



**Reliance**  
**Petroleum Limited**

**Annual Report 2000 - 2001**

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**TENTH ANNUAL GENERAL MEETING**

Tuesday, the 12th June, 2001 at 11.00 a.m. at Village Motikhavdi, P.O. Digvijay Gram, Dist. Jamnagar, Gujarat 361 140.

**REGISTERED OFFICE**

Village Motikhavdi,  
P.O. Digvijay Gram, Dist. Jamnagar,  
Gujarat 361 140.  
Tel No.: 0288-292929  
Fax No.: 0288-292149

**CORPORATE OFFICE**

3rd Floor, Maker Chambers IV,  
222, Nariman Point,  
Mumbai 400 021, India.  
Tel. No. 022-2831633  
Fax No. 022-2042268

**REFINERY COMPLEX**

Taluka : Lalpur  
District : Jamnagar  
State : Gujarat

**REGISTRAR & TRANSFER AGENT**

Karvy Consultants Limited  
21, Avenue 4, Street No.1,  
Banjara Hills,  
Hyderabad - 500 034.  
Tel. No. 040-3320666/3320711  
Fax No. 040-3323058  
E-Mail: rpl@karvy.com  
Website : www.karvy.com

**BOARD OF DIRECTORS**

Dhirubhai H. Ambani - *Chairman*  
Mukesh D. Ambani - *Vice Chairman*  
Anil D. Ambani - *Managing Director*  
R. K. Narang - *Wholetime Director*  
T.M. Nagarajan - *Nominee of IDBI*  
K. K. Nayyar - *Nominee of ICICI*  
Mansingh L. Bhakta  
Nikhil R. Meswani  
Hital R. Meswani  
K. K. Malhotra  
S. R. Setlur  
Lalit Bhasin

**SOLICITORS & ADVOCATES**

Kanga & Co.

**AUDITORS**

Chaturvedi & Shah  
Member – Summit International Associates Inc.

**BANKERS**

ABN Amro Bank N.V.	Hongkong and Shanghai Banking Corporation
Allahabad Bank	Standard Chartered Bank
Andhra Bank	Standard Chartered Grindlays Bank
Bank of America NT & SA	ICICI Banking Corporation Ltd.
Bank of Baroda	IDBI Bank Ltd.
Bank of India	Indian Overseas Bank
Canara Bank	Punjab National Bank
Central Bank of India	State Bank of India
Citibank N.A.	State Bank of Saurashtra
Corporation Bank	Syndicate Bank
Dena Bank	Union Bank of India
Deutsche Bank A. G.	
HDFC Bank Limited	

**NOTICE**

Notice is hereby given that the tenth Annual General Meeting of the members of Reliance Petroleum Limited will be held on Tuesday the 12th day of June, 2001 at 11.00 a.m. at Village Motikhavdi, P.O. Digvijay Gram, District Jamnagar, Gujarat 361 140 to transact the following business :

**Ordinary Business**

1. To consider and adopt the Balance Sheet as at 31st March, 2001, Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors' thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a director in place of Shri D.H. Ambani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri K.K. Malhotra who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Shri S.R. Setlur who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s.Chaturvedi & Shah, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business**

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT Shri Lalit Bhasin, who was appointed as an additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

"RESOLVED THAT in terms of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded to the Board to offer/issue/allot, in the course of domestic and/or international offering, redeemable preference shares of the face value of Rs.10 each up to a sum not exceeding Rs. 1,000 crores (Rupees one thousand crores only), to be subscribed, by any person or persons, whether or not shareholders of the Company, (including one or more of the members, promoters, debenture holders, employees, financial institutions, banks, mutual funds, foreign investors, non-resident

Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Multilateral Agencies, Venture Capital Funds, Foreign Financial Institutions, bodies corporate, companies, private or public and other entities}, whether through public issue, rights issue, private placement or otherwise, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions (including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto) as the Board may in its absolute discretion decide;

RESOLVED FURTHER THAT such of these preference shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion think most beneficial to the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the "FIIs"), in the shares or debentures convertible in to shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 49% of the paid up equity share capital/paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board

**K. Sethuraman**

Vice President-Corporate Secretarial

Mumbai

Dated: 30th April, 2001.

