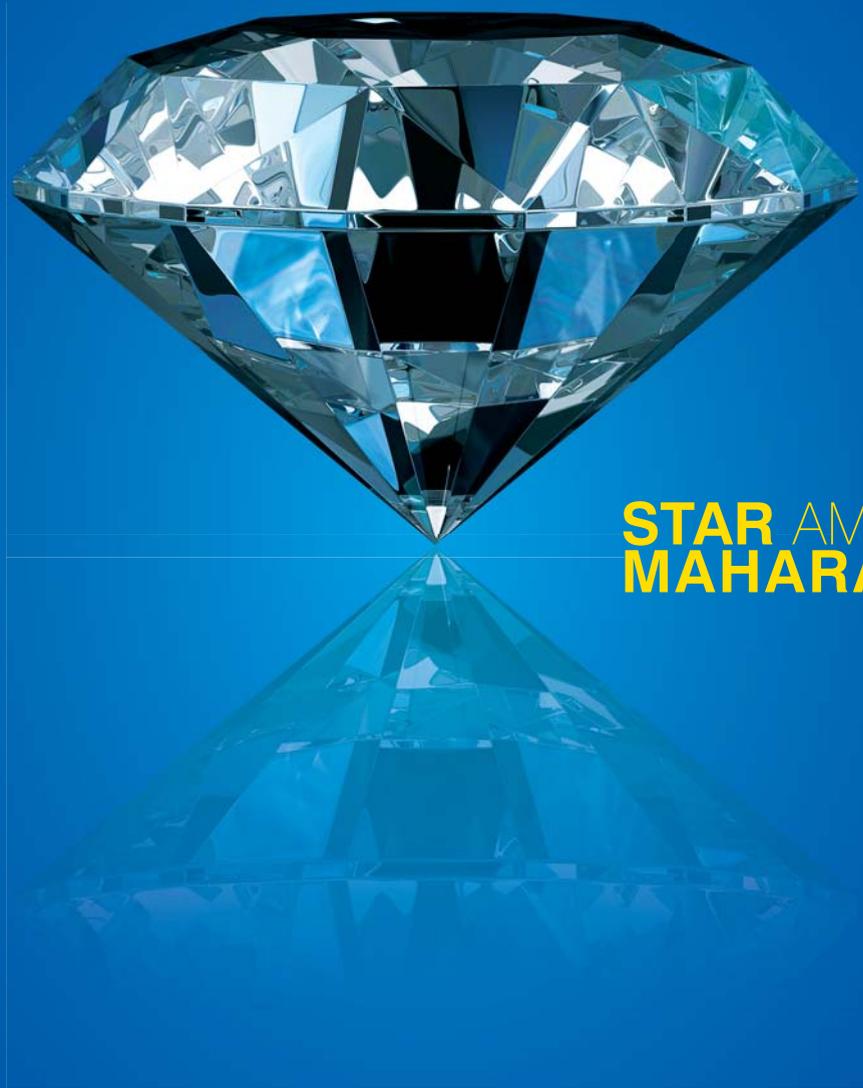


Bharat Petroleum
now
MAHARATNA



energising lives

ANNUAL REPORT



**STAR AMONGST
MAHARATNAS**

2017-18



STAR AMONGST MAHARATNAS

Focussed vision, innovative growth strategies, dedicated employees, satisfied customers, global presence and being a good corporate citizen have been the bedrock of our journey to unprecedented heights.

Bharat Petroleum was recently conferred the coveted Maharatna status by the Government of India. We also received the much deserved Star PSU Award at the Business Standard Annual Awards for Corporate Excellence, signifying our vaunted status amongst the 300 strong PSU fraternity.

We take pride in maximising our business opportunities and delighting customers with innovative initiatives. Advanced technology and a resourceful workforce have been the catalysts in our pursuit of excellence.

Our commitment to corporate social responsibility, health, safety and care for the environment continues to energise lives across the nation.

We now look forward to meeting the challenges ahead with renewed energy and dedication to pursue our goals.

BPCL... passion to excel !

