

24th ANNUAL REPORT 1997-98

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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BONGAIGAON REFINERY & PETROCHEMICALS LIMITED



BOARD OF DIRECTORS**(as on 24.07.98)**

Shri B.K. Gogoi,
Chairman & Managing Director

Shri K. Ramachandran Pillai,
Director (Personnel)

Shri R.M. Hazarika,
Director (Commercial)

Shri S.K. Sood,
Joint Secretary,
Department of Chemicals,
Ministry of Chemicals & Fertilizers,
Government of India

Shri S. Velumani,
Deputy Secretary (S&P),
Ministry of Petroleum & Natural Gas,
Government of India

Shri R.C. Mahajan,
Joint Adviser (Energy),
Planning Commission, Government of India.

Shri J.P. Meena,
Commissioner & Secretary,
Industries Department, 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
1st Floor, Calcutta - 700 013

COST AUDITORS

M/s Ramnath Iyer & Co.,
Cost Accountants,
4/4, Singh 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 fourth Annual General Meeting of the Shareholders of Bongaigaon Refinery & Petrochemicals Ltd. will be held at 3.00 p.m. on Friday the 25th September, 1998 at the registered office of the Company at Dhaligaon, Dist. Bongaigaon (Assam) to transact the following business :

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 1998 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 a Director in place of Shri K. Ramachandran Pillai, who retires by rotation and being eligible, seeks reappointment.

SPECIAL BUSINESS

- (4) To pass the following resolution as special resolution with or without modification:

"RESOLVED THAT clause[1] of Article 11 of the Articles of Association of the Company be and is hereby amended by substituting the word "One" for the word "two" appearing between the words "or within" and "months after the application for registration of transfer" in the first para and adding the words "one or more certificates in marketable lot" after the word "receive".

- (5) To pass the following resolution as special resolution with or without modification:

"RESOLVED THAT clause[1] of Article 12 of the Articles of Association of the Company be and is hereby amended by adding the words " or as agreed with the Stock Exchange" after the last word "fit".

- (6) To consider and pass the following resolution as special resolution with or without modification:

"RESOLVED THAT clause[1] of Article 13 of the Articles of Association of the Company be and is hereby amended by substituting the word "three" for the word "four".

- (7) To consider and pass the following resolution as special resolution with or without modification:

"RESOLVED THAT sub-clause[a] of clause[1] of Article 70 of the Articles of Association of the Company be and is hereby amended by deleting the last word "and" in para [i] and adding the word "and" in para [ii] as the last word and adding the following new para:

[iii] The appointment of Directors in place of those retiring by rotation."

(8) To consider and pass the following resolution as special resolution with or without modification:

"RESOLVED THAT Article 103 of the Articles of Association of the Company be and is hereby amended by substituting the word "three" for the word "two".

(9) To consider and pass the following resolution as special resolution with or without modification:

"RESOLVED THAT clause [v] of Article 128 of the Articles of Association of the Company be and is hereby amended by substituting the words "60" and "Rs. 10,300/-" for the words "58" and "Rs. 5,700/-" respectively.

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

Place : New Delhi
Date : August 25, 1998

V.N. Murthy
Company Secretary

NOTE :

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, 1998 to 25th September, 1998 (both days inclusive) for the purpose of the payment of Dividend.
3. In terms of Section 205A of the Companies Act, 1956, read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, the Company has transferred unclaimed dividend in respect of the financial year 1993-94 to the General Revenue Account of the Central Government. The shareholders/any person entitled to the unclaimed dividend transferred to General Revenue Account of the Central Government may claim their dividend from the Registrar of Companies, Assam, Meghalaya etc., Morello Building (Ground floor), Shillong 793 001 in Form No. II prescribed under the clause 6(1) of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
4. The unclaimed dividend that are due for transfer to the General Revenue Account of the Central Government as per the provisions of Section 205A (5) of the Companies Act, 1956 are as follows :

Financial year ended	Due date for transfer
31.3.1995	14.11.1998
31.3.1996	09.11.1999
31.3.1997	10.11.2000

Members who have not received/encashed their dividend warrants for the aforesaid financial years are requested to approach the Company for obtaining duplicate dividend warrant/revalidation of the dividend warrant.

5. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. 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 25th day of September, 1998.