Reliance Petroleum Limited

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Explanatory Statement setting out the material facts in respect of the special business under Item Nos.7 to 9 is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
4. Members/Proxies should fill in the Attendance Slip for attending the meeting.
5. The Company has already notified closure of Register of Members and the Transfer Books from Saturday, 12th May, 2001 to Saturday, 19th May, 2001 (both the days inclusive) for payment of dividend on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose. The Company will dispatch the dividend warrants from 13th June, 2001 onwards. Members are requested to note that the Dividend Warrants are payable at par at the branches as printed overleaf of Dividend Warrant within the initial validity period of 3 months. Thereafter, the Dividend Warrants on revalidation are payable only at the limited branches of the Bank. The members are advised to encash Dividend Warrants within the initial validity period.
6. Shareholders are requested to bring their copy of Annual Report to the meeting.
7. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Appointment/Reappointment of Directors:

Shri Dhirubhai H. Ambani, Chairman and Shri K.K. Malhotra and Shri S.R. Setlur, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Shri Lalit Bhasin who has been appointed as an additional director by the Board of Directors is proposed to be appointed as a director by the shareholders at the ensuing Annual General Meeting, as required under the Companies Act, 1956. The information or details to be provided under Corporate Governance code for the aforesaid directors are as under:

**Shri Dhirubhai H. Ambani** is the founder and Chairman of Reliance Industries Limited and Reliance Petroleum Limited.

Under Shri Ambani's leadership, the Reliance group has achieved the distinction of becoming India's leading private sector group, in terms of all financial parameters, including assets, sales, profits, and net worth and it is today, India's most valuable group. For the year ended March 31, 2001, the particulars of Reliance group's achievements are :

- Sales nearly Rs. 60,000 crores (over US\$ 12.5 billion)
- Cash flow over Rs. 6,000 crores (US\$ 1.3 billion)
- Profit after tax over Rs. 4,000 crores (nearly US\$ 900 million)
- Assets over Rs. 50,000 crores (over US\$ 10 billion)
- Market capitalisation over Rs. 60,000 crores (over US\$ 12.5 billion)

Shri Ambani's vision is responsible for Reliance's consistent track record of establishing integrated, world scale and world class

assets in India, with demonstrated global competitiveness and international quality of products.

Under his direction, Reliance, a first generation enterprise, has rapidly emerged as a global ranking player in the energy industry, with activities spanning oil and gas, refining and marketing, petrochemicals, power, etc. Shri Ambani has also provided the direction for Reliance's new initiatives in the information and telecommunications sector.

Shri Ambani has consistently espoused enhancement of overall shareholder value as the underlying objective of Reliance's endeavours, and this has led to the creation of unprecedented value for millions of investors, constituting one of the largest families of shareholders in the world.

A few of his major recognitions include:

- Civic reception by the City of Mumbai, India's financial capital, in December 2000
- 'Man of the Century' award by leading industry association, Chemtech Foundation and Chemical Engineering World, in recognition of his outstanding contribution to the growth and development of the chemical industry in India, in November 2000
- 'Indian Entrepreneur of the 20th Century' award by India's leading business organisation, FICCI (Federation of Indian Chambers of Commerce and Industries), for his meticulous scripting of one of the most remarkable stories of business endeavor of the 20th century, in March 2000
- Thrice nominated as one of the 'Power 50 - the most powerful people in Asia' by the leading Asiaweek magazine (2000, 1998 and 1996)
- Awarded the Dean's Medal by The Wharton School, University of Pennsylvania, USA for setting an outstanding example of leadership, in June 1998
- Voted as 'Creator of Wealth of the Century' in a poll conducted by India's leading newspaper, The Times of India, in January 2000
- Chosen as one of the three 'Makers of Equity' by the country's leading newsmagazine, India Today, in its special millennium issue entitled '100 People Who Shaped India in the 20th Century', in January 2000

**Shri Kanwal K. Malhotra** is a director of the Company since November 29, 1996. He has a BSc degree from the Government College, Lahore, Punjab University and a Bachelor of Science (Chemical Engineering) 1949 Lafayette College, Easton, PA, USA. During 1987 to 1999 he was associated with Reliance Industries Limited as Group President and Advisor. Shri Malhotra was instrumental in bringing the Jamnagar Refinery Operations for commissioning preparedness. He has served on several government committees. He held various senior positions and has 50 years experience in the oil and refining sector.

**Shri Swethadrivas R. Setlur** is a Director of the company since July 1, 1992. Shri Setlur has a B. Chem. (Engg.) degree from the Department of Chemical Technology, Mumbai University [1955]. He has been associated with the Reliance Group of Companies for the last 12 years. Prior to this he served in the Ministry of Petroleum and Chemicals, Government of India for more than 8 years. He was Chairman and Managing Director of Bongaigaon Refineries and Petrochemicals Limited and was associated with this organisation from its inception in 1973 until 1980. Prior to the above assignment, Shri Setlur was with the Shell Group of Companies for over 18 years and served in various capacities in UK, Holland, Germany, Phillipines, Ireland and India. He has 46 years of experience in the industry.



