

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

LOK SABHA

UNSTARRED QUESTION NO. 1193
TO BE ANSWERED ON SEPTEMBER 19, 2020
Bhadrapada 28, 1942 (Saka)

Privatisation of BPCL

1193. ADV. ADOOR PRAKASH:

Will the Minister of FINANCE be pleased to state:

- (a) the present status of the privatisation of Bharat Petroleum Corporation Limited (BPCL);
- (b) whether the Government has fixed any timeline for completing the process of privatization and if so, the details thereof;
- (c) the details of financial result of the company in the 1st quarter of the current financial year;
- (d) whether the Government has considered the objection of the trade unions against privatization and if so, the details thereof; and
- (e) whether the cooking gas subsidy will continue after the privatisation of BPCL and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

- (a) The Preliminary Information Memorandum (PIM) inviting Expression of Interest (EoI) for strategic disinvestment of Bharat Petroleum Corporation Limited (BPCL) has been published on 7th March, 2020. The last date for receipt of EoI has been extended till 30th September, 2020.
- (b) The transaction is expected to be completed in the current financial year.
- (c) Financial results of the BPCL for the 1st quarter of the current financial year are enclosed as Annexure-I. These results are also available on the website of BPCL at <https://www.bharatpetroleum.com/pdf/OurFinancial/results-62dfac.pdf>.
- (d) Representations with regard to strategic disinvestment of CPSEs are received from various stakeholders including the employees' union from time to time, which are duly examined and disposed of as per the extant disinvestment policy of the Government.
- (e) The issue of continuation of cooking gas subsidy will be considered before inviting financial bids, taking into consideration the interests of LPG gas customers of BPCL.

Particulars	(₹ in Crores)			
	Quarter ended 30.06.2020	Quarter ended 31.03.2020	Quarter ended 30.06.2019	Year ended 31.03.2020
	Unaudited	Audited	Unaudited	Audited
A. FINANCIAL PERFORMANCE				
Income				
I. Revenue from operations (Refer Note 3)				
II. Other income	50,616.92	81,296.23	85,859.59	327,580.78
III. Total Income (I + II)	593.31	1,156.76	538.45	3,081.31
IV. Expenses	51,210.23	82,452.99	86,398.04	330,662.09
Cost of materials consumed	9,238.46	27,889.00	28,801.63	113,229.30
Purchase of stock-in-trade	20,956.51	37,545.27	38,868.37	143,164.25
Changes in inventories of finished goods, stock-in-trade and work-in-progress	427.29	(2,509.99)	1,611.56	(456.62)
Excise Duty				
Employee Benefits Expense	11,831.87	12,304.79	9,541.65	43,197.83
Finance costs	902.92	930.79	944.87	3,691.45
Depreciation and Amortization Expense	587.12	578.55	452.42	2,181.86
Other Expenses (Refer Note 4)	995.85	947.42	914.10	3,786.89
Total Expenses (IV)	3,344.04	5,755.20	3,911.66	18,115.26
V. Profit/(loss) Before Exceptional Item & Tax (III - IV)	48,284.06	83,441.03	85,046.26	326,910.22
VI. Exceptional Item (Income)/Expense	2,926.17	(988.04)	1,351.78	3,751.87
VII. Profit/(loss) Before Tax (V-VI)		1,080.83		1,080.83
VIII. Tax expense: (Refer Note 8)	2,926.17	(2,068.87)	1,351.78	2,671.04
1. Current Tax	497.00	(493.00)	280.00	201.00
2. Deferred Tax	353.00	(407.32)	160.00	400.68
3. Short/(Excess) provision of earlier years		192.46	(163.34)	(613.83)
Total Tax Expense (VIII)	850.00	(707.86)	276.66	(12.15)
IX. Net Profit/(loss) for the period (VII- VIII)	2,076.17	(1,361.01)	1,075.12	2,683.19
X. Other Comprehensive Income (OCI)				
(a) Items that will not be reclassified to profit or loss	(5.11)	(285.89)	(141.10)	(606.74)
(b) Income tax related to items that will not be reclassified to profit or loss	12.07	17.49	44.56	108.75
Total Other Comprehensive Income (X)	6.96	(268.40)	(96.54)	(497.99)
XI. Total Comprehensive Income for the period (IX+X)	2,083.13	(1,629.41)	978.58	2,185.20
XII. Paid up Equity Share Capital (Face value ₹ 10 each) (Refer Note 6)	1,966.88	1,966.88	1,966.88	1,966.88
XIII. Other Equity excluding revaluation reserves				31,247.50
XIV. Basic and Diluted Earnings Per Share (₹ per share) (Face value ₹10) (Not annualised) (Refer Note 6)	10.56	(6.92)	5.47	13.64
B. PHYSICAL PERFORMANCE				
1. Refinery Throughput (MMT)	5.14	8.39	7.45	31.91
2. Market Sales (MMT)	7.53	10.73	11.11	43.10
3. Sales Growth (%)	(32.22)	(5.46)	1.28	0.07
4. Export Sales (MMT)	0.79	0.51	0.23	2.62



