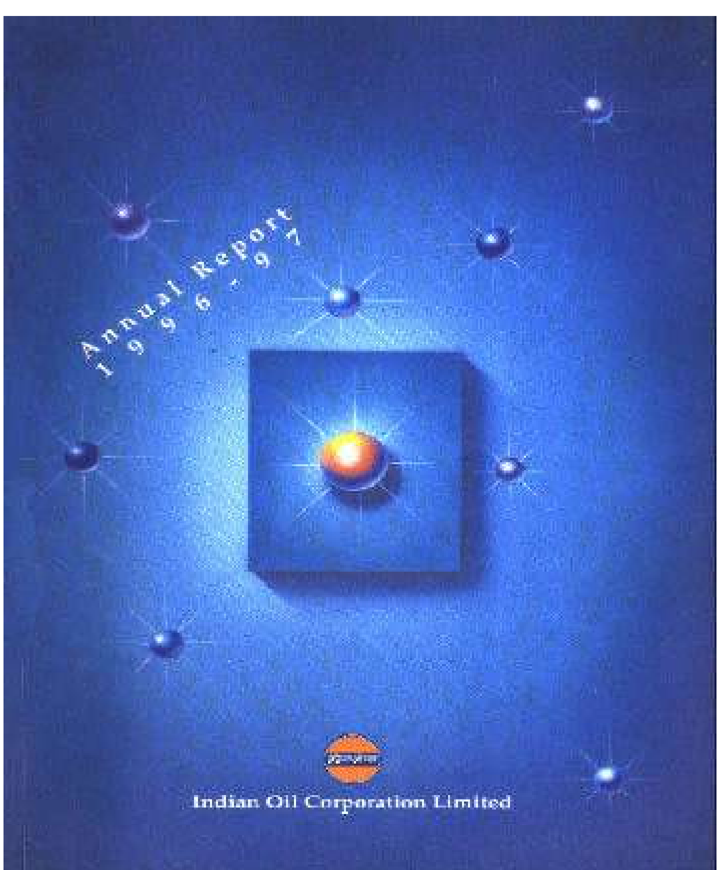
Annual Report
1996-97

इंडियनऑयल

Indian Oil Corporation Limited



IndianOil is a 'Jewel in the crown' of Corporate India. A 'Navratna'. A potential global giant. A world-class entity. Constantly striving for excellence. For customer satisfaction. To improve the quality of life.

IndianOil is ready....To march into a brave new world in the next century. With a vision beyond tomorrow.

Indian Oil Corporation Limited

Indian Oil Corporation Ltd. is the largest commercial undertaking in India, As the only Indian company in *Fortune's* "Global 500" ranking of the world's largest industrial and service companies, it has improved its 1996 ranking from 317 to 257. Among the petroleum refining companies, it is ranked at 20th place by sales as well as profits. Among the top Asian companies, it is currently ranked 76th.

Incorporate in 1959 as Indian Oil Company Ltd., it became a Corporation in 1964 when Indian Refineries Ltd. (Estd. 1958) was merged with the company.

IndianOil owns and operates 6 of the country's 14 refineries with a refining share of about 40%. Its seventh refinery of six million tonnes per annum capacity at Panipat in north-west India is scheduled to be commissioned in 1997-98. Another grassroots refinery is planned on the east coast in collaboration with Kuwait Petroleum Corporation.

IndianOil has a 5,303-km network of pipelines comparable with that of any standard oil company in other parts of the world.

IndianOil meets 55% of the petroleum products, consumption of India. It is also the canalising agency for import of crude oil and major petroleum products. Its extensive network of nearly 18,000 sales points covers the entire country, and is backed for supplies by 178 terminals and depots, 39 LPG bottling plants and 92 aviation fuel stations.

IndianOil is the only oil company in the country with ISO-9002 accreditation for over 40 units which include refineries, pipelines, aviation fuel stations, quality control laboratories and LPG bottling plants. Its Mathura refinery is the first refinery in Asia and the third in the world to earn the British Standard (BS:7750) and ISO - 14001 certifications in environmental management. IndianOil's Gujarat and Barauni refineries have also earned the ISO-14001 certification in 1997.

IndianOil's comprehensive, ISO-9001 certified R&D Centre has done pioneering work in lubricants, refinery processes and pipeline transportation. The Centre has developed over 1,800 lubricant formulations and obtained approvals from national and international equipment builders. A wholly-owned subsidiary, Indian Oil Blending Ltd. manufactures over 400 grades of the country's leading SERVO brand of lubricants and greases.

IndianOil nurtures the vision of becoming an integrated and diversified global energy corporation. It is augmenting infrastructure and expanding into exploration & production of crude oil, petrochemicals, power generation, LNG and fuel management. It is also globalising its R&D, training and consultancy services as well as marketing in the downstream sector, including lubricants.

IndianOil has formed a joint venture — Indian Oiltanking Ltd. in association with Oiltanking GmbH, Germany, and IBP Co. to develop tankage infrastructure. Two other joint venture companies, Indo-Mobil and Avi Oil India, offer premium and speciality lubricants. As a partner in Petronet India Ltd., setting up of product pipelines will also be taken up in the country, A strategic alliance exists with Air BP in the area of aviation fuel services. While IndianOil is already managing an oil terminal in Zambia, its premium range of *SERVO* lubricants are being marketed in Nepal and UAE, with other markets to follow soon. Memoranda have been signed with Petronas of Malaysia, Marubeni of Japan, Petrotrin and National Petroleum Marketing Co. of Trinidad & Tobago, and Emirates National Oil Co. for collaborative ventures in both upstream and downstream areas, including training and consultancy.

As part of its diversification plans, IndianOil is studying offshore oil fields in India and abroad for commercial exploitation in collaboration with Enterprise Oil, UK. Various proposals for collaboration, including deep water exploration, in India and abroad are contemplated with ONGC. Other collaborative efforts include LNG terminals with allied facilities at four port locations in India in a joint venture with other Indian and foreign companies. Five power projects are being set up with JV partners.

Contents

Indian Oil Corporation Limited

Registered Office : Indianoil Bhawan,
G-9, Ali Yavar Jung Marg,
Bandra (East), Mumbai-400 051

38th Annual Report

In this Report one lakh corresponds to 0.1 million and one crore to ten million

Corporate Mission

To become an integrated and diversified global energy corporation.

To achieve international standards of excellence in petroleum refining, marketing and transportation with concern for customer satisfaction.

To create a modern technology base for self-reliance, growth and development of the business.

To contribute to the national economy by providing adequate return on investment and by setting high standards of leadership in productivity and total quality.

To foster a culture of participation and innovation for employee growth and contribution.

To help enrich quality of life of the community and preserve ecological balance and national heritage.

Objectives and Obligations

OBJECTIVES

To serve the national interests in the oil and related sectors in accordance and consistent with Government policies.

To ensure and maintain continuous and smooth supplies of petroleum products by way of crude refining, transportation and marketing activities and to provide appropriate assistance to the consumer to conserve and use petroleum products efficiently.

To earn a reasonable rate of interest on investment.

To work towards the achievement of self-sufficiency in the field of oil refining by setting up adequate capacity and to build up expertise in laying of crude oil/petroleum product pipelines.

To create a strong research and development base in the field of oil refining and stimulate the development of new product formulations with a view to minimise/eliminate their imports and to have next generation products.

To maximise utilisation of the existing facilities in order to improve efficiency and increase productivity.

To optimise utilisation of its refining capacity and maximise distillate yield from refining of crude oil to minimise foreign exchange outgo.

To minimise fuel consumption in refineries and stock losses in marketing operations to effect energy conservation.

To further enhance distribution network for providing assured service to customers throughout the country through expansion of reseller network as per Marketing Plan/Govt. approval.

To avail of all viable opportunities, both national and global, arising out of the liberalisation policies being pursued by the Government of India.

To achieve higher growth through integration, mergers, acquisitions and diversification by harnessing new business opportunities like petrochemicals, power, tube business, consultancy abroad and exploration & production.

OBLIGATIONS

Towards customers and dealers

To provide prompt, courteous and efficient service and quality products at fair and reasonable prices

Towards suppliers

To ensure prompt dealings with integrity, impartiality and courtesy and promote ancillary industries.

Towards employees

Develop their capability and advancement through appropriate training and career planning.

Expeditious redressal of grievances.

Fair dealings with recognised representatives of employees in pursuance of healthy trade union practice and sound personnel policies.

Towards community

To develop techno-economically viable and environment-friendly products for the benefit of the people.

To encourage progressive indigenous manufacture of products and materials so as to substitute imports.

To ensure safety in operations and highest standards of environment protection in its manufacturing plants and townships by taking suitable and effective measures.

To improve the condition of Scheduled Castes/Scheduled Tribes in pursuance of national policies.

FINANCIAL OBJECTIVES

To ensure adequate return on the capital employed and maintain a reasonable annual dividend on its equity capital.

To ensure maximum economy in expenditure.

To manage and operate the facilities in an efficient manner so as to generate adequate internal resources to meet revenue cost and requirements for project investment, without budgetary support.

To develop long-term corporate plans to provide for adequate growth of the activities of the Corporation.

To endeavour to reduce the cost of production of petroleum products by means of systematic cost control measures.

To endeavour to complete all planned projects within the stipulated time and cost estimates.

Board of Directors

M.A. Pathan	Chairman (w.e.f. 01.02.1997)	**R.K. Narang**	Chairman (upto 31.01.1997)
S.C. Mathur	Director (Finance)	**A.K. Arora**	Director (Refineries & Pipelines)
Subodh Mittal	Director (Personnel)	**Devi Dayal**	
Nirmal Singh		**Ravi Saxena**	(w.e.f. 21.04.1997)
Prabir Sengupta	(Upto 18.02.1997)		
		Secretary	R. Narayanan

Board of Directors

From left : Mr. A.K. Arora, Mr. S.C. Mathur, Mr. M.A. Pathan and Mr. Subodh Mittal

Mr. Nirmal Singh

Mr. Devi Dayal

Mr. Ravi Saxena

Principal Executives

CORPORATE OFFICE

U.K.Dikshit	Executive Director (HRD & IIPM)
K.Chakravarthi	Executive Director (Vigilance)
M.B.L.Agarwal	Executive Director (Intl. Trade & Corporate Finance)
Narender Singh	Executive Director (Diversification)
C.K.Dixit	Executive Director (Internal Audit)
P.S.Govindarajan	General Manager (Planning)
B.K.Chakravorty	General Manager (Power Projects)
P.S.Krishnan	General Manager (Benchmarking)
B.K.Mittal	General Manager (Human Resource)
G.Sarpal	General Manager (Human Resource Development)

REFINERIES & PIPELINES DIVISION

S.N.Jha	Executive Director (Projects)
A.M.Uplenchwar	Executive Director (Pipelines)
S.L.Das	Executive Director (Human Resource)
L.K.Raina	Executive Director Panipat Refinery Project
R.K.Sabharwal	Executive Director (Operations)
Rajendra Prasad	General Manager (Panipat Refinery Project)
K.M.Bansal	General Manager (Projects, Pipelines)
K.K.Konar	General Manager (Projects)
S.C.Tandon	General Manager (Technical)
S.K.Khanna	General Manager (Safety & Environment Protection)
S.C.Agarwal	General Manager (Human Resource, Pipelines)
K.K.Sinha	General Manager (Haldia-Barauni Pipeline)
P.V.R.Ayyar	General Manager (Tech.) (Panipat Refinery Project)
Jaspal Singh	General Manager (Eastern India Refinery Project)
R.P.Mandal	General Manager (Projects)
B.Chaudhary	General Manager (Projects-Finance)
K.N.Tripathi	General Manager (HRD, Pipelines)
P.S.Balasubramanian	General Manager (Kandla-Bhatinda Pipeline)
J.K.Nobis	General Manager (Administration & Welfare)
B.D.Soni	General Manager (Finance, Pipelines)
S.V.Narasimhan	General Manager (Finance)
S.Chakraborty	General Manager (Operations, Pipelines)

REFINERIES

J.L. Raina	Executive Director Mathura Refinery
P.K.Biswas	Executive Director Haldia Refinery
P.S.Rao	General Manager I/C Gujarat Refinery
R.Sah	General Manager (Projects) Gujarat Refinery
B.K.Mukherjee	General Manager (Tech) Haldia Refinery
S.S.Saini	General Manager Barauni Refinery
S.L.Marwaha	General Manager (Tech) Mathura Refinery
C.K.Raja	General Manager Guwahati Refinery

MARKETING DIVISION (Head Office)

O.N.Marwaha	Executive Director (LPG)
P.Sudarsanam	Executive Director (Lubes)

Board of Directors

G.S.K. Masud	Executive Director (Human Resource & Systems)
P. Sugavanam	Executive Director (Finance)
M.R. Bhadrachalam	Executive Director (Projects)
C.F. Pereira	Executive Director (Supplies)
D.R. Bhojwani	Executive Director (Sales)
S.Y. Gharpure	Executive Director (Maintenance & Inspection)
M.V. Kittur	General Manager (Engineering)
S. Basu	General Manager (Supply & Distribution)
K. Ramachandran	General Manager (Lube Production & IOBL)
M.K. Janardanan	General Manager (Shipping)
V.K. Chaudhri	General Manager (LPG-Marketing Operations)
A.K. Mitra	General Manager (Human Resource)
R.V. Krishnamurthy	General Manager (Infrastructure Development)
S.P. Singhal	General Manager (Information Technology)
J.S. Narula	General Manager (Operations)
Ramesh Mehta	General Manager (Aviation)
S.K. Swaminathan	General Manager (Lube Sales & Technical Services)
C. Dasgupta	General Manager (LPG-Finance)
S.S. Das Gupta	General Manager (Planning)
O.P. Malguria	General Manager (LPG-Engineering)

REGIONAL OFFICES (Marketing)

V. Shyam Sunder	Executive Director Southern Region
M.S. Ramachandran	Executive Director West Region
P. Banerjee	Executive Director Northern Region
S. Rammohan	Executive Director Eastern Region
A. Chandrasekaran	Executive Director (sales) Southern Region
Tapas Ray	General Manager (Operations) Eastern Region
Arun Jyoti	General Manager Maharashtra, Mumbai
M.E. Vasu	General Manager (LPG) Northern Region
B.K. Das	General Manager (Sales) Western Region
L.K. Mathur	General Manager Delhi
Abraham Thomas	General Manager West Bengal, Calcutta
S.J. Anantaraj	General Manager Tamil Nadu, Chennai
B.D. Ghosh	General Manager (Sales) Eastern Region
I.H. Hashmi	General Manager (Sales) Northern Region
R.N.J. Mathur	General Manager (Human Resource) Northern Region

ASSAM OIL DIVISION

A.N. Das	Executive Director Digboi
H.N. Hazarika	General Manager (Tech) Digboi

R & D CENTRE

Dr. A.K. Bhatnagar	Executive Director
Dr. Sobhan Ghosh	General Manager (Chemical Engineering Division)
Dr. S.P. Srivastava	General Manager (Chemical)

Performance At a Glance

(Rs. Crore)

	1996-97	1995-96	1994-95	1993-94	1992-93
I. FINANCIAL					
Turnover	55,389	43,862	39,351	34,407	33,535
Gross Profit *	3,641	2,885	2,393	1,842	1,511
Profit Before Interest & Tax	2,842	2,325	1,976	1,520	1,266
Profit Before Tax	1,766	1,765	1,370	964	935
Profit After Tax	1,408	1,249	1,019	772	677
Dividend	156	156	105	49	49
Retained Earnings	1,238	1,093	914	723	628
Value Added	8,350	7,187	5,440	4,290	3,632
Contribution to Central Exchequer	9,797	6,539	5,673	4,760	4,696
Cumulative Dividend	855	700	544	439	390

* Profit before Depreciation, Interest, Expenditure & Tax

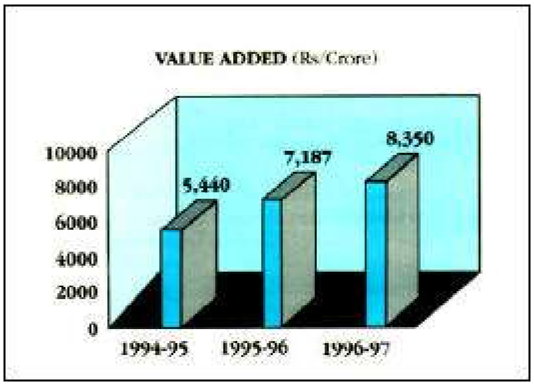
What Corporation Owns

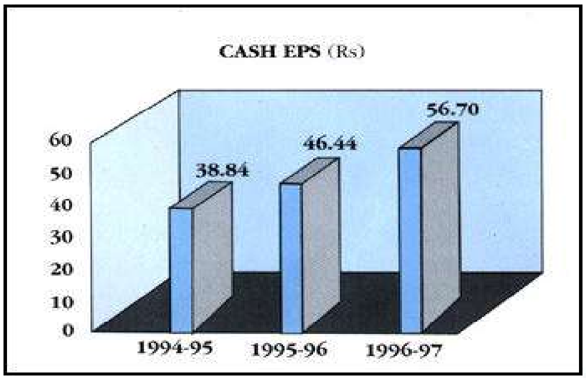
	1996-97	1995-96	1994-95	1993-94	1992-93
Gross Fixed Assets	10,397	7,985	5,938	5,239	4,280
Depreciation	4,375	3,590	3,058	2,662	2,366
Net Fixed Assets	6,022	4,395	2,880	2,577	1,914
Capital Works in Progress	3,784	3,437	2,630	1,326	1,148
Investments	3,406	3,689	3,857	3,858	3,722
Working Capital	9,088	4,581	2,607	4,412	4,383
Total	22,300	16,102	11,974	12,173	11,167

What Corporation Owes

	1996-97	1995-96	1994-95	1993-94	1992-93
Net Worth					
- Share Capital	389	389	389**	123	123
- Reserves	8,732	7,486	6,218	5,550	4,827
- Total	9,121	7,875	6,607	5,673	4,950
Borrowings	13,179	8,227	5,367	6,500	6,217
Total	22,300	16,102	11,974	12,173	11,167

*** Includes share application money from employees pending allotment - Rs 19 crores and issue of bonus shares.*
Note: Previous years' figures have been regrouped for comparison purpose in line with current year figures, wherever applicable.





		1996-97	1995-96	1994-95	1993-94	1992-93
Ratios						
Debt Equity Ratio		0.33:1	0.24:1	0.28:1	0.19:1	0.27:1
Earnings Per Share (Rupees)***		36.17	32.07	27.56	6,263	5,492
Cash Earnings Per Share (Rupees)***		56.70	46.44	38.84	8,877	7,478
Profit After Tax to Average Networth %		16.6	17.2	16.6	14.5	14.6
Networth Per Equity Share (Rupees)***		234.27	202.26	178.11	46,024	40,159

*** Face value per share for 1994-95 onwards is Rs. 10/- and for earlier years Rs.1,000/-

II. OPERATIONS

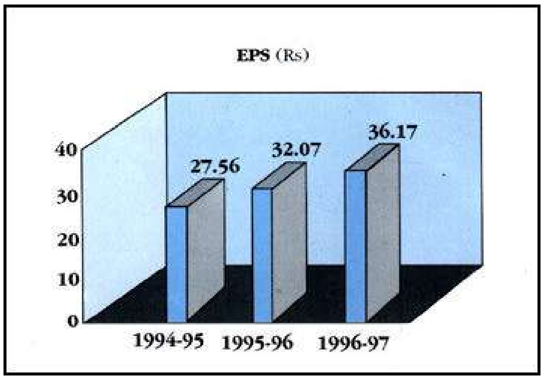
Operating Performance

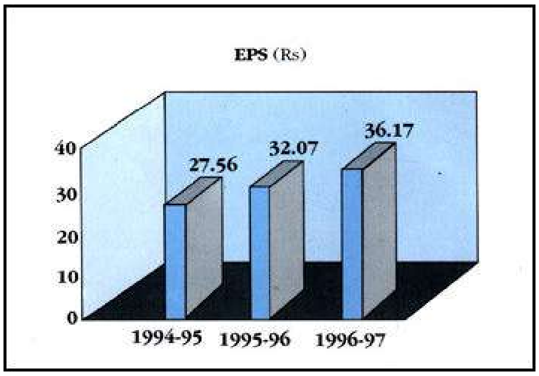
		1996-97	1995-96	1994-95	1993-94	1992-93
Product Sales	Million Tonnes	41.97	39.85	36.25	33.44	32.98
Refineries Throughput	Million Tonnes	25.14	25.64	25.16	24.75	24.31
Pipelines Throughput	Million Tonnes	28.20	24.70	24.47	24.13	23.62

Marketing Network & Facilities

		1996-97	1995-96	1994-95	1993-94	1992-93
Divisional Offices	Nos.	44	44	44	42	42
LPG Area Offices	Nos.	32	32	32	31	31
Terminals and Depots	Nos.	178	178	166	162	161
Aviation Fuel Stations	Nos.	92	94	93	89	89
Total Product Tankage	Lakh kl.	51.30	49.89	42.97	41.80	40.49
LPG Bottling Plants	Nos.	39	35	33	32	29
LPG Bottling Capacity	'000 Tonnes	1,453	1,329	1,192	1,152	1,038
Retail Outlets	Nos.	6,731	6,585	6,284	6,021	5,899
SKO/LDO Dealers	Nos.	3,413	3,362	3,284	3,208	3,183
Indane Distributors	Nos.	2,834	2,700	2,418	2,206	2,132
Multi Purpose Distribution Centres (MPDC)	Nos.	231	231	231	231	231
Towns with Indane	Nos.	1,306	1,248	1,178	1,133	1,087
Indane Customers	Lakh	148	135	120	108	100

		1996-97	1995-96	1994-95	1993-94	1992-93
III. MANPOWER	Nos.	33,232	33,287	33,589	34,035	33,829





Bankers and Auditors

BANKERS

- State Bank of India
- United Bank of India

STATUTORY AUDITORS

- B.K.Sharoff & Co
- L.B.Jha & Co.
- O.P. Tulsyan & Co.
- V.Sankar Aiyar & Co.

BRANCH AUDITORS

- S.Venkatram & Co.
- V.K.Dhingra & Co.
- Chowdhury Basu & Ray
- T.K.Ghose & Co.
- Arun K.Gupta & Associates
- Mahendra M.Patel & Co

REGISTRAR & TRANSFER AGENTS

Karvy Consultants Ltd.
"Karvy House"
46, Road No.4,Street No.1,
Banjara Hills,
Hyderabad-500034

STOCK EXCHANGE

Mumbai Stock Exchange
Chennai Stock Exchange
Delhi Stock Exchange
Calcutta Stock Exchange
National Stock Exchange

Major Units

CORPORATE OFFICE

SCOPE Complex, Core 2
7, Institutional Area,
Lodhi Road,New Delhi-110 003

REGISTERED OFFICE

Indian Oil Bhavan
G-9, Ali Yavar Jung Marg
Bandra (East), Mumbai-400 051

REFINERIES & PIPELINES

HEAD OFFICE

SCOPE Complex,
Core 2, 7, Institutional Area,
Lodhi Road, New Delhi-110003

Barauni

P.O.Barauni Oil Refinery,
Distt. Begusarai-861114
(Bihar)

Gujarat

P.O. Jawahar Nagar
Distt. Vadodara -391320
(Gujarat)

Guwahati

P.O. Noonmati
Guwahati-781 020
(Assam)

Haldia

P.O.Haldia Refinery
Distt.Midnapur-721 606
(West Bengal)

Mathura

P.O. Mathura Refinery
Mathura - 281005 (U.P.)

PIPELINES HEADQUARTERS

A-1, Udyog Marg
Sector 1, NOIDA-201301

Eastern Region

14, Lee Road
Calcutta-700020

Western Region

P.O. Box 1007
Bedipara, Morvi Road,
Gauridad, Rajkot 360 003

Assam Oil Division

Digboi-786171
(Assam)

MARKETING

HEAD OFFICE

Indian Oil Bhavan
G-9, Ali Yavar Jung Marg,
Bandra (East), Mumbai-400051

Northern Region

IndianOil Bhavan
1, Aurobindo Marg, Yusuf Sarai,
New Delhi-110016

Eastern Region

IndianOil Bhavan
2, Gariahat Road, South (Dhakuria),
Calcutta-700 068

Western Region

254-C, Dr. Annie
Besant Road, Prabhadevi
Mumbai - 400 025

Southern Region

IndianOil Bhavan
139, Nungambakkam
High Road, Chennai- 600 034

R&D CENTRE

Sector 13
Faridabad-121007 (Haryana)

INDIAN OIL BLENDING LTD.

(A wholly owned subsidiary of
Indian Oil Corporation Limited)

HEAD OFFICE

Badamia Manor, 3rd Floor
Keshavrao Khadye Marg
Mumbai - 400034

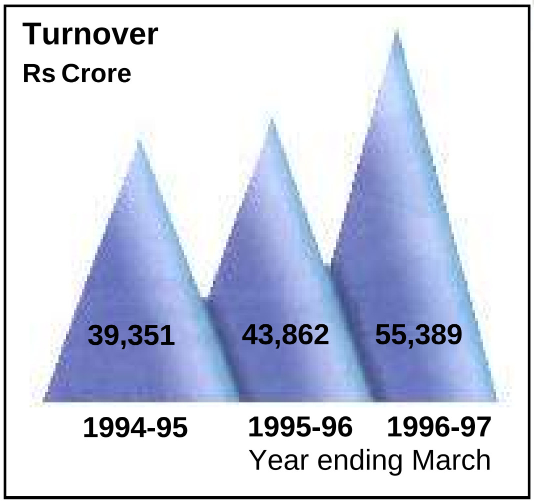
Directors' Report

To

The Indian Oil Family of Shareholders

Dear Shareowners,

On behalf of the Board of Directors, I have great pleasure in presenting to you the 38th Annual Report on the working of the Corporation for the financial year ended 31st March, 1997 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.



Indian Oil improved its ranking as the only Indian company in Fortune's 'Global 500' largest industrial and service companies from 317th to 257th place and attained new heights of performance during fiscal 1996.

It has also recently been selected by the Government as one of the nine public sector enterprises, called 'Navratnas', which will be supported in becoming global giants and truly world-class entities. Certain measures have been approved to give greater autonomy and turn the Navratnas into autonomous Board managed companies with a restructured Board.

This opens new opportunities for growth and also enhances our responsibilities. We had earlier drawn up plans to strengthen existing business and explore new opportunities.

India's first hydrocracker at the Gujarat refinery.

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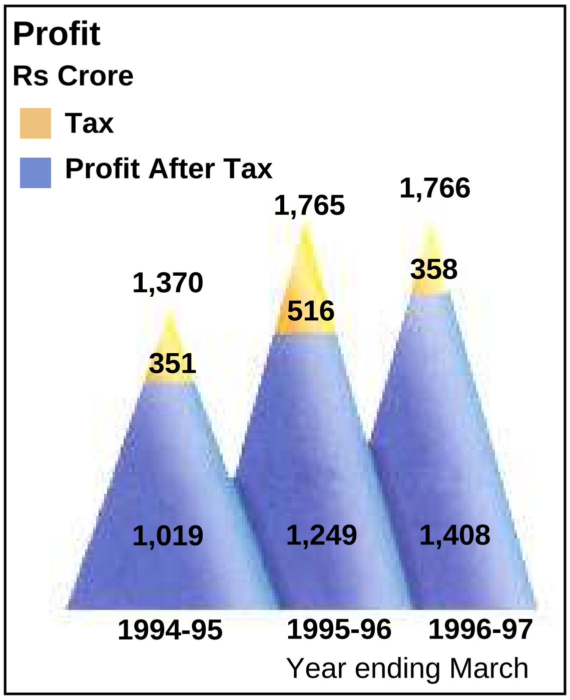
State-of-the-art automated operations at IndianOil's pipeline terminal at Vadinar in Gujarat.