**Shri Lalit Bhasin** is an Additional Director of the Company. He is head of the law firm Bhasin & Co., Advocates, Supreme Court of India having its offices in Delhi and Mumbai. He is a member of various associations and holds important positions in various fields viz. Professional, Commercial, Educational, and Social fields which include prestigious positions as Hon. General Secretary of Bar Association of India, General Secretary of Indian Law Foundation, Regional Secretary of Union Internationale Des Advocate (UIA) and President of Society of Indian Law Firms. Shri Bhasin is also a director on the Boards of Bharat Hotels Limited, India Gypsum Limited, Modern Home Care Products Limited, Godfrey Philips India Limited, Bell Ceramics Limited, American Express (I) Private Limited, Reliance Capital Limited and Asian Hotels Limited.

### EXPLANATORY STATEMENT

The Explanatory Statement under section 173(2) of the Companies Act, 1956 for item Nos.7 to 9 of the accompanying Notice is as under:

#### ITEM No.7

Shri Lalit Bhasin was appointed as an Additional Director by the Board of Directors of the Company. In terms of Section 260 of the Companies Act, 1956 ("the Act"), Shri Lalit Bhasin shall hold office only upto the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing the candidature of Shri Lalit Bhasin for the office of Director. In view of the background and valuable experience of Shri Lalit Bhasin, it will be in the interest of the Company that Shri Lalit Bhasin continues as a director of the Company.

*Your directors commend the resolution for approval of the members.*

Shri Lalit Bhasin is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

#### ITEM No. 8

The Company is one of the largest private sector Companies measured in terms of total gross assets, sales, net profits and various other parameters. The Company has been evaluating various financing options for meeting normal capital expenditure, conversion of long term loans into preference shares and requirements for general corporate purposes, working capital and the strategic Investments. The directors consider that it may become necessary to raise financial resources, at appropriate time(s) by issuing Preference Shares in the course of domestic/international offerings, to such persons and in such manner, as stated in the resolution.

Section 81 of the Companies Act, 1956, provides that when a Company proposes to increase its subscribed capital by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81. The section further provides that further shares may be offered to any person in any manner whatsoever if a special resolution to that effect is passed by the Company in general meeting.

The Listing Agreements with the Stock Exchanges provide, inter alia, that a listed Company in the first instance should offer all shares and securities to be issued for subscription pro-rata to the equity shareholders unless the shareholders in a general meeting decide otherwise.

The consent of the Shareholders is being sought to enable the Company for issuing further share capital in the manner set out at item No.8 of the notice pursuant to the provisions of Sections 80, 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements with the various Stock Exchanges where the Company's securities are listed.

*The said resolution is an enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements.*

*Your directors commend the resolution for approval of the members.*

All the Directors of the Company may be deemed to be concerned or interested to the extent the preference shares that may be offered to them.

#### ITEM No. 9

Pursuant to proposals mooted by the Union Budget for the fiscal 2001 - 2002, the Reserve Bank of India, by amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, has raised the limit of investment by Foreign Institutional Investors (FIIs), up to 49% of the paid up equity capital of Indian companies, subject to the approval of the Board of Directors and approval of members of the Company by way of a special resolution.

The resolution set out at Item 9 of this Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares/convertible debentures of the Company through authorised dealers within the revised ceiling under the portfolio investment scheme of Reserve Bank of India.

The increase in the FIIs limit to 49% will result in increased weightage of the Company's share in benchmarking international stock market indices. Large number of FIIs direct their investment on the basis of these benchmark indices and accordingly, the increase in FIIs limit will be beneficial to the Company.

Your Directors, therefore, commend the resolution for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board

**K. Sethuraman**

Vice President-Corporate Secretarial

Mumbai

Dated: 30th April, 2001

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors have pleasure in presenting the Tenth Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2001.

<b>FINANCIAL RESULTS</b>	<b>Rs. Crs</b>	<b>US\$ Mn*</b>
<b>Gross Profit before interest and depreciation</b>	<b>3,274</b>	<b>702</b>
Less: Interest	1,032	221
Depreciation	661	142
<b>Profit before Tax</b>	<b>1,581</b>	<b>339</b>
Less: Provision for Taxation	117	25
<b>Profit after Tax</b>	<b>1,464</b>	<b>314</b>
<b>Amount Available for Appropriation</b>		
<b>Appropriations :</b>		
Proposed dividend on equity shares	238	51
Corporate tax on dividend	24	5
Debenture Redemption Reserve	130	28
Balance carried to Balance Sheet	1,072	230

\* 1 US \$ = Rs. 46.62 (Exchange rate as on 31st March, 2001)

**DIVIDEND**

Your directors are pleased to recommend in the very first year of commercial production a dividend of Re.0.50 per Equity Share of Rs.10 for the financial year ended 31st March, 2001.

**PROJECT COMPLETION & PERFORMANCE**

Your company has commenced commercial production during the financial year under review. The refinery was synchronised within a short period of time. The flawless start up and quick synchronisation have led to a high capacity utilisation of 95% and strong cash flows from the very first year of its operations.

