



energising lives

# ANNUAL REPORT 2009-2010







# Exploring Opportunities

*We are committed to expanding our horizons, synergizing efforts to attain excellence and enhance value for our stakeholders.*

*With an inspiring vision as our lodestar, we continually adapt to change, devising novel strategies to succeed in a global environment.*

*We strive to continuously surpass the diverse expectations of our customers, leveraging technology and our enthusiastic workforce to evolve innovative solutions to achieve our desired goals.*

*Energizing lives continues to remain central to all our endeavours.*

*We focus on sustainable development with great importance accorded to social responsibility, health, safety, security and environmental care. We also transcend boundaries in our search for renewable energies, leading to a greener and cleaner future.*

***BPCL .... leaving footprints of excellence.***



# Chairman's Letter

Dear Shareowners,

I would like to inform you that I will be laying down office on 18th August, 2010 on the expiry of my term as Chairman & Managing Director. I, therefore, will not have the privilege of addressing you at the forthcoming Annual General Meeting to be held in September.

Over the last 33 years, I have had the honour of being a part of the Bharat Petroleum family and leading the Organisation as the Chairman & Managing Director since August, 2005. As we enter a new decade, BPCL is poised to spread its wings and become one of the leading energy companies. These are exciting times for India and BPCL is well placed to make a significant contribution in meeting the growing energy needs of the country. It is an opportune time for a change of guard and for a new Captain to take charge and elevate BPCL to an even higher plane in terms of performance and achievement.

BPCL has evolved from being an oil refining and marketing entity to a group having a presence, not only across the country but in several parts of the world. BPCL has been amongst the first in India to embrace cutting edge technology in key areas of operations and introduce products and services aimed at meeting existing and emerging needs of the consumer. It is little wonder then that the BPCL brand enjoys one of the highest valuations in the country.

During the last five years, there have been many major achievements.

The processing capacity of Kochi Refinery has been expanded from 7.5 MMTPA to

9.5 MMTPA. The grass roots refinery at Bina costing Rs. 11,397 crores, the biggest project ever to be undertaken by BPCL, is ready to be commissioned. With this, the group's annual refining capacity will exceed 30 MMT and will give BPCL access to its own source of products across the country. Growth in market volumes has kept pace with the increase in refining capacity. Entry into the upstream sector of Exploration and Production has gathered pace, with BPCL having a presence in six countries across five continents. Results have been very encouraging with the announcement of two discoveries of oil and gas in Brazil and Mozambique respectively. The foray into gas and alternate sources of energy has been progressing smoothly. The focus on Research & Development will yield results in the days to come. The BPCL group is therefore, well poised to reach the next level in terms of growth and expansion.

The recent past has easily been one of the most challenging periods. The global economy has been experiencing an upheaval, the likes of which have not been witnessed for a very long time. The Indian oil industry has had to grapple with the problem of volatile crude oil prices, rising under-recoveries on the sale of four key petroleum products, severe liquidity constraints and rising costs of borrowings. At the same time, it had to fulfill its responsibility of meeting the growing energy needs of the country. It is gratifying to note that the challenging external environment has not been an impediment to BPCL achieving the goals that it had set for itself.

Overcoming adverse conditions and delivering excellence has been BPCL's forte. This has been possible owing to the composition of its DNA. BPCL considers 'Innovation' as the key philosophy driving the business. This has enabled BPCL to have the first mover advantage in terms of introducing novel offerings to meet the emerging customer needs. It has also enabled the Organisation to look at out-of-the-box solutions and process improvements when confronted with the effects of the economic



downturn. The ability to innovate flows from the inherent trait of the company to deal with 'Change.' In today's dynamic and volatile environment, managing change is very important to sustain and improve profitability and growth. BPCL also thrives on 'Collaboration,' both within and outside the organization, thereby facilitating the leveraging of mutual strengths. We have successfully partnered with some of the leading companies, particularly in the upstream sector. Within the organization also, cross-functional teams are at the forefront in all the major initiatives that are undertaken. This work environment has been extremely conducive for achieving excellence. Finally, the 'Leadership' talent developed within the company is one of BPCL's core strengths. The challenging internal work environment has facilitated the development of a strong pool of leaders. This has not only enabled the development of the next level of leaders, but has also helped in evolving managers with an entrepreneurial spirit. These are unique features which have enabled BPCL to not only cope with challenges, but also emerge stronger.