Plans had also been drawn up for vertical integration from exploration and production to petrochemicals, power generation and LNG along with globalisation of our consultancy and R&D activities. These resulted in several mutually beneficial alliances. We are now reviewing our business strategies in the context of becoming a 'Navratna' company.



CORPORATE REVIEW

FINANCIAL

(Rs Crore)

	1996-97	1995-96	%Change
Turnover	55,389	43,862	(+) 26.3
Profit			
Profit before Interest, Depreciation and Tax	3,641	2,885	(+) 26.2
Interest payment	1,076	560	(+) 92.1
Depreciation	799	560	(+) 42.8
Profit before Tax	1,766	1,765	(+) 0.1
Tax provision	358	516	(-) 30.6
Profit after Tax	1,408	1,249	(+) 12.7
Appropriations			
Proposed Dividend	156	156	-
Corporate Dividend Tax	16	-	-
General Reserve	1,237	1,124	(+) 10.1

PHYSICAL

(Million Tonnes)

	1996-97	1995-96	% Change
Product Sales	41.97	39.85	(+) 5.3
Refineries Throughput	25.14	25.64	(-) 1.9
Pipelines Throughput	28.20	24.70	(+) 14.2

SHARE VALUE

(Rupees)

	1996-97	1995-96	% change
Cash Earning per Share	56.70	46.44	(+) 22.1
Earning per Share	36.17	32.07	(+) 12.8
Net Worth per Equity Share	234.27	202.26	(+) 15.8

Directors’ Report *contd...*

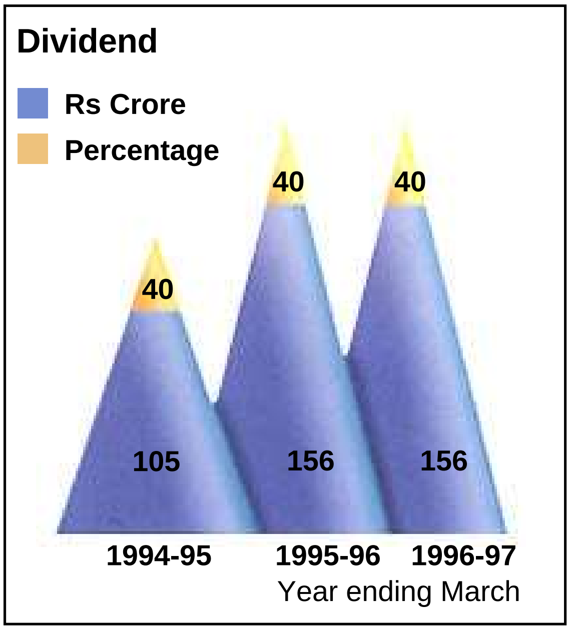
An environment-friendly atmosphere is part of the design of bulk storage terminals and supply points.

MOU PERFORMANCE

For the eighth consecutive year, your Corporation attained an excellent rating, which is the highest performance rating according to laid down criteria in the Memorandum of Understanding signed with the Government of India.

DIVIDEND

For the fifth year in succession, your Directors have recommended a dividend of 40%. Your Corporation has been declaring dividend consistently since 1966-67. Till the last year, a cumulative dividend of Rs 700 crore has been paid to the shareholders. Bonus shares were issued in 1981-82 in the ratio of 1:2 and in 1994-95 in the ratio of 2:1 on the original Government equity of Rs 82.18 crore. The current share capital is Rs.389 crore after issue of equity of Rs 19.54 crore to employees in 1995-96.



CORPORATE DIVIDEND TAX

In the Finance Bill, 1997, a new provision has been introduced for levy of 10% income tax on distributed profits in the hands of a Company declaring dividend which will be paid after 1.6.1997. In view of this statutory provision, it is proposed to appropriate Rs 15.57 crore towards Corporate Dividend Tax.

CHANGE IN THE MARKET LOT OF SHARES

To facilitate higher trading volume and participation of small investors in the equity share capital of the Company, your Corporation has changed the market lot of its shares from 100 to 50 with the approval of the Stock Exchanges.

A view of the Guwahati refinery

CONTRIBUTION TO EXCHEQUER

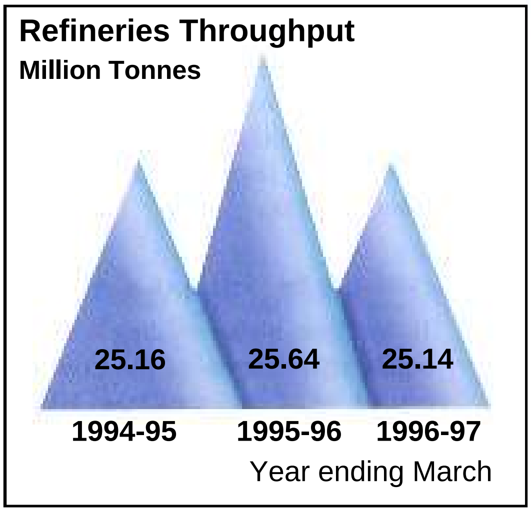
The highest ever contribution of Rs. 9,797 crore was made to the Central Exchequer in the form of duties and income tax alone during the year.

Directors' Report *contd...*

CAPITAL EXPENDITURE AND FINANCING

A capital expenditure of Rs 2,758 crore was incurred during the year in augmenting capacities and infrastructure. Over 77% of the Corporation's fixed assets of Rs 14,181 crore as on 31st March, 1997 have been financed from internally generated resources.

Considerable liquidity crunch was faced during the year under review as a result of mounting receivables from the Oil Pool Account which crossed Rs 9,000 crore. It was only through excellent financial management that the impact of the crisis was not permitted to affect the day-to-day operations and project implementation.



The shortfall in resources was met through increased external commercial borrowings which continued to be secured at very fine interest rates as a result of your Corporation's reputation and relations with international banks.

PUBLIC DEPOSIT SCHEMES

During 1996-97, the Corporation collected deposits of Rs 308.26 crore, raising the total to Rs 774.07 crore as on 31st March, 1997. The Public Deposit Scheme has been closed effective 1st July, 1997.

A new one million tonne crude distillaiton unit has been added at Haldia refinery.

The recently commissioned catalytic reforming unit at Barauni refinery.

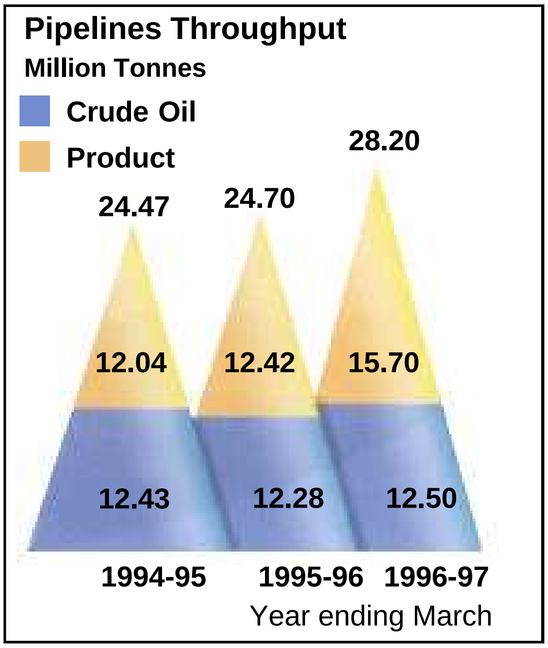
EXPORT EARNINGS

Your Corporation earned Rs 2,300 crore during the year through exports. This includes foreign exchange earned through supply of aviation fuel to international airlines, bunker fuel and marine lubricants.

On the basis of its export performance the Corporation earned the elite status of Super Star Trading House during the year.

QUALITY ASSURANCE

Your Corporation has consistently placed great importance on quality assurance to its customers on products and its service. The Total Quality Management initiatives have, by now, resulted in over 40 units of the Corporation earning ISO-9001/9002 accreditation. These include all the six refineries, crude oil and product pipelines, R&D Centre, major aviation fuel stations, lube and grease plants, quality control laboratories and LPG bottling plants.



Directors' Report *contd...*

During the year, the lab network was expanded with addition of labs at the tap-off points on the Kandla-Bhatinda pipeline route. The laboratories in the metropolitan cities were equipped with state-of-the-art automatic computerised testing equipment. For customer assurance, more than 14,000 samples of MS and HSD were drawn from our retail outlets by our mobile laboratories and field sales force for testing to ensure conformity with specifications. The lab network tested more than 90,000 samples from our stock points for quality assurance. Training was also imparted to personnel of Nepal Oil Corporation in quality control.

OPERATIONS

REFINERIES

For the fourth consecutive year, the six refineries at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi collectively attained over 100% capacity utilisation by processing 25.14 million tonnes of crude oil. Excluding Barauni refinery, which continued to receive lower crude oil supplies, the other refineries achieved a capacity utilisation of 110. 1%. The throughput exceeded the MOU target of 24.0 million tonnes. The highest ever overall distillate yield of 70.1% wt. on crude was achieved. The fluidised catalytic cracking units at Gujarat and Mathura refineries achieved 115.5% and 122.5% capacity utilisation respectively. Thus, for the 12th consecutive year, they achieved over 100% capacity utilisation.

IndianOil continues to be the canalising agency for import and export of crude oil and major petroleum products.

A crude distillation unit of one million tonne per annum was completed at Haldia refinery with in-house expertise from concept to commissioning. For value addition, propylene production was started at Mathura refinery. The Guwahati, Barauni and Digboi refineries commenced production of low lead motor spirit through MTBE blending.

PIPELINES

Your Corporation operates the largest network of onland pipelines in the country. The network of 1245 km of crude oil and 4058 km product pipelines achieved the highest ever throughput of 28.2 million tonnes; an over 106% capacity utilisation.

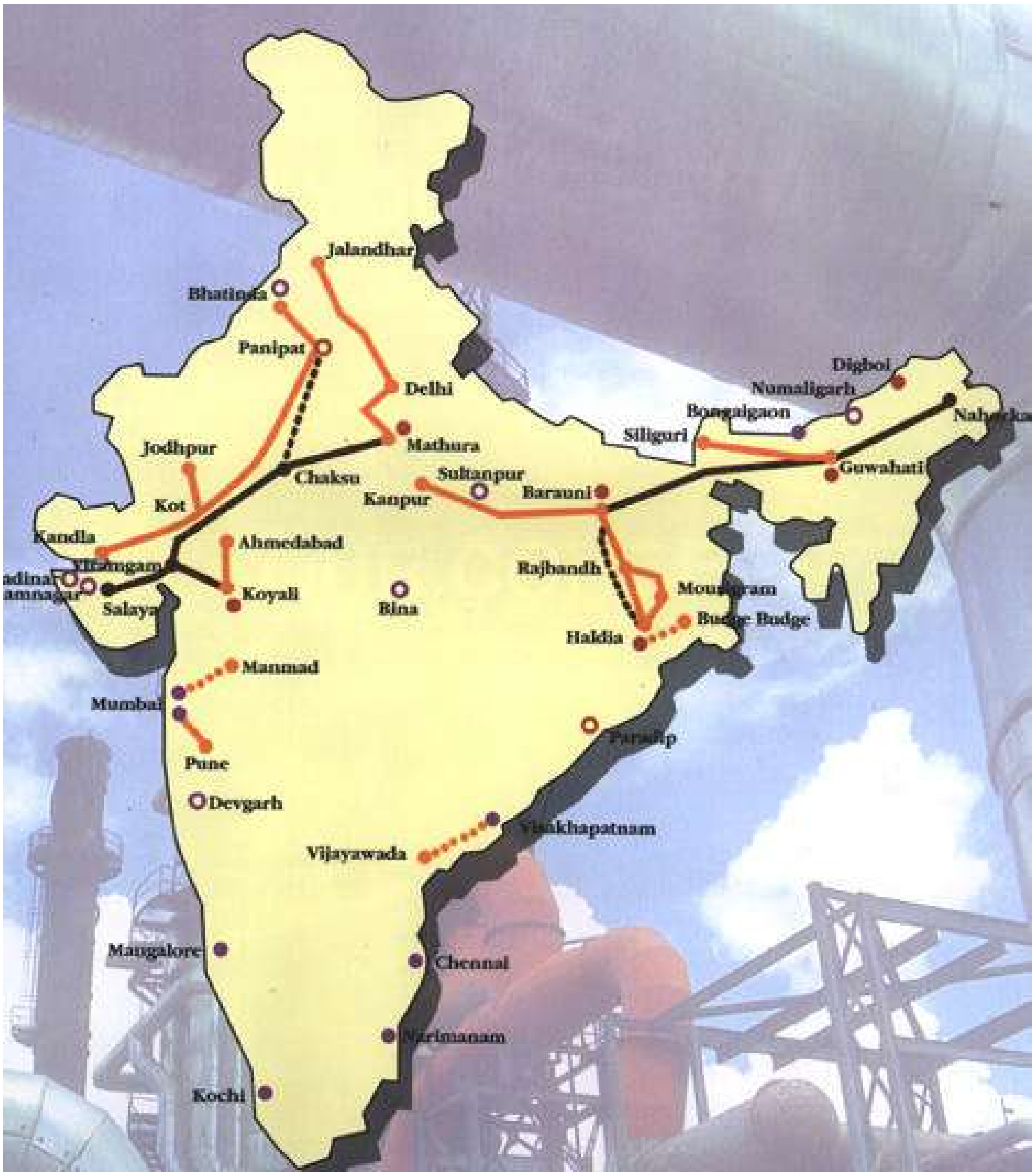
Maintenance and inspection

Your Corporation has been making continuous efforts to improve the onstream service factor of units by modernising preventive and predictive maintenance practices. Some of the major steps taken during the year include :

- Development of Executive Information System for Maintenance Analysis (EISMA) software for on-line *process* unit, interruption data analysis.
- Introduction of tank floor scanner for improving maintenance and inspection of tanks.

IndianOil continues to be the canalising agency for import and export of crude oil and major petroleum products.

Refineries and Major Inland Pipelines



Legend

Crude Oil Pipeline

Product Pipeline

Proposed Crude Oil Pipeline

Proposed Product Pipeline

IOC Refineries

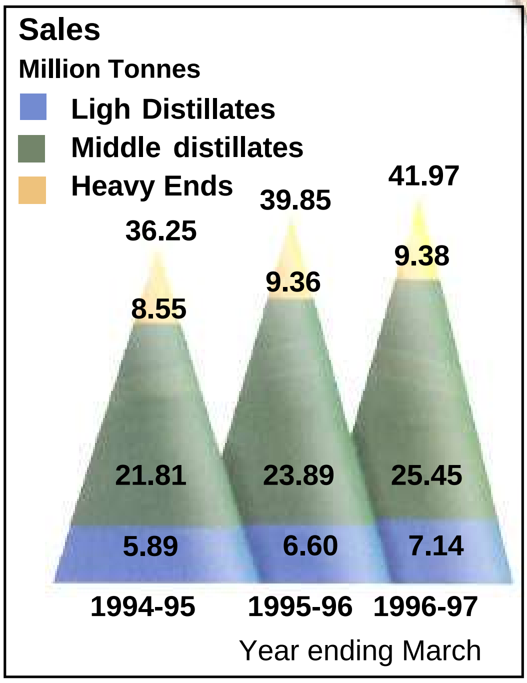
Other Refineries

Proposed IOC Refinery

Proposed Other Refineries

Mumbai-Manmad of BPC, Visakhapatnam-Vijayawada of HPC,
Nahorkatiya-Barauni of OIL, Mumbai-Pune of HPC

- Dissolved gas analysis of transformer oil carried out in all refineries for condition monitoring.
- Energy audit of turbo generators at Barauni, Gujarat, Haldia and Mathura refineries to optimise their operation.
- Maintenance duration of planned maintenance jobs of prime movers in pipelines revised with reduction of 11-30%.



MARKETING

As a customer-friendly Organisation, your Corporation has been relentlessly striving to achieve excellence in customer satisfaction by providing the best possible products and services at reasonable prices. It attempts to anticipate customer needs and develops better quality products through innovative R&D.

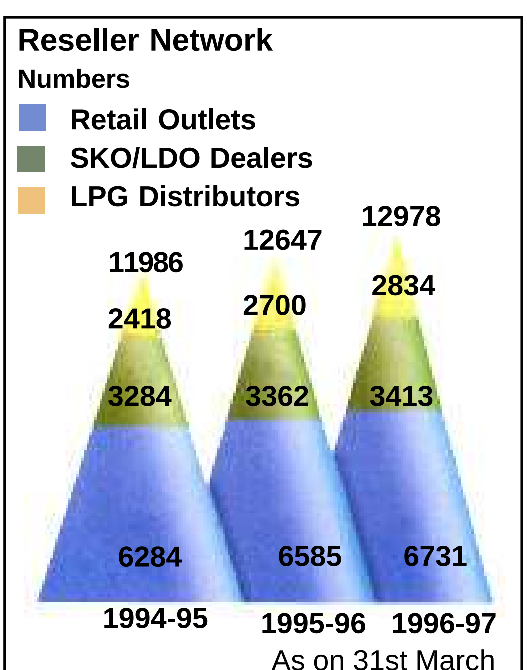
During the year, low sulphur diesel supplies were begun in the metros and the Taj Trapezium area, Low lead motor spirit which had earlier been introduced in metros and other radial routes, was produced and supplies commenced all over the country effective January 1997. Both steps will help reduce pollution from vehicular emissions.

Modern, computerised tank lorry filling bays are being installed at supply points.

Directors' Report *contd...*

Over 1200 petrol/diesel stations have been upgraded to provide better services to customers under the Vision-2000 programme.

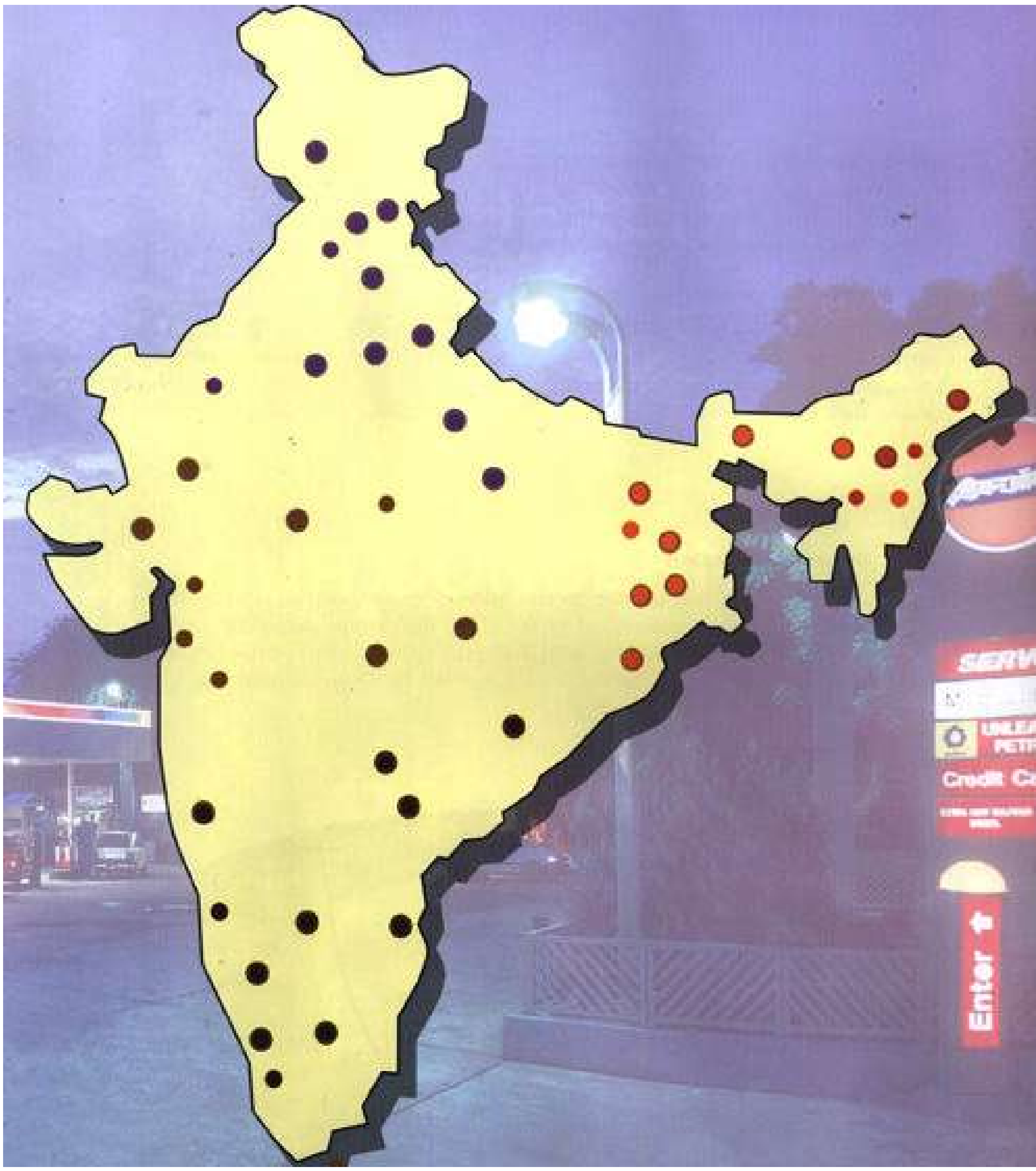
To provide more efficient and enlarged range of services to customers, over 1200 retail outlets were upgraded during the year under the 'Vision 2000' programme. The 'new look' retail outlets have selectively a 'Convenio' shopping store, snap services, quick lube oil change, automatic car wash, and at places unmanned card operated pumps and 24-hour ATM. A beginning has recently been made in introduction of multi-fuel dispensing pumps.



To augment infrastructure, a virtual jetty was constructed at Kandla which can handle two million tonnes of product per annum and enable faster unloading of imported products.

In our efforts to enhance the range of products for our customers, regular marketing was begun of hexane ex-Koyali refinery and propylene and IOC Solvent'95 ex-Mathura refinery. During the year, we also assisted 37 parties in import of SKO for sale of 2.6 lakh tonnes under the parallel marketing scheme.

Marketing Set-up



Northern Region
New Delhi

Allahabad Agra Bareilly
Chandigarh
Jaipur
Jammu
Jodhpur
Karnal
Lucknow
New Delhi
Shimla

Eastern Region
Calcutta

Bhubaneshwar
Calcutta
Dhanbad
Durgapur
Guwahati
Imphal
Jamshedpur
Patna
Siliguri
Visakhapatnam

Western Region
Mumbai

Ahmedabad
Bhopal
Mumbai
Jabalpur
Nagpur
Pune
Rajkot
Raipur
Surat

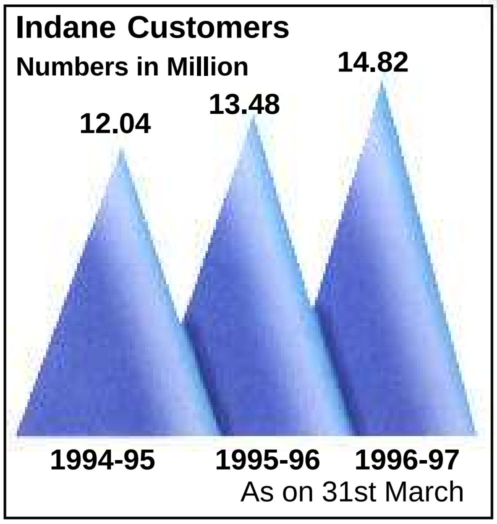
Southern Region
Chennai

Bangalore
Belgaum
Coimbatore
Chennai
Kochi
Madurai
Mangalore
Secunderabad
Thiruvananthapuram

Assam Oil
Digboi

Dimapur
Guwahati
Silchar
Tinsukia

Directors' Report *contd...*



Sales

Your Corporation sold at 41.97 million tonnes of petroleum products during 1996-97 as compared to 39.85 million tonnes in the previous year, achieving a growth of 5.3%

Direct Sales

For the convenience of large volume customers, Yours Corporation added 207 captive consumer outlets during the year bringing their total to 4864.

Retail Distribution

For easy product availability to customers, your Corporation commissioned 146 petrol/diesel stations and 51 SKO/LDO leaderships during the year raising their total number to 6731 and 3413 respectively. The reseller points and consumer outlets are backed for supplies by 47 installations and 131 bulk depots.

Multi-fuel dispensing pump at a petrol station.

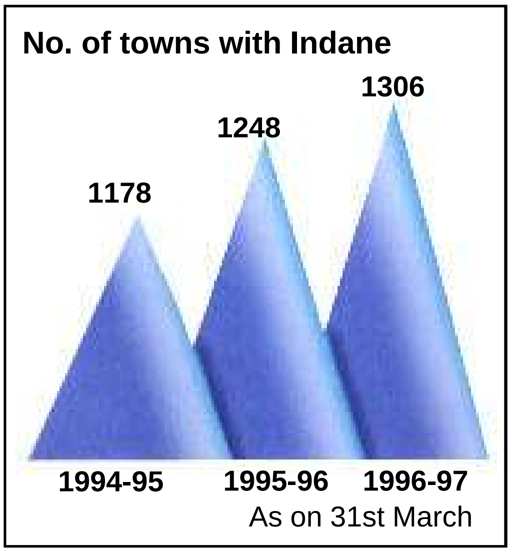
The 9.5 million tonnes per annum (MTPA) Gujarat refinery is being expanded by 3 MTPA.

Rural and Agriculture Sector

To cater to the fuel and other special needs of rural areas, the Corporation has set up 231 multipurpose distribution centres. In addition, 33 Taluka Kerosene Depots are operating to augment availability of kerosene in remote and far-flung areas.

LPG

During the year, the number of households using your Corporation's Indane cooking gas went up to 148.2 lakh, from 134.8 lakh in the previous year. For uninterrupted supplies to customers, over 12 lakh customers were released a second cylinder. About 67% Indane customers now enjoy this facility. Recently an innovative LPG rural marketing vehicle, with bottling facility, has been developed and launched in southern India.



Directors' Report *contd...*

For improved customer service, 134 LPG distributors were added during the year raising their number to 2834. Four new LPG bottling plants at Trisundi, Tripura, Sikkim and Trichy were commissioned and capacity augmented at Madanpur Khadar and Kanpur. At the close of 1996-97, there were 39 LPG bottling plants and four others at Quilon, Ahmedabad, Farukhabad and Bikaner were ready for operation, The Corporation has a bottling capacity of 14.5 lakh tonnes per annum.

During the year, the Corporation also commissioned a state-of-the-art LPG import terminal at Kandla of 600,000 tonnes per annum capacity. This will help provide Indane cooking gas facility to a larger number of households.

The 32 Indane Area Offices of the Corporation have been constantly innovating to render effective customer service and promote safety consciousness in the use of LPG.

Aviation

The Corporation continued to be the market leader in the aviation fuel business with a market share of 69.4% during the year through sales of 19.34 lakh kl. The total aviation fuel requirement of the Indian Navy and Army and over 89% of the Indian Air Force were met by your Corporation. The major requirements of other market segments like Indian Airlines, Air India, private airlines and international airlines were also catered to by the Corporation.

With the setting up of an aviation fuel station (AFS) at Bhuj, the Corporation has 92 AFSs to meet customer needs. We continued to provide technical assistance to neighbouring countries like Maldives, Nepal and Bhutan. The fifth international Aviation Seminar was organised during the year at Goa in which delegates from 25 countries participated.

IndianOil has a market share of nearly 70% in the aviation fuel business.

LPG bulk storage bullets at the Madanpur Khadar Indane bottling plant near Delhi.

