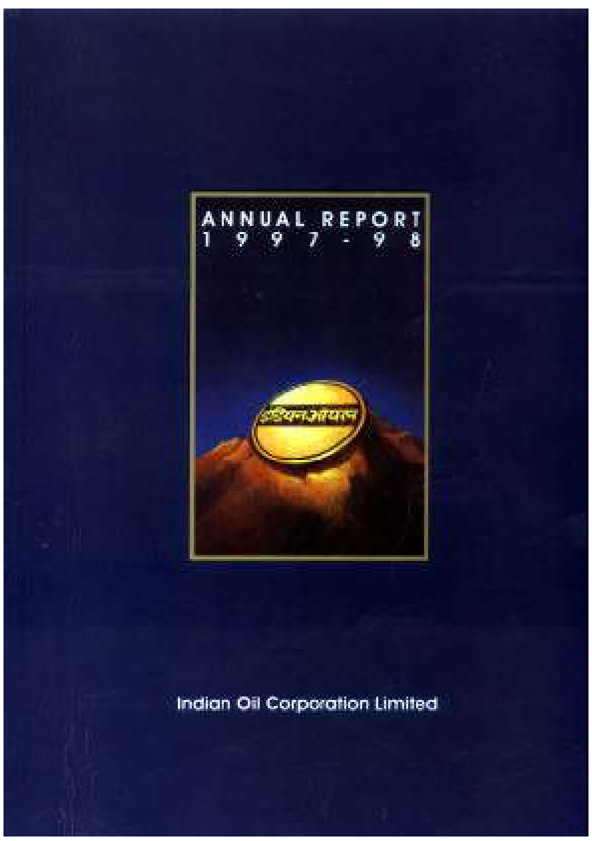
ANNUAL REPORT
1997-98

Indian Oil Corporation Limited



Indian Oil,
Poised on new peaks
of performance,
Shimmering in the dawn of a
new area.
Facing the future with rock
confidence. With a vision
beyond tomorrow.

Indian Oil Corporation Ltd.

Indian Oil Corporation Ltd. is the largest commercial undertaking in India and the only Indian company in Fortune's "Global 500" listing of the world's largest industrial and service companies with a ranking of 287 for fiscal 1997. Among the petroleum refining companies, it is ranked at 20th place by sales as well as profits.

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

Indian Oil owns and operates 6 of the country's 14 refineries with a refining share of over 40%. Its seventh refinery of six million tons per annum capacity at Panipat in north-west India will be commissioned shortly. Another grassroots refinery is planned on the east coast as a joint venture.

Indian Oil has a 5,762-km network of pipelines comparable with that of any standard oil company in other parts of the world, for economical, reliable and eco-friendly transportation of crude oil and petroleum products.

Indian Oil 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 over 18,000 sales points covers the entire country, and is backed for supplies by 184 terminals and depots, 43 LPG bottling plants and 92 aviation fuel stations.

Indian Oil is the only oil company in the country with ISO-9001/9002 accreditation for over 50 units which include refineries, pipelines, aviation fuel stations, lube and grease plants, quality control laboratories, LPG bottling plants and the Indian Oil Institute of Petroleum Management. By the end of 1997-98, all the six refineries of Indian Oil were accredited with ISO-14001 certification for environmental management systems.

Indian Oil's comprehensive, ISO-9001 certified R&D Centre has done pioneering work in lubricants, refinery processes and pipeline transportation. The Centre has developed over 1880 lubricant formulations and obtained approvals from nationals and international equipments builders. A wholly-owned subsidiary, Indian Oil Blending Ltd., manufactures over 450 grades of the countrys leading SERVO brand lubricants and greases.

Indian Oil 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 managment. It is also globalising its R&D, training and consultancy services, and marketing, including lubricants.

Indian Oil's joint ventures, Indo-Mobil and Avi Oil India, in association with Mobil, USA, and Nyco SA of France respectively, offer premium and speciality lubricants. Indian Oil tanking Ltd., in association with Oiltanking GmbH, Germany, and IBP Co, is developing tankage infrastructure. A strategic alliance exists with Air BP in the area of avaiation fuel services.