CONTENTS

Chairman's Letter	2
Board of Directors	4
Bankers, Auditors, Share Transfer Agent and Registered Office	5
Management Team	6
Vision, Mission and Culture	7
Performance Highlights	8
Notice to Members	13
Directors' Report	29
Management Discussion & Analysis Report	50
Report on CSR	90
Report on Corporate Governance	102
Business Responsibility Report	123
Comments of C & AG	135
Performance Profile	155
Auditors' Report	162
Balance Sheet and Statement of Profit & Loss	170
Cash Flow Statement	172
Consolidated Financial Statements	241



CHAIRMAN'S LETTER

Dear Shareowners,

*Your Company has transformed into a great organization over the past decades and the year 2017-18 has witnessed several significant milestones for BPCL. It's been a phenomenal year, flavoured with exceptional performance. BPCL has realized its dream of attaining the coveted Maharatna status and was declared a 'Maharatna' in September 2017. Adding to this achievement, BPCL has been conferred with the prestigious 'Star PSU' Award at the Business Standard Annual Awards for Corporate Excellence for 2017. Apart from outstanding financial metrics and competitive advantage, the criteria included scale, sustainability, leadership and innovation. Rightfully then, your Company is now a **Star amongst Maharatnas!***

It is indeed my privilege to be sharing with you the results of the financial year 2017-18. While at a standalone level, there was a marginal reduction of less than 2% in the profit after tax of BPCL (primarily due to reduced inventory gains, increased operating costs on account of pay revision and increased effective tax rate on account of discontinuance of investment allowance), the Group Companies recorded the highest ever profit after tax of ₹ 9,009 crores. The Board of Directors announced a dividend of 210%, the highest amongst the PSU Oil Marketing Companies (OMC).

Concomitantly, the market capitalization of BPCL scaled a peak of ₹ 1.2 lakh crores in October 2017, signifying robust economic fundamentals and strong investor confidence.

On the performance front, your Company has regained the number one position in volume growth amongst OMCs with high growth in all major products. The Integrated Refinery Expansion Project at Kochi Refinery has stabilized and is expected to enhance BPCL's profitability in the coming years. The refineries have taken innovation to a new level, with Mumbai Refinery successfully implementing the production of superior quality hexane as a by-product from the Isomerization Unit.

Performance of the Group Companies has also been impressive. Numaligarh Refinery Limited recorded a profit after tax of ₹ 2,042 crores during 2017-18. Bharat Oman Refineries Limited is now on a growth trajectory, with profit after tax of ₹ 984 crores, which is a phenomenal increase of 22% as compared to last year. I had shared with you last year that BPCL's upstream subsidiary, Bharat PetroResources Ltd. (BPRL) has established itself as a revenue generating company, with assets in all phases of upstream, ranging from exploration to production. During the year, BPRL has made significant strides, by adding a high quality asset in the promising UAE region to its portfolio. Further, integrated development of the 12.88 MMTPA LNG project in Mozambique marks a critical milestone, which positions the consortium as a strategic global LNG supplier.

Petronet CCK Ltd. (PCCKL) was founded in 1998 as a Joint Venture Company with BPCL and Petronet India Ltd. as majority shareholders. Over the years, BPCL has consistently increased its investment in PCCKL and by July 2016, PCCKL had become a wholly owned subsidiary of BPCL. Ministry of Corporate Affairs has passed the Order for merger of PCCKL with BPCL with effect from 1st June 2018, consolidating our infrastructure and enhancing the operations.

BPCL has drawn up ambitious plans to become a significant player in the Gas Business, establishing its footprints across the entire Gas value chain. In the long term it is envisaged that BPCL shall have a focused presence in the downstream Gas business with enhanced effort on ensuring demand security. This shall be fully supported and enabled by a robust mid-stream presence through supply security and a trading function to maximize overall returns and manage risk. In order to successfully deliver on this Gas strategy, BPCL requires to internally restructure the Gas business to ensure agility and dedicated focus with enhanced decision making authorities. With immense pride, I announce the incorporation of Bharat Gas Resources Limited (BGRL) incorporated as BPCL's wholly owned Gas subsidiary on 7th June 2018 with an authorized capital of ₹ 2,000 crores. Formation of BGRL is, indeed, a significant milestone on the journey of BPCL, proving yet again, that the Company will continue to create and surpass unparalleled benchmarks and accelerate into the realm of exceptional performers.

