

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

# 23<sup>rd</sup>

## ANNUAL REPORT

### 1996-97

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**BONGAIGAON REFINERY & PETROCHEMICALS LIMITED**



## BONGAIGAON REFINERY &amp; PETROCHEMICALS LTD.

**BOARD OF DIRECTORS**

(As on July 10, 1997)

Shri B. K. Gogoi  
Director (Production) &  
Acting Chairman & Managing Director

Shri D. K. Borgohain,  
Director (Commercial)

Shri K. C. Senapati,  
Director (Finance)

Shri K. Ramachandran Pillai  
Director (Personnel)

Shri B. D. Jethra  
Adviser (I & M), Planning Commission  
Government of India

Shri S. K. Sood  
Joint Secretary (PC)  
Department of Chemicals & Petrochemicals  
Government of India

Shri A. K. Saxena  
Director (S&P), Ministry of Petroleum & Natural Gas  
Government of India

Dr. S. B. Medhi  
Secretary, Deptt. of Public Enterprises  
Government of Assam

**SECRETARY**

V. N. Murthy

**BANKERS**

State Bank of India  
State Bank of Hyderabad  
United Bank of India  
UCO Bank

**STATUTORY AUDITORS**

M/s J. L. Sengupta & Co.,  
Chartered Accountants  
70-A, Lenin Sarani  
First Floor  
Calcutta - 700 013.

**COST AUDITORS**

M/s Ramnath Iyer & Co.,  
Cost Accountants,  
4/4, Sing Sabha Road,  
Shakti Nagar,  
New Delhi-110 007

**SHARE TRANSFER AGENT**

SRG Infotec (India) Ltd.,  
118-A, Zamrudpur  
Kailash Colony Extn.,  
Opp. Lady Shri Ram College  
New Delhi - 110 048.

**REGISTERED OFFICE**

P.O. Dhaligaon  
Dist. Bongaigaon  
Assam - 783 385

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## BONGAIGAON REFINERY & PETROCHEMICALS LIMITED

(A Government of India Undertaking)

REGD. OFFICE : P.O. Dhaligaon, Dist. : Bongaigaon (Assam) – 783 385

### NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty-third Annual General Meeting of the Shareholders of Bongaigaon Refinery & Petrochemicals Ltd will be held at 3.00 P.M. on Monday the 29th September, 1997 at the Registered Office of the Company at Dhaligaon, Dist. Bongaigaon, Assam to transact the following business :

### AGENDA

#### Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 1997 and the Audited Balance Sheet as on that date along with the Report of the Directors, the Auditors' Report and the Comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956 and the replies of the management, if any, thereon;
2. To declare a Dividend;
3. To appoint Director in place of Sri D. K. Borgohain, who retires by rotation and being eligible, seeks reappointment.

By Order of the Board of Directors  
Bongaigaon Refinery & Petrochemicals Ltd.

Place : New Delhi  
Date : 4th September, 1997

V. N. Murthy  
Company Secretary

#### NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting. A blank Proxy Form is enclosed.
2. The Share Transfer Books and the Register of Members of the Company will remain closed from 16th September, 1997 to 29th September, 1997 (both days inclusive) for the purpose of the payment of Dividend.

## BONGAIGAON REFINERY &amp; PETROCHEMICALS LTD.

3. The unpaid dividends that are due for transfer to the Central Government Revenue Account as per the provisions of Section 206 of the Companies Act, 1956 are as follows :

Financial Year ended	Due date for transfer
31.03.1994	11. 11. 1997
31.03.1995	14. 11. 1998

4. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Dividend, as recommended by the Board of Directors, if approved by the Members will be paid to those members whose names appear on the Company's Register of Members on 29th Day of September, 1997.
6. Dividend mandates, changes of addresses, application for consolidation of Folios, if any, should be sent to the Company or its Share Transfer Agent M/S SRG Infotec (India) Ltd., 118-A, Zamrudpur, Kailash Colony Extn., Opp. Lady Shri Ram College, New Delhi - 110 048, before 16th day of September, 1997, otherwise the same will not be taken into consideration for payment of dividend that may be declared by the Company for the financial year ended 31st March, 1997.
7. Members should bring their copy of Annual Report to the venue of the meeting.





