

# 27th Annual Report 2000-2001



**BONGAIGAON REFINERY & PETROCHEMICALS LTD.**

**BOARD OF DIRECTORS****(as on 20.07.2001)**

Shri B.K. Gogoi	Chairman & Managing Director
Shri K. Ramachandran Pillai	Director - Human Resources
Shri R.M. Hazarika	Director (Commercial)
Shri R.D. Shira	Director (Production)
Shri R.N. Das	Director (Finance)

Shri Ashok Chawla,  
Joint Secretary (PC),  
Department of Chemicals &  
Petrochemicals,  
Government of India

Shri S.C. Das,  
Commissioner & Secretary,  
Industries & Commerce,  
Government of Assam

Shri N.K. Singh,  
Director (Finance),  
Ministry of Petroleum & Natural Gas,  
Government of India

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

Shri S. Basu,  
Executive Director (Supplies),  
Marketing Division,  
Indian Oil Corporation Ltd.

Shri A.K. Mishra,  
Executive Director (Operations),  
Refineries Division,  
Indian Oil Corporation Ltd.

Shri M.B.L. Agarwal,  
Executive Director (Corporate Finance),  
Corporate Office,  
Indian Oil Corporation Ltd.

**COMPANY SECRETARY**

Shri V.N. Murthy

**BANKERS**

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

**STATUTORY AUDITORS**

M/s SRI Associates,  
Chartered Accountants,  
3/B, Garstin Place,  
Kolkata - 700 001

**COST AUDITORS**

M/s A.C. Dutta & Co.,  
Cost Accountants,  
10, K.S. Roy Road (2nd Floor),  
Kolkata - 700 001

**SHARE TRANSFER AGENT**

SRG Infotec Limited,  
Devraha House,  
A-256, Industrial Area, Phase-I,  
Okhla, New Delhi - 110 020

**REGISTERED OFFICE**

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

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty-seventh Annual General Meeting of the Shareholders of Bongaigaon Refinery & Petrochemicals Limited will be held at 3.00 p.m. on Tuesday, the 4th September, 2001 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, 2001 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.
2. To appoint a Director in place of Shri Ashok Chawla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N K Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors of the Company for the financial year 2001-02.

### SPECIAL BUSINESS

5. To pass the following resolution as Ordinary Resolution with or without modification:  
**"RESOLVED THAT,** pursuant to the provisions of Section 258 and other applicable provisions of the Companies Act, 1956, the number of Directors of the Company for the time being in office be increased from 9 (nine) to 12 (twelve)."
6. To pass the following resolution as Ordinary Resolution with or without modification:  
**"RESOLVED THAT** Shri S Basu, who was appointed as a Director of the Company w.e.f. 28.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation. The tenure of appointment of Shri S Basu as a Director of the Company shall be subject to the provisions of Article 105 of the Articles of Association of the Company."
7. To pass the following resolution as Ordinary Resolution with or without modification:  
**"RESOLVED THAT** Shri A K Mishra, who was appointed as a Director of the Company w.e.f. 28.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation. The tenure of appointment of Shri A K Mishra as a Director of the Company shall be subject to the provisions of Article 105 of the Articles of Association of the Company."
8. To pass the following resolution as Ordinary Resolution with or without modification:  
**"RESOLVED THAT** Shri M B L Agarwal, who was appointed as a Director of the Company w.e.f. 28.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation. The tenure of appointment of Shri M B L Agarwal as a Director of the Company shall be subject to the provisions of Article 105 of the Articles of Association of the Company."

