] Provident Fund:

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 actual return earned by the fund has mostly been higher than the Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2018 and 31st March 2017.

The details of fund obligations are given below:

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
Present value of benefit obligation at period end	4,827.59	4,505.00

NOTE 51 RELATED PARTY TRANSACTIONS

a) Names of the Related parties

Joint Venture & Associate Companies

1. Indraprastha Gas Limited
2. Petronet India Limited*
3. Petronet CI Limited*
4. Petronet LNG Limited
5. Bharat Oman Refineries Limited
6. Maharashtra Natural Gas Limited
7. Central UP Gas Limited
8. Sabarmati Gas Limited
9. Bharat Stars Services Private Limited
   (Including Bharat Stars Services (Delhi) Pvt. Limited)

NOTE 51 RELATED PARTY TRANSACTIONS (CONTD.)

10. Bharat Renewable Energy Limited*
11. Matrix Bharat Pte. Ltd.
12. Delhi Aviation Fuel Facility Private Limited
13. Kannur International Airport Limited
14. GSPL India Gasnet Limited
15. GSPL India Transco Limited
16. Mumbai Aviation Fuel Farm Facility Private Limited
17. Kochi Salem Pipeline Private Limited
18. Petroleum India International
19. BPCL-KIAL Fuel Farm Private Limited
20. Haridwar Natural Gas Pvt. Ltd.
21. Goa Natural Gas Pvt. Ltd.
22. FINO Paytech Limited
23. Ratnagiri Refinery & Petrochemicals Limited
24. Ujjwala Plus Foundation (Section 8 company)
25. IBV (Brasil) Petroleo Ltda.
26. Taas India Pte Ltd.
27. Vankor India Pte Ltd.
28. Falcon Oil & Gas BV
29. Mozambique LNG 1 Pte Ltd.
30. LLC TYNGD
31. JSC Vankorneft
32. DNP Limited
33. Brahmaputra Cracker and Polymer Limited

*Companies in the process of winding up

Key Management Personnel :

1. Shri S. Varadarajan, Chairman & Managing Director (Up to 30.09.2016)
2. Shri D. Rajkumar, Chairman & Managing Director Appointed (w.e.f 01.10.2016)
3. Shri S. Ramesh, Director (Marketing)
4. Shri B. K. Datta, Director (Refineries) (Up to 31.07.2016)
5. Shri R. Ramachandran, Director (Refineries) Appointed (w.e.f 01.08.2016)
6. Shri S. P. Gathoo, Director (Human Resource) (Up to 31.10.2017)
7. Shri K. Padmakar, Director (Human Resource) Appointed (w.e.f. 01.02.2018)
8. Shri P. Balasubramanian, Director (Finance) (Up to 30.04.2017)
9. Shri K. Sivakumar, Director (Finance) (w.e.f. 01.05.2017)
10. Shri S.V. Kulkarni, (Company Secretary) (Up to 28.02.2017)
11. Shri M. Venugopal, (Company Secretary) (w.e.f. 01.03.2017)
12. Shri Rajesh Kumar Mangal, Independent Director
13. Shri Deepak Bhojwani, Independent Director
14. Shri Gopal Chandra Nanda, Independent Director
15. Shri Vishal V Sharma, Independent Director Appointed (w.e.f 09.02.2017)
16. Shri P. H. Kurian, Govt. Nominee Director (up to 18.04.2017)
17. Shri Paul Antony, Nominee Director Appointed (w.e.f. 19.04.2017 up to 19.03.2018)
18. Dr. K. Ellangovan, Govt. Nominee Director Appointed (w.e.f. 20.03.2018)
19. Smt. Jane Mary Shanti Sundharam, Independent Director Appointed (w.e.f. 21.09.2017)
20. Shri Vinay Sheel Oberoi, Independent Director Appointed (w.e.f. 21.09.2017)
21. Dr. (Smt.) Tamilisai Soundararajan, Independent Director Appointed (w.e.f. 28.09.2017)
22. Shri Anant Kumar Singh, Govt. Nominee Director (Up to 27.11.2017)
23. Shri Rajiv Bansal, Govt. Nominee Director Appointed (w.e.f. 28.11.2017)

NOTE 51 RELATED PARTY TRANSACTIONS (CONTD.)

b) The nature wise transactions with the above related parties are as follows:

₹ in Crores

S. No.	Nature of Transactions	2017-18	2016-17
1.	Purchase of goods	37,709.00	31,650.85
2.	Sale of goods	3,066.71	4,171.38
3.	Rendering of Services	78.04	50.38
4.	Receiving of Services	285.19	148.82
5.	Interest Income / Share of profit/(loss)	114.33	120.90
6.	Dividend Income and other receipts	108.95	91.40
7.	Investment and Advance for Investments- Equity	88.08	332.46
8.	Other Investments	-	1,001.10
9.	Management Contracts (Employees on deputation/ consultancy services)	28.33	22.81
10.	Lease Rental & other charges received	30.95	30.36
11.	Lease Rental & Other Charges paid	0.09	0.08
12.	Receivables as at year end	1,562.79	2,535.24
13.	Payables as at year end	1,429.91	1,462.44
14.	Financial Guarantee Outstanding	1,522.03	1,517.22