While Indian Oil 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 plants, Indian Oil is studying offshore oil fields in India and abroad for commercial exploitation. Various proposals for collaboration, including deep water exploration, in India and abroad are contemplated with ONGC. Other collaborative efforrs include LNG terminals at four port locations in India in a joint venture with other Indian and foreign companies. As a partner in Petronet India Ltd, setting up of product pipelines will also be taken up in the country. Five power projects are being set up with joint venture partners.

Contents

Indian Oil Corporation Limited

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

39th 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

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, transporation 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-sufficency in the field of oil refining by setting up adequate capacity and to build up expertiese 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 veiw 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 distilliate 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, lube 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.

Expeditios redresesal 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.

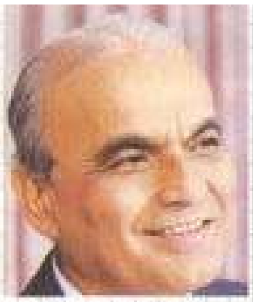
To endeavour to reduce the cost of production of petroleum products by means of systematic cost control measures.

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

Board of Directors

M.A. Pathan	Chairman
A.K. Arora	Director (Refineries)
S.N. Jha	Director (Pipelines) (w.e.f. 7.1.1998)
O.N. Marwaha	Director (Marketing) (w.e.f. 5.3.1998)
Subir Raha	Director (Human Resources) (w.e.f. 12.6.1998)
A.K. Bhatnagar Dr.	Director (R&D) (w.e.f. 22.7.1998)
S.C. Mathur	Director (Finance) (Upto 31.7.1998)
Subodh Mittal	Director (Personnel) (Upto 31.1.1998)
Devi Dayal	Director
Nirmal Singh	Director
Ravi Saxena	Director
Secretary	R. Narayanan

Board of Directors


M.A. Pathan


A.K. Arora


S.N. Jha


O.N. Marwaha


Subir Raha


Dr. A.K. Bhatnagar


Devi Dayal


Nirmal Singh


Ravi Saxena

Principal Executives

CORPORATE OFFICE

M.B.L. Agarwal	Executive Director (International & Corporate Finance)
C.K. Dixit	Executive Director (Internal Audit)
P.S. Govindarajan	Exective Director (Planning)
B.B. Chakravorty	Executive Director (Poweer Projects)
B.K. Mittal	Executive Director (Human Resource)
G. Sarpal	Executive Director (Human Resource Development)
S.C. Agarwal (Maj.)	General Manager (Petrotech-99)
C. Dasgupta	General Manager (Finance)
N. Biswas	General Manager (Internal Audit)
S.C. Bose	General manager (Exploration & Production)
M.S. Kumar	General Manager (I/c) (IIPM)
M. K. Suri	General Manager (IIPM)
J.M. Gugnani	General Manager (Business Development)
J.K. Puri	General Manager (Information Technology)
B.M. Bansal	General Manager (Busness Development)
N.K. Nayyar	General Manager (IT & Treasury)

REFINERIES DIVISION (HEAD OFFICE)

S.L. Das	Executive Director (Human Resource)
J.L. Raina	Executive Director (Projects)
R.K. Sabharwal	Executive Director (Operations)
Rajendra Prasad	Executive Director (M&I)
K. K. Konar	General Manager (Projects)
S.C. Tandon	General Manager (Technical)
Jaspal Singh	General Manager (Eastern India Refinery Project)
J.K. Nobls	General Manager (Administration & Welfare)
S.V. Narasimhan	General Manager (Finance)
V.P. Sharma	General Manager (Projects-Finance)
H.K. Bakshi	General Manager (Projects)
V.C. Agarwal	General Manager (Human Resource)

