



Dr. S. Radhakrishnan, the then President of India addressing the people after inaugurating Gujarat Refinery

Fuelling the nation's economic development and helping realise the dreams and aspirations of citizens.

directors' review (refineries)

Organisational prosperity is nurtured, not inherited. IndianOil has always worked to identify, cultivate and enhance the core competencies that make growth possible. Even in the year which experienced an unexpected economic meltdown, a volatile market and widely fluctuating crude oil prices, IndianOil refineries achieved the highest ever crude oil throughput registering a growth of 3.94% over last year. While the global capacity utilisation remained at 90-92%, IndianOil refineries clocked an overall capacity utilisation of 103%.

Innovative ideas of sharing intermediate streams between the Group refineries located far and wide, enabled optimisation and value addition in operations thereby enhancing capacity utilisation and margins. During the year, IndianOil refineries achieved the highest ever combined distillate yield of 75.2% wt. surpassing the previous best of 73.7% wt. in 2007-08. Our determination to improve energy efficiency resulted in reduction of overall specific energy consumption to 64 MBN¹ during 2008-09 from the earlier lowest of 67 in 2007-08. With emphasis on widening the crude basket for improved flexibility, security and lower input cost, our refineries processed 11 new grades of imported crude oil during the year.

The erstwhile BRPL is now a part of IndianOil's Refineries Division as the eighth refinery consequent upon its merger.

The year 2008-09 witnessed hectic project activity. Projects worth Rs. 30,000 crore - entailing diversification, quality improvement, value addition and capacity enhancement - are fast progressing. Construction of the Rs.14,439 crore Naphtha Cracker is in full swing at Panipat, and its completion in the current year would be a new dawn of opportunities for IndianOil in the field of Petrochemicals. Other ongoing projects include Residue Upgradation & MS/HSD Quality Improvement Project at Gujarat Refinery, Improvement in Diesel Quality & Distillates Yield (Hydrocracker) at Haldia Refinery, DHDT at Bongaigaon Refinery and MS Quality Upgradation projects at all our refineries.

The 15 MMTPA state-of-the-art grassroots refinery at Paradip has been approved at an estimated cost of Rs. 29,777 crore. This is the biggest-ever investment at a single location by IndianOil and perhaps by any corporate in the country. Conceived to process 100% heavy, high-sulphur cheaper crude for better profitability, the most modern Paradip Refinery would have a complex configuration and play a key role in meeting the growing energy needs of the country.

As per the Auto Fuel Policy of the Government of India, petrol and diesel quality for 13 major cities will upgrade from the present BS-III quality to BS-IV norms from 1st April 2010. The rest of the country will switch over to BS-III quality fuels from



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the present BS-II compliant fuels. In order to meet the requirement, fuel quality upgradation projects are in advanced stages of execution.

Global warming is increasingly becoming an important issue. IndianOil has adopted the most advanced clean technologies to minimise CO₂ emissions by reducing energy consumption, cutting down waste and increasing resource re-use in our refinery operations. We have been actively pursuing Clean Development Mechanism (CDM) projects. In 2008-09, two CDM projects, viz. AVU Energy Optimisation project at Digboi and Flare Gas Recovery Project at Haldia were registered with the United Nations Framework Convention on Climate Change (UNFCCC). These will yield 28,500 CERs.

As India's flagship energy corporate, IndianOil has always strived to accomplish the most fulfilling role of fuelling the nation's economic development and helping realise the dreams and aspirations of its citizens. We are committed to continuing our march, whatever be the challenges. And in a year when we commemorate the 50 glorious years of IndianOil, we re-dedicate ourselves to the service of the nation and envision a future full of hope and promise.



LAB plant at Gujarat Refinery - Enhancing the core competencies that make growth possible.

¹ btu/Bbl/NRGF or Thousand British Thermal Units per Barrel - Energy Factor