By order of the Board of Directors  
Bongaigaon Refinery & Petrochemicals Ltd

Place : New Delhi  
Date : 31st July, 2001

**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 30th August, 2001 to 4th September, 2001 [both days inclusive] for the purpose of 27th Annual General Meeting of the Company.
3. In terms of Section 205A of the Companies Act, 1956, read with the Companies Unpaid Dividend [Transfer to the 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 the 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. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March 1995 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 or any subsequent financial years are requested to make their claim with the Company's Share Transfer Agent or directly with the Company. It may be noted that seven years period will come to end in respect of financial year 1994-95 on 13th November 2002. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund of Central Government, as above, no claim shall lie in respect thereof.
5. As per the provisions of the amended Companies Act, 1956, facility of making nomination is now available to the shareholders in respect of the shares held by them. Interested shareholders can obtain the Nomination Form from the Company's Share Transfer Agent.
6. **Reappointment of Directors**

Shri Ashok Chawla was born on 08.01.1951. He joined the Indian Administrative Service in 1973. During the tenure of his service with the Govt. of India he has served in various Ministries. He was appointed as a Director of the Company w.e.f. 20.11.1998. Shri Ashok Chawla is at present holding dual charge as Joint Secretary (PC), Department of Chemicals & Petrochemicals, Govt. of India and Chairman & Managing Director of Indian Petrochemicals Corporation Ltd.

Shri Ashok Chawla is also Part – time Director on the Board of G E Plastics India Ltd. He is not a member of any Committee in any other company. Shri Ashok Chawla has attended numerous national & international seminars, training programmes etc. He has represented India in a number of UN meetings. He has wide experience at the State, National and International level in Economic, Industrial and Project related matters.

Shri N K Singh joined the Central Secretariat Services of the Government of India in 1976 and is presently working as Director (Finance) in the Ministry of Petroleum & Natural Gas. He was appointed as Director on the Board of BRPL on 28.10.1998. Shri N K Singh, born on 10.07.1949, is a BE (Engg). During the tenure of his service with the Govt. of India he has handled various responsibilities in the Ministries of Commerce, Shipping and Transport, Steel & Mines and Textiles. He has specialised in various fields such as project formulation, project finance, project management, project monitoring, technology transfer, joint ventures, foreign investment etc. Shri N K Singh has travelled abroad on many occasions both on training and as part of the official delegation representing the Govt. of India. Shri N K Singh is a part-time Director representing the Ministry of Petroleum & Natural Gas on the Board of Kochi Refineries Ltd. and Oil India Ltd. Shri N K Singh is also a member of the Audit Committee of the Board of BRPL, Kochi Refineries Ltd. and Oil India Ltd. and on the Shareholders / Investors Grievance Committee of BRPL.



The Board considers it desirable that the Company should continue to avail of their services as Directors and recommend these Resolutions for approval of shareholders.

7. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
8. Members should bring their copy of the 27th Annual Report to the venue of the meeting.
9. Explanatory statement pursuant to Section 173[2] of the Companies Act, 1956, in respect of the business Item Nos. 5 to 8 above is annexed hereto.

## **EXPLANATORY STATEMENTS PURSUANT TO SECTION 173[2] OF THE COMPANIES ACT, 1956.**

### **Item No. 5**

The appointment of three Directors representing Indian Oil Corporation Limited in the Annual General Meeting shall have the effect of increasing the number of directors of the Company upto 12 (twelve). Section 258 of the Companies Act, 1956 provides for an ordinary resolution of the Company in general meeting to increase the number of its Directors within the limits fixed in that behalf by the articles. As such it is necessary to pass a resolution for increasing the number of directors from 9 (nine) to 12 (twelve). As per the existing Article 103 the Company can have a maximum of 12 (twelve) Directors.

Your directors recommend passing of the above resolution.

None of the directors of the Company is interested in the resolution.