7. Dividend mandates, changes of addresses, application for consolidation of Folios, if any, should reach the Company or its Share Transfer Agent, SRG Infotec (India) Ltd., 118-A, Zamrudpur, Kailash Colony Extn., Opp. Lady Shri Ram College, New Delhi-110 048 before 16th day of September, 1998, 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, 1998.
8. Members should bring their copy of the 24th Annual Report to the venue of the Meeting.
9. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 is enclosed herewith.

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

The explanatory statement in regard to item no. 4 to 10 is given below:

Item No. 4:

Article 11[1] deals with issue of share certificates.

As per the provisions of Section 113 of the Companies Act, 1956 the Company is allowed the time limit of "two months" for delivery of share certificate after receipt of application for registration of transfer of shares. However, in terms of listing agreement with Stock Exchanges, the Company is allowed a time limit of "one month" only for despatch of share certificate after receipt of application for transfer of shares.

The stock exchanges have advised the Company for amendment of this Article by substituting "one month" for "two months". Further, stock exchanges have also advised the Company for adding of the words "one or more certificates in marketable lot" after the word "receive" in the Article.

For compliance of listing requirements with Stock Exchanges, this Article is proposed to be amended.

Item No. 5:

Article 12[1] deals with renewal of share certificates. In terms of the requirements of the listing agreement with Stock Exchanges, the words "or as agreed with the Stock Exchanges" is proposed to be added in clause[1] of Article 12.

Item No. 6:

Article 13[1] deals with registration of maximum number of joint holders of any share. As advised by Stock Exchanges, the registration of maximum number of joint holders of any shares is proposed to be reduced to "three" from the existing "four".

Item No. 7:

Article 70[1] [a] deals with nature of business at an Annual General Meeting. As per the provisions of Section 173 of the Companies Act, 1956, the business of "appointment of Directors in place of those retiring by rotation" is to be transacted as "ordinary business". However, in the existing Article 70[1] [a] of the Articles of Association of the Company " the business of appointment of Directors in place of those retiring by rotation" is not included as ordinary business. Hence for keeping parity with the provisions of Section 173 of the Companies Act, 1956, Article 70 [1] [a] is proposed to be amended by adding this business in the list of ordinary business in annual general meeting.

Item No. 8:

The existing Article 103 puts the minimum number of Directors of the Company at "two". However, in terms of Section 252 of the Companies Act, 1956, the minimum number of Directors of a Public Limited Company should be "three". For keeping parity with the provisions of the Companies Act, 1956, amendment of Article 103 is proposed by increasing the minimum number of Directors to "three" from "two".

Item No. 9:

Article 128 of the Articles of Association of the Company requires the Chairman to reserve certain matters for the decision of the President. Clause [v] of Article 128 requires the matter of "appointment of any person [other than foreign technical personnel] who has attained the age of 58 years and when the pay exceeds Rs. 5,700.00 per month" to be reserved by the Chairman for decision of the President.

Presently, the retirement age of employees of the Company has been raised from 58 to 60 years. Similarly, the pay scales were also revised w.e.f. 01.01.1992.

With a view to reflect the present position, this clause [v] of Article 128 is proposed to be amended by substituting the words "60" and "Rs. 10,300/-" in place of "58" and "Rs. 5,700/-" respectively.

Your Directors recommend passing of the above resolutions as special resolutions.

None of the Directors of the Company is interested in the above mentioned items/resolutions proposed to be passed as special resolutions.

The existing Articles of Association of the Company is available for inspection of members at the registered office of the Company during business hours.

Place : New Delhi
Date : August 25, 1998

V.N. Murthy
Company Secretary

THE COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA, UNDER SECTION 619 (4)
OF THE COMPANIES ACT, 1956 WILL BE
FORWARDED TO THE SHAREHOLDERS SEPARATELY

Directors' Report

Dear Shareholders,

The Directors of your Company have the pleasure of presenting before you the twenty-fourth Annual Report on the working of Bongaigaon Refinery & Petrochemicals Ltd., together with the Audited Accounts for the year ended March 31, 1998.