Directors' Report *contd...*

Digboi refinery completed its modernisation project during 1996-97.

Lubricants

Your Corporation's SERVO continued to be the largest selling brand of lubricants in the country. After successful entry *of SERVO* in Nepal, the product has also been introduced in UAE. Lubricants were also exported to Sri Lanka and markets in West Asia are being studied for launching the brand.

SERVO lubricants were approved by 21 Indian and four foreign engine builders/equipment manufacturers, including Mercedes Benz, Siemens AG, Cincinnati Milacron. To keep pace with the international trends and to meet the market demands, 20 new products were developed in various categories like automotive, power, steel, etc.

To increase our marketing network in the reseller trade, 26 *SERVO* lube distributors were commissioned during 1996-97.

Shipping

During the year, 655 import tankers and 99 export tankers were handled by the Shipping Department. A total number of 276 crude oil tankers were handled. LPG imports commenced at Kandla during 1996-97 to enhance import capacity.

INTERNATIONAL TRADE

Your Corporation continued to shoulder the responsibility for importing crude oil and major petroleum products on behalf of the nation as a result of the expertise available with the International Trade, Commercial and Shipping Departments, Through a carefully selected and diversified mix of supply sources your Corporation arranged to import crude oil and petroleum products as well as organised exports during 1996-97 as detailed hereunder:

	Quantity (MMT)	Value (Rs/Crore)
Imports		
Crude oil	31.487	17,207.04
Fuel Products	19.821	15,108.80
Lubricants	0.045	119.17
Exports		
Petroleum Products (including lubricants)	2.657	1,706.57

In addition, your Corporation also handled imports of fuel products arranged by Nepal Oil Corporation which amounted to 0.431 MMT during the year.

RESEARCH & DEVELOPMENT

The R&D Centre of your Corporation, which completed 25 years of glorious service and spectacular achievements on March 10, 1997, was showered with accolades during fiscal 1996. The titanium complex grease, Servo Titex HT, continued its award winning spree. It has been patented in USA and Australia. The World intellectual property Organisation (WIPO) conferred its silver medal and the Federation of Indian Chambers of Commerce & Industry selected it for the 1996 Annual Award for best contribution in science and technology. The Indian Chemical Manufacturers Association selected it for a citation as the best invention. Commercial production of the grease has begun at the Indian Oil Blending plant at Mumbai.

IndianOil's R&D Centre observed its silver jubilee this year.

Directors' Report *contd...*

The Panipat refinery in Haryana is scheduled for commissioning during 1997-98.

During the year, the R&D Centre's catalytic converter developed for 2/3 wheeler vehicles established its efficacy in field trials and steps have been initiated for its commercialisation. Formulations for 80 new products were developed during the year and approvals obtained from 21 international and national equipment manufacturers for SERVO lubricants. Five patents and one copyright in India and three patents abroad have been filed. With the commissioning of the multipurpose pilot plant during the year the scale up of R&D efforts at commercialising new technologies will receive a boost. The automation of engine test laboratory is nearing completion and 28 new lab facilities have been added to strengthen analytical, product development and performance evaluation capabilities.

Some of the other significant achievements are

- Process technology for naphthenic acids from middle distillates.
- Basic process package for Food Grade Hexane meeting WHO specification.
- A novel methodology for preparation of FCC catalyst.

ASSAM OIL DIVISION

The Digboi refinery of the Assam Oil Division (AOD) which earned the ISO9002 certification in 1996-97, processed 0.477 million tonnes of crude oil during the year. The Division sold 0.83 MMT of products and retained its position as market leader in the north east. AOD operates 311 retail outlets, 399 SKO/LDO dealerships, 3 taluka kerosene depots and 58 consumer outlets to effectively meet the requirements of customers in the region. It supplies Indane to 4 lakh households through 152 distributors covering 101 towns. The above figures form a part of the total figures for the Corporation.

PROJECTS

Project implementation is accorded high priority by your Corporation. Some of the major projects completed during the financial year are

Completed Projects

- Digboi refinery modernisation.
- One million tonnes per annum new crude distillation unit at Haldia refinery.
- Catalytic Reforming Unit at Barauni refinery.
- Second SBM at Salaya.
- Bulk depot at Feroke (Kerala) as resitement of Calicut depot.
- Virtual jetty at Kandla.
- Four new LPG bottling plants and capacity augmentation at two others.
- Aviation fuel station at Bhuj.
- LPG import facilities at Kandla.

On-going Projects

Major ongoing projects under implementation are :

- Grassroots refinery at Panipat of 6 MMTPA capacity with allied pipeline facilities.
- Expansion of Gujarat refinery by 3 million tonnes per annum with allied augmentation of pipeline facilities.
- Matching secondary processing facilities at Mathura.
- Catalytic Reforming Units at Mathura and Digboi refineries.
- New Diesel Hydrodesulphurisation units at Haldia, Mathura, Gujarat and Panipat refineries.
- Production of paraffin wax at Barauni refinery.
- Wax hydrofinishing and coking units at Digboi refinery.
- Facilities for Production of microcrystalline wax at Haldia refinery,
- Distributed Digital Control System and APC implementation at refineries in phases.
- Facilities for production of MTBE and Butene-1 at Gujarat refinery and chemical grade propylene at Panipat refinery.
- New Haldia-Barauni crude oil pipeline.
- Branch pipelines to Saharanpur and Meerut from Panipat-Ambala and Panipat-Delhi sections of Mathura Jalandhar pipeline.
- Branch line to Budge-Budge (Calcutta) from existing Haldia-Mourigram-Rajbandh product pipeline.
- LPG import facilities at Haldia.
- Marketing Complex at Panipat.
- Marketing terminals at Hazira, Loni (Pune), Vashi (New Mumbai) and Irumpanam (Kerala).
- Over 6.5 lakh kl tankage at various locations, bulk depots and LPG bottling plants.

New Projects

The significant new projects planned are

- Grassroots refinery at Paradip in Eastern India as a joint venture with Kuwait Petroleum Corporation (KPC).
- Expansion of Panipat refinery by 3 million tonnes with matching augmentation of pipeline capacity.
- Low cost expansion of Barauni refinery to 6 MMTPA with augmentation of Haldia-Barauni crude oil pipeline capacity.
- Export oriented 6 MMTPA refinery at Nagapattinam in Tamil Nadu.
- Diesel Hydrotreater at Guwahati and Digboi refineries.
- Production of paraxylene at Panipat refinery.

Directors' Report *contd...*

- Production of Linear Alkyl Benzene (LAB) at Gujarat refinery
- Marketing complex for Paradip refinery.
- Pipeline terminals on the proposed Paradip-Ranchi, Vizag-Vijayawada and Mangalore-Bangalore pipelines,
- Marketing terminal at Numaligarh (Assam) refinery.
- New terminals at Haldia port and Jawaharlal Nehru port (Mumbai).
- Over 42 lakh kl tankage at various locations.
- LPG import facilities at Kakinada and Pondicherry.
- LPG bottling plants.

BUSINESS DEVELOPMENT

Your Corporation has entered into several strategic alliances to enhance its competitive edge. Some of these are:

- A pipeline holding company, viz. Petronet India Ltd., has been incorporated jointly with BPC, HPC, IBP, IL&FS etc. for implementation of identified future pipeline projects.
- Contract with Zambia National Oil Company for management of fuel terminal at Ndola.
- Joint venture companies - Indo Mobil and Avi Oil India - already operating for blending and marketing of automotive and defence aviation lubricants respectively,
- Another joint venture company, Indian Oiltanking Limited, with Oiltanking of Germany and IBP as partners for setting up and operating state-of-the-art oil storage terminals and POL jetties in India has also started operating.
- Memorandum of Collaboration with Marubeni Corporation, Japan for carrying out joint feasibility studies in the areas of refining, petrochemicals, power, exploration and production and cross-country pipelines.
- Memorandum of Collaboration with Petronas, Malaysia for trading in crude.

Mr. M.A. Pathan, Chairman of IndianOil, and
Ms Carolyn Seepersad-Bachan, Chairperson of NPMC, a national oil company of Trinidad & Tobago, signed a Memorandum of Collaboration recently for mutual cooperation in several areas.

oil and petroleum products, chemicals and petrochemicals, formation of joint ventures for grass roots refineries; blending, packing and marketing of lubricants; participation in research, training and development and exchanging management training opportunities.

- Recently signed Memoranda of Collaboration with Petroleum Company of Trinidad &

The Mathura refinery has switched over to natural gas as a clean fuel

Tobago (Petrotrin) and the National Petroleum Marketing Company (NPMC), the two oil companies of Trinidad & Tobago. The memoranda cover collaboration in the fields of training, research & development, upgradation of facilities at the refinery and marketing installations at Trinidad & Tobago, maintenance, safety audit and safety practices, setting up of pipelines, exploration and production, installation and dispensation of CNG and sale of Indian Oil's SERVO brand of speciality lubricants in Trinidad & Tobago.

- Collaboration with Emirates National Oil Company, UAE identified for setting up of oil terminals exchanging management training opportunities and blending, packaging and marketing *SERVO* lubricants in West Asia.

- Collaboration with Air B.P. for technical upgradation and aviation services.

- Recently signed joint venture agreement with Petronas, Malaysia for setting up LPG import facilities at Haldia and Parallel marketing of LPG.

- Memorandum of Understanding with MRL and CRL for marketing rights.

- Formation of joint venture with GAIL, ONGC and BPC for LNG terminals in India.

- Proposed setting up of power projects at Panipat (Haryana), Savli (Gujarat), Kosi Kalan or Aligarh (U.P.) and Haldia (West Bengal).

- MOU with Punjab State Electricity Board for power project at Bhatinda.

- Understanding with Enterprise Oil of U.K. to develop oil field jointly. Discussion on hand with ONGC and ONGC Videsh Limited for collaboration in India and abroad in exploration and production, including deep water exploration projects and coal-bed methane.

ENERGY CONSERVATION

Your Corporation has been in the forefront in promoting and propagating energy conservation. Schemes implemented during the year will yield fuel savings of over 9,000 tonnes per year valued at about Rs. 3.34 crore. Other major schemes under implementation will yield additional savings of 62,500 tonnes of fuel oil per year valued at Rs. 23 crore.

The project on 'fuel substitution in the rural sector', which was taken of in association with TERI, to promote use of non-conventional energy in select villages in Himachal Pradesh, U.P. and Rajasthan was successfully completed.

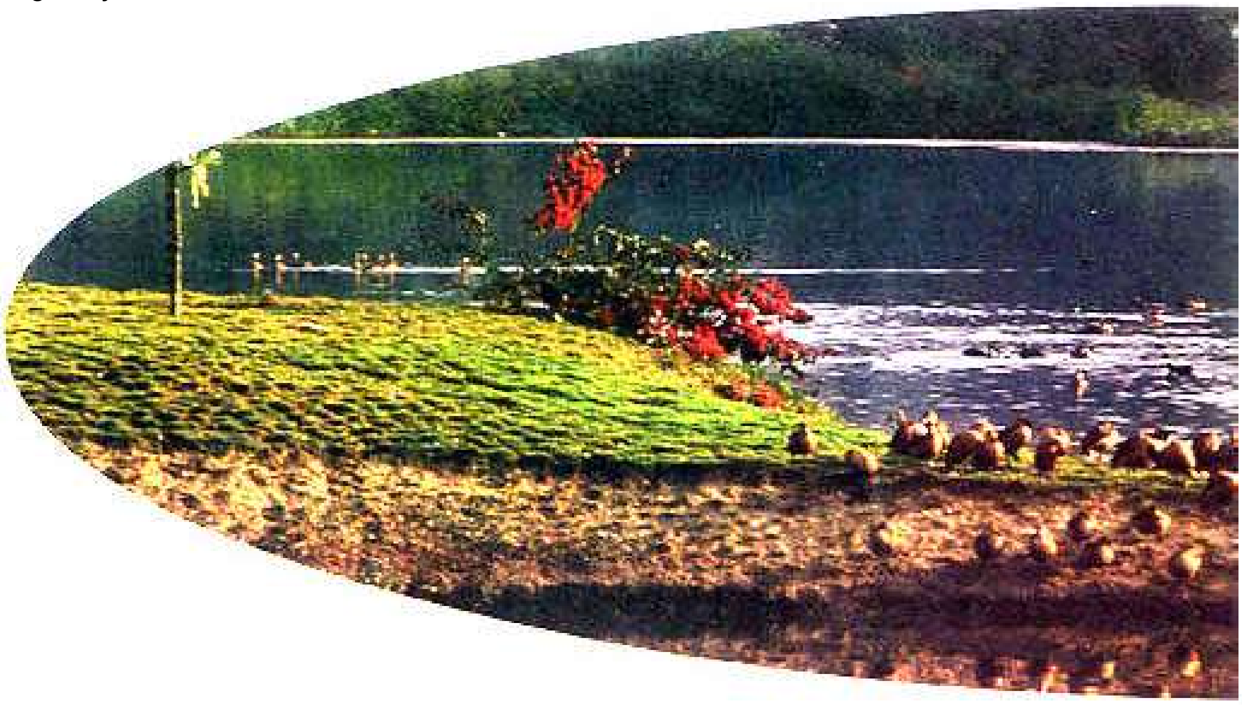
To promote oil conservation amongst the masses, about 54,500 programmes were conducted during the oil conservation fortnight.

Directors' Report *contd...*

Major schemes implemented during the year are :

- Conversion of fixed roof HSD tanks to floating roof and commissioning of auto sampler in North Gujarat crude line at Gujarat refinery,
- Replacement of CDU soot blowers and burners in FEU heaters as well as VDU heater ID fan capacity augmentation at Haldia refinery.
- Installation of vacuum breakers on loading arms of tank wagon loading gantry as well as Prefractionator in CDU at Haldia refinery.
- Replacement of metallic fans with FRP fans in AVU and recovery of oil from guard basin of ETP at Mathura refinery.

The Corporation's efforts in energy conservation were recognised and some of the major awards received during the year are :



- For a record fifth consecutive year Haldia refinery won the Jawaharlal Nehru Centenary Award of the Ministry of Petroleum & Natural Gas for best performance in energy Conservation among all refineries for the year 1994-95.

- The Mathura refinery won the Jawaharlal Nehru Centenary Award of the Ministry Of Petroleum & Natural Gas for the best improvement in energy conservation as compared to its past best for the year 1994-95.

  It also won the first prize in Refineries sector under "National Energy Conservation Award 1996" instituted by the Ministry of Power.

- The Barauni refinery received the Commendation Certificate under "National Energy Conservation Award 1996" instituted by the Ministry of Power.

Mr. P. Chidambaram, Union Minister for Finance, presenting a silver salver to Mr. Suresh Chand Mathur, Director (Finance), in recognition of the Corporation's substantial contribution to the Central Excise revenue.

A view of the ecological park at the Barauni refinery.

Directors' Report *contd...*

Mr. M.P. Singh, Operator, Barauni refinery, receiving the Shramvir award from the Primary Minister recently.

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings

In accordance with the Companies (Disclosure of Particulars in the re port of Board of Directors) Rules, 1988, a report on Energy Conservation, Technology Adoption and Foreign Exchange Earnings is provided in the Annexure.

SAFETY

Your Corporation continued to maintain high safety standards by effecting all round improvement in safety performance. In addition to technical and safety audit, environmental audit of pipeline installations was introduced in 1996.

Assistance was also rendered to Nepal Oil Corporation in imparting training and conducting safety inspections of their LPG plants.

During the year the following significant awards were received by your Corporation :

- The British Safety Council Award for 1995 by Mathura refinery and Haldia-Mourigram-Rajbandh-Barauni Pipeline.
- "Award of Honour" from National Safety Council, Itasca, USA for the Salaya-Mathura crude oil pipeline and Koyali-Ahmedabad product pipeline.
- The Barauni, Gujarat, Haldia and Guwahati refineries achieved the highest-ever accident free man-hours during the year.

- 243 locations of Marketing Division, comprising LPG bottling plants, terminals, depots and AFS have won the prestigious British Safety Council Award for 1995, as compared to 220 for the previous year.

ECOLOGY AND ENVIRONMENT

Your Corporation is committed to environmental protection and maintaining the ecological balance. All refineries of the Corporation fully meet the prescribed standards. Sustained efforts are being made to further improve their performance in this area by incorporating cleaner state-of-the-art technologies.

All the refineries have full-fledged effluent treatment plants which comply with the statutory Minimal National Standards. Cleaner fuels such as low-sulphur fuel oil and desulphurised fuel gas are being used in the process furnaces/boilers for reducing emissions. Natural gas has been introduced in TPS boilers at Mathura. All refineries fully comply with the sulphur dioxide (SO2) emission standards and overall S02 emissions are well within the prescribed limits.

Green belts and ecological parks have been developed around all refineries to serve as pollution sinks. In Agra, 50,000 trees have been planted in collaboration with the State Forest Department.

During 1996-97, Mathura refinery became the first refinery in Asia, and the third in the world, to earn the BS-7750/ISO-14001 accreditation for Environmental Management. Recently the refineries at Barauni and Gujarat have also earned the accreditation.

Mr. A.K. Arora,
Director (Refineries & Pipelines),
inaugurating the "Oiltech-96" international symposium
on Opportunities in Refining & Marketing Sector at New Delhi.

Directors' Report *contd...*

HUMAN RESOURCES

Indian Oil believes that organisational excellence hinges on its talented human resource. Despite growth in all areas of operation, your Corporation's employees have achieved a reduction of 803 in the work-force through better business practices and automated operations. As on 31st March 1997, the Corporation had 33,232 employees (8,750 officers) as compared to 34,035 (8,723 officers) as on 31st March 1994. The number of women employees has gone up to 2,447 (7.4% of the total) as compared to 2,234 (6.6% of the total) at the end of 1993-94.

Welfare of Employees

Your Corporation continues its endeavour to upgrade facilities to provide a congenial working environment and promote welfare of its employees. The Northern Region of Marketing Division has acquired its own building and so have the Divisional Offices at Dhanbad and Bhopal.

Several employee welfare schemes were upgraded during the year. To meet the challenges of change, a scheme for Professional/skill updation was launched. The facilities under workers' education scheme were also revised to provide better incentives for participation in internal leadership development programmes. Steps have also been initiated to create a study circle under the aegis of Indian Oil institute of Petroleum Management to provide a forum for retired executives to pool their experiences for the benefit of serving employees.

Modern amenities are an integral part of refinery township facilities.

IndianOil is currently putting up additional tankage of 6.5 lakh kl at various locations

Employees' Participation in Management

The Corporation continued its drive for accelerating the participation process and widening its base to ensure organisational effectiveness through the meaningful involvement of employees in the management at all levels. This has contributed to setting higher standards besides bringing a qualitative change in the well being of employees.

The participative culture has taken roots in the form of various committees at different levels, including the shop floor and plant level. Small group activities like quality circles have shown tremendous growth and elicit voluntary employee participation, in all areas of work, to enhance their involvement and productivity. Line managers and workers' representatives are imparted orientation and skills training to make the participative process more meaningful.

Welfare of Weaker Sections

Your Corporation has been scrupulously following the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation in services for SC/ST/OBC/PH/ Ex-servicemen etc. Various concessions permissible under the rules are also being extended to the candidates belonging to these categories. A number of training programmes are being organised for the SC/ST employees and officers dealing with the subject for their job enrichment.

Directors' Report *contd...*

Dr. Vijay L. Kelkar, Secretary, Ministry of Petroleum & Natural Gas, presenting the Petroleum Secretary's trophy of the Petroleum Sports Control Board to Mr. Subodh Mittal, Director (Personal)

Liaison Officers have been appointed at various locations/regions/units all over the country to ensure the implementation of Government Directives in letter and spirit. Annually 50 Scholarships (Rs 1,000/- each per month) are being awarded to SC/ST students who are pursuing studies in Engg., Medical and MBA. Statistical information in the prescribed proforma (7A & 7B) relating to representation of SCs/STs is annexed with this report.

Sports

Your Corporation actively promotes sports and has recruited 43 outstanding sportspersons in seven sports disciplines to help nurture and hone their talent as players of international standing. IndianOil teams won the Championship of the Inter-Unit Petroleum Sports Control Board (PSCB) tournaments in badminton, table tennis (men), chess and carrom and bagged the Petroleum Secretary's trophy *for the* third year in succession. The national champions in table tennis (men), badminton (men and women), chess (juniors), power lifting (women) are from IndianOil. Our table tennis and badminton players *represented* the Country at the Atlanta Olympics. The table tennis players also represented India in the Commonwealth and World Table Tennis Championships, besides several other international events. In badminton, our players reached the finals of the Indian Masters Grand Prix Tournament (men) at Delhi and junior World Badminton Championship at Denmark (women). Our chess players represented India in the Chess Olympiad in Russia and the Commonwealth Championship. Our carrom players participated in the US Open International carrom Tournament while five of our cricket players were selected to represent their States in the Ranji

Trophy, One cricketer was selected in the Board President's XI to play the touring South African team.

Industrial Relations

industrial relations in your Corporation continued to be harmonious, peaceful and cordial. Regular, meaningful interactions and information sharing between the management and the collectives created a healthy climate and appreciation of the changing economic and competitive environment.

The five year settlement relating to pay and allowances of employees came to an end on December 31, 1996. The Charter of Demands have since been received and are under the consideration of the management.

HRD & TRAINING

Training as a part of human resource development has been a continuous activity in IndianOil. During the year, the Marketing Division laid special emphasis on training for excellence in customer service and skills upgradation. TQM was another targeted area to help bring about change in the work culture.

The IndianOil institute of Petroleum Management concentrated on management development programmes, internal consultancy and diagnostic research projects. The management development programmes, specially designed to suit organisational requirements, focussed on a wide spectrum of issues in key functional, developmental and strategic management areas. This included managing organisational excellence, globalisation for

A review of the global programme on LPG marketing organised by the IndianOil Institute of Petroleum Management in collaboration with the College of Petroleum & Energy Studies, Oxford, UK.

Directors' Report *contd...*

enhancing competitive capabilities, information technology management and marketing management where the first global programme on LPG marketing in collaboration with the College of Petroleum and Energy Studies, Oxford, U.K. was conducted.

The first batch of thirty middle-level executives from IndianOil successfully completed the one year International MBA Programme which is conducted in collaboration with International Centre for Public Enterprises, Ljubljana and the University of Ljubljana, Slovenia.

AWARD FOR ANNUAL ACCOUNTS

For the fourth consecutive year, the IndianOil Annual Report and accounts were awarded by the institute of Chartered Accountants of India (ICAI) under the category of non-financial statutory Corporations. ICAI is the premier accounting institution of the country.

GOOD CORPORATE CITIZEN

As a part of good community relations and to encourage developmental efforts, particularly in the fields of health, education and management, the Corporation took up several projects *in* the vicinity of its major units to improve the quality of life of the people.

HINDI IMPLEMENTATION

During the year, efforts were intensified for the progressive use of Hindi in official work- in accordance with the provisions of the Official Languages Act, 1963 and the Official Languages Rules, 1976. Besides training programmes for typists and =stenographers, workshops were also organised for providing

extensive practice in Hindi correspondence. To promote use of Hindi among employees, various competitions, cultural programmes and plays are organised regularly. House journals of the Corporation were continued to be brought out in Hindi also. Hindi computer software packages are being extensively used.

The Official Languages Department awarded the Rajbhasha Shields to the Gujarat and Guwahati refineries for excellent performance in Hindi. The Guwahati refinery won the first prize for its outstanding performance in Hindi implementation during 1995-96.

INDIAN OIL BLENDING LIMITED

The Annual Accounts and Directors' Report of Indian Oil Blending Limited (IOBL), a wholly owned subsidiary of the Corporation, are annexed. After providing for depreciation of Rs 2.63 crore, IOBL carried a net profit of Rs 6.71 crore.

The two lube plants with a production of 2,76,326 kl attained a capacity utilisation of 111%. In its sixth full year of operation, the grease plant at New Mumbai (Vashi) attained a capacity utilisation of 115% by producing 12,654 MTs.

FOREIGN TOURS

Out of the 310 tours undertaken by officers during 1996-97, 144 were for attending training programmes. The total expenditure on foreign tours was Rs 507.24 lakh.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 1996-97 stood at Rs. 17.01 lakh.

Directors' Report *contd...*

BOARD OF DIRECTORS

Shri R.K. Narang superannuated on 31st January, 1997 as Chairman. Shri M.A. Pathan took over as Chairman w.e.f. Ist February, 1997, Shri Prabir Sengupta ceased to be a Director effective 18th February, 1997. Shri Ravi Saxena took over as a Director of the Corporation effective 21st April, 1997.

PARTICULAR OF EMPLOYEES

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended by the Companies *Particulars of* Employees (Amendment)) Rules, 1994 are annexed.

ACKNOWLEDGMENT

The Board of Directors wishes to place on record its special appreciation for the excellent contribution made by the members of the IndianOil family but for whose efforts the excellent results and achievements of your Corporation could not have been possible. The Board of Directors also wishes to acknowledge the valuable guidance and support received from the Government of India and the various State Governments.

The Board of Directors also wishes to place on record its appreciation of the significant contribution made by Shri R.K. Narang and Shri Prabir Sengupta during their tenure as Chairman and Director respectively of the Corporation.

For and on behalf of the Board

New Delhi
Dated : August 14, 1997

M.A. Pathan
Chairman

Annexure

ANNEXURES TO DIRECTOR'S REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

a) **Energy Conservation measures taken :**

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

b) **Additional investment and proposals, if any, being implemented for reduction of consumption of energy :**

I Schemes completed

Sr. No.	Item	Cost (Rs./Lakhs)	Fuel Saving (Tonnes / Year)
1.	Conversion of Fixed Roof HSD tanks to Floating Roof at Gujarat Refinery	190	1850
2.	Commissioning of Auto Sampler in North Gujarat Crude Line at Gujarat Refinery	82	1500
3.	Installation of Vacuum breakers on MS/ Naphtha / HSD / FO loading arms of TWL gantry, at Haldia Refinery	8	360
4.	Replacement of CDU soot blowers at Haldia Refinery.	50	533
5.	Replacement of burners in FEU heaters at Haldia Refinery.	30	280
6.	VDU heater ID fan capacity augmentation at Haldia Refinery.	49	1327
7.	Prefractionator in CDU at Haldia Refinery.	470*	1750
8.	Replacement of 24 nos. of metallic fans with FRP fans in AVU of Mathura Refinary.	15	570
9.	Recovery of oil from guard basin of ETP at Mathura Refinery.	33	840
	TOTAL	**927**	**9010**

* *Includes* investment towards capacity augmentation.

II. Major Schemes under implementation

– Back Pressure Turbine in cooling water pump at Guwahati Refinery

– Yield & Energy, Optimisation in Coker at Guwahati Refinery

Annexure *Contd...*

- Yield & Energy Optimisation in Coker-A at Barauni Refinery.
- Energy Optimisation in AU-111 at Barauni Refinery,
- Installation of flare flowmeter at Gujarat Refinery.
- Furnace Efficiency Improvement of CDU furnace at Gujarat, Refinery.
- Steam generation facility in CRU at Haldia Refinery.
- Packinox heat exchanger in CRU at Haldia Refinery.
- Soaker Technology in VBU at Haldia Refinery,
- ROSE process in PDA at Haldia Refinery.
- Replacement of 6 nos. of metallic fans with FRP blades at Mathura Refinery.
- Provision of coalescers in Hy. Naphtha & TCO lines at Mathura Refinery.
- Back pressure turbine in re-cycle gas compressors in CRU at Gujarat refinery.
- High efficiency TC-4 at Guwahati refinery.
- New Delayed Coking unit and wax hydrofinishing unit at Digboi refinery.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent Impact on the cost of production of goods :

The above schemes under II on completion are expected to result in fuel savings of about 62,500 tonnes valuing over Rs 23 crore per annum.

d) Total energy consumption and energy consumption per unit of production as per Form 'A' Of the Annexure in respect of industries specified in the schedule there to :

Necessary information in Form 'A'.