### **Item No. 6, 7 and 8**

Consequent upon disinvestment of entire (74.46%) shareholding of Govt. of India in BRPL in favour of Indian Oil Corporation Limited (IOCL) BRPL has become a subsidiary of IOCL w.e.f. 29.03.2001. IOCL has nominated three Directors on the Board of BRPL, namely Shri S Basu, Executive Director (Supplies), Marketing Division; Shri A K Mishra, Executive Director (Operations), Refineries Division and Shri M B L Agarwal, Executive Director (Corporate Finance). Shri S Basu, Shri A K Mishra and Shri M B L Agarwal have been appointed as Directors of the Company w.e.f. 28.06.2001. In terms of the relevant provisions of the Companies Act, 1956, they will hold office upto the date of this Annual General Meeting. The Company has received notices in writing from Indian Oil Corporation Ltd. pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying their intention to propose Shri S Basu, Shri A K Mishra and Shri M B L Agarwal as candidates for the office of Directors. Shri S Basu, Shri A K Mishra and Shri M B L Agarwal, if appointed, will be liable to retire by rotation under sections 255 and 256 of the Companies Act, 1956. However, the tenure of their appointment will be subject to provisions of Article 105 of the Articles of Association of the Company.

Shri Supriya Basu, who is presently Executive Director (Supplies) in Indian Oil Corporation Ltd. (Marketing Division) was born on 10.08.1942. Shri S Basu is a Chemical Engineer from Jadavpur University, Calcutta and joined IOCL in 1966. He has 35 years of rich and varied experience in areas of operations, supplies & distribution, Human Resources, sales, infrastructure and projects in IOCL in different regions and has also travelled abroad on many occasions. Shri S Basu is also a part – time Director on the Board of Chennai Petroleum Corporation Ltd. He is not a member in any Committees of the Board of BRPL or CPCL.

Shri Arun Kumar Mishra, is presently working as Executive Director (Operations), Refineries Division in Indian Oil Corporation Ltd (IOCL). Shri A K Mishra, born on 04.05.1943, is a Chemical Engineer and joined IOCL in 1965 as a trainee. He has worked in various capacities in the various refineries of IOCL till 1992. He was posted as Director (Technical) in Oil Coordination Committee from 1993 till 1999. Shri A K Mishra is also a part – time Director on the Board of Chennai Petroleum Corporation Ltd (CPCL). Shri A K Mishra during his tenure has specialised in the field of Refinery operations and Planning and has also travelled abroad. He is not a member in any Committees of the Board of BRPL or CPCL.

Shri M B L Agarwal is presently working as Executive Director (Corporate Finance), Corporate Office in Indian Oil Corporation Ltd. Shri M B L Agarwal, born on 08.08.1946, is a Chartered Accountant. During his tenure with IOCL he has specialised in Corporate Finance and Treasury and has travelled abroad on many occasions. Shri M B L Agarwal is also a part time Director on the Board of Chennai Petroleum Corporation Ltd. and IndianOil Panipat Power Consortium Ltd. He is not a member in any Committees of the Board of BRPL, CPCL or IPPCL.

Board considers it desirable that the Company should continue to avail itself of their services as Directors and recommend these Resolutions for approval of the shareholders.

None of the Directors, except Shri S Basu, Shri A K Mishra and Shri M B L Agarwal is interested or concerned in the resolution.

By order of the Board of Directors  
Bongaigaon Refinery & Petrochemicals Ltd

Place : New Delhi  
Date : 31st July, 2001

**V N MURTHY**  
**Company Secretary**



## DIRECTORS' REPORT

### Dear Shareholders

Your Directors have pleasure in presenting their 27th Annual Report and audited Accounts for the Year ended 31st March 2001.

### EQUITY DIVESTMENT BY GOVERNMENT

Keeping in view the long-standing synergy between BRPL and Indian Oil Corporation Limited Govt. of India disinvested its entire shareholding (74.46%) in BRPL in favour of Indian Oil Corporation Limited (IOCL). Consequently BRPL has become a subsidiary of IOCL w.e.f. 29th March 2001. However, BRPL remains a Govt. company within the meaning of Section 617 of the Companies Act, 1956.

BRPL is indeed fortunate to be associated with IOCL, a Fortune 500 Company, and this will strengthen the competitiveness of BRPL in the deregulated market and pave the way for resurgence of your Company.