PHYSICAL PERFORMANCE HIGHLIGHTS FOR 1997-98

Your Company achieved landmarks on several fronts and notable among them are :

Highest Crude Oil Throughput : 1,718,150 Tonnes

Highest Production of :

a) LPG	:	18,779 Tonnes
b) SKO	:	161,397 Tonnes
c) HSD	:	637,625 Tonnes
d) LDO	:	223,596 Tonnes
e) LSHS	:	17,366 Tonnes
f) RPC (Net)	:	70,621 Tonnes

Highest Sale of BRPSOL-100 : 6,616 Tonnes

Highest Sale of Cee-seven : 6,349 Tonnes

Highest Sale of Para-Xylene : 1,698 Tonnes

FINANCIAL PERFORMANCE

A. Summary

The financial results for 1997-98 along with comparative figures for the previous year are summarised below :

(Rs. in Lakhs)

	1997-98	1996-97
Turnover	93021	83857
- Refinery	77980	61588
- Petrochemicals	10816	7533
- P.S.F.	4225	14736
Gross Margin (PBDIT)	11265	5962
Gross Profit (PBIT)	8820	4163
Net Profit before Tax (PBT)	7100	3054
Net-Profit after Tax (PAT)	6799	2907
Value addition	18769	13903
Capital Employed	52261	51503
Contribution to the Exchequer	15104	17778
Debt/Equity Ratio	0.30:1	0.31:1
(Considering long term loan and share capital)		
E.P.S.	Rs. 3.40	Rs. 1.45

The increase in profits is due to release of refinery margins and higher crude throughput.

Debt/Equity ratio remained at 0.30:1 and Debt/Net Worth ratio recorded a low of 0.11 : 1

B. Dividend

Your Directors recommed to pay a dividend of 10.20% on the Share Capital of Rs. 19982 lakhs for the year 1997-98. This would mean a dividend payout ratio of 30% of PAT amounting to Rs. 22.44 crore including dividend tax of Rs. 2.04 crore.

C. Financial position and Fund Management

The internal resource generated during the year was Rs. 9254 lakhs compared to Rs. 4707 lakhs in 1996-97.

Reserves and Surplus increased to Rs. 37460 lakhs in 1997-98 from Rs. 32904 lakhs in 1996-97, while the Net Worth increased to Rs. 57415 lakhs from Rs. 52848 lakhs.

The total term borrowing was Rs. 6028 lakhs, giving a Debt Equity Ratio of 0.30:1.

The Company paid Rs. 692 lakhs on instalments of 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, 1998 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 share capital of the Company during 1997-98. The total disinvestment stood at 25.54% as on 31st March, 1998.

F. Financial Analysis & Capital Restructuring

M/s ICICI Securities & Finance Company Ltd. have been engaged by the Company to study and give recommendations on the :

- Financial Analysis and Capital Restructuring of the Company;
- Marketing Infrastructure for both Petrochemical and Petroleum Products;
- Possibility of having a strategic alliance with an upstream oil major; and
- Report of the Disinvestment Commission on BRPL.

This study assumes significance in view of the present scenario, when the Administered Pricing Mechanism is being dismantled.

OPERATIONAL HIGHLIGHTS**A. Refinery****Crude Throughput**

The Refinery processed 1,718,150 tonnes of Crude Oil during the year against actual receipt of 1,717,972 tonnes. The annual plan target, actual receipt and quantity processed during the years 1997-98 and 1996-97 are given below :

	(Figures in Tonnes)	
	1997-98	1996-97
Annual Plan Target	1,900,000	1,950,000
Actual Receipt of Crude Oil	1,717,972	1,541,352
Actual Crude Oil Throughput	1,718,150	1,542,032

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 1997-98 were the highest ever achieved, breaking the previous year's record performance.

Secondary Processing Units

The throughputs of Secondary Processing Units were as follows :

	(Figures in tonnes)	
	1997-98	1996-97
Kerosene Treating Unit	314,735	293,104
Delayed Coking Unit	751,106	650,775
Coke Calcination Unit	34,610	30,854

Throughputs in Kerosene Treating Unit and Delayed Coking Unit for the year 1997-98 were the highest ever achieved.