BPCL has also decided to diversify into Petrochemicals in a big way to tap the immense potential in the market. As a strategy, all future expansion plans of BPCL Group refineries are oriented towards production of Petrochemicals, both Commodity and Niche derivatives. I am confident that soon BPCL will be a front-runner in this space to deliver enhanced performance.

With the aim to lead change from the front, BPCL had explored new avenues for enhancing profitability by pursuing initiatives in the domain of beyond fuel. I am delighted to share that our concerted efforts have started to bear fruit. The initiatives, namely Umang on the Rural Market Place, Fleet-genie on Integrated Fleet Management and Happy Roads on Personal Travel Offerings, are forerunners in the beyond fuel business. They have received a very encouraging response from customers and your Company is now in complete readiness to replicate these success stories across the country.

The proliferation of digital technologies has occurred at an unprecedented pace and can have diverse, fast changing and serious implications for our current businesses. While the need to act fast is higher than before, to gain the first mover advantage, the path is more ambiguous than ever. BPCL will embark on a comprehensive digital journey, as befits a pioneer in the adoption of digital technologies in the Indian Oil & Gas sector. Your Company is in the process of exploring a holistic approach to digital technologies, which includes the rapid digitalization of the core business of refineries and marketing units, building new digital businesses adjacent to or radically different from the core, transforming the organization to work in the digitally empowered environment, leveraging data analytics, artificial intelligence and internet of things to create value. While we are at a very nascent stage in this journey, we believe we have taken the first step towards a digitally enabled organization.

The keen focus of your Company on people orientation has also borne fruit. BPCL has relentlessly pursued the best HR practices through the Integrated Career Development Framework and several employee engagement initiatives that have led to a dedicated and energized workforce.

When I visualize the future, I see BPCL amongst the top Global Energy Companies, fully geared to meet the ever-changing dynamics of the business environment. This dream can be made a reality only with the steadfast support, relentless effort and focused contribution of all our stakeholders. I acknowledge and appreciate the faith reposed in the BPCL Management. I would also like to place on record our heartfelt thanks for the support of the business partners and the expert guidance of the Ministry of Petroleum & Natural Gas. I assure you, that together we shall propel your Company to achieve greater summits.

Warm regards,



D. RAJKUMAR
Chairman & Managing Director

BOARD OF DIRECTORS



D. RAJKUMAR
Chairman &
Managing Director



S. P. GATHOO
Director (Human Resources)
(up to 31.10.2017)



P. BALASUBRAMANIAN
Director (Finance)
(up to 30.4.2017)



S. RAMESH
Director (Marketing)



R. RAMACHANDRAN
Director (Refineries)



K. SIVAKUMAR
Director (Finance)
(w.e.f. 1.5.2017 up to 7.5.2018)



K. PADMAKAR
Director (Human Resources)
(w.e.f. 1.2.2018)



ANANT KUMAR SINGH
Additional Secretary &
Financial Advisor, MoP&NG
(up to 27.11.2017)



RAJIV BANSAL
Additional Secretary &
Financial Advisor, MoP&NG
(w.e.f. 28.11.2017)



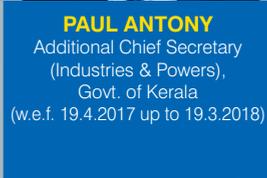
PAUL ANTONY
Additional Chief Secretary
(Industries & Powers),
Govt. of Kerala
(w.e.f. 19.4.2017 up to 19.3.2018)



P. H. KURIAN
Principal Secretary
(Industries & IT), Govt. of Kerala
(up to 18.4.2017)



DR. K. ELLANGO VAN
Principal Secretary (Industries),
Govt. of Kerala
(w.e.f. 20.3.2018)



RAJESH K. MANGAL
Independent Director



DEEPAK BHOJWANI
Independent Director



GOPAL C. NANDA
Independent Director



VISHAL V. SHARMA
Independent Director



**JANE MARY SHANTI
SUNDHARAM**
Independent Director
(w.e.f. 21.9.2017)



VINAY SHEEL OBEROI
Independent Director
(w.e.f. 21.9.2017)