The outstanding balances are unsecured and are settled in cash except advance against equities which are settled in equity.

c) In the ordinary course of its business, the Corporation enters into transactions with other Government controlled entities (not included in the list above). The Corporation has transactions with other Government-controlled entities,including but not limited to the followings:

- Sales and purchases of goods and ancillary materials;
- Rendering and receiving of services;
- Receipt of dividends;
- Loans and advances;
- Depositing and borrowing money;
- Guarantees; and
- Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government controlled entities.

d) Key management personnel compensation

₹ in Crores

Particulars	2017-18	2016-17
Short-term employee benefits	3.63	3.26
Post-employment benefits	0.71	0.63
Other long-term employee benefits	1.13	0.43
Others (including sitting fees to non-executive directors)	0.86	0.38

NOTE 52

Dues from Directors is ₹ **0.34 Crores** (31st March 2017: ₹ 0.40 Crores) and Dues from Officers is ₹ **3.54 Crores** (31st March 2017: ₹ 4.13 Crores)

NOTE 53

In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under:

	Principal place of Business / Country of Incorporation	Percentage of ownership Interest (%)	
		As at 31/03/2018	**As at 31/03/2017**
Subsidiaries			
Numaligarh Refinery Limited	India	**61.65**	61.65
Petronet CCK Ltd.	India	**99.99**	99.99
Bharat PetroResources Limited	India	**100**	100
Joint Ventures and associates			
Indraprastha Gas Limited	India	**22.50**	22.50
Petronet India Limited #	India	**16.00**	16.00
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	**49.94**	49.94
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
BPCL-KIAL Fuel Farm Private Limited	India	**74.00**	74.00
Haridwar Natural Gas Pvt. Ltd.	India	**50.00**	50.00
Goa Natural Gas Private Limited	India	**50.00**	50.00
FINO Paytech Limited	India	**20.75**	21.10
Petroleum India International	India	**18.18**	18.18
Ratnagiri Refinery & Petrochemicals Limited	India	**25.00**	NA

Companies in the process of winding up

@The percentage of ownership interest is after considering proposed increase in equity participation

* In addition to the ownership interest as mentioned above, the Corporation has made an investment in Compulsorily Convertible Debentures and Share Warrants of BORL.

Note: Ujjwala Plus Foundation is a joint venture of IOCL, BPCL and HPCL with fund contribution in the ratio of 50:25:25 which was incorporated as a limited by guarantee company (without share capital) under section 8 of Companies Act, 2013.

NOTE 54 EARNINGS PER SHARE (EPS)

₹ in Crores

	Particulars	**2017-18**	2016-17
i.	**Profit attributable to equity holders of the Corporation for basic and diluted earnings per equity share**	**7,919.34**	8,039.30
ii.	**Weighted average number of ordinary shares**		
	Issued ordinary shares at 1st April (In Crores)	**144.62**	72.31
	Effect of shares issued as Bonus shares * (In Crores)	**72.31**	144.62
	Less : Investment held by BPCL Trust for Investment in Shares * [Refer Note No. 45] (In Crores)	**(20.24)**	(20.24)
	Weighted average number of shares at period end for basic and diluted EPS (In Crores)	**196.69**	196.69
	Basic and Diluted EPS (₹)	**40.26**	40.87

*The Corporation has issued bonus shares in the ratio of 1:2 during Financial Year 2017-18. The EPS for the financial year 2016-17 has been appropriately adjusted.

NOTE 55

The Corporation has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2016 i.e. foreign exchange differences arising on settlement or translation of 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 liability.

The net gain remaining unamortised under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2018 is ₹ **66.76 Crores** (net gain as at 31st March 2017 ₹ 206.34 Crores).

NOTE 56 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 2018.

NOTE 57

In compliance of Ind AS 37 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	52.21	1.72	0.08	49.14	4.71
Customs	2.51	-	-	-	2.51
Service Tax	-	0.06	-	-	0.06
VAT/ Sales Tax/ Entry Tax	554.18	12.59	-	182.55	384.22
Property Tax	39.30	8.88	8.83	0.66	38.69
Total	**648.20**	**23.25**	**8.91**	**232.35**	**430.19**
Previous year	697.47	92.57	-	141.84	648.20

The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

Above includes provision of ₹ **62.29 Crores** (Previous year: ₹ 62.57 Crores) for which deposits/claims have been made.