B. TECHNOLOGY ABSORPTION :

e) Efforts made in technology absorption as per form 'B', of the annexure is attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

f) Activities relating to exports, initiatives taken to increase exports, development of new export market for Products and services; and export plan

g) Total foreign exchange used and earned :

	(Rs/Crore)
Foreign Exchange earnings	2,303.86
Foreign Exchange used	33,372.35

Form'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	TOTAL 1996-97	TOTAL 1995-96
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Qty ('000 KWH)	29,294	42,890
Rate(Rs/KWH)	4.18	2.47
Amount (Rs/Lakhs)	1225	1057
b) Own Generation		
i) Through Dual Fuel (HSD/Natural Gas) Generators Unit ('000 KWH)	3,28,597	2,50,690
KWM per MT of Std Fuel	2,704	2576
Cost/Unit (Rs./KWH)	1.44	1.24
ii) Through Steam Turbine /generators Unit('000 KWH)	5,68,696	6,10,456
KWH per MT of Std fuel	2,140	2,154
Cost/Unit (Rs./KWH)	1.47	1.42
c) Electricity Consumed (a+b)('000 KWH)	9,26,587	9,04,037
2. Coal		
3. Liquid Fuel (LSHS & FO)		
Qty (Mts)	8,07,834	7,37,263
Amount (Rs/Lakhs)	16,156	15,143
Average Rate (Rs/MT)	1,999.87	2,053.97
4. Other/Internal Fuel		
a) Internal Fuel		
i) Fuel Gas		
Unit (MTs)	3,60,976	3,80,312
Amount (Rs/Lakhs)	6,938	7,244
Average Rate (Rs/MT)	1,922.05	1,904.81

Annexure *contd...*

PARTICULARS	TOTAL 1996-97	TOTAL 1995-96
ii) LDO/HSD		
Unit(MTs)	36,844	62,464
Amount (Rs/Lakhs)	1,093	1,836
Average Rate (Rs/MT)	2,967.87	2,939.29
iii) Coke		
Unit (Mts)	1,06,856	1,04,331
Amount (Rs/lakhs)	1,963	1,951
Average Rate (Rs/MT)	1,836.64	1870.12
b) Purchased Fuel		
i) Natural Gas		
Unit (MTs)	1,82,694	1,32,971
Amount (Rs/MT)	5,592	3,601
Average Rate (Rs/MT)	3,060.76	2,708.11

B. CONSUMPTION PER MT OF PRODUCT

i) Actual Production('000 MTs)	23,608	24,024
ii) Consumption Per MT of product		
- Electricity(KWH/MT)	39.249	37.631
- Liquid Fuel (MT/MT)	0.034	0.031
- Fuel Gas/LDO/Coke/HSD (MT/MT)	0.021	0.023
- Natural Gas (MT/MT)	0.008	0.006

FORM 'B'

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

1. **Specific areas in which R&D carried out by the company:**
   a) Lubricants, greases & specialities
   b) Fuels
   c) Refinery processes
   d) Pipeline transportation of crude oil and products
   e) Material failure analysis
   f) Synthesis of additives
   g) Fuel efficient domestic appliances

2. **Benefits derived as a result of the above R&D:**
   a) A cost effective fishing boat engine oil Servo 2T Boat Power developed and introduced in the market.
   b) A scourable knitting oil developed, field tried at OEM's mill and found excellent.
   c) An indigenous equivalent to a refrigeration oil for a major steel plant developed meeting DIN 51503 specification and has been approved by OEM.
   d) A new rust preventive oil for coating cold rolled sheets using a new spray system has been developed for Bokaro steel plant.
   e) Environmental friendly synthetic quenching oil for slow to fast quenching operation developed. This product is also fire resistant and eliminates smoke, residue and minimises radial stress.
   f) Commercialisation of titanium complex grease at Indian Oil Blending Limited, Mumbai. The commercial runs of this plant have been successfully completed.
   g) A novel FCC catalyst using a non conventional method developed. The method employed is cost effective, simple, easy to scale up and compatible with conventional FCC catalyst manufacturing plants.
   h) DeSox additive for FCC plant, trial completed.
   i) A conceptual basic design developed for recovery of naphthenic acid from middle distillates of naphthenic acid rich crudes.

3. **Future plan of action:**
   a) Development of long life and energy efficient lubricants, greases and specialities
   b) Development of biodegradable and eco-friendly lubricants
   c) High performance novel greases

Annexure *Contd...*

d) Setting up of following facilities and pilot plants at R&D Centre
   - i) Residue upgradation technologies
   - ii) Lube refining technology
   - iii) Catalyst development
   - iv) Cold stand for FCC, hydrocracking and reforming
   - v) Environment control technologies
   - vi) Hydro-processing
   - vii) Simulation and mathematical modelling
   - viii) Emission laboratory
   - ix) Engine laboratory expansion
   - x) Field trials laboratory
   - xi) Setting Lip of experimental rolling mill
   - xii) Additional product development & analytical facilities

e) Extended R&D services to other refineries.

4 Expenditure on R & D:

a) Capital	Rs.32.53 crore
b) Revenue	Rs.17.50 crore
c) Total Rs.	50.03 crore

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption adaptation and innovation:

With a view to further improve the product slate, product quality and onstream factor of processing units, IndianOil has absorbed newer technologies in line with the latest developments worldwide. Major steps taken in this regard are given below:-

A. Imported Technology

i. Hydrocracker Technology

After commissioning and successfully operating the country's first Hydrocracker for maximising the much needed middle distillates production at Gujarat Refinery, Once Through Hydrocracker technology at Mathura Refinery is under implementation in addition to Panipat Refinery.

ii. Diesel Hydro-desulphurisation (DHDS) Technology

Proven technology from M/s IFP, France, for Mathura and Panipat refineries, and from M/s. U.O.P., USA for Gujarat & Haldia have been selected for adoption in new Diesel Hydro-desulphurisation for reducing the sulphur content in diesel.

iii. **Hydrogen plant for DHDS Units**

Proven technology from M/s Halder Topsoe, Denmark has been obtained for Hydrogen Plant of DHDS units of Gujarat and Haldia refineries.

iv. **Hydrofinishing Unit (HFU) Technology for Treatment Of Paraffin Wax/ Microcystalline Wax**

The process technology has been obtained from M/.s IFP, France for Digboi and Barauni refineries for Paraffin Wax and at Haldia for Microcystalline Wax.

v. **Methyl Tertiary Butyl Ether (MTBE) Production Technology**

As a value addition/diversification strategy, MTBE production technology has been adopted from CD Tech USA for Gujarat refinery.

vi. **Welded Plate Heat Exchanger Technology**

To maximise heat recovery and improve the yield, welded plate heat exchangers catalytic Reforming Units (CRU) at Haldia, Mathura, Digboi and Panipat refineries. It has already been installed at Catalytic Reforming Unit of Barauni refinery.

vii. **Multiple Nozzle Feed injection Technology for Fluidised Catalytic Cracking Unit (FCCU)**

For improving the distillate yield, state-of-the-art Multiple Feed injection Technology is being adopted for FCCU at Mathura refinery from M/s. Stone & Webster, USA.

viii. **Sulphur Recovery Unit** (SRU) **Technologies**

For upcoming additional SRU units of Mathura, Gujarat and Haldia refineries, proven technology from M/s Stork Comprimo, Netherland has been obtained, which will further improve the efficiency of sulphur recovery unit.

ix. **Incorporation of 'ROSE' Technology in Propane Deasphalting (PDA) Unit at Haidia Refinery**

For reducing the energy/propane consumption, alongwith yield improvement, incorporation of ROSE technology from M/s Kellogg, USA is being adopted in PDA unit of Haldia Refinery.

x. **Use of Newer Catalysts**

Bottom Cracking Additives have been successfully used at Mathura refinery for improving yield pattern from the Fluid Catalytic Cracking Unit (FCCU). New VISION 56 catalyst was succesfully tried at Mathura Refinery for FCCU.

B. Indigenous Technology

i. Conversion of Pheno/Furfural to NMP Solvent

A grassroots unit with NMP as solvent in place of Furfural at Haldia refinery is under implementation for Lube Oil Base Stock quality improvement w.r.t. Viscosity index. Further, replacement of Phenol by NMP solvent in the Phenol Extraction Unit at Barauni for safety and environment protection is proposed to be adopted.

Annexure *Contd...*

ii. Sulpholane process for Benzene Extraction

Adoption of Sulpholane process technology for Benzene extraction from reformats ex-Catalytic Reforming Unit (CRU) is under active consideration for Barauni and Mathura refineries. This will help meet future Benzene limit in Motor Spirit.

iii. Soaker Technology

For improving the distillate yield and reducing energy consumption, soaker technology is under implementation in Visbreaker at Haldia refinery.

iv. Production of Alpha Olefins

A pilot plant for production of high value Alpha Olefins from Coker Stream based on technology developed by IOC (R&D) is being put up at Barauni refinery.

C. Modernisation of instrumentation and Control

1. Distributed Digital Control System (DDCS)

Conventional pneumatic instruments in existing process units and captive power plants are being replaced by microprocessor based DDCS in a phased manner. DDCS has already been implemented and commissioned in the following plants:-

a. Process Units of Guwahati, Gujarat, Haldia, Mathura refineries and Captive Power Plant at Mathura refinery.

Installation of DDCS is under implementation in the following units:

a. AVU-I/II (Crude & Vacuum Distillation Units), Additional Coking Unit & Solvent Dewaxing Unit of Barauni refinery.
b. Captive Power Plant of Gujarat refinery.
c. Captive Power Plant of Haldia refinery.

2. Advanced Controls and Optimisation

Advanced Process Control (APC) has been implemented in Atmospheric & Vacuum Distillation Units, Fluidised Catalytic Cracking Unit, Propylene Recovery Unit & Visbreaking unit of Mathura refinery and Crude & Vacuum Distillation Units of Gujarat refinery. Implementation of APC in other process units of Gujarat Refinery is in progress.

3. Offsite Modernisation

As a part of modernisation of Oil Movement & Storage (OM&S) facilities the following have already been implemented:-

a. Automated sixth tank wagon gantry at Gujarat refinery
b. Automation of white oil tank truck gantry at Gujarat refinery.
c. Automation of tank truck gantry at Haidia refinery

And under implementation in the following units:

a. DDCS based tank gauging at Guwahati refinery
b. DDCS based tank gauging & automated tank wagon gantry at Barauni refinery.

c. DDCS based tank gauging & black oil tank truck gantry at Gujarat refinery

d. DDCS based tank gauging, blending automation, tank wagon gantry automation & Refinery Information System at Haidia Refinery

e. DDCS based tank gauging, blending automation, tank wagon gantry automation & Refinery Information System at Mathura refinery.

4. Automation of Laboratories at all refineries

5. In case of imported technology (imported during the last 5 years, reckoned from the beginning of the financial year) the following information is being furnished:

a) Technology imported for Panipat refinery	**Year of Import**
i) Continuous Catalytic Reforming Technology from M/s IFP, France.	1993-94
ii) Hydrocracker Technology from M/s. Unocal & M/s. UOP, USA	1993-94
iii) Hydrogen Generated Technology from M/s. Halder Topsoe, Denmark.	1993-94
iv) Fluidised Catalytic Cracking Technology from M/s. Stone & Webster, USA	1993-94
v) Meroz Technology front M/s. UOP, USA	1994-95
vi) Diesel hydro de-sulphurisation technology from M/s IFP, France	1996-97

b. Has technology been fully absorbed?

Technology will be fully absorbed after the commissioning of the above units.

Annexure *Contd...*

Statement showing the number of reserved vacancies filled by members of Scheduled Castes and Scheduled Tribes during the year 1996.

(A) Posts fired by Direct Recruitment

CLASS OF POSTS	TOTAL NO. OF VACANCIES				SCHEDULED CASTES						
	Notified Backlog Vacancies SC ST	Filled SC ST	Current vacancies Noti-fied	Filled	No. of vacancies reserved for SC Out of Col.4	Outof Col,5	No. of SC candidates appointed	No. of SC vacancies carry forward from Previous years (in such cases where de-reservation is permitted)	No. of ST candidates appointed against ST reservations in the said year of carry forward (in such cases where de-reservations is permitted)	No. of Reservation lapsed after carry forward for 3 recruitment years (in such cases where de-reservation is permitted)	
1	2	3	4	5	6	7	8	9	10	11	
Group A -	2	7	2	7	226	206	45	35	36	2	-
Group B	....………….........................………NO RECRUITMENT IS MADE IN THIS GROUP										
Group C -	2	1	2	-	315	313	50	49	61	-	-
Group D - (Excluding Safai Karamcharis)	3	3	1	1	360	344	49	44	56	-	-
Group D - (Safai Karamcharis)	-		-		8	8	-	-	-	-	-

APPENDIX - 7A

	SCHEDULED TRIBES						
	No. of vacancies Reserved for ST Out of Col. 4	Out of Col. 5	No. of ST candidates appointed	No. of ST vacancies carry forward from previous years (in such cases where de-reservation in permitted)	No. of SC candidates appointed against ST reservation in the 3rd year of carry forward (in such cases where de-reservation is permitted)	No. of reservations lapsed after carry forward for 3 recruitment years (in such cases where de-reservation is permitted)	Remarks
	12	13	14	15	16	17	18
A.	21	11	13	7	-	-	-
B.			....	NO RECRUITMENT IS MADE IN THIS GROUP			
C.	33	32	34	-	-	-	-
D.	25	14	19	-	-	-	-
	(Excluding Safai Karamcharis)						
	(Safai Karamcharis)		-	-	-	-	-

Annexure *Contd...*

Statement showing the number of reservation vacancies filled by promotion by members of SCs/STs during the year 1996.

(B) Posts filled by promotion

CLASS OF POSTS	TOTAL NO. OF VACANCIES		SCHEDULED CASTES					
	Notified	Filled	No. of Vacancies Reserved Out of (2)	Out of (3)	No. of SC candidates dated appointed	No. of SC vacancies carried forward from the previous year	No. of ST candidates appointed against vacancies reserved for SCs in the 3rd year of the carry forward	No. of Reservations lapsed after carrying forward for three years
1	2	3	4	5	6	7	8	9
Group A	1688	1688	59	59	212	15	1	6
Group B	780	780	129	129	109	29	-	27
Group C	2140	2140	452	452	446	217	1	22
(Including promotion from Gp.'D')								

Group D (Excluding Safai Karamcharis)

Group D (Safai Karamcharis) .... BEING THE LOWEST GRADE. NO PROMOTION IS MADE IN THE GRADE

CLASS OF POSTS	TOTAL NO. OF VACANCIES		SCHEDULED TRIBES				
	Total No. of vacancies Reserved Out of Col. (2)	Out of Col. (3)	No. of ST candidates appointed	No. of ST vacancies carried forward from the previous years in the 3rd Year of carry forward	No. of SC candidates appointed against vacancies reserved for STs	No. of reservations after carrying forward 3 years	Remarks
	10	11	12	13	14	15	16
Group A	32	32	65	6	1	7	-
Group B	72	72	38	17	10	24	-
Group C	234	234	149	197	11	i4	-
(Including promotion from Gp.'D')							

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1997 and the Profit and Loss Account of the Company annexed thereto for the year ended on that date in which are incorporated the accounts of certain units audited by branch auditors and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

   c) The allocation of work amongst the auditors has been followed as per directions contained in letters No.1-024/1011388/94-IGC dated 4.3.97 and 31.3.97 addressed to Indian Oil Corporation Limited by the Government of India, Ministry of Finance, Department of Company Affairs, New Delhi;

   d) The reports on the accounts audited by the respective Branch Auditors were received and properly dealt with by us while preparing our report ;

   e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Statement of Significant Accounting Policies (Schedule: "Q") Notes on Accounts (Schedule "R') and other Schedules ("S" to "Y") give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;

      i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and

      ii) In the case of Profit and Loss Account, of the profit of Company for the year ended on that date.

O. P. Tulsyan & Co.	**V. Sankar Aiyar & Co.**	**L. B. Jha & Co.**	**B. K. Shroff & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(Rakesh Agarwal)	**(S. Venkatraman)**	**(T. Mandal)**	**(O.P. Shroff)**
Partner	Partner	Partner	Partner

Place: New Delhi
Dated : 27th June, 1997

Auditors' Report *Contd...*

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph I of our Report of even date)

1. The Company has generally maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets of the Company re physically verified by the Management in a phased programme of three year cycle which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the Management, no material discrepancies were noticed on such verification.

2. None of the Fixed Assets have been revalued during the year.

3. The stocks of finished goods, packages and raw materials (except those lying with outside parties) have been physically verified during the year by the Management and the stocks of stores and spare parts are verified by them in a phased programme so as to complete the verification of all items over a period of three years. In our opinion, the above frequency of verification is reasonable in relation to the size of the Company and the nature of its business.

4. In our opinion, the procedures of physical verification of stocks followed by the Company are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were not material in respect of items reconciled and the same have been properly dealt with in the books of account.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. The Company has neither taken nor given any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of The Companies Act, 1956 and from/to Companies under the same Management as defined under Sub-section (IB) of Section 370 of The Companies Act, 1956.

8. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest where applicable.

9. In our opinion and according to the information and explanations given to us, and having regard to some of the items purchased being of proprietary nature, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, stores including components, plant and machinery, equipment and other assets and for the sale of goods.

10. In our opinion and according to the information and explanations given to its, there are no purchases of goods and materials and sale of goods, materials and services, exceeding Rs 50,000/- in value for each type thereof, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 except purchases from/ sales to other Government Owned Companies at regulated prices.

11. As explained to us, the Company has regular procedure for the determination of unservice able, damaged and/or surplus stores, packages, raw materials and finished goods and adequate provision for likely loss is made for such items.

12. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of The Companies Act, 1956 and The Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of contaminated products, slops and scraps where applicable.

14. The Company has an internal audit system commensurate with the size and nature of its business.

15. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records in respect of certain products under Section 209(l)(d) of The Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

16. According to the records of the Company, Provident Fund dues have generally been regularly deposited with the appropriate authorities during the year. Employees' State Insurance Scheme is not applicable to the Company.

17. According to the records and information and explanations furnished, there was no amount outstanding on 31st March, 1997 in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.

18. According to information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

19. The company is not a sick industrial company within the meaning of clause (o) of section 3(l) of the Sick Industrial Companies (Special Provisions) Act, 1985.

20. As per information and explanations given to us, damaged goods in respect of trading activities have been determined and consequential adjustments, which were not significant, have been made in the accounts.

O. P. Tulsyan & Co.	**V. Sankar Aiyar & Co.**	**L. B. Jha & Co.**	**B. K. Shroff & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
sd/-	sd/-	Sd/-	Sd/
(Rakesh Agarwal)	**(S. Venkatraman)**	**(T. Mandal)**	**(O.P. Shroff)**
Partner	Partner	Partner	Partner

Place: New Delhi
Dated : 27th June, 1997

Balance Sheet

BALANCE SHEET AS AT 31ST MARCH, 1997

(Rupees in Lakhs)

	Schedule		March'97	March'96
SOURCES OF FUNDS :				
1. Shareholders' Funds				
a) Capital	"A"	38,927.01		38,924.54
b) Reserves and Surplus	"B"	873,181.05		748,567.68
			912,108.06	787,492.22
2. Loan Funds:				
a) Secured Loans	"C"	260,544.67		135,699.87
b) Unsecured Loans	"D"	1,057,331.15		687,035.70
			1,317,875.82	822,735.57
TOTAL			**2,229,983.88**	**1,610,227.79**
APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block	"E"	1,039,666.32		798,499.05
b) Less: Depreciation		437,498.50		358,973.00
c) Net Block		602,167.82		439,526.05
d) Capital Work-in-Progress	"F"	378,386.82		343,712.34
		980,554.64	783,238.39	
2. Investments	"G"		338,406.19	368,930.56
3. Advances for Investments in joint Venture Companies			2,259.80	0.00
4. Current Assets, Loans and Advances:				
a) Inventories	"H"	490,131.84		445,825.19
b) Sundry Debtors	"I"	240,008.59		199,793.21
c) Cash and Bank Balances	"J"	55,264.10		37,935.87
d) Other Current Assets-Interest accrued on Investments/Bank Deposits		8,973.98		10,534.70
e) Loans and Advances	"K"	1,054,416.92		436,445.06
		1,848,795.43		1,130,534.03

(Rupees in Lakhs)

	Schedule		March'97	March'96
APPLICATION OF FUNDS (Contd.):				
5. Less: Current Liabilities and Provisions	"L"	940,032.18		672,475.19
6. Net Current Assets (4-5)			908,763.25	458.058.84
TOTAL			2,229,983.88	1.610.227.79
7. Statement of Significant Accounting Policies	"Q"			
8. Notes on Accounts	"R"			
9. Other Schedules forming part of Accounts	"S" to "Y"			

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**Subodh Mittal**	**R Narayanan**
Chairman	Director (Finance)	Director (R & P)	Director (Personnel/Marketing)	Secretary

As per our attached Report of even date

O.P. Tulsyan & Co	**V. Sankar Aiyar & Co.**	**L. B. Jha & Co.**	**B. Y. Shroff & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(Rakesh Agarwal)	**(S. Venkatraman)**	**(T. Mandal)**	**(O.P. Shroff)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : 27th June, 1997

Profit and Loss Account

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

(Rupees in lakhs)

	Schedule		March'97	March'96
INCOME:				
1. Sale of Products and Crude		5,542,212.05		4,387,444.00
Less: Commission and Discounts		3,313.46		1,258.70
			5,538,898.59	4,386,185.30
2. Company's use of own Products and Crude			8,182.51	6,386.95
3. Net claim from/(surrender to)* Industry Pool Accounts			668,458.71	306,625.19
4. Increase/(Decrease) in Stocks	"M"		21,313.61	94,462.00
5. Interest and other income	"N"		89,389.97	60,146.37
TOTAL INCOME			6,326,243.39	4,853,805.81

* Includes **Rs. 58447.50 lakhs** (1996 : Rs 84355.04 lakhs) on account of additional margins and incentive claims pertaining to previous years

(Rupees in lakhs)

	Schedule		March'97	March'96
EXPENDITURE :				
1. Purchase of Products and Crude for resale (Net of loan from/to OMCs)			3,266,864.60	2,465,248.48
2. Manufacturing, Admn., Selling and Other Expenses	"O"		2,024,231.46	1,742,259.15
3 Duties			670,596.96	355,169.48
4. Depreciation and Amortisation			79,395.98	50,910.57
5. Interest Payments on:				
a) Fixed period loans from Banks/ Financial Institutions		23,072.90		5,331.86
b) Short term loan from Banks		51,153.66		24,222.16
c) Others		24,153.23		17,286.56
d) Public Deposits		9,197.28		9,174.48
			107,577.07	56,015.06
TOTAL EXPENDITURE			6,148,666.07	4,669,602.74
PROFIT FOR THE YEAR			177,577.32	184,203.07
Income/(Expenses) pertaining to prev. years (Net)	"P"		(954.72)	(7,670.56)
PROFIT BEFORE TAX			176,622.60	176,532.51
Provision for Tax (Net)			35,800.00	51,661.63
PROFIT AFTER TAX			140,822.60	124,870.88
Balance brought forward from last year's account			0.16	0.47
Transfer from Investment Allowance				
(Utilised) Reserve			0.00	3,150.00
DISPOSABLE PROFIT			140,822.76	128,021.35

Profit and Loss Account *Contd...*

Rupees in lakhs)

	Schedule	March'97	March'97	March'96
APPROPRIATIONS :				
Proposed Dividend		15573.50		15,559.19
Less: Excess Provision for 1995-96				
written back		80.79		0.00
			15492.71	15,559.19
Corporate Dividend Tax on				
Proposed Dividend			1,557.35	0.00
Insurance Reserve Account			30.00	30.00
General Reserve			123,742.00	112,432.00
Balance carried to Balance Sheet			0.70	0.16
			140,822.76	128,021.35
6. Statement of Significant Accounting Policies	”Q”			
7. Notes on Accounts	“R”			
8. Other Schedules forming part of Accounts	‘S” to “Y”			

Sd/-
M A Pathan
Chairman

Sd/-
Suresh Chand Mathur
Director
(Finance)

Sd/-
A K Arora
Director
(R & P)

Sd/-
Subodh Mittal
Director
(Personnel/Marketing)

Sd/-
R Narayanan
Secretary

As per our attached Report of even date

O.P. Tulsyan & Co.
Chartered Accountants
Sd/-
(Rakesh Agarwal)
Partner

V. Sankar Aiyar & Co.
Chartered Accountants
Sd/-
(S. Venkatraman)
Partner

L B. Jha & Co.
Chartered Accountants
Sd/-
(T. Mandal)
Partner

B. K. Shroff & Co
Chartered Accountants
Sd/-
(O.P. Shroff)
Partner

Place: New Delhi
Dated : 27th June, 1997

Schedules

SCHEDULE "A" — CAPITAL

(Rupees in lakhs)

	Schedule		March'97	March'96
Authorised:				
250,00,00,000 Equity Shares of Rs 10 each			250,000.00	250,000.00
Issued, Subscribed and Paid up:	A			
38,93,37,400 Equity Shares of Rs 10 each		38,933.74		38,933.74
Less : Calls in Arrears		6.73		9.20
			38,927.01	38,924.54
Out of which:				
1. Shares allotted as fully paid without payment being received in cash				
a) Pursuant to the Petroleum Companies Amalgamation Order, 1964 : 3,76,49,700 Shares of Rs 10 each				
b) Pursuant to Gujarat Refinery Project Undertaking (Transfer). (Amendment order 1965 : 1,00,00,000 Shares of Rs 10 each				
2. Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve : 28,76,20,200 Shares of Rs 10 each				
TOTAL			38,927.01	38,924.54

Note :

A. Includes Rs 1954.00 lakhs for Equity Shares issued during 1995 - 96 to employees. Ex- employees have filed a writ petition for non-allotment of shares to them, before Honourable High Court of Delhi, the outcome of which is awaited.

