



ANNUAL REPORT 2016-17

CONTENTS

Chairman's Letter	2	Report on CSR	86
Board of Directors	4	Report on Corporate Governance	96
Bankers, Auditors, Share Transfer Agent and Registered Office	5	Business Responsibility Report	115
Vision and Mission		Comments of C & AG	125
Performance Highlights	6	Performance Profile	145
Management Team	7	Auditors' Report	148
Notice to Members	12	Balance Sheet and Statement	160
Directors' Report	14	of Profit & Loss	
Management Discussion & Analysis Report	28	Cash Flow Statement	162
	48	Consolidated Financial Statements	245



Energising the Future

With an inspiring vision as our compass, we continually go beyond the ordinary, devising novel strategies to attain stretch goals in a dynamic scenario. We remain true to our motto of transcending boundaries in our efforts to maximize business opportunities on a global canvas.

We cherish an unwavering focus on our customers, evolving innovative solutions to achieve customer delight throughout. Our forte has been pioneering initiatives and nurturing relationships, and these have been our constant companions on our path to excellence.

Leveraging technology and our talented workforce to advantage, we continuously strive to surpass the expectations of our stakeholders and society, as we journey towards our goal of being one of the most admired world class energy companies.

As a good corporate citizen, we're committed to sustainable development, with great importance accorded to social responsibility, health, safety, security and environmental care. Our quest for renewable energies remains unabated, as we aim for a cleaner and greener future.

Wedded to our core purpose of 'Energising lives', we're passionate about bringing joy to each and every person we touch, by fuelling their dreams and lighting up their lives.

**BPCL ... making a world
of difference**

Dear Shareowners,

It gives me immense pleasure to be communicating to you for the first time since assuming charge as Chairman & Managing Director. Energizing the Future and participating in India's growth story makes for a great aspiration for any company! And at BPCL, we believe that each passing day takes us a step closer to achieving this vision.

Over the years, the Company has been delivering excellent results on all fronts and I am pleased to state that this year too, we have sustained that trend. BPCL has recorded an all-time high profit after tax of ₹ 8,039.30 crores during 2016-17. The Board has declared a dividend of 325% this year, the highest ever in the history of the Company. Shareholders have also been rewarded with an issue of bonus shares in the ratio of one new share for every two shares held. Thus, a Bonus issue has been declared for the second year in a row. Further, I am delighted to bring to your notice that during 2016-17, the market capitalization of BPCL has crossed the ₹ 100,000 crore mark, attaining the peak level of ₹ 114,751 crores on 7th August, 2017.

Numaligarh Refinery Limited, BPCL's subsidiary company registered an impressive profit after tax of ₹ 2,100.17 crores during 2016-17. For the second successive year, Bharat Oman Refineries Limited, BPCL's joint venture company, achieved excellent results with profit after tax for the year at ₹ 808.13 crores.

I am also happy to share with you that the first dividend on the investment made by BPCL's wholly owned subsidiary company, Bharat PetroResources Limited (BPRL) in the assets in Russia has been received recently. With the commencement of revenue from BPRL's Russian assets and contribution flowing from some of the Indian blocks too, BPRL has now transformed itself into a revenue generating company, with assets in all phases of upstream ranging from exploration to production.

You will be glad to know that having met the laid down criteria, BPCL has applied for grant of Maharatna status and the same is in an advanced stage of consideration by the appropriate authorities.

BPCL's flagship project, the Integrated Refinery Expansion Project (IREP) at Kochi Refinery for enhancing the refinery capacity to 15.5 MMTPA, has been successfully completed as per schedule within the stipulated capital cost. With the units being commissioned successfully in a sequential manner, the crude processing volume at the refinery has been increasing as per the designed capacity. Work on the Petrochemicals project at Kochi is progressing and the same is expected to be completed in the next financial year.

In an attempt to explore additional sources of supply and reduce the dependence on specific regions for meeting crude oil requirements, BPCL is in the process of sourcing crude from the Americas for the first time. In the recent past, BPCL has been actively evaluating crude oils from USA, Canada and Latin America and has initiated action of adding the technically suitable crude oils to its basket of crudes for processing in its refineries. The first crude parcel of 1 Million Barrels is expected to reach Indian shores by early October.

A key strategic initiative in the previous year was the acquisition of a 21.1% stake in Fino Paytech Limited, the largest Business Correspondent in Asia. You will be happy to know that Fino Paytech Limited has recently secured a Payment Bank licence from the Reserve Bank of India. With this investment, BPCL shall be better equipped to play a proactive role in the financial inclusion story of India and further augment its marketing prowess.