NOTE 58 DISCLOSURE IN RESPECT OF EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

₹ in Crores

Particulars		2017-18	2016-17
a)	Unspent CSR Expenditure carried forward from previous year (Opening Provision)	**127.23**	59.07
b)	Amount required to be spent by the company during the year	**183.33**	159.14
c)	Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company) #	**166.02***	90.98*
d)	Provision created for balance amount (Closing Provision)	**144.54**	127.23

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 ₹ **2.75 Crores** (Previous year: ₹ 6.09 Crores) as on 31.03.2018.

NOTE 59 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

₹ in Crores

As at 31/03/2018	Note Reference	Carrying amount				Fair value			
		Mandatorily at FVTPL	FVOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Investment in equity instruments	8 & 14	2.30	681.20	-	683.50	575.94	2.30	105.26	683.50
Investment in debt instruments	8 & 14	4,992.88	-	0.01	4,992.89	4,992.88	-	-	4,992.88
Derivative instruments - Interest rate swap	19	3.13	-	-	3.13	-	3.13	-	3.13
Derivative instruments- Forward Contracts	19	8.51	-	-	8.51	-	8.51	-	8.51
Deposits	9	-	-	27.81	27.81	-	34.19	-	34.19
Loan to subsidiary- fixed rate	9	-	-	216.81	216.81	-	267.57	-	267.57
Loan to subsidiary- variable rate	9	-	-	625.00	625.00	-	-	-	-
Loan to Joint Venture	9	-	-	1,254.10	1,254.10	-	1,429.67	-	1,429.67
Loans									
Non-current-Loans to employee	9	-	-	389.03	389.03	-	389.03	-	389.03
Non-current-Other Loans	9	-	-	463.87	463.87	-	463.87	-	463.87
Non-current- Others	9	-	-	43.69	43.69				
Current	18	-	-	70.95	70.95				
Other Deposits	9	-	-	71.07	71.07				
Cash and cash equivalents	16	-	-	75.73	75.73				
Bank Balances other than Cash and cash equivalents	17	-	-	12.34	12.34				
Trade receivables	15	-	-	5,152.60	5,152.60				
Others									
Non-current	10	-	-	45.39	45.39				
Current	19	-	-	4,567.49	4,567.49				
Total		**5,006.82**	**681.20**	**13,015.89**	**18,703.91**				
Financial liabilities									
Derivative Liability on Currency Swaps	32	85.83	-	-	85.83	-	85.83	-	85.83
Derivative Liability on commodity derivatives	32	4.33	-	-	4.33	-	4.33	-	4.33
Bonds	25	-	-	7,828.78	7,828.78	7,976.51	-	-	7,976.51
OIDB Loans	25 & 32	-	-	1,357.94	1,357.94	-	1,373.45	-	1,373.45
Debentures	25	-	-	1,299.52	1,299.52	1,290.49	-	-	1,290.49
Term loans	25	-	-	2,000.00	2,000.00				
Foreign Currency Loans - Syndicated	25	-	-	2,771.42	2,771.42				
Other Non-Current financial liabilities	26	-	-	58.40	58.40				
Borrowings Current	30	-	-	8,093.01	8,093.01				
Trade and Other Payables	31	-	-	13,063.84	13,063.84				
Other Current liabilities	32	-	-	17,339.81	17,339.81				
Total		**90.16**	**-**	**53,812.72**	**53,902.88**				

Note: There are no other categories of financial instruments other than those mentioned above.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