Following this integration it is expected that marketing of petroleum products and sourcing of imported crude to supplement the shortfall in availability of indigenous crude would improve. Consequently capacity utilisation of the refinery shall also improve.

### MEMORANDUM OF UNDERSTANDING

The company's overall performance for the year 1999-2000 under the MoU system of evaluation of the Government has been rated as Very Good. The Company has also signed similar MoU with the Ministry of Petroleum & Natural Gas, Govt. of India for the year 2000-01 covering performance targets of various

aspects of its business.

### FINANCIAL RESULTS

	Rs. in Crores	
	2000-01	1999-2000
<b>Turnover</b>	<b>1255</b>	<b>1292</b>
<b>Profit</b>		
i] Profit/Loss (-) before Interest, Depreciation & Tax	(-) 17	67
ii] Interest Payment	11	9
iii] Depreciation & Write off	29	26
iv] Profit/Loss (-) after Tax	(-) 57	32
<b>Apportionment</b>		
i] Proposed Dividend	-	10
ii] Corporate Dividend Tax	-	2
iii] General Reserve	-	10

### MANAGEMENT ANALYSIS & DISCUSSION

#### INDUSTRY SCENARIO

##### Refinery

The deregulation of the Oil & Gas Industry, which started in April, 1998, is in its final stage. Total deregulation is scheduled from April, 2002. Thereafter, operations of your Refinery business will be fully subjected to market forces.

The prices for crude Oil and Refinery controlled products are fixed by OCC based on Tariff Adjusted Imported Parity (TAIP) system now. The prices for decontrolled products are fixed by Oil Marketing companies jointly. The sudden spurt in Crude Oil prices in the global market during last year and non-commensurate product prices affected the profitability of Company's Refining business.

##### Petrochemicals and PSF

The Petrochemicals and PSF business in the country continued to be beset with lower product prices while the cost of input raw materials, such as

Naphtha and Fuel, continued to rise. Consequently, profitability from Petrochemical business of BRPL eroded during the year resulting in net loss from this business.

### OPPORTUNITIES AND THREATS

The ongoing deregulation of the downstream Oil & Gas industry from April 1998, along with opening up of the Indian economy, has resulted in certain opportunities for your company both in the refining and petrochemicals business. But at the same time, recession in petrochemicals business in the markets in recent past, coupled with falling tariff barriers in the country, is posing a threat to profitability and possible expansion of the company's petrochemical business. Also, the falling gap between supply and demand of fuel products is forcing Indian refiners to restrict throughputs or resort to exports, which however is not remunerative most of the time.

With the above background, some of the opportunities and threats in the near future as perceived by your company are listed below:

#### Opportunities

- Higher capacity utilisation of refinery due to enhanced availability of imported crude.
- Improved evacuation of petroleum products with present tie-up between BRPL & IOCL.
- Growth in demand of petrochemical products.
- Export opportunity for refinery products to neighbouring countries.
- Integrate forward & diversify into related business areas.
- Deregulation of prices may contribute to better margins to the refinery.

**Threats**

- Stagnant production level of crude oil from NE oil fields.
- Increasing competition from new/ big players in the refinery, petrochemicals & fibre sectors.
- Narrowing gap between supply & demand of refinery products.
- Total deregulation and lowering of tariff barriers.
- Additional cost of transportation of imported crude and product disposal to far away places.

**PHYSICAL PERFORMANCE****REFINERY****Crude throughput**

The refinery processed 1,487,562 MT Crude Oil during the year against receipt of 1,483,940 MT. This includes processing of 60,301 MT of Low Sulphur Imported Crude Oil for the first time in BRPL. Pumping of imported crude oil commenced in December 2000 and processing of the same in the Refinery started in February 2001.