Schedules *Contd...*

SCHEDULE "B" — RESERVES AND SURPLUS

(Rupees in Lakhs)

		March '97	March'96
1. Capital Reserves:			
As per last Account	15.82		15.82
Add : Grants received during the year	818.55		0.00
		834.37	15.82
2. Share Premium Account:			
As per last Account	17,586.00		17,586.00
Less : Call in Arrears	60.57		82.85
	17,525.43		17,503.15
3. General Reserve :			
As per last Account	724,647.55		612,215.55
Add : Transferred from Profit and Loss Account	123,742.00		112,432.00
		848,389.55	724,647.55
4. Insurance Reserve:			
As per last Account	460.00		430.00
Add : Transferred from Profit and Loss Account	30.00		30.00
		490.00	460.O0
5. Export Profit Reserve:			
As per last Account		5941.00	5941.00
6. Profit and Loss Account:			
As per Annexed Account		0.70	0.16
TOTAL		873,181.05	748,567.68

SCHEDULE "C" — SECURED LOANS

(Rupees in Lakhs)

	Note		March'97	March'96
Loans and Advances from Banks :				
1. Term Loan	A		50,000.00	0.00
2. Other Loans	B			
i) Working Capital Demand Loan		90,000.00		0.00
ii) Export Packing Credit		22,279.37		28,713.22
Interest accrued and due on above		13.10		10.69
		22,292.47		28,723.91
iii) Cash Credit		96,324.80		106,060.85
Interest accrued and due on above		1,927.40		915.11
		98,252.20		106,975.96
Total of Other Loans			210,544.67	135,699.87
	TOTAL		260,544.67	135,699.87

Note :

A. Against first mortgage charge on fixed assets of Panipat Refinery Project. Mortgage formalities are being completed.

B. Against hypothecation of raw materials, stock-in trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.

Schedules *Contd...*

SCHEDULE "D" — UNSECURED LOANS

(Rupees in Lakhs)

		March'97	March'96
1. Public Deposits: (including Rs 36089.78 lakhs; 1996 Rs 14122.95 lakhs due for payment within one year)		77,407.08	60,927.51
2. Short Term Loans and Advances :			
a) From Banks:	734,127.05		465,269.97
Interest accrued and due on above	306.61		1.27
	734,433.66		4,65,271.24
b) From Others:			
i) Oil Industry Development Board	76,203.52		30,000.00
Total (2)		810,637.18	495,271.24
3. Other Loans and Advances:			
a) From Banks/Financial Institutions:			
i) US $105 Million from Fuji Bank, Singapore (repayable in Sep '97)	37,716.00		0.00
ii) US $35 Million from Gulf Bank, Kuwait	0.00		11,942.88
iii) US $40 Million from Standard Chartered Bank, UK	0.00		13,649.00
iv) US $20 Million from National Bank of Oman (repayable in October 1999)	7,184.00		6,824.50
v) US $30 Million from Gulf International Bank B.Sc. Bahrain	0.00		10,236.75
vi) Syndicated loan of US $ 200 Million arranged by ANZ Banking Group Limited (repayable in August 2002)	71,840.00		68,245.00
vii) ABN AMRO Bank, Netherlands (Club deal) US$45 Million repayable in Jan. '2003	16,164.00		15,355.13
viii) ANZ Grindlays Bank £ 11.82 Millions (1996 £ 8.65 Millions) (repayable in instalments by June '2006) (including **Rs. 1,138.31 lakhs** (1996 : Rs. 760.28 Lakhs) payable within one year	6,976.25		4,552.39
ix) Sumitomo Bank, Japan (Club deal) US $ 75 Million (repayable in March '2004)	26,940.00		0.00

SCHEDULE "D" — UNSECURED LOANS *Contd...*

(Rupees in Lakhs)

		March'97	March'96
x) US $ 7.58 Million from Exim Bank, USA (repayable in installments by 2001) (Including Rs. **544.62 Lakhs** (1996 : Nil) payable within one year)	2,450.80		0.00
	169,271.05		130,805.65
b) From others:			
i) Oil Industry Development Board (including **Rs.7.67 Lakhs** (1996 Rs. 19.55 Lakhs) due for payment within one year)	15.84		31.30
	15.84		31.30
Total (3)		169,286.89	130,836.95
TOTAL		1,057,331.15	687,035.70

Schedules *Contd...*

SCHEDULE “E” — FIXED ASSETS

	Note	Gross Block as at 1-04-1996	Additions during the year (Ref Note No. B)	Transfers from Construction Work-in-Progress
				AT COST
Land - Freehold		16,006.58	2,792.55	0.00
- Leasehold		7,472.78	601.99	0.00
- Right of Way		272.44	9.90	0.00
Buildings, Roads Etc.	A	77,418.48	582.85	16,861.01
Plant and Machinery		666,540.85	46,607.71	165,538.74
Transport Equipment’s		9,273.92	7,264.28	286.17
Furnitures and Fixtures		4,715.67	682.51	535.03
Railway Sidings		6,718.48	674.97	1,042.18
Drainage, Sewage and Water Supply System		10,079.85	0.00	285.44
TOTAL		798,499.05	59,216.76	184,548.57
Previous Year		593,797.53	44,066.26	165,073.00

Note :

A. Buildings include **Rs 0.62 lakhs** (1996: Rs 0.58 Lakhs) towards value of **1216** (1996 : 1151) Shares in Co-operative Housing Societies towards membership of such societies for purchase of flats.

B. Additions to Fixed Assets include **Rs. 1423.58 lakhs** on account of exchange fluctuations.

C. Depreciation charged during the year includes **Rs. 521.19 lakhs** (1996 Rs 5039.62 Lakhs) pertaining to prior year and **Rs. 287.55 Lakhs** (1996 : Rs 226.77 Lakhs) relating to construction period expenses taken to Schedule “F-1”.

SCHEDULE "E" — FIXED ASSETS contd...

(Rupees in Lakhs)

Disposals During the year	Transfers/ Deductions/ Reclassi-fications	Gross Block as at 31-03-97	Depreciation and Amortisation charged this year (Ref Note No. C)	Total Depreciation and Amortisation upto 31-3-97	Net Depreciated Block AS AT 31-3-97	Net Depreciated Block AS AT 31-3-96
(105.53)	21.10	18,714.70	0.00	**0.00**	18,714. 70	16,006.58
0.00	(64.03)	8,010.74	140.67	**737.64**	7,273.10	6,872.58
0.00	(6.53)	275.81	0.00	**0.03**	275.78	272.41
(9.99)	(703.68)	94,148.67	2,092.38	**13,625.60**	80,523.07	65,745.76
(345.19)	(1,260.22)	877,081.89	75,657.01	**404,773.63**	472,308.26	336,029.93
(132.09)	53.11	16,745.39	1,149.45	**6,009.33**	10,736.06	4,290.62
(52.27)	(1.47)	5,879.47	426.44	**2,942.21**	2,937.26	2,179.40
0.00	0.00	8,435.63	471.56	**2,421.18**	6,014.45	4,768.82
0.00	8.73	10,374.02	267.21	**6,988.88**	3,385.14	3,359-95
(645.07)	(1,952.99)	1,039,666.32	80,204.72	**437,498.50**	602,167.82	439,526.05
(390.85)	(4,046.89)	798,499.05	56,176.96	**358,973.00**	439,526.05	

Details of Company's share of Jointly Owned Assets: **(Rupees in Lakhs)**

Assets Particulars	Name of joint Owner	Original Cost	Accumulated Depreciation	W.D.V.
Land	HPC/IBP	71.86	6.08	65.78
Buildings	HPC	17.16	1.66	15.50
Plant and Machinery	HPC/BPC/IBP/GSFC/IPCUACC	701.46	105.80	595.66
Drainagp,Sewage& Water Supply	GSFC	99.40	94.43	4.97
		889.88	207.97	681.91

Schedules *Contd..*

SCHEDULE "F" — CAPITAL WORK-IN-PROGRESS

(Rupees in Lakhs)

	Note		March'97	March'96
1. Construction Work-in-Progress (including unallocated capital expenditure, materials at site)		192,655.26		163,230.82
Less : Provision for Losses		8.00		0.00
			192,647.26	163,230.82
2. Advance for Capital Expenditure		78,803.46		76,252.28
Less : Provision for Doubtful Advance		71.00		50.00
			78,732.46	76,202.28
3. Capital Stores	A	61,924.47		63,549.50
Less : Provision for Obsolescence/Losses		4.74		1.09
			61,919.73	63,548.41
4. Dismantled Capital Stores			378.13	451.63
5. Capital Goods-in-Transit			23,961.39	17,608.74
6. Construction period expenses pending allocation : Balance as at Ist April, 1996		22,670.46		17,957.63
Add : Net Expenditure during the year (Sch. "F-1")		12,412.93		16,451.47
		35,083.39		34,409.10
Less : Allocated to Assets during the year		14,335.54		11,738.64
			20,747.85	22,670.46
TOTAL			378,386 82	343,712.34

Note

	March'97	March'96
A. Includes Stock lying with contractors	1,170.38	14,365.92

SCHEDULE "F-1" — CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

(Rupees in Lakhs)

		March'97	March'96
1.	Payments to and Provision for Employees	1,451.64	1,919.22
2.	Repairs & Maintenance	127.98	96.26
3.	Consumption of Stores & Spares	28.39	42.30
4.	Power & Fuel	24.36	93.95
5.	Rent	455.49	421.64
6.	Insurance	630.21	828.17
7.	Rates & Taxes	9.39	104.53
8.	Travelling Expenses	404.02	392.03
9.	Communication Expenses	188.22	196.95
10.	Printing & Stationery	52.11	60.07
11.	Electricity & Water Charges	338.36	368.10
12.	Bank Charges	44.60	98.51
13.	Technical Assistance Fees	5.24	10.71
14.	Exchange fluctuation	3,815.36	3,258.75
15.	Interest	2,486.86	4,249.41
16.	Depreciation	287.55	226.77
17.	Others	2,970.87	4,798.22
	Total Expenses	13,320.65	17,165.59
	Less : Recoveries	907.72	714.12
	Net Expenditure during the year	12,412.93	16,451.47

Schedules *Contd..*

SCHEDULE "G" — INVESTMENTS (LONG TERM)

(Rupees in Lakhs)

	No. and Particular of Shares/Bonds/Units		Face Value per Shares /Bonds/Units Rupees		March'97	March'96
1. QUOTED:						
Non-Trade Investments:						
a) In Fully Paid Tax Free Bonds	of Public Sector Undertakings					
i) Indian Railway Finance Corporation Limited:	83,67,835(1996:26,38,975) Secured Redeemable Bonds	9%	1,000/-	83,833.98		26,379.12
Indian Railway Finance Corporation Limited	4,67,500 (1996:NIL) Secured Redeemable Bonds	10%	1,000/-	4,947.38		0.00
					88,781.36	26,379.12
ii) Indian Telephone Industries Limited:	NIL (1996 : 5,00,000) Secured Redeemable Bonds	10%	1,000/-		0.00	5,000.00
iii) National Thermal Power Corporation Limited :	24,97,500(1996:33,47,500) Secured Redeemable Bonds	9%	1,000/-		25,182.25	33,733.25
iv) Mahanagar Telephone Nigam Limited:	NIL(1996 : 15,18,019) Secured Redeemable Bonds	9%	1,000/-		0.00	15,036.64
v) National Hydro Electric Power Corporation Limited	27,93,000(1996 : 4,83,000) Secured Redeemable Bonds	9%	1,000/-		27,989.09	4,857.89
vi) Rural Electrification Corporation Limited	18,90,000(1996 : 15,44,950) Secured Redeemable Bonds	9%	1,000/-		18,938.41	15,473.01 .
vii) Power Finance Corporation Limited	23,75,000(1996:13,40,000) Secured Redeemable Bonds	9%	1,000/-		23,908.24	13,410.35
viii) Housing And Urban Development Corporation Limited	50,000(1996 : 2,50,000) Secured Redeemable Bonds	9%	1,000/-		508.90	2,481.50
ix) Nuclear Power Corporation Limited	NIL(1996 : 50,000) Secured Redeemable Bonds	9%	1,000/-		0.00	504.25
x) Neyveli Lignite Corporation Limited	3,50,000(1996 : NIL) Secured Redeemable Bonds	9%	1,000/-		3,511.75	0.00
					188,819.99	116,876.02
Less : Provision for the difference between acquisition cost and redemption value.					1,011.46	383.79
TOTAL (a):					187,808.53	116,492.23
b) In Mutual Funds:						
Canstar Scheme of Canbank Mutual Fund:	5,00,00,000(1996:5,00,00,000) Canstars of Capital Gain Scheme		10/-		7,400.00	7,400.00
Less : Provision for Losses					2,275.00	0.00
	TOTAL (b) :				5,125.00	7,400.00
	TOTAL 1: (a+b)				192,933.53	123,892.23

Aggregate Market Value of Securities mentioned at (a) and

SCHEDULE "G" — INVESTMENTS *Contd..*
(LONG TERM)

(Rupees in Lakhs)

		No. and Particulars of Shares/Bonds/Units		Face Value per Share/ Bond/Unit Rupees		March '97	March '96
2.	**UNQUOTED**						
A)	**Non-Trade investments:**						
a)	In Fully Paid Tax Free Bonds of Public Sector Undertakings :						
i)	National Thermal Power Corporation Limited	8,50,000 (1996:NIL) Secured Redeemable Bonds	9%	1,000/-	8,551.00		0.00
		NIL (1996:12,10,000) Secured Redeemable Bonds	10%	1,000/-	0.00		12,108.50
						8,551.00	12,108.50
ii)	Indian Railway Finance Corporation Limited	4,00,000 (1996:61,28,860) Secured Redeemable Bonds	9%	1,000/-	3,982.00		61,436.86
		NIL(1996:4,67,500) Secured Redeemable Bonds	10%	1,000/-	0.00		4,947.38
						3,982.00	66,384.23
iii)	Mahanagar Telephone Nigam Limited:	24,18,019(1996:9,00,000) Secured Redeemable Bonds	9%	1,000/-	24,016.39		8,979.75
		NIL (1996:7,45,000) Secured Redeemable Bonds	10%	1,000/-	0.00		7,717.05
						24,016.39	16,696.80
iv)	Konkan Railway Corporation Limited	5,00,000 (1996:5,00,000) Secured Redeemable Bonds	10.5%	1,000/-		5,000.00	5,000.00
v)	Indian Telephone Industries Limited	5,00,000 (1996:Nil) Secured Redeemable Bonds	10%	1,000/-		5,000.00	0.00
vi)	Power Finance Corporation Limited	25,50,000 (1996:35,85,000) Secured Redeemable Bonds	9%	1,000/-		25,596.30	36,094.19
vii)	Housing & Urban Development Corporation Limited	16,20,000 (1996:14,20,000) Secured Redeemable Bonds	9%	1,000/-		16,256.29	14,283.69
viii)	Nuclear Power Corporation Limited	19,20,000 (1996: 18,70,000) Secured Redeemable Bonds	9%	1,000/-		19,268.60	18,764.35
ix)	National Hydro Electric Power Corporation Limited	10,000 (1996:23,20,000) Secured Redeemable Bonds	9%	1,000/-		100.35	23,231.55
x)	Rural Electrification Corporation Limited	12,54,950 (1996:16,00,000) Secured Redeemable Bonds	9%	1,000/-		1 2,544.91	16,010.31
xi)	Neyveli Lignite Corporation Limited	19,20,000 (1996:22,70,000) Secured Redeemable Bonds	9%	1,000/-		19,280.75	22,792.50
						139,596.59	231,366.11
	Less : Provision for the difference between acquisition cost and redemption value					445.61	1,348.83
		TOTAL (a):				139,150.98	230,017.28
b)	**In Mutual Funds :**						
I)	Units of Unit Trust of India:1964 Scheme	1,76,00,000(1996:8,05,66,000) Units of Unit Trust of India		10/-		2,207.31	11,114.65
ii)	Canpep'92 Scheme of Can Bank Mutual Fund:	3,00,00,000 (1996:3,00,00,000) Canpeps		10/-	3,000.00		3,000.00
	Less : Provision for loss on account of difference between acquisition cost and repurchase value.				174.00		0.00
						2,826.00	3,000.00
		TOTAL (b):				5033.31	14,114.65

Schedules *Contd..*

SCHEDULE "G' — INVESTMENTS *Contd..* (LONG TERM)

(Rupees in Lakhs)

		No. and Particulars of Shares/Bonds/Units	Face Value per Share/ Bond/Unit (Rupees)	March'97	March'96
Others:					
i)	In Government - Securities	Deposited with various bodies		0.77	0.87
ii)	In Consumer Cooperative Societies at				
	Barauni	250 Equity Shares each fully paid in cash	10/-		
	Guwahati	500 Equity Shares each fully paid in cash	10/-		
	Mathura	200 Equity Shares each fully paid in cash	10/-	0.27	0.27
	Haldia	1663 Equity Shares each fully paid in cash	10/-		
	In Indian Oil Cooperative Consumer Stores Ltd., Delhi	375 Equity Shares each fully paid in cash	10/-		
		TOTAL (c)		1.04	1.14
		TOTAL: 2A:(a+b+c)		144,185.33	244,133.07
B)	Trade investments :				
I)	International Cooperative Petroleum Association	350 Shares fully paid up and partly paid up common stock of $72.31	$100	2.12	2.12
ii)	Petroleum India International (Association of Oil Companies)	Seed Capital		5.00	5.00
iii)	Indian Oil Blending Limited (A Subsidiary Company)	8,000 Equity Shares each fully paid in cash	500/-	40.00	40.00
iv)	Indian-Oil Tanking Limited (A joint Venture Company)	2 Shares fully paid in cash	10/-	0.00	0.00
iii)	Avi-Oil India Limited (A joint Venture Company)	30,00,000 Shares fully paid in cash	10/-	300.00	200.00
iv)	Indo-Mobil Limited (A joint Venture Company)	94,02,000 Shares fully paid in cash	10/-	940.20	658.14
		TOTAL: 2B		1,287.32	905.26
		TOTAL: (2A+2B)		145,472.66	245,038.33
		TOTAL (1+2)		338,406.19	368,930.56

Note :

During the year, following Investments were sold/realised

Particulars	No. of Units/Bonds	Face Value (Rupees)
UNITS OF UNIT TRUST OF INDIA	64,566,000	645,660,000
10% M.T.N.L. TAX-FREE BONDS	74 5,000	745,000,000
10% N.T.P.C. TAX-FREE BONDS	1,210,000	1,210,000,000

SCHEDULE "H" — INVENTORIES

(Rupees in Lakhs)

	Note		March'97	March'96
1. **In Hand :**				
a. Stores, Spares etc.	A	36,363.43		34,376.87
Less: Provision for Losses		1,317.74		1,248.90
			35,045.69	33,127.97
b. Raw Materials	B		104,523.55	100,916.96
c. Finished Products	C		146,646.11	116,621.28
d. Stock in Process			22,079.45	16,726.93
e. Barrels and Tins	D		913.55	519.87
Total (1)			309,208.35	267,913.01
2. In Transit :				
a. Stores & Spares			2,198.06	2,590.46
b. Raw Materials			53,522.14	36,054.69
c. Imported Finished Products			125,203.29	139,267.03
Total (2)			180,923.49	177,912.18
TOTAL			490,131.84	445,825.19
Note : Includes				
A. Stock lying with contractors			607.30	638.13
B. Stock lying with others			9436.91	10299.58
C. Stock lying with others			7269.93	6710.57
D. Stock lying with others			282.40	138.65

Schedule *Contd..*

SCHEDULE "I" — SUNDRY DEBTORS

(Rupees in Lakhs)

	Note		March '97	March '96
1. Over Six Months:				
a) Secured Considered Good		0.00		0.22
b) Unsecured, Considered Good	A	57,978.65		27,972.75
c) Unsecured, Considered Doubtful		2,242.78		775.61
			60,221.43	28,748.58
2. Other Debts:				
a) Secured, Considered Good		0.00		18.75
b) Unsecured Considered Good		182,029.94		171,801.49
			182,029.94	171,820.24
			242,251.37	200,568.82
Less Provision for Doubtful Debts			2,242.78	775.61
TOTAL			240,008.59	199,793.21

Note :

A. Includes **Rs 11,833.40 lakhs** (1996:11,833.40 lakhs) payable to Industry Pool Account on realisation of identical amount (Reference Item No. 2 of Schedule "K")

SCHEDULE "J" — CASH AND BANK BALANCES

(Rupees in Lakhs)

			March '97	March '96
1.	Cash Balances including imprest and cheques in hand		54,550.57	37,080.18
2.	Bank Balances with Scheduled Banks:			
	a) Current Account	673.18		809.53
	b) Fixed Deposit Account	5.65		5.02
	c) Blocked Account	34.65		41.04
	d) Call Accounts	0.00		0.05
	e) No Lien Account	0.01		0.01
			713.49	855.65
3.	With Post Office Savings Account		0.04	0.04
	TOTAL		55,264.10	37,935.87

Schedules *Contd...*

SCHEDULE "K" — LOANS AND ADVANCES

(Rupees in Lakhs)

	Note		March'97	March'96
1. Advance recoverable in cash or in kind or for value to be received	A			
a) Secured, Considered Good		33,319.97		27,218.77
b) Unsecured, Considered Good		56,801.58		39,297.47
C) Unsecured, Considered Doubtful		97.76		86.61
		90,219.31		66,602.85
Less : Provision for Doubtful Advances		97.76		86.61
			90,121.55	66,516.24
2. Amount recoverable from Industry Pool Account (Net) :				
Unsecured, Considered-Good			903,443.64	347,127.53
3. Claims Recoverable				
a) Secured, Considered Good		12.13		28.16
b) Unsecured, Considered Good		27,220.60		22,783.39
C) Unsecured, Considered Doubtful		2,484.03		2,214.30
		29,716.76		25,025.85
Less : Provision for Doubtful Claims		2,484.03		2,214.30
			27,232.73	22,811.55
4. Investment Deposit Scheme, 1986				
Unsecured, Considered Good			17.69	17.69
5. Balance with Customs, Port Trust and Excise Authorities :				
Unsecured, Considered Good			17,580.02	17,283.48
6. Materials given on loan		70,298.24		83,219.07
Less : Deposits received		58,258.60		102,955.29
			12,039.64	(19,736.22)
7. Sundry Deposits (including amount adjustable on receipt of Final bills)				
a) Secured, Considered Good		906.33		916.75
b) Unsecured, Considered Good		3,075.32		1,508.04
C) Unsecured, Considered Doubtful		0.69		0.69
		3,982.34		2,425.48
Less : Provision for Doubtful Deposits		0.69		0.69
			3,981.65	2,424.79
	TOTAL		1,054,416.92	436,445.06
Note A: Includes:				
1. Due from Directors			4.23	5.74
Maximum amount during the year			5.74	6.41
2. Due from other Officers			38.16	41.25
Maximum amount during the year			58.16	50.62

SCHEDULE "L" — CURRENT LIABILITIES AND PROVISIONS

(Rupees in Lakhs)

			March 1997	March 1996
1. Current Liabilities:				
a) Sundry Creditors		674,187.38		471,265.18
b) Other Liabilities		62,521.29		62,924.57
c) Unpaid/unclaimed Dividend		18.83		0.03
d) Allotment Money Refundable		0.00		1.49
c) Security Deposits	167,896.82			122,838.92
Less : Investments and Deposits with Banks lodged by outside parties	465.08			803.54
		167,431.74		122,035.38
f) Materials taken on loan	51,442.31			28,180.87
Less : Deposits given	50,327.39			30,302.01
		1,114.92		(2,121.14)
g) Interest accrued but not due on loans		15,596.57		11,660.78
			920,870.73	665,766.29
2. Dues to IOBL (a subsidiary company)			692.34	746.91
Total Current Liabilities			921,563.07	666,513.20
3. Provisions:				
a) Provision for Taxation	128,789.66			110,927.29
Less : Advance payments	127,451.40			120,524.49
		1,338.26		(9,597.20)
b) Proposed Dividend		15,573.50		15,559.19
c) Corporate Dividend Tax		1,557.35		0.00
Total Provisions			18,469.11	5,961.99
TOTAL			940,032.18	672,475.19

Schedules *Contd...*

SCHEDULE "M"— DETAILS OF INCREASE/(DECREASE) IN STOCK

(Rupees in Lakhs)

		March '97	March'96
Closing Stock			
a) Finished Products	271,849.40		255,888.31
b) Stock in Process	22,079.45		16,726.93
		293,928.85	272,615.24
Less :			
Opening Stock			
a) Finished Products	255,888.31		175,951.22
b) Stock in Process	16,726.93		13,001.99
	272,615.24		188,953.21
Opening Stock Adjustment Account	0.00		10,799.97
		272,615.24	178,153.24
TOTAL		21,313.61	94,462.00

SCHEDULE “N” — INTEREST AND OTHER INCOME

(Rupees in Lakhs)

		March ’97	March’96
1. Interest on:			
a) Loans and Advances (Tax being deducted at source **Rs 8269.73 Lakhs** 1996: Rs. 1466.65 Lakhs)	40,121.03		7,879.59
b) Fixed Deposits with Banks	16.65		13.18
c) Short Term Deposits with Banks	0.72		1.03
d) Customers Outstanding	5,014.86		1,646.80
e) Fully Paid Bonds (Tax Free) of Govt. Companies	31,432.75		31,587.19
f) Others (Gross)	7.24		7.35
		76,593.25	41,135.14
2. Dividend (Gross)			
a) From IOBL (a subsidiary company) (Tax deducted at source **Rs. 2.47 Lakhs** 1996: Rs. 1.98 Lakhs)	10.00		8.00
b) From Unit Trust of India/Mutual Funds	320.00		5,214.72
		330.00	5,222.72
3. Profit on sale of Investments		1,487.79	2329.10
4. Sale of Power and Water		381.71	515.00
5. Profit on sale and disposal of Assets		799.94	863.46
6. Unclaimed/Unspent liabilities written back		718.16	1,677.00
7. Provision for Doubtful Debts, Advances. Claims and Stores written back		211.39	1133.35
8. Recoveries from Employees		562.28	452.99
9. Retail Outlet Licence Fees		1,974.76	1,682.19
10. Collection Charges for Outstation Cheques		562.89	783.20
11. Sale of Scrap		1,265.34	1,207.60
12. Royalty and Technical Know-how Fees		0.03	0.46
13. Other Miscellaneous Income		4,502.43	3,144.16
TOTAL		89,389.97	60,146.37

Schedules *Contd...*

SCHEDULE "O" — MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rupees in Lakhs)

	Note		March '97	March '96
1. Raw Materials Consumed.				
Opening Balance		136,971.65		194,860.96
Adjustment to Opening Stock		13.05		(77,234.29)
Add: Receipts:				
a) Purchases		1,412,197.55		1,208,013.25
b) Taken on Loan		334,895.50		216,925.96
c) Given on Loan		(298,486.65)		(184,050.27)
		1,585,591.10		1,358,515.61
Less: Closing Stock		158,045.69		136,971.65
			1,427,545.41	1,221,543.96
2. Consumption:				
a) Stores, Spares and Consumables		14,719.03		14,180.03
b) Packages & Drum Sheets		18,173.88		16,097.14
			32,892.91	30,277.17
3. Power & Fuel		35,223.11		33,928.27
Less: Fuel for own production		25,486.18		26,780.91
			9,736.93	7,147.36
4. Processing Fees, Blending Fees, Royalty & Other Charges	A		3,752.82	3,970.12
5. Octroi. Other Levies and Irrecoverable Taxes			66,510.74	40,359.05
6. Repairs and Maintenance:				
i) Plant and Machinery		18,996.70		17,703.60
ii) Buildings		4505.72		3,241.99
iii) Others		1,961.37		1,674.91
			25,463.79	22,620.50
7. Freight and Transportation Charges			345,794.87	297,512.36
8. Payments to and Provisions for Employees:	B			
a) Salaries, Wages, Bonus etc.		45,307.19		55,722.88
b) Contribution to Provident & Other Funds		5,425.45		4,792.17
c) Voluntary Retirement Compensation		209.66		651.13
c) Staff Welfare Expenses		9,788.32		11,422.12
			60,730.62	72,588.30
9. Office Administration, Selling and Other Expenses (Schedule "O-1")			51,803.37	46,240.33
TOTAL			2,024,231.46	1,742,259.15

Note: Includes:

A. **Rs. 20701.00 lakhs** towards previous years (1996: Rs Nil).

B. i) Towards previous years **Rs. Nil** (1996: Rs 13094.87 lakhs) on account of long term settlement with employees.

ii) **Rs. 1197.47 lakhs** (1996: Rs 4451.59 lakhs) on account of retirement benefits viz. leave encashment and medical based on actuarial valuation.