₹ in Crores

As at 31/03/2017	Note Reference	Carrying amount				Fair value			
		Mandatorily at FVTPL	FVOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Investment in equity instruments	8	-	692.65	-	692.65	594.85	-	97.80	692.65
Investment in debt instruments	8 & 14	5,360.34	-	0.01	5,360.35	5,360.34	-	-	5,360.34
Derivative instruments - Commodity related	19	3.28	-	-	3.28	-	3.28	-	3.28
Derivative instruments - Interest rate swap	19	2.81	-	-	2.81	-	2.81	-	2.81
Deposits	9	-	-	8.47	8.47	-	10.71	-	10.71
Loan to subsidiary- fixed rate	9	-	-	197.10	197.10	-	215.73	-	215.73
Loan to subsidiary- variable rate	9	-	-	1,850.00	1,850.00	-	-	-	-
Loan to Joint Venture	9	-	-	1,254.10	1,254.10	-	1,243.19	-	1,243.19
Loans									
Non-current- Loans to employee	9	-	-	387.45	387.45	-	387.45	-	387.45
Non-current- Others	9	-	-	32.29	32.29				
Current	18	-	-	70.65	70.65				
Other Deposits	9	-	-	54.24	54.24				
Cash and cash equivalents	16	-	-	54.35	54.35				
Bank Balances other than Cash and cash equivalents	17	-	-	10.34	10.34				
Trade receivables	15	-	-	4,758.18	4,758.18				
Others									
Non-current	10	-	-	35.14	35.14				
Current	19	-	-	3,297.96	3,297.96				
Total		**5,366.43**	**692.65**	**12,010.28**	**18,069.36**				
Financial liabilities									
Derivative Liability on forwards	32	67.41	-	-	67.41	-	67.41	-	67.41
Derivative Liability on Swaps	32	154.07	-	-	154.07	-	154.07	-	154.07
Derivative Liability on commodity derivatives	32	0.01	-	-	0.01	-	0.01	-	0.01
Bonds	25	-	-	7,726.33	7,726.33	8,091.46	-	-	8,091.46
OIDB Loans	25 & 32	-	-	1,795.13	1,795.13	-	1,833.04	-	1,833.04
Debentures	25	-	-	549.80	549.80	553.01	-	-	553.01
Term loans	25	-	-	2,000.00	2,000.00				
Foreign Currency Loans - Syndicated	25 & 32	-	-	3,860.59	3,860.59				
Other Non-Current financial liabilities	26	-	-	63.40	63.40				
Borrowings Current	30	-	-	7,227.36	7,227.36				
Trade and Other Payables	31	-	-	11,359.78	11,359.78				
Other Current liabilities	32	-	-	16,726.52	16,726.52				
Total		**221.49**	**-**	**51,308.91**	**51,530.40**				

Note: There are no other categories of financial instruments other than those mentioned above.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the Balance Sheet, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity shares (Cochin International Airport Limited)	The Valuation is based on market multiples derived from quoted prices of companies comparable to investee and the expected revenue and PAT of the investee.	Adjusted market multiple (P/E)	The estimated fair value would increase/ (decrease) if Adjusted market multiple were higher/(lower)
Unquoted equity shares- (Sai Wardha Power Generation Limited (SWPGL))	The Fair Valuation is based on the agreement with SWPGL.	Not applicable	Not applicable
Derivative instruments - forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date.	Not applicable	Not applicable
Derivative instruments - interest rate swap and currency swap	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates. This technique also involves using the interest rate curve for projecting the future cash flows.	Not applicable	Not applicable
Derivative instruments - commodity contracts	Fair valuation of Commodity Derivative instruments are based on forward assessment done by Platts which is an independent agency which assesses benchmark global crude oil and product prices. Globally counterparties also use Platts assessment for settlement of transactions.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates.	Not applicable	Not applicable

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening and closing balances for Level 3 fair values.

₹ in Crores

Paticulars	Equity securities
Opening Balance(1st April 2016)	88.35
Net change in fair value (unrealised)	9.45
Closing Balance (31st March 2017)	97.80
Opening Balance(1st April 2017)	**97.80**
Net change in fair value (unrealised)	**7.46**
Closing Balance (31st March 2018)	**105.26**

Sensitivity analysis

For the fair values of unquoted equity shares, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

₹ in Crores

Particulars	As at 31/03/2018 Profit or loss		As at 31/03/2017 Profit or loss	
Significant unobservable inputs	**Increase**	**Decrease**	**Increase**	**Decrease**
P/E (5% movement)	**5.29**	**(5.29)**	4.92	(4.92)

C. Financial risk management

C. i. Risk management framework

The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Risk Management Committee of the Board has defined roles and responsibilities, which includes reviewing and recommending the risk management plan and the risk management report for approval of the Board with the recommendation of the Audit Committee. The Corporation has adopted a Risk Management Charter and Policy for self-regulatory processes and procedures for ensuring the conduct of the business in a risk conscious manner.

The Corporation has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk; and
- Market risk

C.ii. Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instuments covered below is restricted to their respective carrying amount.

(a) Trade and other receivables from customers

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Corporation grants credit terms in the normal course of business.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

As at 31st March 2018 and 31st March 2017, the Corporation's retail dealers and industrial customers accounted for the majority of the trade receivables.

Expected credit loss assessment for Trade and other receivables from customers as at 31st March 2018 and 31st March 2017

The Corporation uses an allowance matrix to measure the expected credit losses of trade and other receivables.

The loss rates are computed using a 'roll rate' method based on the probability of receivable progressing through successive stages till full provision for the trade receivable is made. Roll rates are calculated separately for exposures based on common credit risk characteristics for a set of customers.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

₹ in Crores

As at 31/03/2018	Gross carrying amount	Weighted average loss rate - range	Loss allowance
Debts not due	3,848.76	0.17%	6.46
Debts over due	1,694.78	15.36%	260.28
Total	**5,543.54**	**4.81%**	**266.74**

₹ in Crores

As at 31/03/2017	Gross carrying amount	Weighted average loss rate - range	Loss allowance
Debts not due	1,289.63	0.26%	3.31
Debts over due	2,896.92	19.96%	578.36
Total	**4,186.55**	**13.89%**	**581.67**

The Corporation does not provide for any loss allowance on trade receivables where risk of default is negligible such as receivables from other oil marketing companies, if any, hence the same excluded from above.