The Indian Oil Industry landscape is slated to undergo a major change, with the Hon'ble Finance Minister in his 2017 budget speech,

highlighting the Government's intent to bring about consolidation in the industry. BPCL shall also evaluate the options for integration and participate in the process, as appropriate.

GST implementation has been impeccably executed in BPCL, ensuring requisite compliances, disseminating knowledge, imparting necessary training and providing a strong support network across the country.

I am also pleased to share with you that the daily change in price of petrol and diesel across the country is being effectively executed. BPCL has deployed several measures to ensure smooth implementation. Multiple methods have been adopted to communicate, inform and educate the dealer network and the customers about the daily price revisions leveraging the media, the Company's automation systems and the telecom network.

In our endeavour to capture the consumer opportunity, BPCL launched a series of beyond-fuel initiatives catering to the rural, highway and urban markets, further leveraging our existing strengths and capabilities. Extensive pilots were successfully conducted around the themes of Rural Market Place, Integrated Fleet Management, Personal Travel Offerings and Urban Household Solutions. The pilots have provided key insights and learnings in terms of customer traction, available prospects and impact on fuel sales. We envisage that such initiatives shall be crucial to driving profitability in the fast developing competitive scenario in the oil industry.

BPCL shall continue with its robust investment plans over the next few years, focusing on developing refining and marketing infrastructure. Conscious and well deliberated decisions are also being made in the upstream business for investments in high potential exploration assets with a trusted partner. Investments are being made in the Gas & Petrochemicals business, given the growth potential with a vision to attain leadership in midstream and downstream gas and petrochemical intermediates. Further, BPCL is in the process of utilizing its existing network to promote generation of renewable



sources of energy. With the Indian Oil & Gas sector having opened up, the times ahead are expected to be challenging, yet exciting. With forays into diverse verticals, BPCL is in complete readiness to embrace these challenges and emerge victorious, creating tremendous value for all stakeholders.

I fully recognize the confidence placed in the Management of BPCL and I thank you for participating in BPCL's journey. I assure you that with the relentless efforts of our employees, the unwavering support of our business partners and the valuable guidance of the Ministry of Petroleum & Natural Gas, your Company is on the path of unprecedented growth.

Warm regards,

A handwritten signature in blue ink, appearing to read 'D. Rajkumar'.

D. RAJKUMAR

Chairman & Managing Director

BOARD OF DIRECTORS



D. RAJKUMAR
Chairman & Managing Director
(w.e.f. 1.10.2016)



S. VARADARAJAN
Chairman & Managing Director
(up to 30.9.2016)



B. K. DATTA
Director (Refineries)
(up to 31.7.2016)



S. P. GATHOO
Director
(Human Resources)



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



S. RAMESH
Director
(Marketing)



R. RAMACHANDRAN
Director (Refineries)
(w.e.f. 1.8.2016)



K. SIVAKUMAR
Director (Finance)
(w.e.f. 1.5.2017)



ANANT KUMAR SINGH
Additional Secretary & Financial
Advisor, MoP&NG



PAUL ANTONY
Additional Chief Secretary
(Industries & Power), Govt. of
Kerala (w.e.f. 19.4.2017)



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



RAJESH K. MANGAL
Independent Director



DEEPAK BHOJWANI
Independent Director



GOPAL C. NANDA
Independent Director



VISHAL V SHARMA
Independent Director
(w.e.f. 9.2.2017)

M. VENUGOPAL
Company Secretary

BANKERS

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

AUDITORS

M/s. CNK & Associates LLP
Mistry Bhavan, 3rd floor,
Dinshaw Vaccha Road,
Churchgate, Mumbai – 400 020.