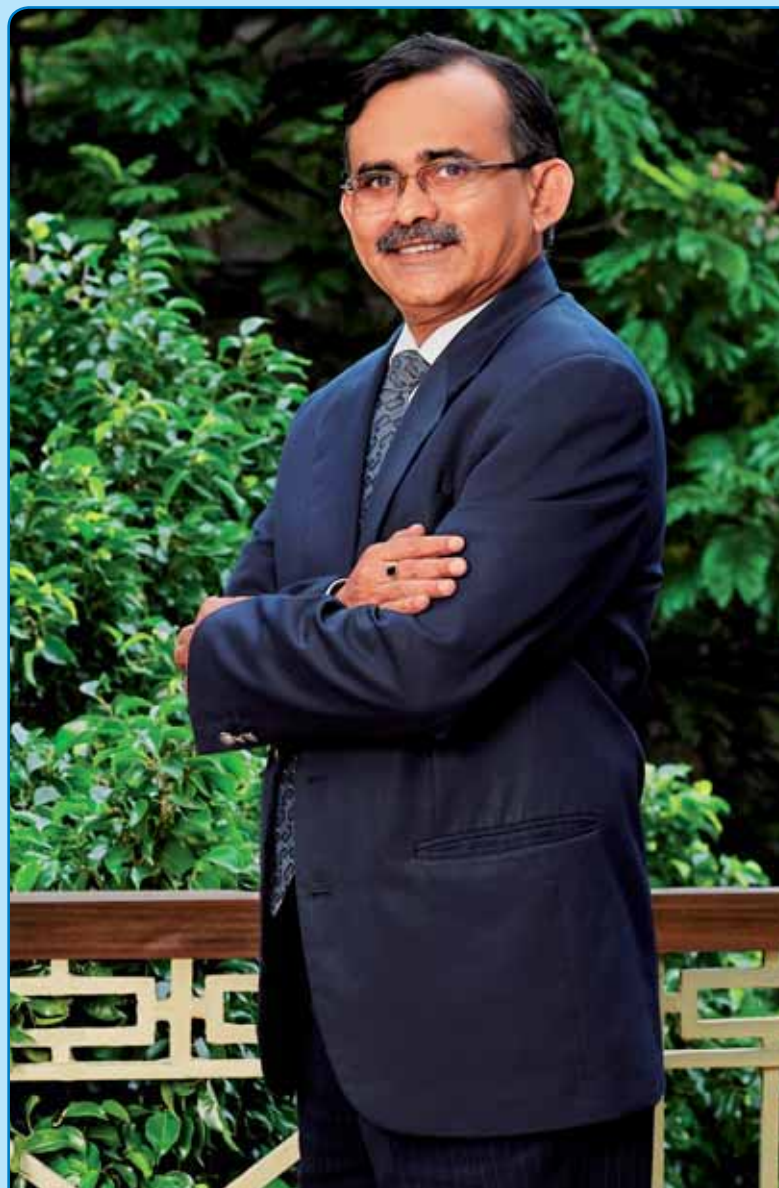
As the economy grows, opportunities are only going to increase. It is important to make calculated moves in the areas of Exploration & Production, Green Power, Research & Development, Customer Responsiveness and Capacity Building. Even as I prepare to lay down office, BPCL is preparing its action plan for the coming years. The entire Organisation, starting with the Board, has been involved in articulating the goals for the next five years till 2015 under Project DreamPlan. Having led the BPCL team and having seen the employees perform from close quarters, I am confident of BPCL's abilities to achieve its ambitious goals in the years ahead.

I have been extremely fortunate to work with a committed group of people who have a passion for excellence. The results achieved can be attributed solely to the untiring efforts of every member of the BPCL team. The cooperation and guidance provided

by my colleagues on the Board was invaluable. Your unstinting support in all our endeavours was crucial in its success, for which I will remain eternally grateful. I have no doubt that the coming days will see BPCL scaling greater heights as it continues with its mission of energising lives.

I truly see BPCL becoming the most admired Global Energy Company, innovatively leveraging people and technology.

Warm regards,  
**ASHOK SINHA**  
Chairman & Managing Director



# Board of Directors



**ASHOK SINHA**  
Chairman & Managing Director



**S. RADHAKRISHNAN**  
Director (Marketing)



**S. K. JOSHI**  
Director (Finance)



**R. K. SINGH**  
Director (Refineries)



**P. K. SINHA**  
Addl. Secretary & Financial  
Advisor, Ministry of  
Petroleum & Natural Gas



**T. BALAKRISHNAN**  
Additional Chief Secretary, (I&C)  
Government of Kerala  
(up to 29.6.2010)



**ALKESH KUMAR SHARMA**  
Secretary (IP),  
Government of Kerala  
(w.e.f. 30.6.2010)



**S. K. BARUA**  
Director



**RAMA BIJAPURKAR**  
Director  
(up to 30.6.2010)



**I. P. S. ANAND**  
Director  
(w.e.f. 28.1.2010)



**S. MOHAN**

Director (Human Resources)



**A. H. KALRO**

Director  
(up to 28.1.2010)



**N. VENKITESWARAN**

Director



**HARESH M. JAGTIANI**

Director  
(w.e.f. 28.1.2010)

**S. V. KULKARNI**  
Company Secretary

## Bankers

State Bank of India  
Union Bank of India  
Corporation Bank  
Bank of India  
State Bank of Patiala  
Central Bank of India  
Deutsche Bank  
Standard Chartered Bank  
ABN AMRO Bank N.V.  
ICICI Bank  
HDFC Bank Ltd.  
State Bank of Travancore  
Indian Bank  
Industrial Development Bank of India Ltd.  
BNP Paribas  
Calyon Bank

## Auditors

B. K. Khare & Co.  
K. Varghese & Co.

## Share Transfer Agents

Data Software Research Co. Pvt. Ltd.  
22, Sree Sovereign Complex,  
4th Cross Street, Trustpuram,  
Kodambakkam, Chennai 600 024

## Registered Office


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



# Group Performance Highlights





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- Sales turnover at Rs. 133,749.10 crores
  - Crude throughput at 23.03 MMT
  - Market Sales including exports at 30.76 MMT
  - Net profit at Rs. 1,719.98 crores
  - Oil and Gas discoveries abroad show promise
  - Innovating continuously across the entire value chain

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Mr. S. Mohan, Director (Human Resources), Mr. S. Radhakrishnan, Director (Marketing), Mr. Ashok Sinha, Chairman & Managing Director, Mr. S. K. Joshi, Director (Finance) and Mr. R. K. Singh, Director (Refineries).