SCHEDULE "O-1" — OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rupees in Lakhs)

	Note		March '97	March '96
1. Rent	A		5,283.74	8,147.19
2. Insurance			2,158.81	1,959.27
3. Rates & Taxes			1,068.70	1,110.61
4. Donations			86.68	113.31
5. Payment to Auditors:	B			
a) Audit Fees		12.00		10.00
b) Tax Audit Fees		1.95		1.95
c) Other Services (for issuing certificates etc.)		8.51		0.18
d) Out of Pocket Expenses		4.05		10.07
			26.51	22.20
6. Travelling & Conveyance			7,585.75	6,218.65
7. Communication Expenses			3,516.38	3,275.28
8. Printing & Stationery			1,377.14	1,208.41
9. Electricity & Water			4,323.15	3,460.76
10. Bank Charges			2,164.82	1,896.15
11. Bad Debts, Advances & Claims written off			89.54	90.63
12. Loss on Assets sold. lost or written off			210.76	153.94
13. Technical Assistance Fees			264.79	91.36
14. Exchange Fluctuation (Net)			59.98	17.87
15. Provision for Doubtful Debts. Advances Claims and Obsolescence of Stores			2,061.99	1,113.28
16. Provision for Investments			2,449.00	0.00
17. Security Force Expenses			2,097.33	1,725.97
18. Sales Promotion Expenses			2,305.02	1,736.15
19. Handling Expenses			1,956.97	1,419.78
20. Expenses on Enabling Facilities			351.66	1,751.18
21. Other Expenses			12,364.65	10,728.34
TOTAL			51,803.37	46,240.33

Note : Includes

A. **Rs. 207.01 lakhs** (1996: Rs 3332.73 lakhs) towards previous years.

B. **Rs. Nil** (1996: Rs. 2.00 lakhs) towards previous years.

Schedules *Contd...*

SCHEDULE “P’ — INCOME / EXPENSES RELATING TO PREVIOUS YEARS

(Rupees in Lakhs)

	March '97	March'96
Income		
1. Sale of Products and Crude	(767.01)	(1,810.73)
2. Interest	0.00	(576.81)
3. Net claim from / (surrender to) Industry Pool Accounts	478.96	(14.62)
4. Miscellaneous income	(7.02)	0.00
Total Income	(295.07)	(2,402.16)
Expenditure		
1. Purchase of Products and Crude	(11.35)	0.00
2. Payment to and Provision for Employees		
- Staff Welfare Expenses	0.00	59.81
3. Depreciation and Amortisation	521.19	5,039.62
4. Consumption :		
- Stores, Spares and Consumables	(25.13)	(21.88)
5. Repairs and Maintenance		
- Plant and Machinery	(81.00)	82.52
6. Freight and Transportation Charges	237.87	0.00
7. Rent	0.00	17.27
8. Rates & Taxes	0.00	94.82
9. Other Expenses	2.54	(3.76)
10. Technical Fees	(12.80)	0.00
11. Security Force Expenses	28.33	0.00
Total Expenses	659.65	5,268.40
NET INCOME (EXPENDITURE)	(954.72)	(7,670.56)

SCHEDULE "Q" — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS :

1.1 Land :

Land acquired on lease for over 99 years/perpetual lease is treated as free hold land. Cost of Right-of-Way for laying pipelines is capitalised.

1.2 Construction Period Expenses on Projects :

Construction period expenses including crop compensation for laying pipelines, administration and supervision expenses exclusively attributable to Projects are capitalised. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue. Financing cost during the construction period on loans raised for/allocated to projects is capitalised.

1.3 Depreciation/Amortisation :

1.3.1 Cost of lease hold land for 99 years or less is amortised during the lease period.

1.3.2 Assets costing upto Rs. 5,000/- are depreciated fully in the year of capitalisation.

1.3.3 Capital expenditure on items like electricity transmission lines, railway siding etc. the ownership of which is not with the Corporation are charged off to revenue.

1.3.4 Depreciation on fixed assets other than the above is provided in accordance with the rates as specified in Schedule XIV to The Companies Act, 1956, on straight line method, upto 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from upto the quarter of capitalisation/sale, disposal and dismantled during the year.

2. FOREIGN CURRENCY TRANSLATION :

2.1 Fixed Assets :

Liabilities in foreign currency for acquisition of fixed assets are translated at the year end applicable rates of exchange. Variations arising on account of such translations are capitalised till such assets are fully written off; thereafter, profit/loss arising on account of such translation is charged to profit and loss account.

2.2 Investments :

Investments in foreign currency are valued at the exchange rate prevailing on the date of investment.

2.3 Current assets and current liabilities :

Current assets and current liabilities in foreign currency are translated at the year end applicable rates of exchange. Profit/loss arising on account of such translation is charged to profit and loss account.

3. INVESTMENTS :

3.1 Quoted:

3.1.1 Investment in Public Sector Bonds are valued at cost and provision for dimunition in realisable value on redemption is provided for, wherever necessary. Other quoted investments are valued at cost and provision for dimunition in value is made, wherever such dimunition is not temporary.

Schedules *Contd...*

SCHEDULE "Q" — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(contd..)*

3.2 Unquoted :

3.2.1 Investments in Public Sector Bonds are valued at cost and provision for dimunition in realisable value on redemption is provided for, wherever necessary.

3.2.2 Investments which have a repurchase price are valued at cost and provision for dimunition in value is made, wherever necessary.

3.2.3 Other unquoted investments are valued at cost.

4. INVENTORIES :

4.1. Raw Materials :

4.1.1 Crude Oil is valued at cost on First In First Out basis. Base Oils and Additives are valued at weighted average cost.

4.1.2 Stock in Process is valued at raw material cost.

4.2 Stock-in-Trade :

4.2.1 Finished Products are valued at cost or net realisable value, whichever is lower.

4.2.2 The cost of price controlled finished products is determined as per pricing mechanism approved by the Government from time to time.

4.2.3 The cost of free trade products internally produced is taken at cost determined as per the pricing mechanism approved by the Government plus additional processing cost, wherever applicable. The cost of Lubes and Greases is determined at weighted average cost.

4.2.4 Imported products in transit are valued at CIF cost.

4.2.5 Excise duty/customs duty on stock of finished goods and crude oil in bond are accounted for only on their release from bond.

4.3 Stores and Spares:

Stores and Spares (including Barrels, Tins and Capital Stores) are valued at or under cost. However, in the case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

5. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS :

5.1 Contingent Liabilities are disclosed in each case above Rs. 5 lakhs. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such show cause notices after considering Corporation's views, these demands are either paid or treated as liabilities, if accepted by the Corporation and are treated as contingent liability, if disputed by the Corporation.

5.2 Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 lakhs.

SCHEDULE "Q" — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(contd..)*

6. PROFIT AND LOSS ACCOUNT:

6.1 Adjustments pertaining to purchase of raw materials/finished products, sales and others admissible under the Administered Pricing Mechanism are accounted as "net claim from/(surrender to) Industry Pool Accounts".

6.2 Payment of gratuity is made through Life Insurance Corporation of India and also a Trust. The amount is contributed as per the actuarial valuation at the end of the year and is charged to Profit & Loss Account.

6.3 Liability towards leave encashment and post retirement medical benefits to employees as at the end of the year is assessed on the basis of actuarial valuation and provided for.

6.4 Pre-paid expenses upto Rs. 50,000/- in each case are charged to revenue.

6.5 income and expenditure upto Rs.. 5 lakhs in each case pertaining to previous years are accounted for in the *current* year.

6.6 Claims on Oil Coordination Committee/Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.

6.7 Other claims (including interest on outstandings) are accounted when there is certainty that the claims are realisable.

7. GRANTS:

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is taken to Capital Reserve which is recognised as income in the Profit and Loss account over the useful life period of the asset.

8. R&D EXPENDITURE:

All expenditure, other than on capital account, on research and development are charged to the Profit and Loss Account.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**Subodh Mittal**	**R Narayanan**
Chairman	Director (Finance)	Director (R&P)	Director (Personnel/Marketing)	Secretary

Place: New Delhi
Dated: 27th June, 1997

Schedules *contd...*

SCHEDULE "R" — NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

1. CONTINGENT LIABILITIES :

a) Claims against the Corporation not acknowledged as debts **Rs. 1,64,448.70 lakhs** (1996 Rs. 1,41,124.20 lakhs). These include :

i) **Rs. 17,658.09 lakhs** (1996 - Rs. 14,658.80 lakhs) being the demands raised by the Central Excise Authorities.

ii) **Rs. 39,075.97 lakhs** (1996 - Rs. 36,945.54 lakhs) in respect of Sales Tax demands.

iii) **Rs. 10,095.15 lakhs** including Rs. 4,906.28 lakhs on account of Projects (1996 Rs. 7,182.86 lakhs including Rs. 2,232.88 lakhs on account of Projects) for which suits have been filed in the Courts or cases are lying with arbitrators.

iv) **Rs. 16,268.83 lakhs** (1996 - Rs. 12,779.41 lakhs) in respect of Income Tax demands.

v) **Rs. 42,120.40 lakhs** (1996 - Rs. 39,554.92 lakhs) relating to Projects.

Interest, if any, on some of the claims is unascertainable.

b) Guarantees/Undertakings to Banks and others aggregating to **Rs. 7,088.28 lakhs** (1996 Rs. 6,986.58 lakhs).

c) Income tax, if any, reimbursable to foreign contractors.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 1,40,751.48 lakhs** (1996 -Rs. 2,08,581.70 lakhs).

3. a) Title Deeds for Land and residential apartments as also lease and other agreements in respect of certain lands/buildings the book value of which is **Rs. 7,120.26 lakhs** (1996 Rs. 9,265.66 lakhs) are pending for execution or renewal and are, therefore, not available for verification.

b) Pending decision of the Government, no liability could be determined and provided for in respect of additional compensation, if any, payable to the land owners and the Government for certain lands acquired.

4. An amount of **Rs. 1,223.63 lakhs** (1996 - Rs. 1,223.63 lakhs) recoverable from Air India on account of difference between market rate of exchange and official rate of exchange is considered good of recovery since the billing to Air India at Market Rate of Exchange has been done in accordance with the Government instructions. Arbitrator appointed by Government of India has already heard the case and the award is awaited.

5. International Airlines are seeking exemption for payment of Sales Tax in respect of petroleum products purchased by them in India. Pending decision of the Government of India, applicable Sales Tax amounting to **Rs. 6,426.79 lakhs** (1996 -Rs. 2,760.00 lakhs) has been billed to International Airlines which is pending for settlement. This amount is considered good of recovery either from International Airlines or from Government of India depending upon the final decision.

6. The Corporation has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising there from are not likely to be material.

7. Excise/customs duty amounting to **Rs. 43,942.78 lakhs** (1996 Rs. 30,225.55 lakhs) on products and crude stored in bond on the Balance Sheet date have neither been provided nor taken in the inventory value. This has no impact on the profits for the year.

SCHEDULE "R" — NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997 *Contd ...*

8. Pending finalisation of long term settlement with the employees, liability has not been provided in respect of revision of emoluments as the amount thereof is not ascertainable. However, the impact of the above settlements to the extent it pertains to price controlled products, is subject to claim from the industry Pool Account as per the pricing mechanism.

9. Remuneration paid/payable to whole-time Directors :

(Rupees in Lakhs)

		1996-97	**1995-96**
i)	Salaries & Allowances	28.60	10.71
ii)	Contribution to Provident Fund	2.09	0.96
iii)	Contribution to Gratuity Fund	3.20	0.28
iv)	Other benefits and Perquisites	5.19	4.20
	Total	39.08*	16.15

*Includes payment of arrears on account of revision in emoluments from 1. 1. 1992.

In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes upto 12,000 KMs per annum on a payment of Rs. 400 per mensem for car of less than 16 hp or Rs. 600 per mensem for car of above 16 hp as specified in the terms of appointment.

10. The Profit and Loss Account includes :

   a) Expenditure on Public Relations and Publicity amounting to **Rs. 892.28 lakhs** (1996 Rs. 863.04 lakhs) which is inclusive of **Rs. 155.22 lakhs (** 1996 - Rs. 161.25 lakhs) on account of Staff and Establishment and **Rs. 737.06 lakhs** (1996 - Rs. 701.79 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00016:l (1996 - 0.00020:1).

   b) Research and Development expenses **Rs. 2,187.06 lakhs** (1996 - Rs. 2,629.88 lakhs).

   c) Entertainment Expenses **Rs. 17.01 lakhs** (1996 -Rs. 16.22 lakhs).

11. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**Subodh Mittal**	**R Narayanan**
Chairman	Director *(Finance)*	Director (R & P)	Director (Personnel/Marketing)	Secretary

Place: New Delhi

Dated : 27th June, 1997

Schedules *Contd...*

SCHEDULE "S" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

(Figures in Lakhs)

	Note	Crude Processing		Lubricating Oil		Wax/Bitumen/ Asphalt Lube Oil Drums		Oxygen Plant	
		March 1997 MTs	March 1996 MTs	March 1997 MTs	March 1996 MTs	March 1997 Nos.	March 1996 Nos.	March 1997 CU.M.	March 1996 CU.M.
1. Licensed Capacity	A	245.00	235.00	I.70	1.70	0.00	0.00	Not Specified	Not Specified
2. Installed Capacity	B	254.00	244.00	1.40	1.40 (Note D)	15.00	15.00	0.84	0.84
3. Actual Production		236.08	240.24 (Note D)	0.00	1.14	7.20	8.33	0.00	0.01

Note:

A. Licensed Capacity of Refinery is not specified for Assam Oil Division Capacity for projects under construction not considered.

B. As certified by the Management and accepted by the auditors without verification. Includes 10 lakhs MTs commissioned on 28.3.97

C. Per year operating in two shifts.

D. Represents finished petroleum products.

SCHEDULE "T" — FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

(Figures in Lakhs)

	OPENING STOCK@		PURCHASES		SALES		CLOSING STOCK	
	QUANTITY MTs	VALUE RUPEES	QUANTITY MTs	VALUE RUPEES	QUANTITY MTs	VALUE RUPEES	QUANTITY MTs	VALUE RUPEES
1. PETROLEUM PRODUCTS								
Year ended 31.03.97	**55.14**	**228,020.58**	**439.28**	**2,222,449.77**	**673.10**	**4,338,474.96**	**56.04**	**238,674.95**
Year ended 31.03.96	38.59	137,465.68	440.36	1,867,466.23	647.12	3,624,952.93	55.14	228,020.58
2. LUBRICANTS & GREASES:								
Year ended 31,03.97	**0.86**	**27,252.17**	**0.14**	**15,851.25**	**3.87**	**175,663.54**	**0.92**	**33,174.45**
Year ended 31.03.96	0.94	26,805.40	0.06	3,546.15	4.24	165,260.83	0.86	27,252.17
3. CRUDE OIL :								
Year ended 31.03.97	**0.00**	**0.00**	**190.58**	**1,014,459.04**	**190.58**	**1,014,459.04**	**0.00**	**0.00**
Year ended 31.03.96	0.00	0.00	141.68	574,625.99	141.68	574,625.99	0.00	0.00
4. BASE OIL & ADDITIVES:								
Year ended 31.03.97	**0.03**	**615.56**	**0.80**	**14,104.54**	**0.88**	**13,614.50**	**0.00**	**0.00**
Year ended 31.03.96	0.06	880.18	1.14	19,500.93	1.36	22,604.26	0.03	615.56
TOTAL								
Year ended 31.03.97	**56.03**	**255,888.31**	**630.80**	**3,266,864.60**	**868.43**	**5,542,212.04**	**56.96**	**271,849.40**
Year ended 31.03.96	39.59	165,151.26	583.24	2,465,139.30	794.40	4,387,444.01	56.03	255,888.31

@ includes adjustment to opening stock

Note :

Purchases and Sales exclude value adjustments shown under items pertaining to prior period.

Schedules *Contd...*

SCHEDULE 'U" — CONSUMPTION PARTICULARS OF RAW MATERIALS, STEEL COILS /SHEETS/STORES/SPARE PARTS AND

	March'97					
	IMPORTED		INDIGENOUS		QUANTITY	TOTAL
	VALUE Rupees (in lakhs)	% to total consump-tion	VALUE Rupees (in lakhs)	% to total consump-tion	MTs (In lakhs)	Rupees (in lakhs)
Crude Oil	857,140.26	63	511,021.06	37	251.15	1,368,161.32
Base Oil	8,758.80	12	62,554.36	88	3.36	71,313.16
Additives	2,874.30	15	15,698.64	85	0.28	18,572.94
Packing Materials Consumed	0.00	0	18,177.74	100	0.00	18,177.74
Steel Coils/ Sheets / Stores/ Components & Spare Parts	8,254.19	43	10,840.79	57	0.15	19,094.98

	March '96					
	IMPORTED		INDIGENOUS		QUANTITY	TOTAL
	VALUE Rupees (in lakhs)	% to total consump-tion	VALUE Rupees (in lakhs)	% to total consump-tion	MTs (in lakhs)	Rupees (in lakhs)
Crude Oil	628,376.39	54	539,821.08	46	256.38	1,168,197.47
Base Oil	10,297.40	15	58,576.85	85	3.69	68,874.25
Additives	2,29639	*13*	15,171.30	87	0.25	17,467.69
Packing Materials Consumed	0.00	0	13,065.25	100	0.00	13,065.25
Steel Coils / Sheets / Stores / Components & Spare Parts	6,976.35	32	15,140.63	68	0.14	22,116.98

Notes

1. Additives are not considered as raw materials in Refineries.
2. Consumption excludes value adjustments if any, shown under items pertaining to the prior period.

SCHEDULE "V' — EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOW-HOW, PROFESSIONAL & CONSULTATION FEES, INTEREST & OTHER MATTERS

(Rupees in Lakhs)

	March'97	March'96
1. Royalty	1,196.74	196.42
2. Professional Consultation Fees and Technical Service Fees	109.07	975.67
3. Interest	49,124.94	33,760.30
4. Others	5,560.41	4,880.82
TOTAL	55,991.16	39,813.21

SCHEDULE "W" — EARNINGS IN FOREIGN EXCHANGE

(Rupees in Lakhs)

	Note	March'97	March'96
1. Export of Crude Oil and Petroleum Products	A	229,965.79	189,006.60
2. Interest		0.00	5.11
3. Other Income		420.44	179.84
TOTAL		230,386.23	189,191.55

Note:

A. Includes **Rs. 52,685** (1996: Rs. 40,420 lakhs) received in Indian Currency, out of the repatriable funds of Foreign Customers and other Export Sales through canalising agencies,

SCHEDULE "X" — CIF VALUE OF IMPORTS

(Rupees in Lakhs)

	Note	March'97	March'96
1. Crude Oil	A	1,720,704.18	1,142,109.94
2. Base Oil		9,143.34	11,340.95
3. Additives		1,767.91	1,157.46
4. Capital Goods		20,706.82	20,671.41
5. Revenue Stores, Components, Spare and Chemicals		6,125.69	6,482.91
TOTAL		1,758,447.94	1,181,762.67

Note:

A. Includes FOB value of imports made by the Corporation on behalf of other Oil Companies **Rs. 1014459 lakhs** (1996: Rs. 574626 lakhs)

Schedules *Contd...*

SCHEDULE "Y" — BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 11388 State Code 11

Balance Sheet Date 31 03 97

II. Capital Raised during the year (Amount in Rs. Thousand)

PUBLIC ISSUE	RIGHT ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
222998388	222998388

Sources of Funds

Paid-Up Capital	Reserves & Surplus
3892701	87318105
Secured Loans	Unsecured Loans
26054467	105733115

Application of Funds

Net Fixed Assets	Investments
98055464	34066599
Net Current Assets	Misc. Expenditure
90876325	NIL
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in Rs. thousand)

Turnover

5	5	3	8	8	9	8	5	9

Total Expenditure

6	1	4	9	6	2	0	7	9

Profit Before Tax

	+	1	7	6	6	2	2	6	0

Profit After Tax

	+	1	4	0	8	2	2	6	0

Earnings per share in Rs.

	3	6		1	7

Dividend Rate %

		4	0

V. Generic Names of Three Principal Products / Services of Company (As per Monetary terms)

Items Code No. (ITC Code)

2	7		1	0						

Product Description: Bulk Petroleum Products

Item Code No. (ITC Code)

2	7		0	9						

Product Description: Crude Oil

Item Code No. (ITC Code)

2	7	1	0		9	0				

Product Description: Lubricants

Statement As Per SEBI Requirement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1997

(Rupees in Lakhs)

			1996-97		1995-96
A	**Cash Flow from Operating Activities**				
	1. Profit Before Tax		176,623		176,533
	2. Adjustments for				
	Depreciation	79,917		55,950	
	Enabling Asset written off	—		700	
	Profit on sale of Assets (Net)	(589)		(710)	
	Provision for diminution in value of Investments	2,449		—	
	Profit on sale of Investments (Net)	(1,488)		(2,329)	
	Interest Income on Investments	(31,433)		(31,587)	
	Dividend Income on Investments	(330)		(5,223)	
	Interest Expenditure	107,577		56,015	
			156,103		72,816
B	**Operating Profit before Working Capital Changes (1+2)**		332,726		249,349
C	**Change in Working Capital : (Excluding Cash & Bank Balances)**				
	Trade & Other Receivables	(656,627)		(303,109)	
	Inventories	(44,306)		(115,321)	
	Trade and Other Payables	251,095		220,030	
	Change in Working Capital		(449,838)		(198,400)
D	**Cash Generated From Operations (B+C)**		(117,112)		50,949
E	**Less: Taxes paid**		24,865		52,054
F	**Net Cash Flow from Operating Activities (D-E)**		(141,977)		(1,105)
G	**Cash Flow from Investing Activities:**				
	Sale of Assets	1,508		1,410	
	Sale / Maturity of Investments	29,946		19,192	
	Interest Income on Investments	31,433		31,587	
	Dividend Income on Investments	330		5,223	
	Purchase of Assets	(59,217)		(44,066)	
	Investment/Advance for Investments in joint Venture Companies	(2,642)		(100)	
	Expenditure on Construction Work in Progress	(216,668)		(241,274)	
	Net Cash used in Investing Activities		(215,310)		(228,028)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1997 *Contd...*

(Rupees in Lakhs)

		1996-97	1996-97	1995-96	1995-96
H	**Net Cash Flow From Financing Activities:**				
	Proceeds From Calls In Arrear/ Issue of Shares including Premium	25		17,494	
	Receipt of Grant for Capital Projects	819		—	
	Proceeds from Long-Term Borrowings	104,929		9,904	
	Proceeds from Short-Term Borrowings	390,211		276,161	
	Interest paid	(105,909)		(58,482)	
	Dividend paid	(15,460)		(10,469)	
	Net Cash Generated from Financing Activities:		374,615		234,608
I	**Net Change in Cash & Cash Equivalents (F+G+H)**		17,328		5,475
J	**Cash & Cash Equivalents as at end of the Financial Year**		55,264		37,936
K	**Less: Cash & Cash Equivalents as at the beginning of Financial Year**		37,936		32,461
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)		17,328		5,475

Sd/-	Sd/-	Sri/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**Subodh Mittal**	**R Narayanan**
Chairman	Director (Finance)	Director (R&P)	Director (Personnel / Marketing)	Secretary

Place: New Delhi

Dated 27th June, 1997

Auditors' Certificate On Cash Flow Statement

TO

The Board of Directors,
Indian Oil Corporation Limited.

We have examined the Cash Flow Statement of Indian Oil Corporation Limited for the year ended 31st March, 1997. The statement has been prepared by the Company in accordance with the requirement of listing agreement clause 32 with Calcutta/Chennai/Delhi/Mumbai/National Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of dated June 27, 1997 to the Members of the Company.

O. P. Tulsyan & Co.	**V. Sankar Aiyar & Co.**	**L. B. Jha & Co.**	**B.K. Shroff & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(Rakesh Agarwal)	**(S. Venkatraman)**	**(T. Mandal)**	**(O.P. Shroff)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : 27th June, 1997

Statement Pursuant to Section 212(l) (e)

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT 1956

1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31/3/97

– **No. of Shares**	**8000**
– **Paid up value of Shares**	**Rs. 40 lakhs**
– **Percentage of Holding Company's interest in the total share capital of the subsidiary**	**100%**

(Shares in the Subsidiary Company were registered in the name of the Company and their nominees as indicated)

2. The net aggregate amount of the profit of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company

	Rs./lakhs
– **For the financial year ended 31/3/97**	**671.09**
– For all the previous financial years of the subsidiary	3149.29

3. The net aggregate amount of the profit of the subsidiary Company so far sits profits are dealt with in the holding Company's accounts

	Rs./lakhs
– **For the financial year ended 31/3/97**	**10.00**
– For all the previous financial years of the subsidiary	159.11

Sd/-	Sd/-	Sri/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**Subodh Mittal**	**R Narayanan**
Chairman	Director (Finance)	Director (R&P)	Director (Personnel / Marketing)	Secretary

Place : New Delhi
Dated : 27th June, 1997

Schedule of Fixed Assets (Township)

SCHEDULE OF FIXED ASSETS (TOWNSHIP) AS AT 31ST MARCH, 1997

Particulars	AT COST				
	Gross Block As on 1.4.96	Additions During the Year	Transfers From CNST W-I-P	Transfers Deduction, Reclass	Gross Block As on 31-3.97
Land – Freehold	458.17	13.06	0.00	0.00	471.23
– Leasehold	537.81	0.00	0.00	0.00	537.81
Bldgs, Roads etc.	13,215.97	4.42	238.66	170.43	13,629.50
Plant & Mach.	622.25	10.95	99.71	*0.27*	733.18
Fur. & Fixtures	234.71	14.98	0.00	(6.15)	243.54
Drainage, Sewage & Water Supply System	1,037.44	0.00	7.32	(1.16)	1,043.61
Equip & Appliances	1,073.32	58.95	36.05	31.98	1,200.30
Vehicles	129.63	42.86	0.00	(8.13)	164.37
TOTAL:	17,309.32	145.23	381.74	187.25	18,023.54
Previous Year	16,813.94	235.06	304.65	(44.33)	17,309.32

Schedule of Fixed Assets (Township) contd...

(Rupees in Lakhs)

Depreciation & Amortisation		Net Depreciated Block	
Provided During The Year	Up to 31-3.97	As on 31.3.97	As on 31-3.96
0.00	0.00	471.23	458.17
4.18	39.20	498.61	502.80
216.17	2,535.70	11,093.79	10,903.23
25.60	353.20	379.99	294.65
11.85	146.63	96.91	98.66
15.14	630.92	412.69	426.94
35.36	479.02	721.28	644.58
9.24	95.03	69.34	40.77
317.54	4,279.71	13,743.84	13,369.82
331.93	3,939.51	13,369.82	0.00

Income and Expenditure Account (Township)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 1997 ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES.

(Rupees in Lakhs)

	March'97	March'96
Income :		
1. Recovery of House Rent	257.01	206.61
2. Recovery of Utilities-Power and Water	47.74	46.28
3. Recovery of Transport Charges	4.88	4.90
4. Other recoveries	249.15	208.85
5. Excess of Expenditure over Income	6408.00	6539.03
TOTAL	6966.78	7005.67
Expenditure :		
1. Salaries, Wages and PE & Gratuity Contribution	1824.55	1741.47
2. Consumable Stores and Medicines	479.51	408.60
3. Repairs and Maintenance	1267.11	1186.65
4. Interest	1003.04	1204.71
5. Depreciation	317.54	331.93
6. Miscellaneous Expenses Taxes, License Fees, Insurance etc.	244.42	261.64
7. Utilities-Power and Gas	1529.91	1661.86
8. Rent-Land	1.82	1.88
9. Welfare (School) etc.	2.88	2.78
10. Travelling and Conveyance	234.03	164.70
11. Bus Hire Charges	23.50	26.05
12. Club and Recreation	1.08	0.93
13. Others	37.39	12.47
TOTAL	6966.78	7005.67

Review of Accounts

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note : Review of Accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditor's Report.