The sales of the company for the year ended 31st March 2001 touched Rs.30,963 crores (US \$ 6,642 Million) and net profit was Rs.1,464 crores (US \$ 314 Million). The company has become the largest private sector company in India in terms of sales. Exports of company's products during the year were Rs.6410 crores (US \$ 1375 Million), placing the company as India's largest manufacturer exporter.

**ALLOTMENT OF SHARES**

During the year, 44,89,10,700 Equity Shares of Rs. 10 each were allotted upon conversion of Company's Warrant Equity Shares-2000. With this, the subscribed equity capital of the company stood increased to Rs.4753 crores at the close of the financial year. The aforesaid shares have been duly listed with the Stock Exchanges at Rajkot, Mumbai, Ahmedabad and the National Stock Exchange of India Ltd.

**MARKETING**

During the year, your company supplied 12.4 Million tons of controlled products to the domestic market through the oil marketing companies. Further, 2.8 Million tons of controlled products were sold in the international markets through exports.

De-controlled products, which include Naptha, Sulphur, Coke, TAME, Reformate, Propylene and VGO amounting to 8.4 Million tons were sold directly in the domestic and international markets.

**FIXED DEPOSITS**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

**DIRECTORS**

The Board of directors appointed Shri Lalit Bhasin as an additional director during the year. Shri Bhasin will hold office as director upto the date of the ensuing Annual General Meeting. The company has received a notice under Section 257 of the Companies Act, 1956, proposing his appointment as director, subject to retirement by rotation. Further, Vice Admiral K.K. Nayyar (Retd.) has been nominated as a director by ICICI Limited in place of its earlier nominee.

Shri D. H. Ambani, Shri K.K. Malhotra and Shri S.R. Setlur, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**AUDITORS**

M/s. Chaturvedi & Shah, auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Chaturvedi & Shah to the effect that their appointment as Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956.

**PERSONNEL**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the annual report and accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the registered office of the Company.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

**COMPLIANCE CERTIFICATE**

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

**ACKNOWLEDGEMENT**

Your directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, Shareholders and Debentureholders of the Company. Your directors also wish to thank management and staff of Reliance Industries Limited, the promoter company, for the continuous guidance and support received from them. Your directors express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For and on behalf of the Board

**Dhirubhai H. Ambani**  
Chairman

Mumbai  
Dated: 30th April, 2001.

**ANNEXURE TO DIRECTORS' REPORT**

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A) CONSERVATION OF ENERGY**

**a) Energy conservation measures taken :**

As part of continued efforts towards energy conservation, a number of projects are at various stages of implementation at the refinery.

- 1) Energy Benchmarking by an "International Major" completed. Reliance Petroleum tops the list of about 55 refineries all over the world and has the lowest corrected Energy index & Energy & Loss Index.
  - 2) Energy & loss focussed study completed taking assistance from Shell Global Solutions.
  - 3) Daily Flare Analysis & monitoring of Flare loss from various valves of individual units by Acoustic meter is being done continuously.
  - 4) Daily monitoring of Fuel consumption & loss for the Refinery is being done.
  - 5) Weekly Monitoring of Heater efficiencies for all Fired heaters in Complex is being done.
  - 6) A special cell for Energy optimization & loss abatement has been formed headed by an Energy Manager. Dedicated engineers are being developed for monitoring, controlling & optimizing all energy areas including combustion.
  - 7) Energy related key result areas/parameters are being developed as targets in the performance of all key personnel viz Plant Managers/Technologists.
  - 8) In all Fired heaters the Atomizer steam to all gas fired burners has been turned off & also all Atomizer steam to burners in FO which are not in operation has been turned off. Soot blowing is done regularly in all oil Fired furnaces to improve Furnace efficiencies.
  - 9) In Amine Treating Unit, the Amine Stripper top pressure has been reduced to reduce LP Steam consumption in the Stripper Reboilers.
  - 10) Fine tuning Naptha Splitter Feed control in Aromatics to reduce reprocessing & to reduce MP steam consumption has been done.
  - 11) Use of variable speed control for FD fans in Auxiliary Boilers has been done to reduce MP Steam to FD fans consumption during load variations.
  - 12) MPG (Mixed Petroleum Gas) firing in HRSG's in Power Plant in place of GT Fuel done.
  - 13) Optimizing the blow down from boilers by installing Restriction orifice blowdown's of all Boilers to restrict heat losses during blowdown has been done.
  - 14) Restriction orifice plate in the purge steam line for coke drum valves have been provided for reduction of steam consumption in Coker.
  - 15) Use of Decoking water during Steam Air Decoking in place of process water in Coker Complex has been done.
  - 16) Vent line in Feed surge drum in Light Naptha Hydrotreater has been rerouted from flare to fuel gas header.
  - 17) Reduction in MP steam in Light Coker Gas Oil & Heavy Coker Gas Oil stripper in Coker has been done.
  - 18) Optimisation of LPG dryer to increase the dryer cycle time for drying has resulted in reduction of MP Steam.
  - 19) Using 30% of the lighting in substations has amounted for savings in power.
  - 20) Installation of photocells to optimise on plant lighting avoiding any unnecessary illumination.
  - 21) Equalisation of load distribution on all four Air compressors in complex has led to reduction in power consumption.
  - 22) Offline & online water washing of Gas Turbine compressor blades has improved Compressor efficiency leading to lower Fuel consumption in Gas Turbine.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy**
- 1) Reduction of Excess Air (2% excess O<sub>2</sub> in Flue gas) in all