Notes to Standalone Financial Results:

1. The market sales of the Corporation for the Quarter ended 30th June 2020 were lower at 7.53 MMT when compared to 11.11 MMT achieved for the quarter ended 30th June 2019. Decrease is mainly in MS - Retail (-38.77%), HSD-Retail (-34.62%), ATF (-82.92%) and partly offset by increase in LPG (10.83%).
2. The Average Gross Refining Margin (GRM) of the Corporation during the quarter ended 30th June 2020 is \$ 0.39 per BBL (April - June 2019: \$ 2.81 per BBL).
3. The Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products of Nil by way of subsidy from Government of India for April-June 2020 (April - June 2019: ₹ 139.22 Crores) as Revenue from operations. Nil under-recovery has been absorbed by the Corporation on this account during the reported periods.
4. Other Expense for the period April-June 2020 includes foreign exchange loss of ₹ 56.58 Crores (April - June 2019, there was a foreign exchange gain of ₹ 31.46 Crores which was included in other Income)
5. The Corporation has created adequate security with respect to its secured listed non-convertible debt security.
6. Shares held under "BPCL Trust for Investments in shares" of face value ₹ 202.37 Crores have been netted off from paid-up equity share capital. The net share capital is considered for computing Earnings Per Share (EPS).
7. The outbreak of COVID-19 globally and resultant lockdown in many countries, including from 25th March 2020 in India, had an impact on the business of the Corporation. Consequently lower demand for crude oil and petroleum products has impacted the prices and therefore refining margins globally. Since petroleum products are covered under essential services, the refining and marketing operations of the Corporation were continued during the lock down period.

During this Quarter, there was lower refinery throughput and revenue from operations which was mainly due to lower demand of petroleum products. With the gradual reopening of the economy, Corporation expects the refinery throughput and revenue from operations will improve and will be at normal levels post COVID 19 impact and removal of complete lockdown restrictions.

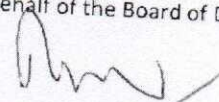
Management has assessed the potential impact of COVID 19 based on the current circumstances and expects that there will be no significant impact on the continuity of operations of the Corporation, on useful life of the assets, on financial position etc. on a long term basis.
8. In pursuance to Section 115BAA of the Income Tax Act, 1961 announced by Government of India through Taxation Laws (Amendment) Ordinance, 2019, the Corporation has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives including loss of the accumulated MAT Credit. The Corporation continues to recognize the taxes on Income for the quarter ending on 30th June 2020 as per the earlier provisions.
9. Corporation has announced Voluntary Retirement Scheme during July 2020 and is in the process of receiving applications from employees. The VRS impact will be accounted on acceptance of eligible applications.
10. The above results are in accordance with the Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India.



11.	The Audited Accounts for the year ended 31st March 2020 have been reviewed by the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013. The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 have no comments upon or supplement to the Auditors' Report on the accounts.
12.	Figures relating to corresponding periods have been regrouped/reclassified wherever necessary to conform to current period figures.
13.	The Corporation operates in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.
14.	Figures for the quarter ended 31st March 2020 are the balancing figures between published audited figures in respect of the full financial year ended 31st March 2020 and the published year to date figures up to the third quarter ended 31st December 2019.

The above unaudited results of Bharat Petroleum Corporation Limited for the quarter ended 30th June 2020 have been reviewed and approved by the Board of Directors in meeting held on 13th August 2020.

