

## CHAIRMAN'S MESSAGE



A cornerstone of our long-term strategy, Project Aspire with a ₹ 1.70 trillion investment, marks the initial phase of our multi decade odyssey to shape the energy of tomorrow. This, coupled with our robust balance sheet, fuels our ambition to lead the energy transition."

## DEAR SHAREHOLDERS,

It is my privilege to present to you the Annual Report of Bharat Petroleum Corporation Limited (BPCL) for the Financial Year 2023-24. In the backdrop of a complex interplay of inflationary pressures, restrictive monetary policies, geopolitical instability and supply chain vulnerabilities continuing to shape the global economic landscape, your Company has emerged as the forerunner in resilience and agility, embracing challenges from a position of strength and confidence.

Demonstrating strong operational efficiencies supported with favorable market conditions, BPCL, in FY 2023-24 achieved its highest ever standalone net profit of ₹26,673.50 crore, a marked increase from the previous year's net profit of ₹1,870.10 crore. In the wake of this resounding performance, the Board proposed a final dividend of ₹21 per share (pre-bonus), bringing the total dividend for the year, including the interim payout, to ₹42 per share – a massive 950% increase compared to FY 2022-23. Sharing the success further, BPCL issued bonus shares in the ratio of 1:1, acknowledging the continued support of its shareholders.

India defied global challenges, becoming the world's fastest-growing major economy in 2023-24. The GDP growth surged to 8.20%, fueled by strong domestic demand and investment. The petroleum sector mirrored this strength, with consumption rising to 4.60%. I am pleased to share that during the financial year 2023-24, your Company achieved its highest ever market sales volume of 51.04 MMT, as against 48.92 MMT in the

comparative period, registering a growth of 4.33%. With a market share of 27.57% among PSU Oil Marketing Companies (OMCs), we retained our position as the second-largest OMC during the year. Our Refineries operated at peak efficiency, surpassing previous records with a throughput of 39.93 MMT, maintaining their supremacy with a robust gross refining margin (GRM) of \$ 14.14/bbl, outperforming PSU OMCs for the second consecutive year.

In the backdrop of exceptional profits earned in the FY 2023-24, the moderate profits of ₹ 3,015 crore for the first quarter of the Financial Year 2024-25 have been mainly due to lower product spreads and unfavorable crude oil prices in international markets. Acknowledging that these challenges are inherent to our industry, we remain confident of our strategic ability to navigate the dynamic environment and emerge stronger.

The energy sector of India stands at an inflection point. The nation has an ambitious vision of becoming a US\$ 30 trillion developed economy by 2047. "Viksit Bharat @2047" will necessitate an almost fourfold increase in primary energy demand. India's exponential growth trajectory will propel it to a pivotal role in the global energy market, accounting for roughly 12% of world energy consumption by 2047. The key strategic objectives for India in the energy sector will entail significant expansion in refining capacities, raising the share of gas in the energy basket from about 6% to 15%, establishing leadership in petrochemical exports, and sharply reducing energy imports from current levels of 47% to below 25% by 2030 and to zero by 2047.

As part of the nation's contribution to global climate action, the Prime Minister's five-pronged 'Panchamrit' strategy aims to achieve several ambitious targets: attaining 500 GW of non-fossil fuel energy capacity by 2030, sourcing half of its energy needs from renewables by 2030, reducing carbon emissions by 1 billion tons by 2030, lowering carbon intensity by 45% by 2030, and ultimately achieving net-zero emissions by 2070. This transition opens up significant economic opportunities for the companies operating in the energy sector.

Building on its strong Indian energy presence, BPCL aspires to meet 7-10% of the nation's primary energy demand by 2047. Last year, we had introduced the first phase of this multi-decade aspirational journey in the form of 'Project Aspire', our five-year strategic framework which is based on two fundamental pillars - 'Nurturing the Core' and 'Investing in Future Big Bets'. Our mid-term strategy is on a continuum. While we remain committed to growing our core businesses, which include refining, marketing of petroleum products and upstream, we are equally focused on our big bets comprising petrochemicals, gas, green energy, non-fuel retail, and digital. Project Aspire, with a planned capex outlay of around ₹1.70 lakh crore over

five years, will enable us to create long-term value for our stakeholders, while preserving our planet for future generations. Our healthy balance sheet, currently at zero net-debt at standalone level, allows for these investments without compromising financial stability.

