



ANNUAL REPORT 2010-2011





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Responsible Development

We firmly believe in inclusive growth and expend considerable efforts towards social responsibility in all areas of our operations.

While traversing on our path of sustainable development, we balance economic progress with social value, health, safety, security and environmental care.

Our inspiring vision has been the stimulant for a high level of performance, catalysed by technology and powered by a vibrant workforce.

We continuously explore opportunities and evolve innovative solutions, driven by our passion to enhance value for our customers, stakeholders and society.

We are committed to building a better world for generations to come through reaching out to people in myriad ways.

BPCL . . . energising a brighter future

Dear Shareowners,

It gives me immense pleasure to communicate to you for the first time since taking over as Chairman & Managing Director.

The financial year that has just gone by saw several important milestones being achieved. Amongst the key developments during the year was the announcement of five oil and gas discoveries in Mozambique, Brazil and Indonesia from exploration blocks where BPCL's wholly owned subsidiary company, Bharat PetroResources Limited has participating interest. This augurs well for the future in terms of oil and gas equity for the company once production starts in these blocks.

The year also saw the commissioning of the 6 Million Metric Tonnes per annum (MMTPA) grass roots refinery in Bina in Madhya Pradesh which was set up by Bharat Oman Refineries Limited (BORL). BORL is a company promoted by BPCL and in which Oman Oil Company and the Madhya Pradesh Government are partners. Hon'ble Prime Minister, Dr. Manmohan Singh dedicated the refinery to the nation on 20th May, 2011. Once all the units stabilize, the refinery would go a long way in meeting the product requirements of BPCL in central and northern parts of the country. The Kochi refinery also commissioned the Capacity Expansion and Modernisation Project which saw the refinery's processing capacity increase from 7.5 MMTPA to 9.5 MMTPA.

The external environment in which we are operating continues to remain extremely volatile and challenging. Crude oil prices have remained at high levels. BPCL has to deal with the issue of high under-recoveries on the sale of sensitive petroleum products. Under the circumstances, effective management of the cash flows remains

a challenge. The interest rates are on the uptrend, consequent to the Reserve Bank of India raising the key monetary rates as it tries to rein in the persistently high levels of inflation in the economy. Notwithstanding the difficult conditions, we remain committed to augment our downstream capabilities in order to be able to meet the growing energy needs of the country.

As a company, BPCL and its employees have always sought to put their best foot forward and this approach has helped achieve outstanding results in the past. Carrying this tradition forward, the company has drawn up ambitious plans for the next 5 years. Under Project 'DreamPlan', BPCL has lined up major capital expenditure plans, which are aimed at ensuring that the company is in a position to capitalise on the immense opportunities available and build on its competitive edge in the market place.

In addition to enhancing the refining capacity to meet the growing demand for petroleum products, BPCL is exploring the possibility of achieving value addition by venturing into the petrochemicals space. BPCL is looking at using the raw material produced at the Kochi refinery to manufacture value added products having excellent demand, but limited availability within the country at present.

BPCL has been an early mover in the gas business. However a lack of distribution infrastructure has come in the way of BPCL enhancing its presence in the gas market. A number of options are being explored, including participation in consortiums for bidding for pipelines and setting up LNG terminals.

BPCL remains committed towards strengthening its core business of refining and marketing of petroleum products. Towards this end, major plans have been drawn up for enhancing the port and distribution infrastructure and setting up of new retail outlets, particularly in the rural markets.

A number of exploration and production blocks, where BPCL's subsidiary company has participating interest, will be entering the development phase. There will be a need to contribute our proportionate share of the expenditure during the development phase. Considering the nature of the exploration and production business, the amounts involved will be quite substantial.

While all the initiatives outlined above will involve large capital outlays, their successful completion can take BPCL to the next level and enhance the value to the shareholders. If this has to be achieved, execution becomes the key and therefore, the focus has been on putting in place strong monitoring mechanisms that facilitate timely completion of projects at the right cost.

BPCL has recently commenced a new project which is aimed at connecting effectively with our customer and getting to know them and their needs. The objective behind this is to develop a deeper relationship with our customers and ensure that they avail of the entire range of BPCL's product and services offerings across all business units. Success in this initiative can help in building a stronger bond with our customers and also contribute towards designing products and services that meet their needs in the best possible manner. Ultimately, BPCL aims to reinforce its image as a company that is caring and focused on meeting the different requirements of customers.

One of the key challenges in the coming days is in the domain of Human Resources. As the company grows in size and complexity, there would be a need to have a trained pool of skilled and experienced manpower. BPCL continues to provide a work climate which encourages excellence in all areas of operations and thereby, goes a long way in retaining talent. BPCL has been blessed with an excellent team at all levels and it is their untiring efforts that have taken the company to this level.

The journey ahead is indeed very tough and challenging. We look forward to receiving your unstinted support and encouragement in all our endeavours. My colleagues on the Board and I remain confident of BPCL's ability to achieve its ambitious goals and targets and thereby, deliver value to each one of you.

Warm regards,



R. K. SINGH

Chairman & Managing Director





R. K. SINGH

Chairman & Managing Director
(w.e.f. 9.12.2010)



ASHOK SINHA

Chairman & Managing Director
(up to 18.8.2010)



S. RADHAKRISHNAN

Director (Marketing)
(up to 28.2.2011)



K. K. GUPTA

Director (Marketing)
(w.e.f. 31.3.2011)



S. K. JOSHI

Director (Finance)



P. K. SINHA

Special 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)



RAMA BIJAPURKAR

Director
(up to 30.6.2010)



I. P. S. ANAND

Director



HARESH M. JAGTIANI

Director



S. MOHAN

Director (Human Resources)



B. K. DATTA

Director (Refineries)
w.e.f. 1.8.2011



N. VENKITESWARAN

Director



S. K. BARUA

Director

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
Royal Bank of Scotland
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.
#9 Pycroft Garden Road,
Off Haddows Road,
Nungambakkam, Chennai 600 006

Registered Office

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

Group Performance Highlights

- Sales turnover at ₹ 166,038.80 crores
- Crude throughput at 24.03 MMT
- Market Sales including exports at 32.19 MMT
- Net profit at ₹ 1,742.06 crores
- Bina Refinery augments product security
- Oil and Gas discoveries abroad brighten our horizons



Vision

- We are a leading energy company with global presence through sustained aggressive growth and high profitability
- We are the first choice of customers, always
- We exploit profitable growth opportunities outside energy
- We are the most environment friendly company
- We are a great organisation to work for
- We are a learning organisation
- We are a model corporate entity with social responsibility

Mission

- Participate prominently in nation-building by meeting its growing energy needs, and to support this endeavour, pursue the creation of economic surplus by efficiently deploying all available resources and aiming towards global competitiveness in the energy sector
- Strengthen and expand areas of core competencies throughout the country, total quality management in all spheres of business and maintain the status of a leading national company
- Create awareness among people on the imperatives of energy conservation and efficient consumption of petroleum resources, by disseminating information through appropriate media
- Availing ourselves of new opportunities for expansion / diversification arising from the liberalization of the economy to achieve a global presence
- Promote ecology, environmental upgradation and national heritage



Dr. S. Mohan, Director (Human Resources), Mr. S. K. Joshi, Director (Finance), Mr. R. K. Singh, Chairman & Managing Director and Mr. K. K. Gupta, Director (Marketing)