REFINERIES

L.K. Raina	Executive Director Panipat Refinery Project
P.K. Biswas	Executive Director Mathura Refinery
P.S. Rao	Executive Director Gujarat Refinery
Tapas Ray	Principal, IMA Haldia
R. Sah	General Manager (Tech.) Mathura Refinery
P. V.R. Ayyar	General Manager (Tech.) Panipat Refinery
B.K. Mukherjee	General Manager Haldia Refinery
S.S Saini	General Manager Barauni Refinery
B. Chaudhary	General Manager (Fin.) Gujarat Refinery
C.K. Raja	General Manager Guwahati Refinery
B.P. Chattopadhya	General Manager (projects) Haldia Refinery
K. Rajaram	General Manager (Fin.) Mathura Refinery
K. Rajaram	General Manager (Fin.) Mathura Refinery
Rohit Bhardwaj	General Manager (Projects) Panipat Refinery

PIPELINES DIVISION

A.M. Uplenchwar	Executive Director (Engg. & Consultancy)
K.M. Bansal	Executive Director (Operations)
K.K. Sinha	General Manager (Engg. & Consultancy)
K.N. Tripathi	General Manager (Human Resource)
P.S. Balasubramanian	General Manager (Construction)
S. Chakraborty	General Manager (Operations)
Narayan Prasad	General Manager Eastern Region
S.K. Garg	General Manager (Finance)

MARKETING DIVISION (HEAD OFFICE)

P. Sudarsanam	Executive Director (Plg., P&S and BD)
P. Sugavanam	Executive Director (Finance)
A. Chandrasekaran	Executive Director (Supplies)
D.R. Bhojwani	Executive Director (Sales)
M.V. Kittur	Executive Director (Engineering)
S. Basu	Executive Director (ID & Projects)
Arun Jyoti	Executive Director (Lubes)
B.K. Das	Executive Director (Sales)
P.S. Krishnan	General Manager (Pricing)
M.K. Janardanan	General Manager (Engineering)
V.K. Chaudhri	General Manager (LPG)
A.K. Mitra	General Manager (Human Resource)
R.V. Krishnamurthy	General Manager (Infrastructure Development)
R.N.J. Mathur	General Manager (Human Resource Development)
J.S. Narula	General Manager (Operations)
Ramesh Mehta	General Manager (Aviation)
B.D. Soni	General Manager (Finance-LPG)
S.S. Das Gupta	General Manager (Plannning)
O.P. Malguria	General Manager (LPG- Engineering)
P.V. Rao	General Manager (Shipping)
S.C. Jana	General Manager (Internal Audit)
S. Sengupta	General Manager (Quality Control)
V.P. Sharma	General Manager (Systems)
M.L. Jain	General Manager (LPG-MG)
T.L. Jain	General Manager (Finance)

REGIONAL OFFICES (MARKETING)

P. Banerjee	Executive Director Western Region
S. Ram Mohan	Executive Director Southern Region
Narender Singh	Executive Director Northern Region
M.C. Sachdeva	Executive Director Eastern Region
L.K. Mathur	Executive Director Delhi State
M.E. Vasu	General Manager Tamil Nadu State
K. Ramachandran	General Manager (Sales) Eastern Region
S.J. Anantaraj	General Manager Karnataka Sales
B.D. Ghosh	General Manager (Sales) Eastern Region
S.P. Singhal	General Manager (Fin.) Western Region
I.H. Hashmi	General Manager (Sales) Northern Region
S.K. Swaminathan	General Manager (Sales) Western Region
T.N. Sivaraman	General Manager (HR) Southern Region
C.P. Joshi	General Manager Maharashtra State
N.G. Kannan	General Manager (HR) Eastern Region
S.S. Soni	General Manager (Fin.) Northern Region
G.C. Daga	General Manager Rajasthan State

ASSAM OIL DIVISION

A.N. Das	Executive Director Digboi
H.N. Hazarika	General Manager (Tech) Digboi
P.K. Choudhary	General Manager (Mktg.) Digboi

RESEARCH & DEVELOPMENT CENTRED

Sobhan Ghosh (Dr.)	Executive Director (Chemical Engineering Division)
S.P. Srivastava (Dr.)	Executive Director (Chemical)
J.R. Nanda	General Manager (Avi Oil)
N.R. Raje	General Manager
R.P. Verma	General Manager

