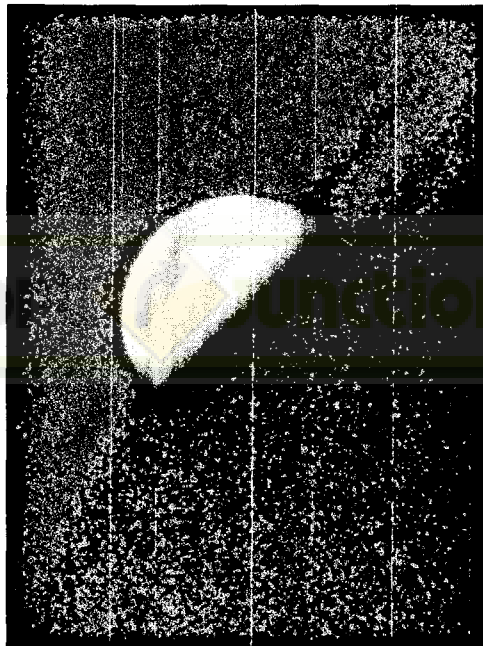




**Bharat
Petroleum**

Bharat Petroleum Corporation Limited

annual report 1997-98



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MD	✓		BKC	NA
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	NA	✓	SHI	✓
YE	✓	✓		✓

A transformed organisation emerges.....

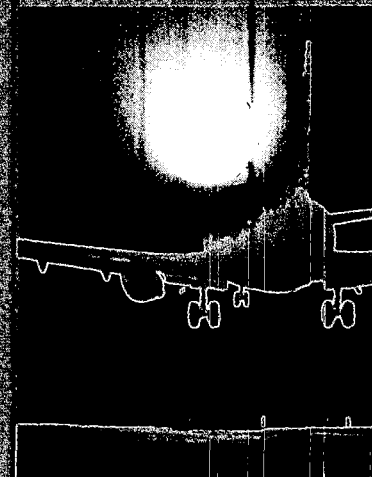
Transformation in a changing
world is the key to survival.
A dynamic organisation adapts to
changing environments,
armed with three core characteristics.
A clear vision. A motivated approach.
And an effective will to win.
The result, definite action.

Action that BPC has consciously
taken to fulfil what it has envisaged.
The Company's vision has been
translated into - creation
of Business Units,
a transformed organisation,
efficiency through standardisation,
innovation through flexibility.....
Always keeping our eyes focussed
on customer satisfaction through
innovation, care and reliability.

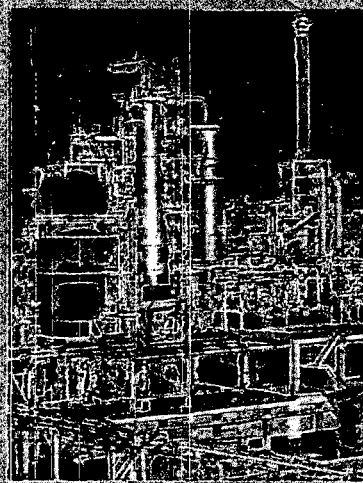
BPC - where action follows vision.



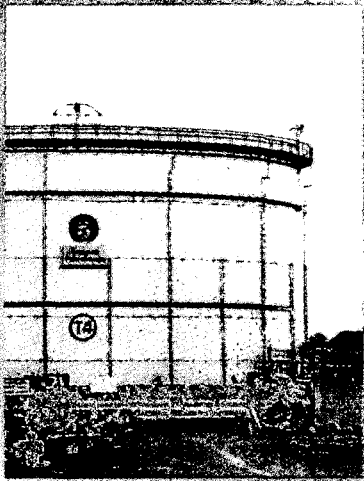
An all time high sales turnover of
Rs. 2,06,975 million and increase
in market share to 20.5%