Fired Heaters to improve Furnace Efficiency and hence Fuel savings to the tune of 5000 T/year.

- 2) Increase run down Temperature of treated VGO in VGOHT will result in savings upto 2788 T/year of Fuel Oil.
  - 3) Recovery of heat from hot Heavy Kerosene (HK) stream going to tankage. It is to be used to heat crude upstream of Desalter before routing to storage.
  - 4) Installation of second Feed Water/ Effluent Desalter Exchanger in order to recover more heat hence reduce Heater duty equivalent to 2000 T/year of Fuel Oil.
  - 5) Installation of Thermocouples in Furnaces.
  - 6) Installation of CH<sub>4</sub> slip analyzer.
  - 7) Relocation of O<sub>2</sub> probe in Flue gas line in Hydrogen Manufacturing Unit furnaces.
  - 8) Provision of heater bypass in Light Naptha Unifier avoid heat loss to the tune of 606 T/year of equivalent Fuel Oil.
  - 9) Reduction of operating pressure in Merox unit facilitating stopping of a dedicated compressor will result in power savings equivalent to Fuel Oil of 48 T/year.
  - 10) Using process condensate to heat deaerator makeup will result in Heat recovery equivalent to 12000 T/year of equivalent Fuel Oil.
  - 11) Recovery of Hydrogen condensate will result in savings equivalent to 45000 T/year of LP Steam.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**
- 1) In all Fired heaters turning atomizer steam to gas fired burners off & atomizer steam to Oil burners not in operation off has led to savings to the tune of Rs 185 Lacs/year.
  - 2) Reduction of Amine Regenerator top pressure in Amine Treating Unit has led to savings in LP Steam to the tune of Rs 270 Lacs/year.
  - 3) Tuning of Naptha Splitter Feed Control in Aromatics has led to saving to the tune of Rs 81 Lacs/year.
  - 4) Using variable speed control for FD fans in Auxiliary Boilers has led to savings to the tune of Rs 70 Lacs/year.
  - 5) MPG (Mixed Petroleum Gas) firing in HRSG's in Power Plant in place of GT Fuel (Fuel substitution) has led to the savings in the tune of Rs 900 Lacs/year.
  - 6) Optimization of blow down from boilers by installing R.O's in blowdown's of all Boilers has led to savings in the tune of Rs 100 Lacs/year.
  - 7) Provision of restriction orifice plate in the purge steam line for coke drum valves for reduction of steam consumption in Coker has led to savings to the tune of Rs 336 Lacs/year.
  - 8) Use of Decoking water during Steam Air Decoking in place of process water in Coker Complex has led to a saving of Rs 13 Lacs/year.
  - 9) Reduction in impeller size in Jetty loading pumps in Marine Tank farm has led to a saving of Rs 140 Lacs/year.
  - 10) Heat recovery from hot HK to tankage. It can be used to heat crude upstream of Desalter before routing to storage will lead in savings to the tune of Rs 300 Lacs/year.
  - 11) Installation of second Feed Water/Effluent Desalter Exchanger in order to recover more heat hence reduce Heater duty will result in savings of Rs 150 Lacs/year.
  - 12) Reduction in heat losses in heater by having Heater bypass will lead to savings in Fuel upto Rs 45 Lacs/year.
  - 13) Reduction of operating pressure in Merox unit facilitating stopping of a dedicated compressor will lead to savings in power to the tune of Rs 4 Lacs/year.
  - 14) Using process condensate to heat deaerator makeup will lead to a heat recovery & subsequent reduction in LP steam upto Rs 550 Lacs/year.
  - 15) Recovery of Hydrogen condensate will lead to energy savings in the tune of Rs 200 Lacs/year.
- d) Total energy consumption and energy consumption per unit of production as per Form-A**

Reliance Petroleum Limited



**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B.

**FORM B**

Form for disclosure of particulars with respect to absorption:

**Research and Development (R&D)**

**1. Specific areas in which Research and Development (R&D) was carried out by the company are:**

- Hydrogen management study initiated.
- Traditional advance process control successfully implemented in Coker to minimize process variations from cyclic nature of coking operation.
- Portable desalter studies were conducted in the RPL lab for selection of right demulsifying / dehydrating chemicals from various chemical vendors.
- Long storage stability tests were performed for gasoline and indigenous chemical was deployed replacing imported anti-oxidant in a cost-effective manner.
- With varying crudes being processed, the compatibility amongst crudes had posed serious operating concern. A model has been developed in-house to predict the crude compatibility and blend any crude in accordance with the model to eliminate operating problems. This helped to increase higher percentage of high sulphur & low API cheaper crudes.
- "Hydrocarbon Management Review" was undertaken with the help of "Shell Global Solutions" to improve value addition across entire supply chain.

- Systematic studies were carried out in stretching the plant utilization factor by in-house engineers with necessary assistance of UOP / Bechtel / Catalyst & Equipment vendors
- New formulated catalyst, to improve conversion as also reliability of power recovery train due to better attrition resistance in FCC was introduced.
- Vacuum Gas oil Hydrotreater reactor bed fouling problem was minimized to a larger extent by introducing graded catalyst bed filling.
- A new concept was introduced to assure reliability of static equipment in the complex. The same is being further developed into a full blown "Risk based Inspection" programme.
- Feed stock management of FCC has helped in optimizing the sulphur limits in FCC feed.
- Clarified Slurry Oil processing in Coker has been done in order to eliminate any low value furnace oil generation in the complex.
- Coking cycle has been progressively reduced to facilitate processing of "opportunity crudes".
- A novel concept of "Pinning factor" was introduced in Platformer operation in order to stretch plant capacity utilization.
- Benchmark for quality system has been introduced for monthly tracking to assure product quality.
- Blending Optimisation and Supervisory System has been commissioned for gasoline blending using state of the art NIR techniques.

**Benefits derived as a result of above R & D****A. Product development / Improvement****a. The following new products were launched in this year.**

- Motor Spirit of 1%vol.max Benzene and 500ppm max "S" was manufactured as part of Green fuel strategy in meeting NCR demands.
- Low "S" HSD of 500ppm max, another Eco-friendly fuel was launched for NCR region.

- Several export grades for MS, HSD, ATF were introduced.
- LDO as a product has been introduced.

**b. Import substitution**

Indigenous chemicals have been introduced at several places, which resulted in substantial saving.

**Future Plan of Action**

Reliance is gearing up to meeting post APM scenario and has taken R&D as a thrust area. Memoranda of Understanding with various national and international research and development centres / institutions are being planned.

Reliance has been making concerted efforts in providing quality supremacy / competitive edge to its product range in the market place through systematic innovations and niche formulations.

While enhancing the revenue through R&D endeavours, Reliance is equally committed to reduce the operating cost. Here again strategic alliances with select suppliers are being envisaged.

In the information age, Reliance has been envisioning harnessing of complete potential of IT and plans to institutionalize the technology capabilities in all spheres of business activities.

**EXPENDITURE ON R&D**

(a) Capital	Rs. 43.91 crores
(b) Recurring	Rs. 1.20 crores
(c) Total R&D expenditure as a percentage of total turnover	0.15%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Jamnagar Complex has witnessed the participation of world class leaders in process technology namely, M/S Universal Oil Products, renowned engineering firm M/S Bechtel, acknowledged construction company M/S Saipem, etc along with Indian engineers and craftsmen which have made this historic feat of setting up this gigantic complex in just a matter of 36 months.
- Hydrogen in the waste gas is recovered through PSA systems, LPG yield is optimized close to potential, maximum hydrogen transfer from vacuum residue is ensured in ultra low pressure Coker unit, deep cut vacuum is chosen to maximize the yield of VGOs.
- Higher the complexity higher the potential ripple effects in the event of plant emergencies. However, Reliance has undertaken 'inter connectivity' checks and built-in flexibilities to assure continuous uninterrupted operation of the assets. Value engineering was undertaken at the design stage to eliminate duplication in processing and optimized product inventories.
- The delayed Coker has been designed in a manner that this will help in optimizing the use of energy.
- Most refinery units are operated by a distributed control system out of one central control room, which will allow very good communication between the units. All data from this control system can be made available on the desktop PC of every engineer, allowing very efficient and effective unit monitoring. All documents generated during the design and constructions are stored in electronic form for easy retrieval and reference.
- Early 1999, a technical service agreement was signed with international oil giant "Shell". Shell was selected by Reliance owing to its core competency in operation of refineries throughout the world. As part of the agreement, Shell Global Solutions (SGS) have carried out many technical audits in order to help ensuring a smooth start-up of the unit. Shell resources / expertise has been deployed to assist different business functions so as to raise the performance to global standards.