## Directors' Report

(Rs. in lakhs)

The Directors of your Company have the pleasure of presenting before you the twenty-third Annual Report on the working of Bongaigaon Refinery & Petrochemicals Ltd., together with the Audited Accounts for the year ended March 31, 1997.

### PERFORMANCE HIGHLIGHTS FOR 1996-97

#### Financial

The highlights of financial performance during 1996-97 were :

Sales Turnover : Rs. 838.57 crores

Gross Margin : Rs. 59.62 crores

Profit before Tax : Rs. 30.54 crores

Profit after Tax : Rs. 29.07 crores

#### Physical

New records were set in several fronts and notable among them are :

Crude Oil Throughput : 1,542,032 tonnes

Production of various solvents : 23,191 tonnes

Sale of RPC : 88,355 tonnes

### FINANCIAL PERFORMANCE

#### A. Summary

The financial results for 1996-97 alongwith comparative figures for the previous year are summarised below :

	1996-97	1995-96
Turnover	83857	81455
– Refinery	61588	48377
– Petrochemicals	7533	13320
– P. S. F.	14736	19758
Gross Margin (PBDIT)	5962	15618
Gross Profit (PBIT)	4163	13098
Net Profit before Tax (PBT)	3054	12017
Net Profit after Tax (PAT)	2907	9015
Value Addition	13903	23355
Capital Employed	51503	51433
Contribution to the Exchequer	17778	17491
Debt Equity Ratio (considering long term loan and share capital)	0.31:1	0.32:1
E.P.S.	Rs. 1.45	Rs. 4.51

The Company registered a fall in profits mainly on account of the following reasons :

- Lower availability of crude oil for refinery leading to under-utilisation of the capacity. This was beyond the control of the Company.
- Sales turnover in physical terms increased compared to the previous year but due to lower realisation on sale of petrochemical products due to depressed market conditions for these products, gross profits declined.
- Sharp fall in DMT & PSF prices during the year.

However, despite the fall in the profit of the Company, the dividend Pay Out Ratio is proposed to be maintained at 30% of the Profit After Tax.

## BONGAIGAON REFINERY &amp; PETROCHEMICALS LTD.

Debt/Equity ratio remained at 0.31:1 and Debt/Net worth ratio recorded a low of 0.11:1.

The prices of petrochemical products are showing an upward trend and the performance of the Company is expected to improve in the coming year.

### B. Dividend

In spite of sharp fall in the profits during the year under review, your Directors recommend a dividend payout of Rs. 8.72 crores constituting 30% of the Net Profit After Tax. This works out to a dividend of 4.36% on the paid-up share capital of Rs. 199.82 crores. The Company would also have to pay a corporate dividend tax of Rs. 87.21 lakhs.

### C. Financial Position and Fund Management

The Internal resource generated during the year was Rs. 4707 lakhs compared to Rs. 11536 lakhs in 1995-96.

Reserves and Surplus increased to Rs. 32904 lakhs in 1996-97 from Rs. 30957 lakhs in 1995-96 while the Net Worth increased to Rs. 52848 lakhs from Rs. 50830 lakhs.

The total term borrowing was Rs. 6220 lakhs, giving a Debt: Equity Ratio of 0.31:1.

The Company paid instalments of Rs. 442 lakhs on long term loan due for repayment during the year.

### D. Share Capital

The total paid-up share capital of the Company as on March 31, 1997 stood at Rs. 19982 Lakhs. There was no change in the equity capital during the year.

### E. Disinvestment of Shares

There was no disinvestment of the share capital of the Company during 1996-97. The total disinvestment stood at 25.54% as on 31st March, 1997.

The Disinvestment Commission in its Report-II (April 1997) has, keeping in view the special locational problems of the Company and the vital need for strong organisational and marketing inputs for its survival, considered it necessary to reclassify it as a non-core PSU. It has recommended that a strategic sale of 50% of shares of BRPL may be offered immediately to Indian or foreign oil companies either on their own or in association with one another. There could be an agreement with the selected strategic partner specifying further dilution of government equity to 26% or below through a public offer to Indian institutions, small investors and employees at a later date. The percentage of shares to be acquired by the successful bidder together from the public and the government to make up the 50% holding should be in accordance with the requirements of the Securities and Exchange Board of India (Substantial Acquisitions of Shares

and Takeovers) Regulation 1997. Subsequent disinvestment by the government of its balance holding to Indian institutions, small investors and employees will be with reference to the agreement with the strategic partner and the requirement if any, for fresh listing.

