



energising lives



Annual Report 2013-14



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Transcending Boundaries

Stimulated by an inspiring vision, we have synergized efforts to achieve phenomenal results, surpassing all records on our path to excellence.

We are committed to expanding our horizons, exploring all avenues to maximize business opportunities in a dynamic environment.

With the upstream forays delivering significant value, we take pride in being regarded as one of the admired global energy companies.

We strive to continuously exceed the diverse expectations of our customers in urban, highway and rural markets, harnessing technology to advantage.

Our dedicated and talented workforce bears testimony to the wide range of initiatives in the human resource development space.

We lay emphasis on sustainable development with great importance accorded to social responsibility, health, safety, security and environmental care.

Our focus remains unswervingly on pioneering initiatives, nurturing relationships and energising lives.

Our passion for performance drives us to evolve innovative solutions to enhance value for our stakeholders and society.

We transcend boundaries in all our endeavours, retaining the competitive edge throughout.

BPCL . . . going beyond

Chairman's Letter

Dear Shareowners,

It is my privilege to be communicating to you for the first time since taking over as Chairman & Managing Director of BPCL. The outstanding results in all facets of the business can be attributed to the commitment, diligence and energy exuded by each and every individual across the Organisation. With an average age of 40 years and a bandwidth spanning the entire spectrum of expertise, the team has exhibited skills of the highest order, which will shape the future of this great Organization.

It is a matter of great pride that BPCL's profit after tax of ₹ 4,060.88 crores in 2013-14 is the highest ever till date, surpassing last year's record of ₹ 2,642.90 crores. The Gross Refining Margins at the two refineries continue to be amongst the highest among PSU refineries in the country. BPCL is now ranked at 1045 in the Forbes Global 2000 List in 2014, an impressive jump by 67 places.

We would not like to rest on our laurels. Instead, it is our objective to take the Company to the next level of growth. Over the next few years, we have plans to make significant investments in the upstream and downstream business activities. The aggregate investment in the coming three years would exceed the amount spent in the past ten years and would cover the entire gamut of operations including Refinery Expansion and Upgradation, Petrochemicals, Gas and Marketing Infrastructure. We have successfully participated in the bidding of major product pipeline projects. The Integrated Refinery Expansion Project (IREP) at Kochi is progressing well, as is the upgradation of Mumbai Refinery. BPCL's success in the upstream segment has been a significant value differentiator and shareholders can hope to reap rewards in the coming years. These investments are important in our quest to deliver shareholder value at all times.

While reinforcing the foundations of our business, operations is the key to our growth and expansion and equally important is our commitment to the large customer base that has propelled our journey this

far. We have conducted several customer-oriented promotion campaigns to acquire new customers and retain the existing ones, consciously focusing on customer segmentation to better understand their needs and suitably enhance our offerings to meet their expectations. We have laid the foundations of a slew of initiatives across business segments and a collaborative effort among the businesses has proved extremely beneficial in reaping rich rewards.

In the Retail business, our throughput per outlet at 185 kl per month, continues to be the highest in the industry. We have introduced a new product from the LPG stable – "Bharatgas Mini" – a 5 kg LPG cylinder, sold at market prices from select retail outlets/ LPG distributorships, primarily to meet the requirement of floating customers and those working odd hours in sectors such as the IT Industry. In the Industrial & Commercial business we have been able to maintain our 'Preferred Supplier' status with all major Industrial Customers. Our performance in the other businesses of Lubricants, Aviation fuels and Gas continues to exceed expectations and has contributed significantly to our bottom line. The extensive marketing and distribution network, built over decades, has proved to be one of our most valuable assets today, helping us in achieving our vision of being one of the leading energy companies in the country.

Given the complex environment in which we operate and the mounting challenges that we face on a daily basis, promoting 'Good Governance' is the key to our progress and maintaining the highest levels of ethical standards is fundamental to our long-term growth. As we continue to focus on proactive and preventive measures to encourage good governance, we also appreciate the significance of a robust internal control system, combined with a dynamic ERP platform.

Our CSR activities are of paramount importance to us and it is a source of great joy to be able to contribute to the upliftment of society. Our thrust is primarily in the areas of education, water conservation, skill development, health, community development, capacity building and employee volunteering.

Challenges notwithstanding, today we are at a threshold where opportunities abound. Our vision to grow and expand our horizons, exploring all avenues to maximize

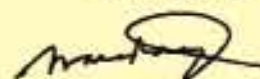
business opportunities, has taken us beyond fuel into new lines of business and across geographies. Our plans to expand in the neighbouring countries and Southeast Asia are making good progress. Aggressive value creation through a diversified portfolio, coupled with an appetite for inorganic growth, will enable us to achieve our desired goals.

Although our priority will continue to be in the area of enhancing organizational capabilities to deliver enhanced performance, our demographic profile makes it crucial for us to take our manpower up the learning curve faster. Learning and Development therefore, will be an area of greater focus in the times to come. Further, leveraging technology to complement talent is yet another path that we will continue to explore in the foreseeable future. The need of the hour is to push ourselves beyond our capabilities and explore

opportunities where we can extend our contributions and expertise and enable the Corporation to transcend all boundaries.

I thank you all for the faith reposed in us and assure you that we will continue our course on a growth trajectory, taking BPCL to greater heights. I am confident that all the endeavours that we are pursuing will yield positive results and create lasting value to each and every stakeholder.

Warm regards,



S. VARADARAJAN

Chairman & Managing Director



Board of Directors



S. VARADARAJAN
Chairman & Managing Director
(w.e.f 1.10.2013)
Director (Finance) (up to 30.9.2013)



R. K. SINGH
Chairman & Managing Director
(up to 30.9.2013)



K. K. GUPTA
Director (Marketing)



B. K. DATTA
Director (Refineries)



S. P. GATHOO
Director (Human Resources)



P. BALASUBRAMANIAN
Director (Finance)
(w.e.f. 1.4.2014)



T. JOSE
MD, KSIDC
(up to 25.11.2013)



N. MITTAL
Joint Secretary (M),
MOP&NG
(w.e.f. 11.4.2013)



P.H. KURIAN
Principal Secretary
(Industries & IT), Govt. of Kerala
(w.e.f 25.11.2013)



J. R. VARMA
Director



B. CHAKRABARTI
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 Ltd.

HDFC Bank Ltd.
State Bank of Travancore

IDBI Bank Ltd.
BNP Paribas

Calyon Bank

Auditors

M/s. CNK & Associates LLP
M/s. Haribhakti & Co. LLP

Share Transfer Agent

Data Software Research Co. Pvt. Ltd.
#19, Pycrofts Garden Road,
Nungambakkam, Chennai 600006

Registered Office

BHARAT PETROLEUM CORPORATION LTD.

CIN: L23220MH1952GOI008931

Regd Office: 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

Group Performance Highlights



- Gross Revenue for Operations soars to ₹ 2,76,005 crores
- Crude throughput increases to 28.69 MMT
- Market sales including exports surges to 37.37 MMT
- Large scale investments in mega projects
- A dynamic team and visionary leadership

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

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



(L to R) Mr. B. K. Datta, Director (Refineries), Mr. K. K. Gupta, Director (Marketing),
Mr. S. Varadarajan, Chairman & Managing Director,
Mr. S. P. Gathoo, Director (Human Resources) and Mr. P. Balasubramanian, Director (Finance)