**C. FOREIGN EXCHANGE EARNING AND OUTGO****1. Activities relating to export, initiatives to increase exports, Developments of New export markets for Products and Services and Export Plan.**

RPL's products meet the most stringent international environment and quality specifications enabling exports to a large number of destinations in the Far East, Europe and the US, including to Japan, Singapore, China and Italy. RPL has emerged as India's largest exporter for the year with exports of Rs 6,410 crores (US\$ 1.38 billion).

**2. Total Foreign exchange used and earned** **Rs in crores**

- a. Total Foreign exchange earned 4,248.98  
b. Total Foreign exchange used 23,050.78

In addition to the above direct foreign exchange earnings, RPL's products have practically replaced India's petroleum product's import, and have saved valuable foreign exchange (net of corresponding crude imports) worth Rs 4,546 crores (US\$ 996 million).

**FORM A**

Form for Disclosure of Particulars with respect to Conservation of Energy

**2000 - 2001****2000 - 2001****(A) POWER AND FUEL CONSUMPTION****1. ELECTRICITY**

- a) Purchased** **N.A.**  
Unit (Lac KWH)  
Cost (Rs. Crores)  
Rate / Unit (Rs. / KWH)
- b) Generation by/through third party captive power facilities through Steam Turbine/Generators**  
Unit (Lac KWH) 13,751.82  
KWH per MT of Std Fuel 4,652  
Cost (Rs. Crores) 460.60  
Cost / Unit (Rs. / KWH) 3.35
- c) Own Generation**  
i) Through Diesel Generators **N.A.**  
Unit (Lac KWH)  
KWH per MT of Std Fuel  
Fuel Cost / Unit (Rs. / KWH)
- ii) Through Steam Turbine/Generators  
Unit (Lac KWH) 1,904.80  
KWH per MT of Std Fuel 4,652  
Fuel Cost / Unit (Rs. / KWH) 2.49

**4. Others / Internal Generation**

- a) Fuel Gas  
Qty ('000 MT) 942.93  
Amount (Rs. Crores) 1,064.96  
Average Rate (Rs./MT) 11,294
- b) Liquid Fuels  
Qty ('000 MT) 660.87  
Amount (Rs. Crores) 711.79  
Average Rate (Rs./MT) 10,771

**(B) CONSUMPTION PER MT OF PRODUCTION**

- i) **Actual Production**  
- Petroleum Products ('000 MT) 25,578.78
- ii) **Consumption per MT of Product**  
- Electricity (KWH/MT) 59.128  
- Liquid Fuel (MT/MT) 0.013  
- Fuel gas (MT/MT) 0.036  
- Natural Gas (MT/MT) N.A.

For and on behalf of the Board

**Dhirubhai H. Ambani**  
Chairman

**2. Coal** **N.A.**

**3. Furnace Oil** **N.A.**

Mumbai  
Dated: 30th April, 2001

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To The Board of Directors of Reliance Petroleum Limited

We have reviewed implementation of Corporate Governance procedure set by Reliance Petroleum Limited ("The Company") for the year ended 31st March, 2001 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

For **Chaturvedi & Shah**  
Chartered Accountants

Mumbai  
Dated : 30th April, 2001

**D. Chaturvedi**  
Partner

Reliance Petroleum Limited

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**MANAGEMENT DISCUSSION AND ANALYSIS****PROJECT HIGHLIGHTS**

Reliance Petroleum Ltd. (RPL) has been promoted by Reliance Industries Ltd. (RIL), India's largest private sector company, in terms of assets, sales, net worth and net profits. RPL is the first refinery to be set up by the private sector in India, pursuant to oil sector reforms.

RPL is the world's largest grassroots refinery, and the 7th largest refinery in the world at any single site, with a capacity of 27 million tonnes per annum, at Jamnagar, in the state of Gujarat, India.

The RPL refinery has been set up at a capital outlay of Rs 14,250 crores (US\$ 3.4 billion). The project cost has been financed on a conservative basis, with RPL's debt:equity ratio presently at 0.86:1.

Funding to the extent of more than 96% of the project cost has been arranged through rupee resources raised in the domestic market.

The refinery has been set up at 30%+ lower per tonne capital costs, as compared to other refineries recently set up in Asia, by leading international oil companies. This has established new benchmarks for capital productivity.

The lower per tonne capital costs translate into a sustainable competitive advantage for the company, enhancing its ability to capture growth opportunities in India and abroad.

RPL is amongst the most complex refineries in the region, with a Nelson's Complexity Index of 9.93. The high degree of complexity indicates large secondary processing capacity, leading to higher value addition, and higher refining margins, as compared to less complex refineries.