Yield Pattern

The yield pattern on Crude Throughput for the years 1997-98 and 1996-97 were as under :

	(Percentage of Crude Throughput)	
	1997-98	1996-97
Light Distillates	16.33	16.81
Middle Distillates	63.52	62.42
Total Distillates	79.85	79.23
Fuel & Loss (Refinery)	7.15	8.49

Major Refinery Products

The production quantities of main POL and other Refinery products during the years 1997-98 and 1996-97 were as under :

Products	(Figures in tonnes)	
	1997-98	1996-97
LPG	18,779	14,553
Naphtha	147,325	141,847
RFN	94,922	89,154
SKO	161,397	140,866
HSD	637,625	558,138
LDO	223,596	191,806
RPC (Net)	70,621	63,126
CPC	25,079	22,167

In addition to the above, there was a record production of 56,884 tonnes of unleaded MS using Return Stream Naphtha, ex-Xylene Plant of Petrochemical sector.

B. Petrochemicals

The production & sale quantities of various Petrochemical products during the years 1997-98 and 1996-97 were as under :

Products	Figures in tonnes			
	1997-98		1996-97	
	Production	Sale	Production	Sale
Para-Xylene	17,897	1,698	27,003	1,281
Ortho-Xylene	2,194	2,289	2,061	1,874
Cee-seven Solvent	6,244	6,349	6,328	6,327
Cee-nine Solvent	6,735	7,684	10,330	11,259
DMT	27,049	20,874	37,089	9,784
BRPSOL-100	6,876	6,616	6,533	6,462
Methanol	2,309	-	7,378	-

Production of DMT during the year 1997-98 was restricted as a result of poor sale of the product and also lower captive consumption in the PSF Plant. Consequently, production of Para-Xylene, which is the feedstock for DMT plant, was also affected.

C. Polyester Staple Fibre

Polyester Staple Fibre (PSF) production and sale during the years 1997-98 and 1996-97 are given below :

	(Figures in tonnes)	
	1997-98	1996-97
Production	6,603	21,871
Sale	7,073	20,986

RESEARCH & DEVELOPMENT (R&D)

R & D Department has been pursuing its efforts towards thrust areas like technology absorption, technology upgradation, product development/improvement, pollution control, etc. Specific areas in which R & D was carried out are as follows :

- i) The detailed engineering for Alpha Olefin Project based on the technology developed and patented by IIP, Dehradun has been completed.
- ii) During the year, a new speciality solvent has been developed from the streams of Refineries and Petrochemical Units for which despatch facilities are being constructed.
- iii) A blended fabric developed from BRPL Polyester and locally available natural Silk, Muga, is planned for chemical finish treatment in consultation with M/s IIT, Delhi.

ENVIRONMENTAL MANAGEMENT

In keeping with the policy of the Company to protect the environment and observe the provisions of environmental statutes and standards, the quality of effluents and emissions from the complex during the year were well within prescribed limits.

Significant improvements effected during the year include commissioning of continuous stack and ambient monitoring systems and a Tertiary Treatment Plant. The latter has facilitated reuse of treated effluent in the cooling towers thus significantly reducing drawal of fresh water from tube wells and effluent discharged from the complex as well.

Various activities on environmental preservation were taken up during Oil Conservation Fortnight, 1998.

To further consolidate environmental efforts, the Company is working towards obtaining ISO 14001 certification for Environmental Management System.

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 1997-98 was 7.15 wt% of crude throughput. In terms of absolute energy units, the energy consumption in the Refinery Sector together with loss during the year 1997-98 was 403.35 MBTU/BBL.

B. Petrochemical and PSF Sectors

The specific energy consumption in the Petrochemical Sector in the year 1997-98 was 1.20 SRFT per tonne of Xylenes. The specific energy consumption in the PSF sector during the year was 1.781 SRFT per tonne of PSF.

C. Oil Conservation Fortnight

Oil Conservation Fortnight was observed by the Company from February 1 to 14, 1998 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.

SAFETY

The Company is committed to achieve optimum standards in safeguarding its human resources, equipment and materials. This is amply reflected in the achievement of 459 days [5.15 million manhours] without any lost time accident by the Company till 31.03.1998. Regular health monitoring programme of employees was conducted during the year and no case of occupational disease was detected.

To maintain a high level of safety knowledge and safety awareness among the employees, fire & safety training, educational programmes and safety quiz were conducted during the year. Quarterly safety bulletins were also published and distributed to all the employees. National Safety Day and Fire Services Day were observed by the Company during the year.

Surprise safety checks by external team from the Oil Industry Safety Directorate and internal safety audit of the various plants were also carried out. Regular emergency mock drills and fire drills were conducted.

A new foam tender was purchased and commissioned.