Towards achieving net-zero emissions by 2040 for both Scope 1 & Scope 2 emissions, BPCL has drawn a net-zero roadmap which encompasses Renewable Power, Green Hydrogen, Compressed Biogas, Carbon Capture, Utilization, and Storage (CCUS), efficiency improvement and the offsets procurements. This would require a phased capital outlay of approximately ₹1 lakh crore till 2040 and the Company is geared for the same.

India's booming economy is driving a significant increase in energy demand and Petroleum product consumption is expected to rise steadily by 4-5% annually. Similarly, the demand for major petrochemical products is expected to rise by 7-8% annually. This presents a strategic opportunity to expand refining capacity alongside the development of integrated petrochemical complexes.

Towards this end, in the Financial Year 2023-24, we announced two new petrochemical projects in Bina and Kochi with the capital outlay of ₹ 54,000 crore. These projects leverage the inherent advantages of integrated refinery and petrochemical operations.

The Ethylene Cracker Project at Bina, conceived at a gross cost of ₹49,000 crore, involves brownfield expansion of the Bina refinery capacity from 7.80 MMTPA to 11 MMTPA to primarily cater to the feed requirements of petrochemical plants. The Hon'ble Prime Minister of India laid the foundation stone for this Petrochemicals Complex on September 14, 2023. As of date, technology licensors for all critical packages, and project management consultants for refinery expansion and downstream units have been onboarded. Contractors for site grading have been finalized and work at the site commenced in the first week of July 2024. The project is on track as per the planned milestones with potential commissioning planned in 2028. Similar progress has been made in the Polypropylene Project at Kochi Refinery and the project is on track for commissioning in 2027.

To meet the anticipated demand beyond our planned expansions in Bina and Kochi, we are actively evaluating options for setting up additional integrated refining and petrochemical capacities within the next 5-7 years. Our investment in the Petrochemical project is consistent with our aspiration of becoming a dominant player in India's petrochemical growth story.

Towards expanding our customer base and reaching new markets, we are actively growing our retail footprint with new Retail outlets, LPG distributorships and POL terminals. As part of our customer-centric initiatives,



## Chairman's Message



we launched 'Pure for Sure' for our Bharatgas LPG cylinders, an industry first, guaranteeing both quantity and transparency in delivery, during the India Energy Week in February 2024. Our co-branded card with SBI Card has been a resounding success, surpassing the 3 million mark in its customer base. With its new formulation and unique friction modifier technology, our premium petrol 'Speed' embodies the essence of performance, efficiency, and consistency, reflecting the aspirational spirit of India. This ethos is mirrored in our choice of brand ambassador, Neeraj Chopra, who epitomizes peak performance complimenting 'Mr. Dependable' Rahul Dravid.

Your Company has enhanced its digital offerings with an AI Chatbot-enabled IVR calling system, biometric eKYC through face authentication, MAKconnect, QR code based customer assurance for our MAK Lubricants and automation in City Gas Distribution (CGD).

The concept of the energy trilemma – ensuring energy systems provide secure, affordable, and sustainable energy – is highly relevant today. The Company will maintain its focus and efforts on upstream Oil & Gas projects, particularly to expedite the earliest possible monetization of discoveries in Mozambique and Brazil. The initial 2-Train LNG Project in Area 1, Mozambique, which is the first step towards unlocking the world-class gas resources of approximately 63

Trillion Cubic Feet, in which BPCL holds a 10% stake, is set to resume operations in late 2024. The BM-SEAL-11 project in Brazil and the Ruwais field in the UAE are currently in key stages of development. We are confident that this will elevate us to new heights in the energy sector.

During the 12<sup>th</sup> CGD bidding round, your Company was awarded one Geographical Area (GA) in Jammu & Ladakh on a standalone basis and one GA in Arunachal Pradesh in consortium with OIL India. With this, your Company is present, directly and through joint ventures, in 52 GAs covering 154 districts.

I am happy to share that BPCL is accelerating its transition to a low-carbon energy company. The Company has set ambitious targets to build 2 GW of renewable energy capacity by 2025 and 10 GW by 2035 and is actively evaluating various projects in this space. We are investing nearly ₹1,000 crore to establish two 50 MW captive wind power plants in Maharashtra and Madhya Pradesh, which will support our refineries in Mumbai and Bina. We are also investing around ₹300 crore in 72 MWp of solar project in Prayagraj, Uttar Pradesh. Concomitantly, we are executing Green Hydrogen projects aligned with the National Green Hydrogen Mission. These projects include a 5 MW electrolyser plant at Bina Refinery and a Green Hydrogen refueling station with an indigenously developed electrolyzer at Kochi.