The plan target, actual crude receipts & quantities processed for the year 2000-01 & 1999-2000 are given below

(Figures in MT)

	2000-01	1999-2000
<b>Annual Plan Target</b>		
Imported	500,000	
Indigenous	1,305,000	
Total	1,805,000	2,000,000
<b>Actual receipt of Crude Oil</b>		
Imported	73,837	
Indigenous	1,410,103	
Total	1,483,940	1,912,468
<b>Actual Crude Oil throughput</b>		
Imported	60,301	
Indigenous	1,427,261	
Total	1,487,562	1,905,851

**Secondary Processing Units**

The throughput of Secondary processing Units were as follows:

(Figures in MT)

Units	2000-01	1999-2000
Kerosene Treating Unit	233,154	297,820
Delayed Coking Unit	687,250	763,886
Coke Calcination Unit	27,496	70

**Production & Yield Pattern**

The production & yield pattern on Crude throughput for the year 2000-01 & 1999-2000 were as follows:

Particulars	2000-01		1999-2000	
	(MT)	(%)	(MT)	(%)
Light Distillates	2,75,309	17.93	315,732	16.57
Middle Distillates	9,30,243	63.10	1,180,568	61.94
Total Distillates	1,205,552	81.03	1,496,300	78.51
Heavy Ends	239,407	16.09	252,034	13.22
Fuel & Loss	114,485	7.69	146,295	7.68
Other (Intermediate Stock Differential)	(71,320)	(4.81)	11,222	0.59
<b>Total</b>	<b>1,487,562</b>	<b>100.00</b>	<b>1,905,851</b>	<b>100.00</b>

**PETROCHEMICALS & POLYESTER STAPLE FIBRE (PSF)**

The production and sale quantities of various Petrochemical products and PSF during the year and the previous year were as under:

(Figures in MT)

Products	2000-01		1999-2000	
	Production	Sale	Production	Sale
DMT	18,692	1,544	24,960	6,273
PSF	15,128	17,944	19,531	16,666
Ortho-Xylene	643	999	1,726	1,926
Mixed-Xylene	3,544	4,068	1,565	1,307
Ceeseven Solvent	261	285	6,968	6,977
Ceenine Solvent	3,258	3,126	7,364	8,058
BRPSOL-100	1,120	1,159	10,203	10,582
PETROSOL	2,908	2,968	7,335	7,273
BONMEX	5,630	5,678	361	10
Para-Xylene	10,935	-	17,268	-
Methanol	5,140	-	6,517	-

**MARKETING PERFORMANCE****Refinery**

All the products from the Refinery, barring Raw Petroleum Coke (RPC) and Calcined Petroleum Coke (CPC), are marketed by Indian Oil Corporation Limited, under a Marketing agreement between the two companies. The total sales in the Refinery sector during the year under review was 1,152,238 MT (excluding RPC and CPC) in comparison to 1,486,416 MT during the previous year. Sales of RPC and CPC was 175,595 MT against 160,992 MT for the previous year.

**Petrochemicals and PSF**

The total sales in the Petrochemicals & PSF sectors during the year under review was 38,636 MT in comparison to 59,728 MT during the previous year.

High cost of input materials and availability of PTA at low price along with customers' preference of PTA over DMT resulted in reduction in the DMT sale during 2000-01. Consequently, production of DMT was limited to the extent of captive consumption of PSF plant. This scenario is likely to continue in future.

Sale of PSF increased over last year but profitability got severely affected due to high cost of inputs. Demand growth of PSF is highest amongst major petrochemical products and it is likely to continue during next ten years at anticipated 6% AAGR. However, abolition of quantitative restriction on import of textiles and entry of China into WTO will throw open new challenges in the PSF business.

Various cost effective measures have been implemented to improve realization from sale of Petrochemical and PSF products and to face the increasing challenges. Additional measures are under implementation for further improvement.