The state-of-the-art, globally competitive, RPL refinery has been completed in 36 months, representing a new world record for implementation of a refinery project of this scale and complexity.

The refinery has been built adhering to the highest international standards of safety and environmental protection, and has the technical capability to deliver products of international specifications, even beyond Euro II norms.

RPL is the only refinery in India which is capable of producing gasoline with less than 1% benzene content, and diesel with less than 0.05% sulphur content, right from the first day of its operations.

RPL has a remarkable ability to process almost any kind of crude oil, including the heavier and sour varieties. RPL's ability to optimise the crude oil feedstock and the product mix on a dynamic basis, owing to its unique configuration and high complexity, places the RPL refinery in a decisively superior competitive position vis-à-vis other refineries, which lack similar flexibility.

RPL's Jamnagar complex has access to fully integrated logistics infrastructure for product handling and evacuation. This allows the RPL refinery to move its products to the key markets in India and abroad, by sea, pipeline, rail and road, in a cost effective and timely manner.

Access to world class captive port and logistics infrastructure significantly enhances RPL's ability to optimise its operations and effectively manage its supply chain, to enhance overall profitability. RPL also enjoys dedicated access to power facilities, for its entire requirements.

RPL commenced commercial production on April 1, 2000. The entire Jamnagar refinery complex was synchronised within a very short period. The flawless start-up, and the subsequent quick synchronisation, of the refinery complex have led to strong cash flows and financial performance for RPL in its first year of operations.

RPL enjoys the support of nearly 2 million international and domestic, institutional and retail, shareholders. This is the second largest investor base in the Indian corporate sector - next only to RIL.

RPL ranks amongst the top five private sector companies in India, with market capitalisation of Rs. 26,000 crores (US\$ 5.6 billion).

In line with the government's oil sector policies, RPL is currently selling the four controlled products, namely, LPG, Gasoline, Kerosene and Diesel, to the public sector oil companies, Indian Oil Corporation Ltd. (IOC), Hindustan Petroleum Corporation Ltd. (HPCL) and Bharat Petroleum Corporation Ltd. (BPCL), to the extent required by the Government.

The Government's Oil Coordination Committee determines the price realisation for the sale of RPL's controlled products, based on the principle of import parity.

In addition, RPL is also exporting controlled products, which are not lifted by public sector oil companies. All other products are being directly marketed by RPL. About 25% of the production is being consumed captively by group companies.

The marketing of controlled products is to be deregulated with effect from April 1, 2002, as per the current schedule announced by the Government.

RPL has already applied for marketing rights for the controlled products, as it meets all the criteria specified in this regard by the Government, as per the Gazette Notification of November 1997. As soon as the marketing of controlled products is decontrolled, RPL will make appropriate arrangements for the same.

RPL is also making investments in pipeline projects, to facilitate distribution of petroleum products across the country, in a seamless and cost efficient manner.

RPL has a 10% stake in Petronet India Limited, the holding company set up for creation of pipeline infrastructure for evacuation of petroleum products all over India.

RPL holds a 13% stake in Petronet V.K. Ltd., which owns the 113 km. long Vadinar Kandla Pipeline. This pipeline links RPL's refinery to the Kandla Bhatinda pipeline, providing access to the high growth North and North-West markets.

The setting up of the Central India Pipeline project, which envisages setting up a 1,615 km pipeline, serving the landlocked markets in Central India, has been approved by the Government. RPL will hold a 26% stake in the joint venture implementing this project.

**OVERALL REVIEW**

RPL has become the largest private sector company in India, in terms of sales, and is second only to Reliance Industries Ltd. (RIL) in terms of net worth, assets, and net profits, based on performance in its very first year of operations.

RPL has thus joined RIL, amongst the ranks of India's top two companies, in terms of all major financial parameters.

RPL achieved 95 % capacity utilisation during the year, despite the severe earthquake, with an intensity of over 7 on the Richter scale, which hit the state of Gujarat on January 26, 2001, with its epicentre only 96 Kms away from RPL's refinery.

Sales for the year were Rs 30,963 crores (US\$ 6,642 million), and net profit was Rs 1,464 crores (US \$ 314 million).

Exports of RPL products during the year were Rs. 6,410 crores (US\$ 1,375 million), making RPL India's largest manufacturer exporter.

RPL's financial strength is demonstrated by the recent credit ratings of AA by CRISIL and AA+ by Fitch India, for its long term debt.

The AA and AA+ instruments are judged to offer high safety of timely payment of interest and principal, and differ only marginally in safety from issues with the highest AAA credit rating. These "High Investment Grade" ratings, in the very first year of operations, are a unique achievement for RPL.

The Directors of the company have recommended a maiden dividend of 5%, constituting a dividend payout (including dividend tax) of Rs. 262 crores (US\$ 56 million).