Loss rates are based on actual credit loss experience over the past three years.

The movement in the loss allowance in respect of trade and other receivables during the year was as follows:-

₹ in Crores

Balance as at 1st April 2016	588.59
Movement during the year	(6.92)
Balance as at 31st March 2017	581.67
Movement during the year	(314.93)
Balance as at 31st March 2018	**266.74**

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

(b) Cash and cash equivalents and Other Bank Balances

The Corporation held cash and cash equivalents and other bank balances of ₹ **88.07 Crores** at 31st March 2018 (31st March 2017: ₹ 64.69 Crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing. Further, Corporation invests its short term surplus funds in bank fixed deposits, Government of India Treasury-bills and liquid schemes of mutual funds, which carry no / low mark to market risks for short duration. These instruments do not expose the Corporation to credit risk.

(c) Derivatives

The derivatives are entered into with banks, financial institutions and other counterparties with good credit ratings. Further exposures to counter-parties are closely monitored and kept within the approved limits.

(d) Investment in debt securities

Investment in debt securities are mainly as loans to subsidiary, joint venture companies and investment in Government securites which do not carry any significant credit risk.

C.iii. Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Corporation through effective fund management. The Corporation has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Corporation has access to funds from debt markets through commercial paper programs, foreign currency borrowings and other debt instruments.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

Maturity Analysis of Significant Financial Liabilities

₹ in Crores

As at 31/03/2018	Contractual cash flows				
	Total	**Upto 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non-derivative financial liabilities					
Bonds	**9,826.50**	326.36	1,995.87	3,871.84	3,632.43
OIDB Loans	**1,511.08**	586.14	836.71	88.23	-
Term loans	**2,863.80**	160.00	430.89	536.07	1,736.84
Non Convertible Debentures	**1,750.08**	98.10	196.20	1,455.78	-
Foreign Currency Loans - Syndicated	**3,077.48**	80.40	2,997.08	-	-
Short term borrowings	**8,093.01**	8,093.01	-	-	-
Trade and other payables	**13,063.84**	13,063.84	-	-	-
Other current liabilities	**17,339.81**	17,339.81	-	-	-
Financial guarantee contracts*	**7,210.14**	975.66	546.37	1,004.93	4,683.18
Derivative financial liabilities					
Currency Swaps	**171.09**	25.45	145.64	-	-
Commodity Contracts	**4.33**	4.33	-	-	-

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

₹ in Crores

As at 31/03/2017	Contractual cash flows				
	Total	**Upto 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non-derivative financial liabilities					
Bonds	**9,898.28**	318.49	1,932.89	559.23	7,087.67
OIDB Loans	**2,076.13**	565.04	1,130.52	380.57	-
Term loans	**3,163.32**	175.35	366.50	599.19	2,022.28
Non Convertible Debentures	**731.92**	40.43	80.85	610.64	-
Foreign Currency Loans - Syndicated	**4,122.25**	1,796.32	144.23	2,181.70	-
Short term borrowings	**7,227.36**	7,227.36	-	-	-
Trade and other payables	**11,359.78**	11,359.78	-	-	-
Other current liabilities	**16,726.52**	16,726.52	-	-	-
Financial guarantee contracts*	**7,187.36**	1,001.76	972.58	544.64	4,668.38
Derivative financial liabilities					
Currency Swaps	**260.40**	25.37	235.03	-	-
Commodity Contracts	**0.01**	0.01	-	-	-
Forward exchange contracts					
Inflows	**3,272.73**	3,272.73	-	-	-
Outflows	**(3,384.13)**	(3,384.13)	-	-	-

* Guarantees issued by the Corporation on behalf of joint venture/subsidiary are with respect to borrowings raised by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary/joint venture have defaulted and hence, the Corporation does not have any present obligation to third parties in relation to such guarantees.

C.iv. Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

C.iv.a Currency risk

The Corporation is exposed to currency risk on account of its operating and financing activities. The functional currency of the Corporation is Indian Rupee. Our exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The Corporation has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Corporation uses derivative instruments, (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rates in line with our policy.