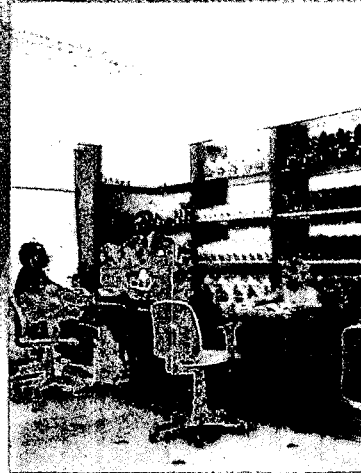
New organisation structure in
place with Strategic Business Units
and Support Entities



Record crude throughput of
7.94 MMT

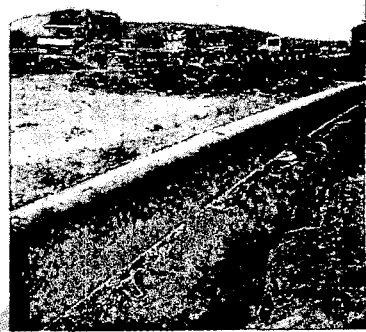


Highest ever asset creation of
Rs. 12,073 million



Gross Profit of Rs. 12,143
million

Report  Junction.com



Our first product pipeline from
Mumbai to Manmad
commissioned

PERFORMANCE

highlights

BOARD OF

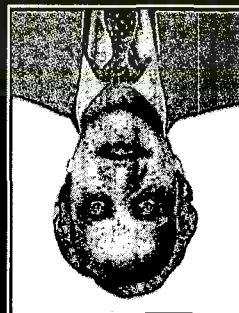
directors



U. Sundarajan
Chairman &
Managing Director



S K Bedi
Director
(Personnel)
upto 28.02.1998



V K Raina
Director
(Marketing)
upto 30.04.1998



M B Lal
Director
(Refineries)



Ashok Sinha
Director
(Finance)



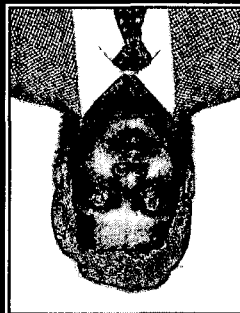
S A Narayan
Director
(Human Resources)
w.e.f. 10.06.1998



Devi Dayal
Additional Secretary
(Marketing)
Ministry of Petroleum
& Natural Gas



Nirmal Singh
Joint Secretary
(Refineries)
Ministry of Petroleum
& Natural Gas



K V Rao
Joint Secretary
(Ports)
Ministry of Surface
Transport

K B V Narayan
Company Secretary

BANKERS

State Bank of India

Central Bank of India

The Standard Chartered Bank

Indian Bank

Bank of India

State Bank of Patiala

ANZ Grindlays Bank

ABN Amro Bank N. V.

Union Bank of India

Corporation Bank

Report  junction.com

AUDITORS

Ratan S. Mama & Co.

Mehra Goel & Co.

REGISTERED OFFICE

Bharat Bhavan

4&6 Currimbhoy Road,

Ballard Estate,

Mumbai 400 001

Notice to Shareholders

Notice is hereby given that the 45th Annual General Meeting of the Shareholders of Bharat Petroleum Corporation Ltd., will be held in Y.B. Chavan Auditorium, at Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai 400 021 on Monday the 28th day of September, 1998 at 3.30 p.m. to transact the following Ordinary and Special Business :

A. Ordinary Business

1. To receive and adopt the Directors' Report (along with the Addendum thereto) and the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date with the Reports of the Statutory Auditors and the Comments and the Review of the Comptroller & Auditor General of India, thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Nirmal Singh, Joint Secretary, Ministry of Petroleum & Natural Gas, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956 and is eligible for reappointment.
4. To appoint a Director in place of Shri M.B. Lal, Director (Refineries) who retires by rotation in pursuance of Section 256 of the Companies Act, 1956 and is eligible for reappointment.

B. Special Business

5. Appointment of Shri S.A. Narayan as Director. He was appointed as Additional Director by the Board and therefore holds office up to the date of the AGM.

To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution :

"RESOLVED that Shri S.A. Narayan be and is hereby appointed as a Director of the Company".

By Order of the Board of Directors

Registered Office :
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai - 400 001.
Date: 1st September, 1998.