BPCL is committed to supporting the transition to electric mobility through a robust, accessible charging infrastructure. The Company has already installed over 3,000 charging stations, including fast chargers for cars and two-wheelers. 900 fast chargers are installed across 120 highway corridors which helps in addressing the range, discovery and time anxiety of Electric Vehicle (EV) owners. By integrating the charging infrastructure seamlessly into our existing retail outlets, we offer a one-stop shop for travelers. Our user-friendly mobile application provides real-time charger availability and secure payment options, making the EV charging experience effortless. To further boost our EV infrastructure, we have associated with two major EV manufacturers in India-Tata Motors and MG Motors, offering a convenient charging solution to EV owners. Over the next 5 years, we aim to install 4-wheeler fast chargers at approximately 6,000 retail outlets across 400 highway corridors, prioritizing high-traffic corridors like the Golden Quadrilateral and N-S/E-W highways. We have made a strategic foray in the F&B sector through our in-house state-of-the-art Café brand, 'BeCafe', where our customers can experience gourmet coffee and snacks and as the propensity of EV charging gathers momentum, BeCafe would offer our customers an upgraded convenience during their wait time. We expect to set up 500 BeCafes in the near future.

BPCL is at the forefront of India's biofuel push. The Company has increased ethanol blending in petrol to 11.70%, from 10.60% in the previous year. We have expanded our retail network for E20 fuel to 4,279 outlets. Additionally, we procured 102.60 TKL of biodiesel during the year, a substantial increase from the previous year. The Company is driving the adoption of Compressed Bio-Gas (CBG) and has issued 382 Letters of Intent for CBG plants with a combined capacity of 7 lakh tonnes per annum. The Company has also initiated the construction of its own CBG plants using Municipal Solid Waste, with the first one scheduled for commissioning this financial year in Kochi. Additionally, we are exploring strategic partnerships to complement our organic growth. Advanced discussions are underway with reputed players in this space for potential joint ventures. These combined efforts, along with the upcoming commissioning of a bio-ethanol refinery, positions BPCL as a key player in India's transition to a greener fuel mix, creating a robust ecosystem for the adoption of cleaner fuels across the country.

Project Aspire necessitates a comprehensive talent strategy that includes developing the leadership pipeline for succession and building a rich talent pool to support new business ventures. Towards this end, we have onboarded a large group of young professionals and are recruiting a diverse pool of experienced and entry-level candidates. To stay at the forefront of energy

transition, we are also investing in robust upskilling & reskilling programs. Our new digital learning platform, which significantly enhances employee learning experience, offers abundant opportunities for skills enhancement through certifications and e-learning modules. We've established a Center of Excellence to build functional capabilities of our workforce. At BPCL, we are fully committed to developing a high-performing and deeply engaged workforce. By prioritizing employee well-being, we aim to create a positive work environment, boost morale, and drive business success.


Having successfully empowered 30 startups through Project Ankur's grant funding since 2016, BPCL is excited to take its support a step further. We are establishing a Corporate Venture Capital fund to invest directly in promising startups, becoming a part of India's thriving startup ecosystem.

BPCL is dedicated to social progress. In our pursuit of energizing lives, we actively contribute to critical areas like education, skilling, water conservation, healthcare, and community development, creating a lasting impact for the underprivileged.

In order to thrive in this complex and challenging business landscape, we will leverage our agility and focus on operational excellence to ensure continued success. Safety and reliability will remain our top priorities, guiding all our actions. We are committed to upholding the highest standards of corporate governance. While we move forward with Project Aspire, we will prioritize investments with a clear business case and demonstrable return on investment.

I would like to thank the Ministry of Petroleum & Natural Gas for their unflinching support and guidance. I am deeply thankful to my colleagues on Board of Directors for their exemplary leadership. Our success is also a reflection of the invaluable support of the State Governments, our channel partners, customers, vendors, bankers, and most importantly, our employees. I also want to express my profound appreciation to our shareholders for their continued trust and confidence in BPCL.

As we navigate the complexities of the energy sector, we are inspired by the words of T.S. Eliot, the famous author who said, 'Only those who will risk going too far can possibly find out how far one can go'. In our pursuit to be a leading force in the nation's primary energy demand, we are shaping the energy of tomorrow.

  
**G. KRISHNAKUMAR**  
 Chairman & Managing Director