**DR. TAMILISAI
SOUNDARARAJAN**
Independent Director
(w.e.f. 28.9.2017)



(L to R) : Mr. R. Ramachandran, Director (Refineries), Mr. D. Rajkumar, Chairman & Managing Director, Mr. K. Padmakar, Director (Human Resources) and Mr. S. Ramesh, Director (Marketing)

BANKERS

State Bank of India
Standard Chartered Bank
BNP Paribas
Union Bank of India
Corporation Bank
Bank of India
Deutsche Bank
ICICI Bank
HDFC Bank
IDBI Bank

AUDITORS

M/s. CVK & Associates
2, Samarth Apartments,
Ground Floor, D.S. Babrekar Road,
Off Gokhale Road (North),
Dadar (W), Mumbai 400 028

M/s. Borkar & Muzumdar
21/168, Anand Nagar Om C.H.S.,
Anand Nagar Lane, Vakola,
Santacruz (East), Mumbai 400 055.

SHARE TRANSFER AGENT

Data Software Research Co. Pvt. Ltd.
19 Pycrofts Garden Road,
Nungambakkam,
Chennai 600 006.

REGISTERED OFFICE

BHARAT PETROLEUM CORPORATION LTD.

CIN: L23220MH1952GO1008931

Bharat Bhavan, P. B. No. 688, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400 001