Sd/-
(K.B.V. Narayan)
Company Secretary

Note :

1. Explanatory statement under Section 173 of the Companies Act, 1956, in respect of the above item of Special Business is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies in the alternative to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Following is the Explanatory Statement in respect of Special Business indicated in the Notice dated 1.09.1998 :

Item No. 5 Appointment of Shri S.A. Narayan as Director of the Company

Shri S.A. Narayan was appointed with effect from 10.6.1998 as Additional Director by the Board of Directors under the provisions of Article 77A of the Articles of Association of the Company, in accordance with the intention of the Government of India. Shri Narayan has further been appointed and has taken over as Director (Human Resources).

Shri Narayan being an Additional Director, holds office up to the date of the Annual General Meeting and is eligible for appointment by the Company as Director at the Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing the name of Shri S.A. Narayan as Director of the Company. The Directors recommend appointment of Shri S.A. Narayan as Director of the Company.

None of the Directors, except Shri S.A. Narayan, is interested in the Resolution.

By Order of the Board of Directors

Registered Office :
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai – 400 001.
Date: 1st September, 1998.

Sd/-
(K.B.V. Narayan)
Company Secretary

The Directors of Bharat Petroleum Corporation Limited (BPC) are pleased to report on the performance of BPC for the year ended March 31, 1998.

ORGANISATIONAL REDESIGN

Over the past few years, the oil industry has witnessed far-reaching changes, and is today moving fast towards complete deregulation. The ever-increasing demand for petroleum products presents an opportunity for growth. At the same time, with the opening up of the markets, the landscape is becoming dotted with more players, many of whom are international oil majors. This will lead to unprecedented competition.

In such a scenario, BPC needs to mould itself to effectively manage the ensuing competition and become a preferred choice for its customers. Towards this end, BPC had embarked upon an ambitious programme last year, with assistance from Arthur D. Little. The programme aims at acquiring new organisational capabilities and re-designing the organisation. A detailed assessment of the current realities was carried out, and, to start with, the shared vision was developed - reflecting the aspirations of BPC's employees for the company and for themselves. Employees at all levels participated in this visioning exercise. To bridge the gap between the current reality and the shared vision, a

blueprint in the form of a change plan was developed.

The change plan, inter-alia, brought out that if BPC is to stay ahead of the competition, it will be imperative for it to improve its focus on the customer, and, simultaneously to enhance its efficiency and profitability. The thrust was, therefore, on moulding the existing structure and systems to manage the future.

BPC's existing structure was functionally oriented. While this was suitable for the relatively stable environment with limited competition, in the changing scenario, there was a need to re-design the organisation structure and move towards a structure, which was more suitable for providing undivided attention to different segment of customers.

Various alternative approaches were studied and it was decided to adopt a structure that is process based, team focussed, flexible, entrepreneurial, responsive to external changes, flatter, and one which encourages learning. The alternative of creating Strategic Business Units (SBUs) with Support Entities was considered the best option, which imbedded the requirements for the future. Before implementing the revised structure, a number of pilots were conducted. The results of the pilot studies have shown dramatic improvements in various operating parameters and in the few months that the pilots were

operational, the teams recorded significantly improved performance.

The new organisational structure has been put in place in May 1998, and comprises of Strategic Business Units for Retail, Industrial and Commercial, Liquefied Petroleum Gas, Lubricants, Aviation, and Refinery supported by the major entities of Human Resources, Finance, Engineering & Projects and Information Technology. These SBUs are much more customer focussed and are ideally suited to meet customer requirements. The staff managing the interface with the customer are being adequately empowered so as to reduce the response time.

The revision of the structure involved re-assigning of employees to the new Business Units and Support Entities. Human Resources, Finance, Engineering and Projects, Information Systems have also been re-designed. Three new entities - Brand Management, Strategy, and Health Safety & Environment have been formed.

In order to accelerate the pace of change within the company, by building the required skills and competencies, some of the staff have been trained as coaches by Innovation Associates, a subsidiary of Arthur D. Little. These coaches are now actively working with the business and entity teams to facilitate organisational learning. This includes coaching teams