For and on behalf of the Board of Directors



N. Vijayagopal
Director (Finance)
DIN: 03621835

Place: Mumbai
Date: 13th August 2020



Particulars	[₹ in Crores]			
	Quarter ended 30.06.2020	Quarter ended 31.03.2020	Quarter ended 30.06.2019	Year ended 31.03.2020
	Unaudited	Audited	Unaudited	Audited
A. FINANCIAL PERFORMANCE				
Income				
I. Revenue from operations				
II. Other income	50,909.24	81,829.60	86,412.87	329,797.16
III. Total Income (I + II)	536.99	401.16	543.42	1,929.33
IV. Expenses				
Cost of materials consumed	51,446.23	82,230.76	86,956.29	331,726.49
Purchase of stock-in-trade	10,510.88	30,056.17	31,373.75	121,896.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	18,094.81	35,240.93	35,435.55	131,769.19
Excise Duty	602.19	(3,036.42)	1,369.25	(1,073.07)
Employee Benefits Expense	12,909.99	12,831.77	10,087.48	45,225.26
Finance costs	1,003.48	1,010.22	1,027.56	4,020.51
Depreciation and Amortization Expense	691.13	689.48	566.08	2,637.01
Other Expenses (Refer Note 1)	1,072.77	1,043.43	977.30	4,080.09
Total Expenses (IV)	3,528.02	6,306.78	4,137.44	19,610.24
V. Profit from continuing operations before share of profit of equity accounted investees and income tax (III - IV)	48,418.27	84,142.36	84,974.41	328,165.24
VI. Share of profit of equity accounted investee (net of income tax)	3,037.96	(1,911.60)	1,981.88	3,561.25
VII. Exceptional item (Income)/Expense	47.79	263.04	393.14	1,400.67
VIII. Profit from continuing operations before income tax (V+VI-VII)	51,503.02	82,593.80	87,349.43	333,127.16
IX. Tax expense: (Refer Note No. 4)				
1. Current Tax	3,080.75	(2,958.91)	2,375.02	3,651.57
2. Deferred Tax	640.80	(484.48)	504.43	629.96
3. Short/(Excess) provision of earlier years	252.21	(831.48)	234.34	(14.49)
Total Tax Expense (IX)	893.01	(1,139.35)	575.43	(629.68)
X. Profit for the period (VIII-IX)	2,187.74	(1,819.56)	1,799.59	3,665.78
XI. Other Comprehensive Income (OCI)				
(i) Items that will not be reclassified to profit or loss				
(a) Items that will not be reclassified to profit or loss	(15.98)	(315.26)	(140.68)	(651.07)
(b) Income tax related to items that will not be reclassified to profit or loss	14.71	24.55	44.36	119.28
(ii) Items that will be reclassified to profit or loss				
(a) Items that will be reclassified to profit or loss	(1,336.74)	476.35	362.14	1,119.63
Total Other Comprehensive Income (XI)	(1,338.01)	185.64	265.82	587.84
XII. Total Comprehensive Income for the period (X+XI)	849.73	(1,633.92)	2,065.41	4,253.62
Profit attributable to:				
Owners of the company	2,035.39	(1,847.37)	1,623.75	3,055.36
Non-Controlling interests	152.35	27.81	175.84	610.42
Profit for the period	2,187.74	(1,819.56)	1,799.59	3,665.78
Other Comprehensive Income attributable to:				
Owners of the company	(1,335.00)	193.68	265.67	599.94
Non-Controlling Interests	(3.01)	(8.04)	0.15	(12.00)
Other Comprehensive Income for the period	(1,338.01)	185.64	265.82	587.84
Total Comprehensive Income attributable to:				
Owners of the company	700.39	(1,653.69)	1,889.42	3,655.20
Non-Controlling Interests	149.34	19.77	175.99	598.42
Total Comprehensive Income for the period	849.73	(1,633.92)	2,065.41	4,253.62
XIII. Paid up Equity Share Capital (Face value ₹ 10 each) (Refer Note 2)	1,966.88	1,966.88	1,966.88	1,966.88
XIV. Other equity excluding revaluation reserves				34,565.45
XV. Basic and Diluted Earnings Per Share (₹ per share) (Face value ₹ 10) (Refer Note 2) (Not annualised)	10.35	(9.39)	8.26	15.53
B. PHYSICAL PERFORMANCE				
1. Refinery Throughput (MMT)	6.49	10.08	9.16	38.30
2. Market Sales (MMT)	7.61	10.79	11.18	43.36
3. Sales Growth (%)	(31.93)	(5.68)	1.54	0.14
4. Export Sales (MMT)	0.79	0.52	0.23	2.66



Notes to Consolidated Financial Results:

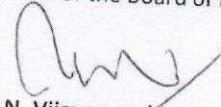
1. Other Expense for the period April-June 2020 includes foreign exchange loss of Rs. 57.10 Crores (April – June 2019, there was a foreign exchange gain of Rs. 33.06 Crores which was included in other Income)
2. Shares held under "BPCL Trust for Investments in shares" of face value ₹ 202.37 Crores have been netted off from paid-up equity share capital. The net share capital is considered for computing Earnings Per Share (EPS).
3. The outbreak of COVID-19 globally and resultant lockdown in many countries, including from 25th March 2020 in India, had an impact on the business of the Group. Consequently lower demand for crude oil and petroleum products has impacted the prices and therefore refining margins globally. Since petroleum products are covered under essential services, the refining and marketing operations of the Group were continued during the lock down period.

During this Quarter, there was lower refinery throughput and revenue from operations which was mainly due to lower demand of petroleum products. With the gradual reopening of the economy, Group expects the refinery throughput and revenue from operations will improve and will be at normal levels post COVID 19 impact and removal of complete lockdown restrictions.