Your Board is initiating a Financial Analysis of the Company by engaging the services of a reputed Merchant Banker who among other things, shall make recommendation on capital restructuring of the Company and examine the possibility of having a strategic alliance with an upstream oil major to overcome the constraints of availability of crude oil and marketing of Petroleum Products etc.

## OPERATIONAL HIGHLIGHTS

### A. Refinery

#### Crude Throughput

The Refinery processed 1,542,032 tonnes of Crude Oil during the year against actual receipts of 1,541,352 tonnes. The annual plan target, actual receipt & quantity processed for the years 1996-97 & 1995-96 are given below :

(Figures in tonnes)

	1996-97	1995-96
Annual Plan Target	1,950,000	1,800,000
Actual Receipt of Crude Oil	1,541,352	1,215,459
Actual Crude Oil throughput	1,542,032	1,215,714

The lower receipt of Crude Oil was on account of lower allocation by OCC which controls allocation of Crude Oil to Refineries in India.

Crude Oil receipt and throughput for the year 1996-97 were highest ever achieved, breaking the previous years' record performance.

### Secondary Processing Units

The throughputs of Secondary Processing Units were as follows :

(Figures in tonnes)

Units	1996-97	1995-96
Kerosene Treating Unit	293,104	235,713
Delayed Coking Unit	650,775	452,552
Coke Calcination Unit	30,854	28,995

Throughputs in Kerosene Treating Unit and Delayed Coking unit for the year 1996-97 were the highest ever.

### Yield Pattern

The yield pattern on Crude Throughput for the year 1996-97 and the year 1995-96 were as under :

(Percentage of Crude throughput)

	1996-97	1995-96
Light Distillates	16.81	17.18
Middle Distillates	62.42	61.41
Total Distillates	79.23	78.59
Fuel & Loss (Refinery)	8.49	7.22

### B. Petrochemicals

#### Production

The production quantities of various petrochemical products during the year 1996-97 & the year 1995-96 were as under :

(Figures in tonnes)

Product	1996-97	1995-96
Para-Xylene	27,003	28,582
Ortho-Xylene	2,061	360
Cee-Seven Solvent	6,328	3,035
Cee-Nine Solvent	10,330	8,490
DMT	37,089	41,524
BRP-Sol-100	6,533	5,418
Methanol	7,378	7,352

Highest ever production was achieved in the year 1996-97 for Cee-Nine, Cee-Seven and BRP-Sol-100.

#### Sales

The quantities of Petrochemical products sold during the year 1996-97 in comparison with 1995-96 are given below:

(Figures in tonnes)

Product	1996-97	1995-96
Para-Xylene	1,281	674
Ortho-Xylene	1,874	405
Cee-Seven Solvent	6,327	2,941
Cee-Nine Solvent	11,259	8,529
DMT	9,784	16,707
BRP-Sol-100	6,462	5,277

Highest ever sale was achieved in the year 1996-97 for Cee-Seven, Cee-Nine and BRP-Sol-100.

Internal transfers which were not included as sales are as follows :

(Figures in tonnes)

Product	1996-97	1995-96
Para-Xylene	24,783	26,836
DMT	23,141	22,439
Methanol	7,378	7,460

### C. Polyester Staple Fibre

PSF production and sales during the year 1996-97 and the year 1995-96 are given below :

(Figures in tonnes)

Product	1996-97	1995-96
Production	21,871	21,068
Sale	20,986	19,786

### RESEARCH & DEVELOPMENT

R & D department of the Company was set up in 1995. The department has been pursuing its efforts towards thrust areas like technology absorption, technology upgradation, product development/improvement, pollution control, etc.

The detailed engineering for the alpha olefin pilot plant project in collaboration with Indian Institute of Petroleum (IIP) is almost complete. Preliminary erection activities are in progress.