M/s. Haribhakti & Co. LLP
705, Leela Business Park,
Andheri Kurla Road,
Andheri (East), Mumbai – 400 059

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

PERFORMANCE HIGHLIGHTS



- Gross Revenue from Operations is ₹ 2,42,047.82 crores
- Crude throughput increases to 25.39 MMT
- Market Sales including exports is 40.17 MMT
- Net profit soars to ₹ 8,039.30 crores
- Core strengths are talent and technology

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

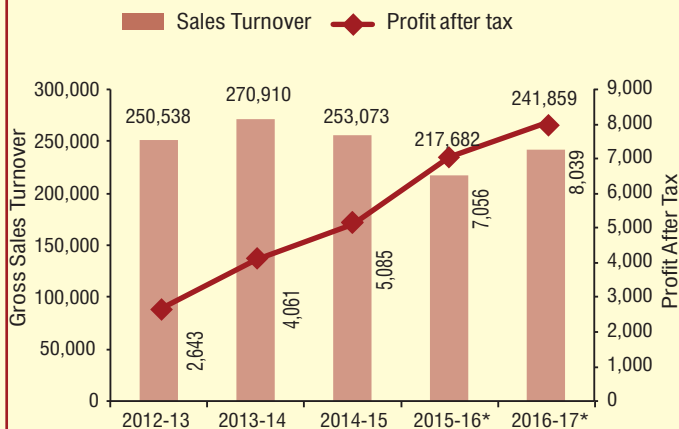
CULTURE

- 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

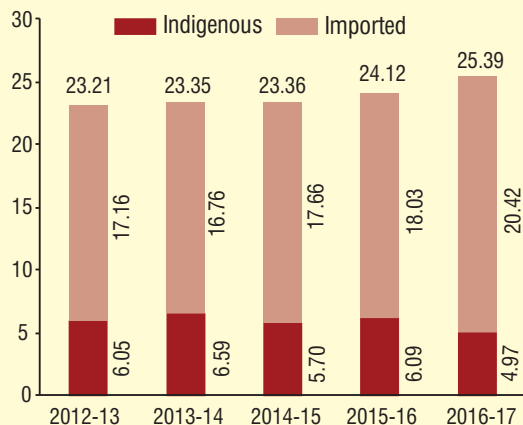
- Participate prominently in nation-building by meeting its growing energy needs, and to support this endeavour, pursue the creation of economic surplus by efficiently deploying all available resources and aiming towards global competitiveness in the energy sector
- Strengthen and expand areas of core 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

GROSS SALES TURNOVER / PROFIT AFTER TAX (₹ Crores)

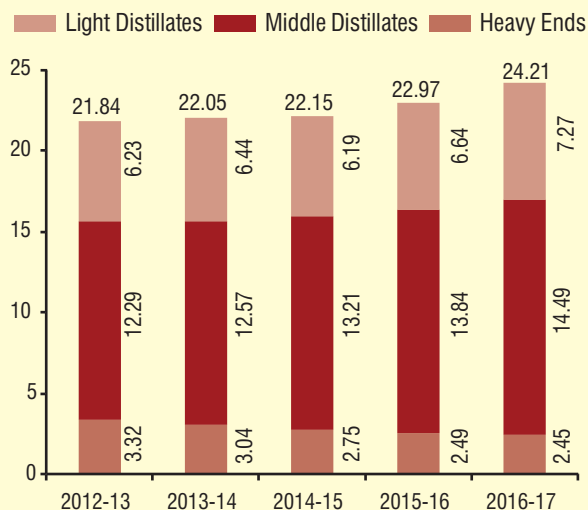


* Figures from FY 2015-16 onwards are as per Ind AS

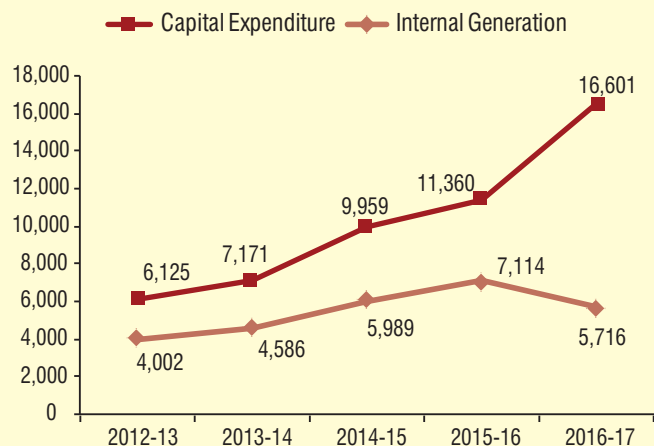
REFINERY THROUGHPUT (Million Metric Tonnes)



PRODUCTION (Million Metric Tonnes)



INTERNAL GENERATION / CAPITAL EXPENDITURE* (₹ Crores)



* Includes Capital Expenditure (net) incurred through 100% Subsidiary & investments in Joint Ventures

MARKET SALES VOLUME (MILLION Metric Tonnes)