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad heading for the last three years:

(Rs. in Crores)

	1994-95	1995-96	1996-97
Liabilities			
a) Paid Up Capital			
i) Govt.	355.29	355.29	355.29
ii) Others	14.51	33.96	33.98
iii) Share Application Money	19.54	0.00	0.00
b) Reserves and Surplus			
i) Free Reserves & Surplus	6217.37	7310.49	8548.22
ii) Share Premium	0.00	175.03	175.25
iii) Capital Reserves	0.16	0.16	8.34
c) Borrowings			
i) From Govt., of India	0.00	0.00	0.00
ii) From Financial Institutions (SBI Term Loan)	0.00	0.00	500.00
iii) Foreign Currency Loans	4288.07	5960.76	9033.98
iv) Cash Credit EPC, W.C.Dem.Loan	496.50	1347.74	2086.04
v) Others	577.51	909.58	1536.27
vi) Interest accrued & due on loans	4.63	9.27	22.47
d) Current Liabilities and Provisions			
i) Current Liab. & provisions	4678.04	6724.75	9400.32
ii) Provision for Gratuity	0.00	0.00	0.00
TOTAL:	16651.62	22827.03	31700.16
Assets :			
e) Gross Block	5937.97	7984.99	10396.66
f) Less : Cumulative Depreciation	3058.33	3589.73	4374.98
g) Net Block	2879.64	4395.26	6021.68
h) Capital Work-in-Progress	2630.17	3437.12	3783.87
i) Investments/Advs. for investment	3856.94	3689.31	3406.66
j) Current Assets, Loans and Advances			
i) Interest accrued on Investments/ Bank Balances	93.24	105.35	89.74
ii) Inventories	3305.04	4458.25	4901.32
iii) Sundry Debtors	1255.31	1997.93	2400.08
iv) Cash and Bank Balances	324.62	379.36	552.64
v) Loans and Advances	2306.66	4364.45	10544.17
TOTAL:	16651.62	22827.03	31700.16

Review of Accounts *Contd...*

(Rs. in Crores)

	1994-95	1995-96	1996-97
k) Working Capital [j-d(i)-c(vi)]	2602.20	4571.32	9065.16
1) Capital Employed (g+k)	5481.84	8966.58	15086.84
m) Net Worth [a+b)(i)+b(ii)]	6587.17	7874.77	9112.74
n) Networth per rupee of equity capital (Rupees)	17.81	20.23	23.41

Previous years' figures have been regrouped in line with 1996-97 accounts.

During the year 1994-95, the Government of India disinvested 1,45,02,950 equity shares of Rs. 10/ - each. During the year 1994-95, the Company also offered shares to employees at Rs. 100 per share (including a premium of Rs. 90). The allotment was made during the year 1995-96. With issue of shares to employees during 1995-96, the share of Govt. of India in the equity of the Company as on 31.3.97 works out to 91.14%.

2. RESERVES AND SURPLUS

The free reserves and surplus of the Company were 19 times of the paid up capital as on 31st March, 1996. After the addition of Rs. 1237.73 crores from the profits of the current year, the free reserves and surplus (Rs. 8548.22 crores) are 22 times the paid-up capital as at 31st March, 1996.

3. INVESTMENTS / ADVANCES FOR INVESTMENT IN J.V. COMPANIES

The investment of the Company as on 31st March, 1997 has been reduced to Rs. 3406.66 crores from Rs. 3689.31 crores as on 31st March, 1996.

During the year 1996-97, Company disinvested 64,566,000 units of Unit-64 of Unit Trust of India having a face value of Rs. 64.57 crores (Rs. 89.07 crores at cost) for Rs.103.95 crores. Further, 745,000 units of 10% MTNL tax free bonds having a face value of Rs. 74.50 Crores and 1,210,000 units of 10% NTPC tax free bonds having a face value of Rs 121 crores were realised on maturity.

While the aggregate value as on 31st March, 1997, of investment in quoted Public Sector Undertaking Bonds accounted in the books as per the accounting policy of the Company was Rs. 1878.09 crores, the market value thereof as per the latest quotations available as on 31st March, 1996. was Rs. 1714.30 crores

During the year, the Company has invested a further sum of Rs. 15.42 crores in Indo Mobil and Rs. 1.00 crore in the equity of Avi-Oil India Limited. In addition to above, Rs. 10.00 crores have been invested in Indian Oil Tanking Company Ltd. An amount of Rs. 24.49 crores has been provided towards diminution in the value of investments in Canstar & Canpep of CanBank Mutual Fund.

4. SOURCES AND UTILISATION OF FUNDS:

Funds amounting to Rs.7422.76 crores from internal and external sources were utilised during the year 1996-97 as follows:

Sources of Funds:		(Rs. in Crores)
I. Internal Generation		
I) Profit After Tax	1408.23	
ii) Add: Depreciation	785.25	2193.48
iii) Decrease in Investments		282.65
iv) Call Money/Premium		0.24
v) Grants		8.18
II. Increase in Loans		4938.21
		7422.76

Utilisation of Funds:

Capital Expenditure		2758.42
Increase in working capital		
- Current Assets (increase)	7182.61	
- Less: **Current** Liabilities (increase) (excluding provn. for dividend)	2672.87	4509.74
- Dividend Paid		154.60
		7422.76

Increase in Current Assets is mainly on account of increase in dues recoverable from OCC amounting to Rs 5563.16 crores met mainly by increased borrowings.

5. WORKING RESULTS

The working **results** of the Company during the last three years are as follows :

(Rs. in crores)

	1994-95	1995-96	1996-97
i) Sales (excluding excise duty)	36960.31	40330.21	52097.34
ii) Profit before tax	1369.84	1765.33	1766.23
iii) Provision for tax	350.98	516.62	358.00
iv) Net profit after tax	1018.86	1248.71	1408.23

During 1996-97 sale of products (excluding excise duty) has increased by Rs.11767.13 crores. Major reasons for increase in Sales are as under

(i) Sale of crude oil to OMCs from Rs 5746.26 crores in 1995-96 to Rs 10144.59 crores in 1996-97 due to increase in quantity and CIF value of imports.

(ii) Increase in selling price w.e.f. July, 1996.

6. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as follows:

(In percentage)

	1994-95	1995-96	1996-97
A. Liquidity Ratio :			
Current Ratio (Current assets to current liabilities & provn. and interest accrued & due but excluding provn. for Gratuity)			
[j/(d(i)+c(vi)]	155.57	167.88	196.20
B. Debt Equity Ratio:			
Long term debt to equity [C(i to v excldg. short term)/M]	26.15	19.21	24.27
C. Profitability Ratios:			
a) Profit before tax to			
i) Capital Employed	24.99	19.69	11.71
ii) Net Worth	20.80	22.42	19.38
iii) Sales (Excl. duties)	3.71	4.38	3.39
b) Profit after tax to Equity	275.52	320.80	361.76
c) Earning Per Share (Rs.)	27.56	32.07	36.17

Review of Accounts *Contd...*

Profit before tax to Capital employed has come down from 19.69% for the year 1995-96 to 11.71 % for the year 1996-97, due mainly to :

(i) Capital Employed having increased from Rs 8966.58 crores in 1995-96 to Rs 15086.84 crores in 1996-97. The increase is mainly contributed by additions to the Fixed Assets & increase in Working Capital (due to increase in Dues from OCC).

(ii) The above increase having not contributed to any increase in Profit before tax.

Profit before tax to Net worth has come down from 22.42% in 1995-96 to 19.38% in 1996-97, as Net worth has increased from Rs. 7874.77 crores in 1995-96 to Rs 9112.74 crores in 1996-97, without corresponding increase in Profit before tax.

Profit before tax to Sales (excl. duties) for 1996-97 is 3.39% as compared to 4.38% for 1995-96. The reduction is contributed by increase in Sales due to increase in selling price w.e.f. July, 1996 and increase in sale of crude oil to OMCS, without any increase in profits.

As a result of increase in Interest cost, Profit before tax during the year 1996-97 registered negligible growth. This increase has also adversely affected the above ratios.

7. INVENTORY

Inventory position as at the end of the last three years is as follows :

(Rs. in Crores)

		1994-95	1995-96	1996-97
i)	Raw Materials	1176.27	1369.72	1580.46
ii)	Stores & Spares	341.08	357.18	372.44
iii)	Stock-in-trade	1651.51	2558.88	2718.50
iv)	Stock-in-process	130.02	167.27	220.79
v)	Stock of empty barrels and tins	6.16	5.20	9.13

The stock of raw materials was equivalent to about 1.3 months' consumption in 1996-97 which was at the same level during 1995-96 and 1994-95. The increase in the inventory of raw materials at the end of the year 1996-97 by Rs. 210.74 crores over the previous year 1995-96 was due mainly to increase in the cost of crude and imported crude in transit.

The stores and spares at the end of 1996-97 represented 13.9 months' consumption as against 14.4 months in 1995-96 and 15.2 months in 1994-95.

The stock of finished goods at the end of the year was equivalent to about 0.59 month's sales during 1996-97 as against 0.70 month in 1995-96 and 0.50 month in 1994-95.

8. SUNDRY DEBTORS

The position of Sundry Debtors for the last three years ending 31st March, 1997 stood as follows

(Rs. in Crores)

As at 31st March	Sundry Debtors considered good	Sundry Debtors considered doubtful	Total Sundry Debtors	Sales	%age of Sundry Debtors to Sales
1995	1255.31	13.99	1269.30	39351.27	3.23
1996	1997.93	7.76	2005.69	43861.85	4.57
1997	2400.08	22.43	2422.51	553 88.99	4.37

The increase in Sundry Debtors over the previous year is due mainly to increase in dues from Other Marketing Companies for supply of crude and products.

A few cases of dues disputed by customers/delays in recovery are detailed below :

An amount of Rs.258.06 crores is recoverable from MRPL for supply of crude. This amount has been outstanding for nearly 10 months due to financial constraints of the party.

An amount of Rs.63.26 crores was Outstanding from Gujarat Electricity Board and Rs.55.07 crores from Assam State Electricity Board mainly on account of dispute about rates. These amounts are payable to Pool Account on realisation.

An amount of Rs.69.30 crores was outstanding from Air India which includes Rs.12.23 crores on account of a dispute between the Company and the customer about the exchange rate for billing and balance is due mainly to non-payment of tri-monthly adhoc instalments from 5.6.96 to 31.10.96 and pending final settlements.

An amount of Rs. 64.27 crores was outstanding from foreign airlines on account of dispute about sales tax.

An amount of Rs. 6.20 crores was pending recovery from Vayudoot as on 31st March,1997. This includes Rs.5.99 crores pending recovery as on 31st March, 1994 having been frozen for a period of 5 years with the stipulation that the dues will be paid in instalments after expiry of the moratorium period.

9. SUNDRY CREDITORS

The balance under this head increased to Rs.6741.87 crores in 1996-97 from Rs.4712.65 crores in 1995-96 due mainly to availment of extended credit facility from ONGC.

10. DIVIDEND

The Company has proposed a dividend of 40% for the year 1996-97 like the last four years. The dividend payout ratio, calculated as a percentage of total dividend paid/proposed to profit after tax during the last three years ending 31st March,1997 is 10.3 percent, 12.1 percent, and 11.1 percent respectively.

An amount of Rs.15.57 crores had been provided towards Corporate dividend tax for the year 1996-97.

Sd/
(SURINIDER PAL)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II

PLACE : NEW DELHI
DATED : August 30, 1997

CAG Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH, 1997 AND REPLIES OF THE BOARD OF DIRECTORS.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Balance Sheet
Fixed Assets (Schedule 'E')
Gross block Rs. 1039666.32 lakhs
Land-Free hold-
Gross Block: Rs. 18714.70 and
Buildings, Road, etc.- Gross Block:
Rs. 94148.67 lakhs

Land freehold includes Rs. 353.12 lakhs (Rs. 236.70 lakhs and Rs. 116.42 lakhs) being the value of undivided portion of land in respect of flats purchased in Chennai and Bangalore at the cost of Rs. 392.85 lakhs and Rs. 299.05 lakhs, respectively. The value of the undivided portion of land has been apportioned on estimation basis. It should also have been classified under 'Buildings' as done in similar other cases and in the past. The misclassification has resulted in understatement of 'Buildings' by Rs. 353.12 lakhs and overstatement of Land-freehold to the same extent.

2. Current Assets, Loans and Advances
Cash and Bank Balances (Schedule 'J')
Rs. 55264.10
Cash balances including imprest and
Cheques in hand: Rs. 54550.57 lakhs

This includes cheques for Rs. 200 lakhs drawn by one of the customers of the Company and held in their own custody as on 31st March 1997 and deposited into the Company's account on 11.04.1997 and 24.04.1997. This has resulted in overstatement of Cash and Bank Balances and consequent understatement of Sundry Debtors by Rs. 200 lakhs.

Sd/-
SURINDER PAL
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II

New Delhi
Dated : August 30, 1997

REPLIES OF THE BOARD OF DIRECTORS

The over-all value of assets remains unchanged. However, re-adjustment has since been carried out in 1997-98.

Noted. This was done on the basis of statement submitted by the customers which is a State Transport Undertaking. It is customary to open Collection Account in the bank situated near the Customer's place of operations to facilitate them to deposit instruments in our account directly.

Sd/-
SURESH CHAND MATHUR
Acting Chairman
For and on behalf of
Board of Directors

New Delhi
Dated : August 30, 1997

Indian Oil Blending Limited

(a wholly owned subsidiary of Indian Oil Corporation Limited)

ANNUAL REPORT
1 9 9 6 - 9 7

Board of Director

P. Sudarsanam	Director-in-Charge
P. Sugavanam	Finance Director
Dr. A.K. Bhatnagar	Director
V. Shyam Sunder	Director
S. Rammohan	Director
J. Bhuyan	Director (Upto 30.5.1997)
M.S. Ramachandran	Director (From 7.7.1997)
Secretary	Raju Ranganathan

PRINCIPAL EXECUTIVE

K. Ramachandran	General Manager

BANKERS & AUDITORS

Bankers	State Bank of India, Mumbai & Calcutta
Auditors	Mehta Chokshi & Shah 229, Cooper Building, II Floor, Shamaldas G. Marg, Princess Street, Mumbai - 400 002

OFFICES & PLANT

Registered Office	Pir Pau, Trombay Mumbai - 400 074
Head Office	Badamia Manor, III Floor Keshavrao Khadye Marg, Mumbai - 400 034
Plants	Mumbai, Vashi (New Mumbai) and Calcutta

Directors' Report

To,

The Shareholders,

Indian Oil Blending Ltd.,

On behalf of the Board of Directors, I have great pleasure in presenting the 34th Annual Report on the working of your Company for the financial year ended 31st March, 1997, alongwith the Audited Statement of Accounts and Auditors' Report thereon.

96-97 IN RETROSPECT

The year saw a challenging market environment for lube industry. Despite fierce competition, the holding company - Indian Oil Corporation Limited (IOC) - maintained its leadership in lube industry. As in the past, your Company played its role, by meeting the requirements of IOC.

PERFORMANCE

(Rs in Lakhs)

	96-97	95-96	% Growth
Production (TMT)	262	273	-4
Earnings	3,346	3,428	-2
Profit Before Tax	1,141	1,255	-9
Profit After Tax	671	651	+3

The product range has been expanded with addition of several new grades of lubricants

Directors' Report *Contd...*

Production and earnings of your Company were affected in line with the requirements of IOC, determined by the market forces and the thrust on inventory management. However, despite the fall in production, you Company scaled a new peak in the profits at post-tax level, due to decrease in income tax provision with lower corporate tax rates and higher capitalisation.

With the review and revision in blending fees, profitability is expected to improve in the next year.

DIVIDEND & APPROPRIATION OF PROFIT

Your Directors have recommended maintaining the dividend at the level of last year, i.e., *25%.* This is the 30th consecutive year of dividend declaration by your Company. Till last year, a cumulative dividend of Rs 230.89 lakhs has been paid by your Company. This is against the original equity of Rs 40 lakhs.

The disposable profit of Rs 674 lakhs has been appropriated as under :

	Rs/Lakhs
Dividend	10
Tax on Dividend	1
Transfer to General Reserve	662
Retained Profit & Loss Account	1
	674

IOBL plants have earned the ISO-9002 certification.

EARNING PER SHARE & BOOK VALUE

The Earning Per Share and the Book Value per equity share of Rs 500 were as under:

	96-97	95-96	% Incr.
Earning Per Share	8,389	8,135	+3
Book Value	48,117	39,866	+21

CONTRIBUTION TO EXCHEQUER

Your Company has contributed Rs 470 lakhs in 1996-97 to the Central Exchequer in the form of Income Tax alone.

OPERATIONS

Your Company continued to maintain a high capacity utilisation as under:

(TMT)

Year	Licensed Capacity	Production	Capacity Utilisation
96-97	236*	262	111
95-96	236	273	115
94-95	236	248	105

*Excluding additional capacity of 3 TMT installed effective 20.3.1997.

IOBL plants have earned the ISO-9002 certification.

Directors' Report *Contd...*

PROJECTS

Your Company recognises the importance of project management in today's competitive environment. Major projects completed during the year include the titanium complex grease manufacturing facility at Vashi, New Mumbai, with a capacity of 3 TMT p.a. The project was completed in a record time.

Major ongoing projects include :

- Automatic batch blending system a Mumbai & Calcutta Plants.
- 250 kl tanks with TLF bay at Mumbai Plant.
- Extension of dockline at Mumbai Plant.
- Small volume grease manufacturing facility for defence and synthetic greases at Vashi Plant.
- An additional homogeniser at Vashi Plant.
- RCC yards, roads, drains and culverts at Calcutta Plant.
- Replacement of 1.5 ton boiler by 5 ton boiler at Calcutta Plant.

QUALITY ASSURANCE AND PRODUCT DEVELOPMENT

All Plants of your Company have already been accredited with the prestigious . ISO 9002 certification. The surveillance audit conducted during the year has reconfirmed the high quality systems in your Company.

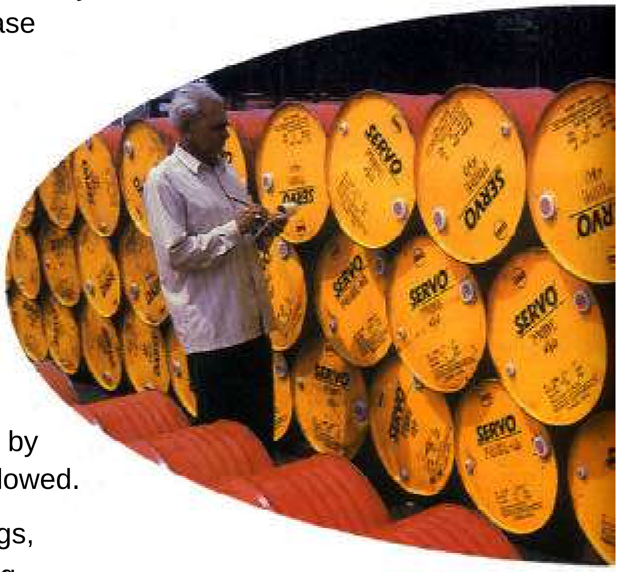
In addition to ISO 9002 accreditation, your Company has drawn up plans for Total Quality Management (TQM). A large portion of the work force has been imparted training on TQM. As a part of modernisation plan, quality control equipments are being upgraded with automatic and computer aided facilities in a phased manner.

Your Company has an enviable product range . However, it is your Company's endeavour to develop the products, foreseeing the needs of future. Towards this end, the Company has commenced production of "Servo Titex HT" a state-of-the-art grease with unique features. I C is the first and the only Company in the world to have patented this grease technology.

ECOLOGY/ENVIRONMENT, SAFETY AND ENERGY CONSERVATION

In pursuit of its commitment to the environment protection and preservation of ecological balance regular testing of effluents is carried out. Safety has a high priority in your Company. The operating practices are continuously upgraded and the directives issued by the Oil Industry Safety Directorate are strictly followed.

As a part of the ongoing efforts for energy savings, your Company has installed a solar water heating



Filled lube drums awaiting despatch to customers at Calcutta Plant during the year. Similar systems have already been installed at Mumbai and Vashi Plants and are functioning satisfactorily.

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo

In accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, a report 0 Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo is provided in the Annexure.

HUMAN RESOURCES

Your Company has a reservoir of skilled a d highly competent team of employees with a strong commitment and a shared ambition for growth. This has been one of the greatest strengths of the Company.

In line with your Company's philosophy, high priority was accorded to the creation of a conducive working environment and providing opportunities for excellence, development and self improvement of the Company's employees. Small group activities, Quality Circles and Suggestion Schemes were also given due encouragement.

Your Company continued to enjoy cordial and harmonious industrial relations throughout the year.

At the end of the year, the employees strength stood at 608, including 100 officers and 508 workmen, as compared to 628 employees, including 106 officers and 522 workmen, at the end of the previous year. It is a tribute to the employees resilience and productivity, that the total number of employees, has reduced by 79 (11%) over the past five years, although there has not been any reduction in the scale of operations.

Filled lube drums awaiting despatch to customer

WORKERS' PARTICIPATION IN MANAGEMENT

Your Company has always encouraged workers participation in management through establishment of various committees like Canteen Committee. Safety Committee, Sports Committee, Hygiene Committee, etc. These committees have been functioning productively and satisfactorily.

WELFARE OF WEAKER SECTIONS

As a good corporate citizen, your Company accepts the social responsibility. To this end, your Company has been following the Presidential Directives regarding the recruitment/promotion of SC/ST/ OBC, ex-servicemen and physically handicapped.

Directors' Report *Contd...*

HINDI IMPLEMENTATION

As a part of national obligation, efforts were intensified for expanding of Hindi in official work in accordance with the provisions of Official Languages Act, 1963 and the Official Languages Rules, 1976. The use of Hindi was encouraged through several Hindi workshops, training programmes and competitions, besides necessary software support. During September, '96, the first sub-committee of the Committee on Official Languages, reviewed the progress in Hindi implementation of your Company, along with four other public sector undertakings in Mumbai. Your Company was entrusted with the coordination for the visit and the Committee expressed its appreciation in this regard.

ENTERTAINMENT EXPENSES

Entertainment expenses for the year amount to Rs 0.06 lakhs.

FUTURE OUTLOOK

The next few years will see intense competition at the market place. Company with the inherent strengths which inter alia include the available infrastructure and R&D support by the holding company, is geared to meet the future challenges and leverage the emerging opportunities.

Your Company believes that the key to long term success lies in total commitment to exceptional standards of performance, productivity an working together effectively with a desire to embrace new ideas and learn continuously.

PARTICULARS OF EMPLOYEES

The particulars of employees u/s.217 (2A) of the Companies Act, *1956 and the* Companies (Particulars of employees) Rules, 1975 as amended by the Companies (Particulars of Employees (Amendment) Rules, 1994] are annexed.

IndianOil's R&D Centre is focussing on development of environment-friendly biograde lubricants.

BOARD OF DIRECTORS

Shri J. Bhuyan ceased to be Director of the Company effective 31.5.1997.

The following Directors are liable to retire a the conclusion of the next Annual General Meeting and are eligible for reappointment.

Shri R Sudarsanam, Shri P. Sugavanam, Dr. .K. Bhatnagar, Shri V. Shyam Sunder, Shri S. Rammohan

APPRECIATION/ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to place on record the valuable contribution made by the employees and look forward to their dedicated services and endeavours in the years ahead to enable the Company to scale even greater heights.

The Board of Directors also wish to acknowledge the contribution, guidance and support received from the Government and Indian Oil Corporation, the holding company.

The Board of Directors also wish to place 0 record their deep appreciation of the excellent guidance and advice rendered by Shri J. Bhuyan during his tenure on the Board of the Company.

For and on behalf of
INDIAN OIL BLENDING LIMITED

Mumbai
Dated : 20th June, 1997

P. SUDARSANAM
Director-in-Charge

SERVO is the largest selling lubricant brand in India

Annexure

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Installation of solar water heater at Calcutta Plant.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Automatic temperature cut off for steam line of blending kettles.
- Upgradation of thermal insulation.
- Timer operated automatic on/of switch for yard lights.

c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods

- The commissioning was done only in March 97, and the impact is being ascertained.

d) Total energy consumption and energy consumption per unit of production:

- Details at Form 'A' annexed.

II. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption:

- Details at Form 'B' annexed.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) Activities relating to exports/initiatives taken to increase exports; development of new export markets for products and services; export plans:

- As all products processed by the Company are marketed by its holding company
- Indian Oil Corporation Ltd., the Company does not ha e any sales (including exports) activities.

g) Total foreign exchange used and earned :

- During the year, no foreign exchange was earned. However, there is a foreign exchange outgo of Rs 0.8 lakhs on account of subscription to journals.

FORM 'A'
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	1996-97	1995-96
1. ELECTRICITY :		
a) Purchased :		
Unit (KW)	36,22,700	34,33,280
Rate/Unit (Rupees)	3.71	3.53
Total Amount (Rs/Lakhs)	134.58	121.34
b) Own Generation		
i) Through Diesel Generators		
Unit (KW)	1,49,476	1,04,788
Unit/Ltr. of diesel oil	3.06	2.31
Cost/Unit	2.42	4.05
ii) Through Steam Turbine/Generator	–	–
2. COAL	–	–
3. FURNACE OIL/LDO		
Quantity (KL)	777.770	547.410
Total amount (Rs/Lakh)	–*	3.18 *
Average Rate (Rs/KL)	–*	–*
4. OTHER/INTERNAL GENERATION	–	–

* Cost borne by IOC

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	96-97	95-96
Electricity (KW/Ton)	14.425	12.964
FO LDO (Ltr/Ton)	2.974	2.006
Coal (Specify Qty.)	–	–
Others (Specify).	–	–

Annexure *Contd...*

FORM 'B'
(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D)

RESEARCH & DEVELOPMENT (R&D)

R&D work with regard to lube oils and greases is basically carried out by R&D Centre of the holding company - IOC.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

With a view to improve product quality and productivity, IOBL has been making efforts to absorb new technology. Major steps taken in this direction are as under

1. Replacement of existing Gear Rotary Blending Tank Pump by Plenty Mirrless Pump with constant pressure control system.

This replacement at Mumbai Plant ensures that power consumption is pro-rata to the pumping rate. Constant pressure is automatically maintained by the pump even in case of any throttling of flow rate at the delivery side

2. Extension of 14" dia dockline

The dockline at Mumbai Plant is being extended to the new jetty where night navigation is possible. Bigger parcel can be brought in tanker which will result in savings in demurrage.

3. Upgradation of LAN System

The LAN System at Mumbai Plant is being upgraded with structured cabling. This will enhance speed of access to information and data.

4. Electronic weigh bridge

An electronic weigh bridge has been installed at Mumbai Plant with a view to enhance the accuracy of the weighment and facilitate computerisation.

5. Dripless semi automatic filing machine for HBF

Installation of the machine at Mumbai Plant is expected to control the product loss and augment filling facility.

6. Installation of Servo Titex grease facility

The facility for manufacturing Servo Titex grease with a capacity of 3 TMT has been installed at Vashi Plant during the year, adapting the technology developed by IOC R&D Centre. This represents the world's first grease formulated and manufactured with Titanium Metal Soap Thickener and involves import substitution for lithium hydroxide with a consequential savings in foreign exchange.

a) Carton Sealing Machine

Three carton sealing machines were installed a Calcutta Plant during the year to ensure high speed, reliability and perfect sealing.

b) Ink Jet Printers

Three automatic ink jet printers were installed during the year at Calcutta Plant. These printers are capable of printing the batch no. on small cans with a speed matching the production line speed.

c) Automatic Screw Capping Machine

An automatic screw capping machine has been installed at Calcutta plant during the year. This is a high speed machine with a capability to match the filling.