## FINANCIAL PERFORMANCE

### Profitability

The Sales Turnover during the year 2000-01 was Rs. 1255.30 Crores against Rs. 1291.52 Crores during 1999-2000. The sales volume in Refinery decreased during 2000-01 on account of lower processing of crude due to lower availability. In PSF, however, the sales volume increased to 17,944 MT from 16,666 MT during previous year, registering a growth of 7.7%.

The Company has suffered operating loss before depreciation, interest and tax during 2000-01 of Rs. 17.09 Crores against an operating profit of Rs. 66.85 Crores during previous year.

Depreciation for the year 2000-01 marginally increased to Rs. 28.66 Crores as compared to Rs. 25.96 Crores for the year 1999-2000.

The interest expenditure increased from Rs. 9.09 Crores during 1999-2000 to Rs. 11.48 Crores for the year 2000-01. This increase was mainly on account of delayed payment made to crude suppliers.

The Company incurred a net loss of Rs. 57.44 Crores in 2000-01 against a net profit of Rs. 32.24 Crores in 1999-2000.

During the year 2000-01, Rs. 37.60 Crores was invested in creating capital assets. This was financed through OADB loan of Rs. 10.00 Crores and the balance from internal resources. Gross Fixed Assets (including capital works in progress) increased from Rs. 862.78 Crores as on 31-03-2000 to Rs. 900.15 Crores as on 31-03-2001.

### Dividend

Due to net loss during 2000-01, the Company does not propose any dividend for the year.

### Contribution to Exchequer

The Company made contribution of Rs. 227.91 Crores to the Central

Exchequer and Rs. 2.36 Crores to the States' Exchequer in the form of duties and taxes during the year.

### Export Earnings

Your Company earned Rs. 7.54 Crores during the year from exports through IOCL, its marketing agent, on account of export of LDO.

### RISK AND CONCERNS

As mentioned earlier, the refining business has been gradually exposed to market forces since onset of deregulation in April 1998. With total deregulation from April 2002, profitability of this business will be fully subjected to market forces and competition from other players and imports. For locational disadvantages and plants size being uneconomic, profitability may further dwindle.

Though the petrochemical business remains an area of concern due to non-remunerative prices, the company is working out a detailed plan as to various permutations & combinations of operations of the petrochemical units aimed at reducing the losses arising out of it.

With the above background, the major concerns of the company at present are :

- (i) Sub-economic size plants.
- (ii) Shortage of crude from NE oil fields and consequent lower capacity utilization of Refinery.
- (iii) Low local demand of Petroleum products and additional cost of transportation to distant markets.
- (iv) Major investment necessary to fulfill the stringent product quality norms for the Petroleum products.
- (v) Distant location of market for Petrochemical products in northern and western India, due to poor industrialization in the Eastern/ NE Region.
- (vi) Additional transportation cost for sourcing of raw materials

including Crude oil, chemicals etc and for placing of Petrochemicals / PSF products outside Eastern / NE Region market.

## OUTLOOK

### Refinery

With the enhanced availability of imported crude oil, your company expects to have better capacity utilisation of its refinery in future. This is likely to add to the margins of the refining business. The proposed Diesel Hydrotreatment Project (DHTP) would also improve the quality of products conforming to future stringent quality standards.

However, with the commissioning of Numaligarh Refinery, the availability of products in the region has increased forcing transportation of bulk of the products from BRPL to the markets considerably away in the eastern and northern region. The additional transportation cost arising thereof would be an additional burden after total deregulation. The transportation cost for importing crude oil would also add to the cost of refining business thereby squeezing margins further.

The Company has been pursuing with Government for assistance in the form of excise duty exemption and transport subsidy for raw materials and finished products.

### Petrochemicals and PSF

No significant improvement is visible in the petrochemicals market where product prices are almost dormant although input costs are on the increase. Consequently, the petrochemicals business of the company remains a matter of concern.