The Corporation do not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March 2018 and 31st March 2017 are as below:

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

₹ in Crores

As at 31/03/2018	USD	EURO	JPY	CHF	Others
Financial assets					
Cash and cash equivalents	14.26	-	-	-	-
Trade receivables	537.05	0.19	-	-	-
Other Non-Current financial asset		-	-	-	0.01
Net exposure for assets	**551.31**	**0.19**	**-**	**-**	**0.01**
Financial liabilities					
Bonds	6,465.77	-	-	1,363.01	-
Foreign Currency Loans - Syndicated	2,771.42	-	-	-	-
Short term borrowings	6,286.27	-	-	-	-
Trade and other payables	6,318.93	0.01	-	-	-
Other Current financial liabilities (including accrued interest)	233.52	83.98	18.25	18.55	1.41
Add/(Less): Foreign currency forward exchange contracts	(1,654.97)	-	-	-	-
Add/(Less): Foreign currency swaps	1,484.89	-	-	(1,363.01)	-
Net exposure for liabilities	**21,905.83**	**83.99**	**18.25**	**18.55**	**1.41**
Net exposure (Assets - Liabilities)	**(21,354.52)**	**(83.80)**	**(18.25)**	**(18.55)**	**(1.40)**

₹ in Crores

As at 31/03/2017	USD	EURO	JPY	CHF	Others
Financial assets					
Cash and cash equivalents	4.37	-	-	-	-
Trade receivables	612.29	-	-	-	-
Other Current financial asset	0.48	-	-	-	-
Net exposure for assets	**617.14**	**-**	**-**	**-**	**-**
Financial liabilities					
Bonds	6,433.88	-	-	1,292.45	-
Foreign Currency Loans - Syndicated	3,860.59	-	-	-	-
Short term borrowings	5,789.76	-	-	-	-
Trade and other payables	5,792.14	106.60	21.15	0.20	0.32
Other Current financial liabilities (including accrued interest)	2,051.58	32.61	66.12	17.95	1.14
Add/(Less): Foreign curency forward exchange contracts	(3,384.13)	-	-	-	-
Add/(Less): Foreign currency swaps	1,480.20	-	-	(1,292.45)	-
Net exposure for liabilities	**22,024.02**	**139.21**	**87.27**	**18.15**	**1.46**
Net exposure (Assets - Liabilities)	**(21,406.88)**	**(139.21)**	**(87.27)**	**(18.15)**	**(1.46)**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against INR at 31st March would have affected the measurement of financial instruments denominated in US dollars and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Corporation's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

₹ in Crores

Effect in INR (before tax)	Profit or loss	
For the year ended 31st March 2018	Strengthening	Weakening
3% movement		
USD	(640.64)	640.64
		₹ in Crores
Effect in INR (before tax)	Profit or loss	
For the year ended 31st March 2017	Strengthening	Weakening
3% movement		
USD	(642.21)	642.21

C.iv.b Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's approach to managing interest rate risk is to have a judicious mix of borrowed funds with fixed and floating interest rate obligation.

Exposure to interest rate risk

Corporation's interest rate risk arises primarily from borrowings. The interest rate profile of the Corporation's interest-bearing financial instruments is as follows:

₹ in Crores

Particulars	Note Reference	As at 31/03/2018	As at 31/03/2017
Fixed-rate instruments			
Financial Assets - measured at amortised cost			
Investment in debt instruments	8	0.01	0.01
Loan to Subsidiary	9	216.81	197.10
Loan to Joint Venture	9	1,254.10	1,254.10
Financial Assets - measured at Fair Value through Profit & Loss			
Investment in debt instruments	14	4,992.88	5,360.34
Total of Fixed Rate Financial Assets		**6,463.80**	**6,811.55**
Financial liabilities - measured at amortised cost			
Bonds	25	7,828.78	7,726.33
OIDB Loans	25 & 32	1,357.94	1,795.13
Non- Convertible Debentures	25	1,299.52	549.80
Total of Fixed Rate Financial Liabilities		**10,486.24**	**10,071.26**
Variable-rate instruments			
Financial Assets - measured at amortised cost			
Loan to Subsidiary	9	625.00	1,850.00
Total of Variable Rate Financial Assets		**625.00**	**1,850.00**
Financial liabilities - measured at amortised cost			
Foreign Currency Loans - Syndicated*	25 & 32	2,771.42	3,860.59
Short term borrowings	30	8,093.01	7,227.36
Term loans	25	2,000.00	2,000.00
Total of Variable Rate Financial Liabilities		**12,864.43**	**13,087.95**

* In respect of Syndicated Foreign Currency Loans, the company has entered into **Nil** amount of IRS during 2017-18 and USD 10 million during 2016-17.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

Fair value sensitivity analysis for fixed-rate instruments

The Corporation accounts for certain investments in fixed-rate financial assets such as investments in Oil bonds and Government Securities at fair value through profit or loss. Accordingly, a decrease in 25 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending 31st March 2018 by ₹ **67.15 Crores** (31st March 2017 - ₹ 80.21 Crores) and an increase in 25 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending 31st March 2018 by ₹ **68.30 Crores** (31st March 2017 - ₹ 81.76 Crores).