Future plans for Technology Adoption

- Installation of in-line blending system.
- Automatic drum filling machine with auto sealing and allied conveyor facilities
- Installation of automatic blow down control system for boiler.
- Installation of pressure power pump (steam operated) for condensate recovery .
- Installation of small volume grease manufacturing facility.
- Automation of the grease kettle.

Auditors' Report

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of **INDIAN OIL BLENDING LIMITED** as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and report that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears form our examination of such books.

3. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.

4. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit a d Loss Account together with the Notes thereon and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-

   a) In the case of Balance Sheet of the state of the affairs of the Company as on 31st March, 1997 and

   b) In the case of the Profit and Loss Account of the Profit for the year ended on that date.

5. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and as per the information and explanations given to us during the course of our audit, we report on the matters specified in the para 4 of said order as far as applicable to the Company that:

   i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed a sets. Major portion of the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed asset is reasonable having regard to the size of the Company and nature of its assets. 0 material discrepancies between the book records and the physical inventory have been noticed in respect of the assets, physically verified.

   ii) None of the fixed assets have been revalued during the year.

   iii) The Company has stocks of maintenance stores and spare parts only, which have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

   iv) The Company does not hold any stock of raw materials and finished goods. In our opinion, the procedures of physical verification of maintenance stores and spare parts followed by the Management are reasonable and adequate in relation to he size of the Company and the nature of it business.

v) The discrepancies noticed on verification between the physical stock of maintenance stores and spare parts and its book records were not material and the same have been properly dealt with in the Books of Accounts.

vi) On the basis of our examination of stock, we are of an opinion that the valuation of the above mentioned stocks is fair an proper in accordance wit normally accepted accounting principles and is on the same basis as in the preceding year.

vii) The Company has not taken any loans, 5 cured or unsecured from any Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and from the Companies under the same management as defined under sub-section (IB) of section 370 of the Company Act, 1956.

viii) The Company has not given any loans, 5 cured or unsecured to the Companies, firms and other parties listed in the Register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956.

ix) Loans and advances in the nature of loan have been given to the employees and employees have been regular in repaying the principal amounts and have also been regular in the payment of interest wherever applicable.

x) In our opinion, there are adequate intern 1 control procedures commensurate with the size of the Company and the nature fits business with regard to purchase of stores, components, plants and machinery, equipments and other assets.

xi) During the year, the Company has not entered into any contracts for purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements requiring entry in the Register maintained under sec ion 301 of the Companies Act, 1956.

xii) As explained to us, the Company has no formal procedure for determination of unserviceable or damaged stores. However, we are informed that these are regularly reviewed by the management a d based on this, sufficient provision 5 made in the accounts where necessary.

xiii) The Company has not accepted any deposits from the public during the year, to which the provisions of Section 58A of Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 are applicable.

xiv) According to the information and explanations given to us, the Company does not have any by-products from its processing activity. Scrap of maintenance stores and components are accounted for only at the time of sale of which reasonable records are maintained.

Auditors' Report *Contd...*

xv) We are of an opinion that the Company has an internal audit system commensurate with its size and nature of its business.

xvi) The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.

xvii) According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. As informed by the Company, the Employees' State Insurance Scheme is not applicable to the Company.

xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1997, for a period of more than six months from the date, they became payable.

xix) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

xx) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and On Behalf of

Mehta Chokshi & Shah,
Chartered Accountants

Sd/-
(R.T. Mehta)
Partner

Place : Mumbai,
Dated: 20th May, 1997

Balance Sheet

Balance Sheet as at 31st March, 1997

	Schedule		March '97	March '96
				Rupees
SOURCES OF FUNDS:				
Shareholders' Funds				
a) Share Capital	"A"		40,00,000	40,00,000
b) Reserves and Surplus	"B"		38,09,38,430	31,49,29,733
TOTAL			38,49,38,430	31,49,29,733
APPLICATION OF FUNDS:				
1. Fixed Assets				
a) Gross Block	"C"	42,56,35,064		34,67,28,776
b) Less: Depreciation		21,60,95,742		19,04,51,704
c) Net Block		20,95,39,322		15,62,77,072
d) Capital Work-In-Progress	"D"	2,84,34,976		2,70,84,022
			23,79,74,298	18,33,61,094
2. Current Assets, Loans and Advances				
a) Inventories	"E"	21,50,722		28,84,868
b) Book Debts	"F"	6,71,06,234		7,42,46,807
c) Cash and Bank Balances	"G"	1,47,43,548		84,14,879
d) Loans and Advances	"H"	11,78,49,134		10,05,25,444
		20,18,49,638		18,60,71,998
3. Less: Current Liabilities and Provisions	"I"	5,48,85,506		5,05,03,359
4. Net Current Assets (2-3)			14,69,64,132	13,55,68,639
TOTAL			38,49,38,430	31,89,29,733
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules forming Part of Accounts	"N" to "S"			

Sd/-
(P. SUDARSANAM)
Director-In-Charge

Sd/-
(P. SUGAVANAM)
Finance Director

Sd/-
(RAJU RANGNATHAN)
Secretary

Place : Mumbai
Dated: 20 May, 1997

As per our report attached
MEHTA CHOKSHI & SHAH
Chartered Accountants

Sd/-
(R.T. MEHTA)
Partner

Place : Mumbai
Dated: 20 May, 1997

Profit & Loss Account

Profit and Loss Account for the year ended 31st March, 1997

Rupees

	Schedule		March '97	March '96
INCOME:				
1. Blending and Processing Charges		32,01,59,957		32,50,67,395
Less: Operational Loss		3,82,283		6,11,634
			31,97,77,674	32,44,55,761
2. Reimbursement in lieu of Blending/Processing charges*			67,65,171	1,32,24,349
3. Interest and Other Income	"J"		80,97,610	51,66,575
TOTAL			33,46,40,455	34,28,46,685
EXPENDITURE :				
1. Manufacturing, Administration and Other Expenses	"K"		19,31,22,389	19,07,20,818
2. Depreciation and Amortisation			2,62,86,990	2,69,37,929
3. Interest			3,28,451	0
TOTAL			21,97,37,830	21,76,58,747
PROFIT FOR THE YEAR			11,49,02,625	12,51,87,938
Income/ (Expenditure) relating to Prior Period (Net)			(7,93,928)	3,13,951
PROFIT BEFORE TAX			11,41,08,697	12,55,01,889
Provision for Tax (includes Rs NIL for Prior Period; 1996 ; Rs 1224451)			4,70,00,000	6,04,24,451
PROFIT AFTER TAX			6,71,08,697	6,50,77,438
Balance Brought Forward from Last Year's Account			99,195	11,64,93,757
Transfer from Investment Allowance (Utilised) Reserve			1,50,000	16,28,000
DISPOSABLE PROFIT			6,73,57,892	18,31,99,195

Profit & Loss Account Contd....

	Schedule	March '97	*Rupees* March '96
APPROPRIATIONS:			
1. Proposed Dividend		10,00,000	10,00 ,000
2. Tax on Proposed Dividend		1,00,000	–
3. General Reserve		6,62,00,000	18,21,00 ,000
4. Balance Carried to Balance Sheet		57,892	99,195
Total		6,73,57,892	18 ,31,99 ,195
*Towards previous year.			
Statement of Significant Accounting Policies	"L"		
Notes on Accounts	"M"		
Other Schedules forming Part of Accounts	"N" to "S"		

Sd/-
(P. SUDARSANAM)
Director-In-Charge

Sd/-
(P. SUGAVANAM)
Finance Director

Place : Mumbai
Dated:20 May, 1997

Sd/-
(RAJU RANGANATHAN)
Secretary

As per our report attached
MEHTA CHOKSHI & SHAH
Chartered Accountants

Sd/-
(R.T. MEHTA)
Partner

Place : Mumbai
Dated: 20 May, 1997

Schedules

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 1997

SCHEDULE “A” SHARE CAPITAL

	March ’97	*Rupees* March ’96
Authorised		
8,000 Equity Shares of Rs 500/- each	40,00,000	40,00,000
Issued and Subscribed		
8,000 Equity Shares of Rs 500/- each fully paid (the entire Share Capital is held by Indian Oil Corporation Limited, the Holding Company and its Nominees)	40,00,000	40,00,000
TOTAL	40,00,000	40,00,000

Schedules Contd....

SCHEDULE "B" - RESERVES AND SURPLUS

		March '97	Rupees March '96
1) General Reserve			
As per Last Account	31,46,80,538		13,25,80,538
Add: Transferred from Profit & Loss Account	6,62,00,000		18,21,00,000
		38,08,80,538	31,46,80,538
2) Investment Allowance (Utilised) Reserve			
As per last Account	1,50,000		17,78,000
Less: Transferred to Profit & Loss Account	1,50,000		16,28,000
			1 50,000
3) Profit and Loss Account		57,892	99,195
TOTAL		38,09,38,430	31,49,29,733

Schedules *Contd.*

SCHEDULE "C" - FIXED ASSETS

	Note	AT COST Gross Block as at 01.04.1996	Additions during the year	Transfers from Construction Work-in-Progress	Disposals during the Year
LAND LEASEHOLD		80,06,000	0	0	0
OFFICE/FACTORY BLDG.	"A"	5,44,45,192	1,32,84,615	72,98,629	0
RESIDENTIAL FLATS	"B"	1,62,336	0	0	0
RAILWAY SIDINGS		21,73,731	0	0	0
PLANT & MACHINERY		24,88,60,779	5,26,62,833	35,48,477	5,143
COMPUTERS/MICROPROCESSORS		71,41,627	9,78,299	0	2,3,4536
FURNITURE, FIXTURE AND OFFICE EQUIPMENT	"C"	1,31,07,974	18,74,276	0	4,82,209
FORKLIFT TRUCKS		1,10,03,046	0	0	0
MOTOR VEHICLES		18,28,091	3,38,265	0	3,57,218
TOTAL		34,67,28,776	6,91,38,288	1,08,47,106	10,79,106
PREVIOUS YEAR		32,46,07,467	1,94,95,843	39,11,003	12,85,537

NOTE:

A. Includes a Compound Wall jointly owned with Herdilia Unimers Limited as detailed below:

- Share of Original cost : **Rs 1,30,706** (1996: Rs 1,30,706)
- Accumulated Depreciation : **Rs 6,552** (1996 : Rs 18)
- Written Down Value : **Rs 1,24,154** (1996: Rs 1,30,688)

B. Residential flats includes **Rs 3,500** (1996: Rs 3,500) towards value of 70 (1996: 70) shares in co-operative housing society towards membership of such society for purchase of flat.

C. The Assets transferred from Indian Oil Corporation Limited, the Holding Company consequent to transfer of employees have been accounted at original cost to the Holding Company. The Depreciation provision till 31.03.96 as per the Holding Company's account has been taken by the Company.

Schedules *Contd.*

SCHEDULE "C" - FIXED ASSETS *(contd...)*

Rupees

				NET DEPRECIATED BLOCK	
Transfers/ Deductions/ Reclassifi- cations	Gross Block as at 31.03.1997	Depreciation and Amorti- sation Charged This Year	Total Depreciation and Amorti- sation upto 31.03 1997	AS AT 31.03.97	AS AT 31.03.1996
0	80,06,000	84,274	10,11,288	69,94,712	70,78,986
5,11,310	7,55,39,746	27,06,027	2,50,55,979	5,04,83,767	3,22,54,017
0	1,62,336	3,490	96,028	66,308	69,798
0	21,73,731	2,45,735	6,52,856	15,20,875	17,66,610
(6,44,970)	30,44,21,976	2,00,32,105	16,62,91,002	13,81,30,974	10,24,32,436
15,001	79,00,391	13,24,478	51,41,268	27,59,123	31,68,086
1,18,659	1,46,18,700	10,62,249	82,35,636	63,83,064	57,85,106
0	1,10,03,046	5,69,892	87,92,911	22,10,135	27,80,026
0	18,09,138	2,58,740	8,18,774	9,90,364	9,42,007
0	42,56,35,064	2,62,86,990	21,60,95,742	20,95,39,322	15,62 ,77,072
0	34,67,28,776	2,69,37,929	19,04,51,704	15,62,77,072	

Schedules *Contd.*

SCHEDULE “D” - CAPITAL WORK-IN-PROGRESS

	March ’97	*Rupees* March ’96
1 . Work-in-Progress	2,55,73,437	2,00,44,041
2. Advances for Capital Expenditure	14,64,946	34,89,355
3. Capital Stores	13,86,385	35,22,365
4. Dismantled Capital Stores (at or below Cost)	10,208	28,261
TOTAL	2,84,34,976	2,70,84,022

SCHEDULE “E” - INVENTORIES

	March ‘97	*Rupees* March ‘96
In Hand		
Stores, Spares etc.	21,50,722	28,90,267
Less: Provisions for Losses	0	5,399
TOTAL	21,50,722	28,84,868

SCHEDULE “F”-BOOK DEBTS

			Rupees
		March ’97	**March ’96**
1. Over Six months			
a) Unsecured, Considered Good			
Due from Indian Oil Corporation Limited, the Holding Company	—		1,94,78,775
- Others	—		530
b) Unsecured, Considered Doubtful	—		6,790
		0	1,94,86,095
2. Others			
Unsecured, Considered Good			
- Due from Indian Oil Corporation Limited, the Holding Company	6,71,06,234		54,767,502
Less: Provisions for Doubtful Debt	0		6,790
		6,71,06,234	54,76,0712
TOTAL		6,71,06,234	7,42,46,807

SCHEDULE ‘G” - CASH AND BANK BALANCES

		March ’97	*Rupees* March’96
1. Cash Balances			
Cash and cheques in hand		1,49,061	1,65,612
2. Bank Balances with Scheduled Banks			
a) Current Account	2344,862		46,26,227
b) Fixed Deposit lodged with Outside Party including interest accrued thereon	41,17,625		36,23,040
c) LC Margin Account	81,32,000		0
	1,45,94,487		82,49,267
TOTAL		1,47,43,548	84,14,879

SCHEDULE “H” - LOANS AND ADVANCES

			March ’97	*Rupees* March ’96
1. Advances Recoverable in cash or in kind or for value to be received				
a) Secured, Considered Good		2,28,64,419		2,46,27,600
b) Unsecured, Considered Good				
- Due from Indian Oil Corporation Limited, the Holding Company	21,28,258			34,44,451
- Others	6,93,07,712			4,55,04,705
		7,14,35,970		4,89,49,156
c) Unsecured, Considered Doubtful		0		6,256
		9,43,00,389		735,83,012
Less : Provisions for Doubtful Advances		0		6,256
			9,43,00,389	735,76,756
2. Claims Recoverable				
Unsecured, Considered Good			0	7,735
3. Sundry Deposits (Including amount adjustable on receipt of final bills) Unsecured, Considered Good			30,34,614	29,42,559
4. Advance Payment of Income Tax		18,32,75,499		13,97,59,762
Less: Provisions for Tax		16,27,61,368		11,57,61,368
			2,05,14,131	2 ,39,98,394
TOTAL			11,78,49,134	10,05,25,444

SCHEDULE "I"-CURRENT LIABILITIES AND PROVISIONS

			March '97	*Rupees* March '96
1. Current Liabilities				
a) Sundry Creditors		68,45,943		42,70,235
b) Other Liabilities		3,90,65,291		3,97,72,410
c) Security Deposits	79,29,272			54,75,714
Less: Investment and Deposits with Banks lodged by Outside Parties	55,000			15,000
		78,74,272		54,60,714
			5,37,85,506	495,03,359
2. Provisions				
Proposed Dividend			10,00,000	10,00,000
Tax on Proposed Dividend			1,00,000	–
TOTAL			5,48,85,506	505,03,359

SCHEDULE "J" - INTEREST AND OTHER INCOME

		March '97	*Rupees* March '96
1. Interest On			
a) Loans and Advances	29,29,154		24,49,492
b) Fixed Deposits with Banks	4,94,105		8,821
		34,23,259	24,58,313
2. Profit on Sale and Disposal of Assets		1,75,826	90,588
3. Unclaimed/Unspent Liabilities written back		27,35,239	12,99,554
4. Provision for Doubtful Debts, Advances & Claims & Stores Written Back		13,046	5,965
5. Recoveries from Employees for rent etc.		11,76,590	7,89,307
6. Sale of Scrap etc.		1,66,882	3,18,198
7. Other Miscellaneous Income		4,06,768	2,04,650
TOTAL		80,97,610	51,66,575

Schedules *contd.*

SCHEDULE "K" - MANUFACTURING, ADMINISTRATION AND OTHER EXPENSES

	Schedule		March '97	*Rupees* March '96
1 Consumption of Stores, Spares and Consumables			27,70,738	70,64,281
2. Power, Fuel and Water			1,58,98,586	1,40 10,646
3. Repairs and Maintenance				
a) Plant and Machinery		73,49,971		49,05,483
b) Buildings		83,21,402		22,49,977
c) Others		22,27,856		20,01,848
			1,78,99,229	91,57,308
4. Handling Expenses			34,31,068	38,07,025
5. Payments to and Provisions for employees *				
a) Salaries, Wages, Bonus etc.		8,13,62,290		10,53,17,342
b) Contribution to Provident Fund and Other Funds		70,26,084		80,97,333
c) Staff Welfare Expenses		2,51,59,120		2,10,04,644
d) Voluntary Retirement Scheme Compensation		3,78,601		8,63,864
			11,39,26,095	13,52,83,183
6. Office Administration and Other Expenses	"K-1"		3,91,96,673	2,13, 98,375
TOTAL			19,31,22,389	19,07, 20,818

* Includes Rs **NIL** (1996: Rs 230.29 lacs) towards previous years, on account of Long Term Settlement with employees and Rs **NIL** (1996: Rs 4.14 lacs) on account of Voluntary Retirement Scheme Compensation.

SCHEDULE "K-1" – OFFICE ADMINISTRATION AND OTHER EXPENSES

				Rupees
			March '97	**March '96**
1.	Rent*		2,00,92,604	44,30,465
2.	Insurance		9,23,125	9,26,145
3.	Rates and Taxes		18,88,695	17,42,167
4.	Donations		16,060	1,000
5.	Payment to Auditors			
	a) Audit Fees	25,000		15,000
	b) Tax Audit Fees	9,000		9,000
	c) Others Services (for issuing Certificates etc.)	20,000		0
	d) Out of Pocket Expenses	60,600		66,309
			1,14,600	90,309
6.	Travelling and Conveyance		45,57,926	36,71,552
7.	Communication Expenses		16,84,139	14,75,947
8.	Printing and Stationery		11,68,075	11,75,468
9.	Bank Charges		64,793	23,152
10.	Bad Debts', Advances and Claims Written off		13,046	0
11.	Loss on Assets Sold, Lost or Written off		58,749	8,524
12.	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores		0	13,046
13.	Security Force Expenses		3,92,618	3,97,897
14.	Pollution Control Expenses		99,016	50,639
15.	Other Expenses		81,23,227	73,92,064
	TOTAL		3,91,96,673	2,13,98,375

* Includes **Rs 67.65 lacs** (1996: Rs 10.95 Lacs) towards previous years.

Schedules *Contd...*

SCHEDULE “L” - STATEMENT ON ACCOUNTING POLICIES

1. FIXED ASSETS:

1.1 Land :

Land acquired on lease for over 99 years/perpetual lease is treated as freehold land.

1.2 Construction Period Expenses on Projects:

Construction period expenses including administration and supervision expenses exclusively attributable to projects are capitalised. However, such expenses in respect of capital facilities being executed alongwith production/operations simultaneously, are charged to revenue. Financing cost during the construction period on loans raised/ allocated to projects is capitalised.

1.3 Depreciation/Amortisation:

1.3.1 Cost of leasehold land for 99 years or less is amortised during the lease period.

1.3.2 Assets costing upto Rs 5,000/- are depreciated fully in the year of capitalisation.

1.3.3 Depreciation on Fixed Assets other than the above is provided on Written Down Value Method at rates prescribed under the Companies Act, *1956.* Depreciation is charged on pro-rata basis on assets capitalised/sold/disposed off/dismantled during the year.

2. EXCHANGE RATE

Liability for foreign credit is provided on the basis of bank selling rates ruling at the time of capitalisation of assets acquired against such credits. The liability is translated at the exchange rate ruling at the year end. The differences due to exchange fluctuation is capitalised except the exchange difference on liabilities relating to assets already written off which is charged to Revenue.

3. CURRENT ASSETS, LOANS &ADVANCES:

Valuation of Inventories (Stores & Spares) :

Stores and Spares (including Capital Stores) are valued at or under cost.

4. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS:

4.1 Contingent Liabilities are disclosed in each case above Rs 1 lakh. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such Show Cause Notices after considering Company’s views, these demands are either paid or treated as liabilities, if accepted by the Company and are treated as contingent liability, if disputed by the Company.

4.2 Estimated amount of contracts remaining to be executed on Capital accounts are disclosed in each case exceeding Rs 0.50 lakh.

5. PROFIT & LOSS ACCOUNT :

5.1 Blending/processing Income is accounted based on volume of products blended/ manufactured/filled.

5.2 Operating cost including cost of stock in Process/Blended finished Lubes lying in Kettles, is charged to Profit & Loss Account in the Year of accrual.

5.3 Retirement Benefits:

5.3.1 Payment of gratuity is made through Trust and the amount contributed, based on actuarial valuation is charged to Profit & Loss Account.

5.3.2 Liability towards leave encashment and post retirement medical benefits to employees as at the end of the year is assessed on the basis of actuarial valuation and provided for.

5.4 Prepaid expenses upto Rs 0.20 lakh in each case are charged to Revenue.

5.5 Income & Expenditure upto Rs 2 lakhs in each case pertaining to prior years are accounted for in the current year.

5.6 Claims are accounted when there is certainty that the claims are realisable.

Sd/-	Sd/-	Sd/-
(P. Sudarsanam)	(P. Sugavanam)	(Raju Ranganathan)
Director-In-Charge	Finance Director	Secretary

Place : Mumbai
Date 20th May, 1997

Schedules *contd...*

SCHEDULE "M" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

1. **Contingent Liabilities :**

   (a) Claims against the Company not acknowledged as debts **Rs 46.52 lacs** (1996: Rs 45.35 lacs).

   These include :

   i) **Rs 18.77 lacs** (1996 : Rs 18.21 lacs) in respect of appeals by I come The Department. Interest, if any, on some of the claims is unascertainable.

   ii) **Rs 23.70 lacs** (1996: Rs 23.70 lacs) for which suits have been filed against the Company for compensation/damages.

   (b) Suit filed against the Company, for cancellation of the contract amount is not ascertainable.

2. Estimated amount of contract remaining to be executed on Capital Account and n provided for **Rs 353.70 lacs** (1996 : Rs 292.29 lacs).

3. Lease Agreement in respect of land at Vashi Plant of the gross value of **Rs 80.06 lacs** (1996: Rs 80.06 lacs) is pending for execution and is, therefore, not available for verification.

4. Lease Agreement in respect of certain lands for Calcutta Plant have expire and are pending for renewal. No provision has been made in the accounts in respect of the Rent/Premium payable on renewal if any, as the amount there of is not ascertainable

5. Blending and Processing Income includes **Rs 34.72 lacs** (1996: Rs 7.29 lacs) towards shortfall in the guaranteed demand by Indian Oil Corporation Limited, the Holding Company.

6. Provision for retirement benefits has been made on the basis of formula adopted in Actuarial Valuation carried out during the year 1995-96.

7. The Profit and Loss Account includes:

   a) Expenditure on Public Relations and Publicity amounting to **Rs 0.06 lacs** (1996 :Rs 0.04 lacs) which is inclusive of **Rs NIL** (1996: Rs NIL) on account of Staff and Establishment and **Rs 0.06 lacs** (1996: Rs 0.04 lacs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00002:1** (1996: 0.00001:1).

   b) Research and Development Expenses **Rs NIL**, (1996 : Rs NIL).

   c) Entertainment Expenses **Rs 0.06 lacs** (1996: Rs 0.04 lacs).

Sd/-	Sd/-	Sd/-
(P. Sudarsanam)	(P. Sugavanam)	(Raju Ranganathan)
Director-In-Charge	Finance Director	Secretary

Place : Mumbai
Date : 20th May, 1997

SCHEDULE "N' - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	Note	1997			1996		
		Lubes KL	Greases MT	ECA 8586 KL	Lubes KL	Greases MT	ECA 8586 KL
Licensed Capacity		250000	11000 (Ref. Note B)	1003	250000	11000	1003
Installed Capacity	A	250000	11000 (Ref. Note B)	1003	250000	11000	1003
Actual Production		276326	12654	891	290804	11427	482

Notes:

A. As certified by the Management and accepted by the Auditors without verification.

B. Excludes additional capacity of 3000 MT installed effective 20.3.97.

SCHEDULE "O" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

	1997		1996	
	Quantity	Value Rupees	Quantity	Value Rupees
Lubes	276326 KL	26,11,27,547	290804 KL	27,48,09,461
Greases	12654 MT	5,37,78,667	11427 MT	4,85,63,934
ECA 8586	891 KL	17,81,290	482 KL	9,64,600
TOTAL:		31,66,87,504		32,43,37,995

Notes:

A. The Company has not purchased or consumed any raw materials during the year. There is no opening or closing stock of finished goods. The Company processes materials received by it from Indian Oil Corporation Limited, the Holding Company. Quantities mentioned above, relate to such processing.

B. Value excludes **Rs 34,72,453/-** (1996: Rs 7,29,400/-) towards charges for shortfall in the guaranteed demand by Indian Oil Corporation Limited, the Holding Company.

Schedules *contd.*

SCHEDULE "P" - CONSUMPTION OF STORES, SPARES AND CONSUMABLES DURING THE YEAR

	1997		1996	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Imported	0	0.00	47,64,994	67.45
Indigenous	27,70,738	100.00	22,99,287	32.55
TOTAL	27,70,738	100.00	70,64,281	100.00

SCHEDULE "Q" - EXPENDITURE IN FOREIGN CURRENCY

		Rupees
	1997	**1996**
Subscription to Journals	28,036	35,877

SCHEDULE "R" - C I F VALUE OF IMPORTS

		Rupees
	1997	**1996**
Spare Parts and Components	99,622	16,62,065

SCHEDULE "S" - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	12619	State Code	11
Balance Sheet Date	31 03 97		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs Lakhs)

Public	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs Lakhs)

Total Liabilities	Total Assets
3860	3860

SOURCES OF FUNDS

Paid-Up Capital	Reserves & Surplus
40	3820
Secured Loans	Unsecured Loans
NIL	NIL

APPLICATION OF FUNDS

Net Fixed Assets	Investments
2380	NIL
Net Current Assets	Misc. Expenditure
1480	NIL
Accumulated Losses	
NIL	

IV. PERFORMANCE OF COMPANY (Amount in Rs. Lakhs)

Turnover	Total Expenditure
3202	2197
Profit Before Tax	Profit After Tax
+ 1141	+ 671

(Please tick appropriate box + for Profit,-for Loss)

Earnings Per Share in Rs	Dividend %
8389	25

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY *(as* per Monetary Terms)

Item Code No. (ITC Code)	NIL
Products/Services Description	LUBE BLENDING
Item Code No. (ITC Code)	NIL
Products Description	GREASE MANUFACTURING
Item Code no. (ITC code)	V.I. IMPROVER
Products/Description	MANUFACTURING
Item Code No. (ITC Code)	NIL

CAG Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN OIL BLENDING LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997

The Comptroller and Auditor General of India has decided not to review the report of the auditors on the accounts of Indian Oil Blending Limited, Mumbai for the year ended 31st March, 1997 and as such, he has no comments to make under section 619(4) of the Companies Act, 1956.

Sd/-
Niranjan Pant
Principal Director of Commercial Audit
& ex-officio Member, Audit Board II. Mumbai

Place : Mumbai
Date : 29th May, 97