A new type of fabric has been developed by blending BRPL polyester and locally available silk (Muga). Further developmental work of finish treatment on the fabric would start soon.

### ENVIRONMENTAL MANAGEMENT

The Company continued its policy to protect and maintain the quality of the environment and to observe the provisions of pollution control statutes and standards.

The additional facilities in the Waste Water Treatment plant such as Tilted Plate Interceptor and a parallel treatment line to cater to the additional load from the new refinery units have been commissioned during the year.

Construction of the Tertiary Water Treatment plant for reuse of treated waste water in cooling towers has been completed and is under trial run.

Installation and commissioning of continuous monitoring devices for ambient air and emissions from major stacks is completed.

World Environment Day was observed on June 5, 1997 with



## BONGAIGAON REFINERY &amp; PETROCHEMICALS LTD.

massive tree plantation programme at plant, township and local schools around Dhaligaon.

### ENERGY CONSERVATION

The Company continued its efforts on Energy Conservation through continuous monitoring and control of operational activities.

#### A. Refinery Sector

The fuel and loss in the Refinery Sector in the year 1996-97 was 8.48 wt% of crude throughput. In terms of absolute energy units, the energy consumption in the Refinery Sector together with loss during the year 1996-97 was 501.54 MBTU/BBL

#### B. Petrochemicals and PSF Sectors

The specific energy consumption in the Petrochemicals Sector in the year 1996-97 was 1.14 SRFT per tonne of paraxylene. The specific energy consumption in the PSF Sector during the year was 1.117 SRFT per tonne of PSF.

#### C. Oil Conservation Fortnight

Oil Conservation Fortnight was observed by the Company from February 1 to 14, 1997 in line with the guidelines received from the Ministry of Petroleum & Natural Gas, Govt. of India. Activities directed towards increasing mass awareness for oil conservation were taken up during the fortnight in and around the operational areas of the Company.

BRPL has won the award for best performance in furnaces/boilers efficiency, instituted by the Ministry of Petroleum & Natural Gas, based on a field survey conducted by the Centre For High Technology during the Oil Conservation Week in February, 1996.

### SAFETY

The Company is committed to safeguard its human resource, equipment and material. Like previous years, during this year also, safety training and educational programmes were conducted to enhance safety awareness among the employees. A safety awareness survey was also carried out during the year. Health check-up of employees was monitored closely to ensure their good health and timely detection of any occupational disease.

Pocket safety manual was prepared and distributed among the employees. Internal safety audit of the various plants was carried out. Mock-drill for toxic gas release and for fire were also conducted.

All the Plant Level Safety Committees held their monthly meetings regularly. Quarterly Safe Operations Meetings were also conducted regularly. Quarterly safety bulletins were published and distributed to employees.

Revamping of fire water network system was completed and a second fire station installed. Efforts to upgrade safety standards and operations and maintenance practices continued throughout the year.

Entry of four wheelers was restricted and two wheelers completely stopped inside the complex to ensure better safety and security of the plant.

National Safety Day and Fire Services Day were observed during the year.

### PROJECTS

A brief review of status of various projects of the Company is given below :

#### A. Completed Projects

- i] Augmentation of Fire Water System.
- ii] Continuous Stack Monitoring & Ambient Monitoring facilities.
- iii] Tertiary Treatment Plant.

#### B. On Going Projects

##### i] Modernisation of Refinery Instrumentation

Installation of DCS in old Refinery units under phase-I is in progress. Ordering of major equipment is completed. The project is expected to be completed in September, 1998.

Activities for awarding consultancy services for Instrument Modernization in Tank Farm, Offsites and Utilities under phase-II have started.

##### ii] Additional Boiler & 5 MW Generating Set for operational flexibilities.

Erection works of a gas/oil fired boiler of capacity 84 T/hr is in progress. Fabricated items of the Boilers have already been received. The Boiler is scheduled to be commissioned in March, 1998.

Civil work for installation of a 5 MW generating set is in progress. Alternator has been received at site. The main diesel engine has been despatched. The generating set is expected to be commissioned in March, 1998.