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. In cases where the related interest rate risk is capitalised to fixed assets, the impact indicated below may affect the Corporation's income statement over the remaining life of the related fixed assets.

₹ in Crores

Cash flow sensitivity (net)	Profit or loss	
	25bp increase	25bp decrease
As at 31/03/2018		
Variable-rate loan instruments	(24.58)	24.58
Interest on Loan given to Subsidiary	4.47	(4.47)
Cash flow sensitivity (net)	**(20.11)**	**20.11**
As at 31/03/2017		
Variable-rate loan instruments	(25.03)	25.03
Interest on Loan given to Subsidiary	1.90	(1.90)
Cash flow sensitivity (net)	**(23.13)**	**23.13**

C.iv.c Commodity rate risk

BPCL's profitability gets affected by the price differential (also known as Margin or Crack spread) between prices of products (output) and the price of the crude oil and other feed-stocks used in production (input), prices of both are set by markets. Hence BPCL uses derivative instruments (swaps, futures, options and forwards) to hedge exposures to commodity price risk to cover refinery operating cost using Basic Swaps on various products cracks like Naphtha, Gasoline (Petrol), Jet/Kerosene, Gasoil (Diesel) and Fuel Oil against Benchmark Dubai Crude. Further volatility in freight costs is hedged through Freight Forwards and bunker purchases. Settlement of all derivative transactions take place on the basis of monthly average of the daily prices of the settlement month quoted by Platts.

BPCL measures market risk exposure arising from its trading positions using value-at-risk techniques. These techniques make a statistical assessment of the market risk arising from possible future changes in market prices over a one-day holding period.

BPCL uses historical model of VAR techniques based on variance/covariance to make a statistical assessment of the market risk arising from possible future changes in market values over a 24-hour period and within a 95% confidence level. The calculation of the range of potential changes in fair value takes into account positions, the history of price movements for last two years and the correlation of these price movements.

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

VAR calculation for open position as on 31st March 2018 is as given below:

Product	Gasoil - Dubai	Jet/Kero - Dubai	Gasoline-Naphtha (Reforming Margin)	Jet/Kero - Gasoil (Regrade Margin)	Gasoil-HSFO 180 (Coking Margin)
Unit	**USD/Bbl**	**USD/Bbl**	**USD/Bbl**	**USD/Bbl**	**USD/Bbl**
Mean	12.38	13.05	10.01	-0.67	16.68
Standard Deviation	1.9	1.66	1.87	0.95	2.84
Var95	3.12	2.72	3.08	1.56	4.67
Mean+Var95	15.5	15.78	13.09	0.88	21.34
Avg.Trade Price	16.23	16.33	12.76	0.25	20.95
Lots as on 31.03.2018	33	72	2	7	5
Standard Lot size	50,000 BBL	50,000 BBL	50,000 BBL	50,000 BBL	50,000 BBL
VAR USD million ("-ve" VAR of Gasoil and Jet/ Kero ignored)	-1.21	-1.97	0.03	0.22	0.1
Total Portfolio VAR in USD million	0.35				

C.iv.d Price risk

The Corporation's exposure to equity investments price risk arises from investments held by the Corporation and classified in the financial statements at fair value through OCI. The corporation intends to hold these investments for long-term for better returns and price risk will not be significant from a long term perspective.

Exposure to price risk

₹ in Crores

Effect in INR (before tax)	Profit or loss		Other components of Equity	
	Strengthening	Weakening	Strengthening	Weakening
As at 31/03/2018				
1% movement				
Investment in Oil India - FVOCI	-	-	5.76	(5.76)
Investment in CIAL - FVOCI	-	-	1.05	(1.05)
Total	**-**	**-**	**6.81**	**(6.81)**

₹ in Crores

Effect in INR (before tax)	Profit or loss		Other components of Equity	
	Strengthening	Weakening	Strengthening	Weakening
As at 31/03/2017				
1% movement				
Investment in Oil India - FVOCI	-	-	5.95	(5.95)
Investment in CIAL - FVOCI	-	-	0.98	(0.98)
Total	**-**	**-**	**6.93**	**(6.93)**

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

D. Offsetting

The following table presents the recognised financial instruments that are offset and other similar agreements that are not offset as at 31st March 2018 and 31st March 2017.

The column 'net amount' shows the impact on the Corporation's balance sheet if all set-off rights are exercised.