However, with the recent restructuring of the company, assistance in operational growth from IOCL is expected. Additional support from the holding company will help in

overcoming many of the above obstacles thus improving the overall performance of the company

Business issues of the company are being discussed with IOCL to lay the road map to revive the profitability and growth of the company.

## PROJECTS

### Projects completed during 2000-01

During the year under review your Company has completed the following projects:

- The 22,000 MTPA LPG Bottling Plant has been mechanically completed and its preliminary trial run is in progress.
- The hook-up of Haldia Barauni Crude Pipeline (HBCPL) with OIL installation at Barauni and other facilities inside BRPL Complex to transport and receive 0.5 MMTPA Imported Crude Oil was completed and transportation of Imported crude oil to BRPL commenced in December, 2000.
- The Pre-heat Train Improvement in the Crude Distillation Unit-I and Low Level Heat Recovery schemes under ENCON Projects have been completed and successfully commissioned.
- Catalyst Recovery unit of Residue Methanolysis and Catalyst Recovery (RMCR) project, connected with the DMT plant, has been completed in all respects and commissioned.

### On-going projects

Implementation of the following projects are in various stages of progress:-

- (a) 5 MW DG Set : For quick start of CPP in case of total power failure and to meet marginal shortfall in times of peak load demand.
- (b) Desalters in Crude Distillation Unit-I&II : To remove water and salt content from Crude oil.

(c) PSF Product Diversification/Plant Modernisation : Conversion of one of the existing Draw line in PSF Plant to produce Annealed Fibre.

(d) Refinery Instrument Modernisation (Phase-II) : Modernisation of Utilities & Offsites and Automation in Tank Farm / Loading Gantry.

(e) Crude Oil Import / Storage (Phase-II) : Construction of one Crude Tank to accommodate receiving 1.5 MMTPA Imported Crude Oil at BRPL.

(f) Offsite Facilities (Phase-I) : Construction of Product tanks to enhance the storage capacities of SKO/LSHS

### Diesel Hydrotreatment Project

In order to meet the future stringent quality specifications of High Speed Diesel (HSD), BRPL is proposing to set up a Diesel Hydrotreatment Project. Ministry clearance for preparation of DFR and Technology Selection have been obtained. Revised design basis for preparation of DFR and Technology selection is being finalised in consultation with IOCL. The project is estimated to cost about Rs. 750 Crores.

### PERSPECTIVE PLAN

Setting up of the Diesel Hydrotreatment Plant is the priority project planned in the Refinery Sector. In the Petrochemicals Sector, expansion of existing Xylene plant and setting up a few down stream projects based on petrochemicals are being examined for implementation under JV dispensation.

The Diesel Hydrotreatment Plant is aimed at completion by the year 2005. Considering the level of investment required for the Diesel Hydrotreatment Plant and considering the limited financial strength of the company for funding major projects, it may be necessary to go slow on some of the major Petrochemical expansion/diversification plans that the company

has in its Perspective Plan.

### LAN/WAN

Company has established a Local Area Network (LAN) and Wide Area Network [WAN] electronically connecting almost all its work places throughout the country. This has improved the communication network and Management Information System and reduced the paper work and cost of communication substantially.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BRPL has a comprehensive internal control system to ensure the safeguard of all of its assets and prevent misuse of assets and funds.

Company has a separate internal audit department, which carries out extensive audits of various areas of Company's operation through out the year.

The management also carries out review of its operation at regular intervals through Management Committee Meetings, Operation Committee Meetings, Project Review Meetings, etc.

In addition the Company has a full fledged Vigilance Department headed by a Senior IPS Officer as Chief Vigilance Officer.

Surprise and routine checks were undertaken on regular basis as preventive measures and strict vigil kept. Procedures and systems were scrutinized and examined and wherever necessary improvements needed, were formulated and implemented.

Company has recently constituted an Audit Committee at the Board level, which inter-alia reviews the adequacy of internal control systems of the Company.

### RESEARCH & DEVELOPMENT (R&D)

During the year under review, the