Management has assessed the potential impact of COVID 19 based on the current circumstances and expects that there will be no significant impact on the continuity of operations of the Group, on useful life of the assets, on financial position etc. on a long term basis.
4. In pursuance to Section 115BAA of the Income Tax Act, 1961 announced by Government of India through Taxation Laws (Amendment) Ordinance, 2019, Corporation has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives including loss of the accumulated MAT Credit. The Corporation has not exercised this option in the current period due to unutilised MAT Credit available in the books. However, its Subsidiary Companies NRL & BGRL have adopted the option available under Section 115BAA of Income Tax Act, 1961.
5. The above results are in accordance with the Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India.
6. The Audited Accounts for the year ended 31st March 2020 have been reviewed by the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013. The Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 have no comments upon or supplement to the Auditors' Report on the accounts.
7. Figures relating to corresponding periods have been regrouped/reclassified wherever necessary to conform to current period figures.
8. BPRL, through its step down subsidiary, has a share of 50% in the subscribed capital of IBV Brasil Petroleo Ltda. In accordance with the provisions applicable in the relevant jurisdiction, the financial results of IBV has been considered for consolidation as Joint Venture by BPRL as on 30th June 2020.
9. Figures for the quarter ended 31st March 2020 are the balancing figures between published audited figures in respect of the full financial year ended 31st March 2020 and the published year to date figures up to the third quarter ended 31st December 2019.

The above Consolidated unaudited results of Bharat Petroleum Corporation Limited for the quarter ended 30th June 2020 have been reviewed and approved by the Board of directors at its meeting held on 13th August 2020.

For and on behalf of the Board of Directors



N. Vijayagopal
Director (Finance)
DIN: 03621835

Place: Mumbai
Date: 13th August 2020



CONSOLIDATED SEGMENT-WISE INFORMATION

(₹ In Crores)

Sr. No.	Particulars	Quarter ended 30.06.2020	Quarter ended 31.03.2020	Quarter ended 30.06.2019	Year ended 31.03.2020
		Unaudited	Audited	Unaudited	Audited
1	SEGMENT REVENUE				
a)	Downstream Petroleum				
b)	Exploration & Production of Hydrocarbons	50,896.41	81,808.82	86,381.42	329,690.69
	Sub-Total	12.83	20.78	31.45	105.47
	Less: Inter-Segment Revenue	50,909.24	81,829.60	86,412.87	329,797.16
	Net Revenue From Operations	50,909.24	81,829.60	86,412.87	329,797.16
2	SEGMENT RESULTS				
a)	Profit/(loss) Before Tax, Other income and Finance costs				
i)	Downstream Petroleum				
ii)	Exploration & Production of Hydrocarbons	3,207.39	(2,543.79)	1,999.99	3,653.10
	Sub-Total of (a)	(20.29)	(389.84)	4.55	(694.52)
b)	Finance costs	3,187.10	(2,933.63)	2,004.54	2,958.58
c)	Other Un-allocable Expenditure Net off Income	691.13	689.48	566.08	2,637.01
	Profit/(loss) Before Tax (a-b-c)	(584.78)	(664.20)	(936.56)	(3,330.00)
		3,080.75	(2,958.91)	2,375.02	3,651.57
3	Segment Assets				
a)	Downstream Petroleum				
b)	Exploration & Production of Hydrocarbons	119,808.03	117,053.89	114,567.82	117,053.89
c)	Others (Unallocated - Corporate)	22,303.75	22,300.21	18,435.61	22,300.21
	Total	11,861.49	11,509.46	12,509.63	11,509.46
		153,973.27	150,863.56	145,513.06	150,863.56
4	Segment Liabilities				
a)	Downstream Petroleum				
b)	Exploration & Production of Hydrocarbons	44,244.15	42,276.18	44,624.65	42,276.18
c)	Others (Unallocated - Corporate)	452.69	277.88	187.40	277.88
	Total	69,839.92	69,720.84	57,809.49	69,720.84
		114,536.76	112,274.90	102,621.54	112,274.90
5	(Segment Assets - Segment Liabilities)				
a)	Downstream Petroleum				
b)	Exploration & Production of Hydrocarbons	75,563.88	74,777.71	69,943.17	74,777.71
c)	Others (Unallocated - Corporate)	21,851.06	22,022.33	18,248.21	22,022.33
	Total	(57,978.43)	(58,211.38)	(45,299.86)	(58,211.38)
		39,436.51	38,588.66	42,891.52	38,588.66

Notes:

- The group is engaged in the following business segments:
 - Downstream petroleum i.e. Refining and Marketing of Petroleum Products.
 - Exploration and Production of Hydrocarbons (E & P Segment).
 Segments have been identified taking into account the nature of activities and the nature of risks and returns.
- Segment Revenue comprises of Turnover, Subsidy received from the Government of India and Other Operating Revenues.
- Figures relating to corresponding period of the previous year have been regrouped wherever necessary.