Phone: 2271 3000 / 4000 • Fax: 2271 3874

Email: info@bharatpetroleum.in • Website: www.bharatpetroleum.in

MANAGEMENT TEAM

Mr. Sunil Jain	Chief Vigilance Officer	Mr. M. A. Khan	CGM (Coordination)
Mr. A.K. Kaushik	ED (IS) Group Refineries	Mr. Mahadevan Easwaran S.	CGM (Digital Strategy)
Mr. A. Krishnaswamy	ED (Corporate & Digital Strategy)	Mr. Mahesh Narain	CGM (Gas Projects)
Mr. Arun Kumar Singh	ED (Retail)	Mr. Manoj Heda	CGM (Internal Audit)
Mr. Ashok K. Sharma	Chief Procurement Officer (Marketing)	Mr. Murali Madhavan P.	CGM (Operations) I/C, Kochi Refinery
Mr. C.J. Iyer	ED I/C (Mumbai Refinery)	Mr. M. Prasanna Kumar	CGM (Planning & Project Coordination)
Ms. Dipti Sanzgiri	ED (Internal Audit)	Mr. M.V. Prabhakaran	CGM (HRS)
Mr. I. Srinivas Rao	ED (LPG)	Mr. Nori Prabhakar	CGM (Brand & PR)
Mr. J. Dinaker	ED (International Trade)	Mr. N. Shukla	CGM (Planning)
Mr. J.R. Akut	ED (Bus. Dev. Initiatives) CS & BD	Mr. P. Anilkumar	Head (Infra T/F) HQ
Mr. J.S. Shah	ED (HR) Kochi Refinery	Mr. P.G. Ganesh	CGM (Project Technical), Kochi Refinery
Mr. K.B. Narayanan	ED (Information Systems)	Mr. P.K. Mallick	CGM HR (LPG) HQ
Mr. K. Ravi	ED (Refineries Coordination & Special Projects)	Mr. Pius Mathew	CGM (Project Finance), Kochi Refinery
Mr. M.B. Pimpale	ED (Refinery Projects – Rasayani)	Ms. P. Rajeswari	CGM (Vigilance)
Mr. M.S. Patke	ED (HSSE & Biofuels)	Mr. P.S. Ravi	Head (Retail) South
Mr. M. Venugopal	Company Secretary	Mr. Priyotosh Sharma	CGM (Sales), Gas
Ms. Monica Widhani	ED (Aviation)	Mr. Prabhu Venkatesh	CGM (Finance), Retail HQ
Mr. N. Vijayagopal	ED (Corporate Finance)	Mr. P.V. Ravitej	CGM (Operations) Mumbai Refinery
Mr. Prasad K. Panicker	ED I/C (Kochi Refinery)	Mr. R. Narayanan	CGM (IS Applications)
Mr. Pramod Sharma	ED (Business Development) HQ	Mr. Ravi Pratap Singh	CGM (Projects) Mumbai Refinery
Mr. P.S. Ramachandran	ED (Projects), Kochi Refinery	Mr. R. Wadhawan	CGM (E & AS) Mumbai Refinery
Mr. R.P. Natekar	ED (Gas)	Mr. S. Bhargava	CGM (Corporate R&D Centre)
Mr. R. R. Nair	ED HR (MR & JV Refineries)	Mr. S.K. Agrawal	Head Business Process Excellence Centre (Finance)
Mr. Rajiv Bakshi	ED (Planning & Infrastructure)	Mr. Sanjeeb K. Paul	CGM (Biofuels)
Mr. Rajamani Ramaswamy	ED (Corporate Treasury)	Mr. Santosh Kumar	Head (Retail) West
Mr. S.K. Agrawal	ED (Corporate Affairs)	Mr. Subikash Jena	CGM Sales (I&C) HQ
Mr. Sharad K. Sharma	ED (I & C)	Mr. Subramoni Iyer M.R.	CGM (Technical), Kochi Refinery
Ms. Sujata N. Chogle	ED (Legal)	Mr. Sukhmal K. Jain	Head (Retail) East
Mr. Suresh K. Nair	ED (Supply Chain Optimization)	Mr. Suresh John	CGM (Projects) Kochi Refinery
Mr. V. Anand	ED (Lubes)	Mr. Surjeet Mahalik	Head (Retail) North
Mr. A.K. Gidwani	CGM (Network, Security & Projects)	Ms. Teresa Naidu	CGM Finance (Pricing & Retirement Benefits)
Mr. Babu Joseph	CGM (Maintenance), Kochi Refinery	Mr. T. Peethambaran	CGM Sales (LPG) HQ
Mr. B.S. Parmar	CGM (Internal Audit)	Mr. T.V. Rama Rao	CGM (Digital Strategy) Mumbai Refinery
Dr. D.C. Patra	CGM I/C (Planning)	Mr. Varinder S. Chadha	CGM (Finance), Mumbai Refinery
Mr. Damien Gracious K.D.	CGM (HSE), Kochi Refinery	Mr. Vijay Duggal	CGM (Taxation) CO
Mr. Debashis Ganguli	CGM (P & AD) Lubes	Mr. V. Jacob	CGM (Quality Control Cell)
Mr. D.V. Mamadapur	CGM (SCO)	Mr. V. Nagarajan	CGM Logistics & QC (Aviation) HQ
Mr. G. Ananthkrishnan	CGM (Finance) Kochi Refinery	Mr. V. Ramachandran	CGM (Logistics) Retail HQ
Mr. G. Krishnakumar	CGM I/C (HRD)	Mr. V. Ranjan	CGM Operations & JVs (Aviation) HQ
Mr. K.A. Trivedi	CGM (International Trade) Crude	Mr. Y.V. Apte	CGM (Engineering & Projects) HQ
Mr. Kurian Parambi	CGM (HRD)	Mr. Kani Amudhan N	GM I/C (Marketing Corporate)
Mr. L.R. Jain	CGM Pipelines (Ops.& Projects)	Ms. Neenu Jain	DGM (Employee Satisfaction Enhancement)

VISION

- We are the most admired global energy company leveraging talent and technology
- We are the first choice of customers, always
- We exploit profitable growth opportunities outside energy
- We are the role model for Health, Safety, Security & Environment
- We are a great organisation to work for
- We are a learning organisation
- We are a model corporate entity with social responsibility

CULTURE

- We remain result focused with accountability for governance
- We collaborate to achieve organizational goals
- We enroll people through open conversations
- Our every action delivers value to the customer
- We proactively embrace change
- We care for people

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

PERFORMANCE HIGHLIGHTS

- Gross Revenue from Operations is ₹ 2,77,162.23 Crores
- Crude throughput increases to 28.54 MMT
- Market Sales including exports is 43.20 MMT
- Net Profit is ₹ 7,919.34 Crores
- Market Share surges to 23.8%