₹ in Crores

Particulars	Note reference	Effect of offsetting on the balance sheet			Related amounts not offset		
		Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Financial Instrument	Amounts to be offset	Net Amount
As at 31/03/2018							
Financial assets							
Investment in GOI Bonds	A	-	-	-	4,992.88	1,500.00	3,492.88
Trade and other receivables	B & C	2,385.90	2,380.99	4.91	-	-	-
Derivative Assets	D	-	-	-	1.75	1.75	-
Financial liabilities							
Short term borrowings	A	-	-	-	8,093.01	1,500.00	6,593.01
Trade and other payables	B & C	7,024.98	2,380.99	4,643.99	-	-	-
Derivative Liabilities	D	-	-	-	8.56	1.75	6.81
As at 31/03/2017							
Financial assets							
Investment in GOI Bonds	A	-	-	-	5,360.34	1,350.00	4,010.34
Trade and other receivables	B & C	1,595.66	1,595.66	-	-	-	-
Derivative Assets	D	-	-	-	1.25	1.25	-
Financial liabilities							
Short term borrowings	A	-	-	-	7,227.68	1,350.00	5,877.68
Trade and other payables	B & C	6,369.88	1,595.66	4,774.22	-	-	-
Derivative Liabilities	D	-	-	-	16.81	1.25	15.56

NOTE 59 FINANCIAL INSTRUMENTS (CONTD.)

Notes

A. The Corporation has Collaterised Borrowing and Lending Obligations limits from Clearing Corporation of India Limited, which are secured by Oil Marketing Companies GOI Special Bonds 2026. As the Counterparty currently does not have a legally enforceable right to off set these amounts, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

B. The Corporation purchases and sells petroleum products from different Oil Marketing Companies. Under the terms of the agreement, the amounts payable by the Corporation are offset against receivables and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet.

C. The Corporation enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

D. The Corporation enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. The ISDA master netting agreements do not meet the criteria for offsetting in the balance sheet. This is because the Counterparty does not currently have legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events.

NOTE 60 CAPITAL MANAGEMENT

The Corporation's objective is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

The Corporation's debt to equity ratio as at 31st March 2018 was **0.68** (31st March 2017: 0.78)

Note: For the purpose of computing debt to equity ratio, equity includes Equity Share Capital and Other Equity and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

NOTE 61 SEGMENT REPORTING

As per the requirements of Ind AS 108 on "Operating Segments", segment information has been provided under the Notes to Consolidated Financial Statements.

NOTE 62 MICRO, SMALL AND MEDIUM ENTERPRISES

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

Particulars	As at 31/03/2018	As at 31/03/2017
Amount Due and Payable at the year end		
- Principal	**0.50**	0.47
- 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.

NOTE 63 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

₹ in Crores

Particulars	As at 31/03/2018	As at 31/03/2017
(a) Contingent Liabilities :		
In respect of Income Tax matters	**24.24**	75.58
Other Matters :		
i) Claims against the Corporation not acknowledged as debts * :		
Excise and customs matters	**1,699.21**	1,523.41
Service Tax matters	**126.70**	159.31
Sales Tax/VAT matters	**9,639.33**	8,296.40
Land Acquisition cases for higher compensation	**113.09**	157.92
Others	**314.14**	377.07
* These include ₹ **7,055.30 Crores** (31st March 2017: ₹ 6,058.74 Crores) against which the Corporation has a recourse for recovery and ₹ **90.23 Crores** (31st March 2017: ₹ 98.35 Crores) which are on capital account.		
ii) Claims on account of wages, bonus / ex-gratia payments in respect of pending court cases	**22.35**	19.09
iii) Guarantees	**6.00**	7.90
(b) Capital Commitments :		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	**4,673.07**	3,158.34

NOTE 64 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Crores

Particulars	2017-18	2016-17
a) Revenue Expenditure	**47.38**	32.78
b) Capital Expenditure	**35.81**	16.70

NOTE 65

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, adjustments for time value of money etc. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

The amendments will come into force from 1st April 2018.

NOTE 66

The Corporation has changed the useful life of Computer Equipments from 4 to 3 years during the FY 2017-18. The impact of change in useful life has resulted in increase in depreciation of ₹ **6.46 Crores** in Financial Year 2017-18.

NOTE 67

Figures of the previous year have been regrouped wherever necessary, to conform to current period presentation.

Signature to Notes ‘1’ to ‘67’

For and on behalf of the Board of Directors		As per our attached report of even date For and on behalf of	
Sd/-	Sd/-		
D. Rajkumar	**R. Ramachandran**	**CVK & Associates**	**Borkar & Muzumdar**
Chairman and Managing Director	Director (Refineries)	Chartered Accountants	Chartered Accountants
DIN: 00872597	DIN: 07049995	ICAI FR No.101745W	ICAI FR No. 101569W
Sd/-	Sd/-	Sd/-	Sd/-
K. Sivakumar	**M. Venugopal**	**A.K. Pradhan**	**B.M. Agarwal**
Chief Financial Officer	Company Secretary	Partner	Partner
		M. No. 032156	M. No. 033254

Place: Mumbai
Date: 29th May 2018