##### iii] LPG Bottling Plant

Construction activities of LPG Bottling plant of capacity 22,000 TPA has started. Approach road to the plant and the construction of boundary wall are in advanced stage of completion. Construction of infrastructure facilities for starting the main project activities has been taken up. The plant is expected to be commissioned by February/March, 1999.

##### iv] Debottlenecking of DMT Plant

Debottlenecking of the DMT plant will enhance its present production capacity of 41500 TPA to about 60000 TPA. Feasibility Report from M/s. Huls AG was received and details are being worked out.



#### v] Modernisation of PSF Plant

Environmental clearance from Assam State Pollution Control Board was obtained. Ordering of proprietary items for Tie-in-Device, Vacuum system in continuous polymerisation, production of black fibre and draw line modification have been completed. The project is expected to be commissioned in 1998 in a phased manner.

#### vi] Environment related projects

##### Residue Methanolysis and Catalyst Recovery Project

Residue Methanolysis & Catalyst Recovery Unit is in advanced stage of completion. The unit is expected to be commissioned during 1997.

#### vii] Encon Projects

The status of various energy conservation projects are as outlined below :

##### [a] Low level heat recovery in Crude Distillation Unit-I.

Process Package from M/s. Engineers India Limited [EIL] was received. Ordering of major equipment is completed and the same for instrumentation items is under process.

##### [b] Pre-heat train improvement/crude column optimisation in Crude Distillation Unit-I

Procurement action for items like Heat Exchangers, Pumps, Structured Packing etc. has been initiated.

##### [c] Crude Oil Desalter in Crude Distillation Unit -I.

Award of contract for supply, installation and commissioning of Crude oil Desalter is under process.

#### viii] Township Phase-V

Construction of 58 blocks [232 units] of B-type quarters is complete in all respects. Construction of C-type [56 units] and Duplex [24 units] quarters are scheduled to be completed in 1997-98.

#### C. Future projects

##### i] Receipt of Imported Crude Oil

To increase the capacity utilisation of the refinery, a project is being envisaged along with IOC and OIL for transportation of 1.5 mtpa of imported crude oil. For receiving this crude oil, the expansion of the Haldia Barauni crude pipeline of IOC [now under implementation] and modification of OIL's crude pipeline between Barauni and Bongaigaon, would be required in addition to metering devices at Barauni.

##### ii] Hydrotreatment of Coker LGO upgrading to HSD

The DFR for the project has been submitted to the Ministry seeking Stage-II PIB Clearance. The technology

selection, EIA study and Risk Analysis are under progress.

##### iii] Benzene Plant

To implement the Benzene plant, it was proposed to have a Joint Venture Company between BRPL and AIDC. A draft MOU on formation of the JV Company has been prepared.

##### iv] Xylene Plant Expansion

The Feasibility Report submitted to MOP & NG seeking Stage-I PIB clearance for expanding the Xylene plant capacity is under their consideration.

#### PERSONNEL

##### A. Industrial Relations

The overall Industrial Relations in the Company remained cordial.

##### B. Awards

###### Prime Minister's Shram Award :

An employee of the Company, Sri S. P. Borgohain was conferred with the "Shram Shri Award" for the year 1996. This is the third year in succession when an employee of the Company received this prestigious award.

##### C. Employee Welfare :

The Company continued in its effort to promote welfare of the employees. Some of the major steps taken in this regard were :

- i] Construction and development of Sports Complex with facilities for football, etc.
- ii] Expansion of school buildings in BRPL Township.
- iii] Opening of Higher Secondary section [science stream] in BRPL Vidyalaya.

##### D. Employment of Weaker Sections :

The Company has followed the Presidential Directives/Govt. Guidelines in the recruitment and promotion of SCs and STs and in the recruitment of OBCs, Physically Handicapped, Ex-servicemen and Minority Communities. Constant endeavour has been made for promoting the welfare of the weaker sections. Overall representation of the weaker sections as on 31st March, 1997 is presented below :

- |  |  |
|--|--|
| i] Scheduled Castes & Scheduled Tribes | : Overall representation is 26.20%                                 |
| ii] Other Backward Classes [OBC]       | : 29.87% (after 8.9.93 when the reservations were made effective). |
| iii] Physically Handicapped            | : 2.02% [in the target Group "C" & "D" posts]                      |