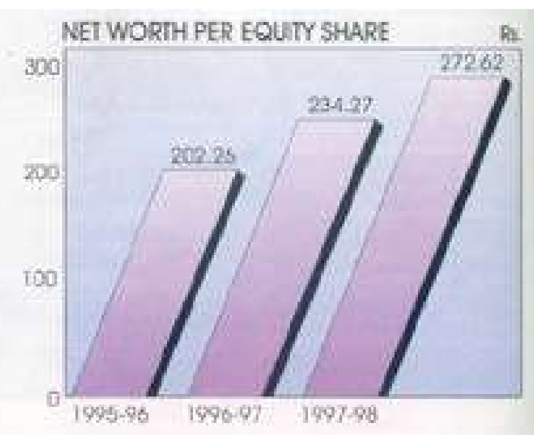
Performance at a Glance

(Rs. Crore)

	1997-98	1996-97	1995-96	1994-95	1993-94
1. FINANCIAL					
Turnover	59,176	55,389	43,862	39,351	34,407
Gross Profit *	4,128	3,641	2,885	2,393	1,842
Profit Before Interest & Tax	3,090	2,842	2,325	1,976	1,520
Profit Before Tax	1,964	1,766	1,765	1,370	964
Profit After Tax	1,706	1,408	1,249	1,019	772
Dividend	195	156	156	105	49
Retained Earnings	1,492	1,238	1,093	914	723
Value Added	9,652	8,350	7,187	5,440	4,290
Contribution to Central Exchequer	10,302	9,797	6,539	5,673	4,760
Cumulative Dividend	1,050	855	700	544	439
* Profit before Depreciation, Interest, Expenditure and Tax					
What Corporation Owns					
Gross Fixed Assets	13,313	10,397	7,985	5,938	5,239
Depreciation	5,402	4,375	3,590	3,058	2,662
Net Fixed Assets	7,911	6,022	4,395	2,880	2,577
Capital Works in Progress	4,001	3,784	3,437	2,630	1,326
Investments	9,283	3,406	3,689	3,857	3,858
Working Capital	3,629	9,088	4,581	2,607	4,412
Total	24,824	22,300	16,102	11,974	12,173
What Corporation Owes					
Net Worth					
- Share Capital	389	389	389	389**	123
- Reserves	10,225	8,732	7,486	6,218	5,550
- Total	10,614	9,121	7,875	6,607	5,673
Borrowings	14,210	13,179	8,227	5,367	6,500
Total	24,824	22,300	16,102	11,974	12,173

** Includes share application money from employees pending allotment - Rs. 19 crore and issue of bonus shares.

Note: Previous year's figures have been regrouped for comparison purpose in line with current year figures, whereever applicable.



		1997-98	1996-97	1995-96	1994-95	1993-94
Ratios						
Debt Equity Ratio		0.43:1	0.33:1	0.24:1	0.28:1	0.19:1
Earnings Per Share (Rupees)***		43.83	36.17	32.07	27.56	6,263
Cash Earnings Per Share (Rupees)***		70.49	56.70	46.44	38.84	8,877
Profit After Tax to Average Net Worth (%)		17.3	16.6	17.2	16.6	14.5
Net Worth Per Equity Share (Rupees) ***		272.62	234.27	202.26	178.11	46,024

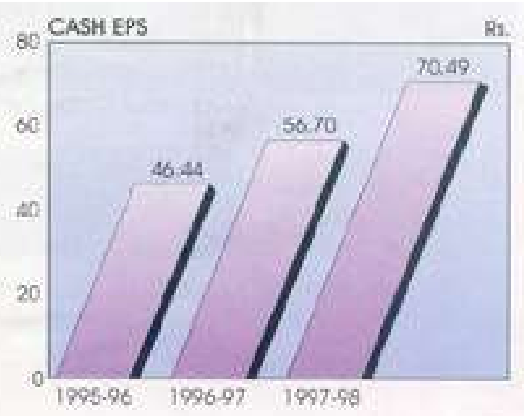
*** Face value per share for 1994-95 onwards is Rs. 10/- and for earlier years Rs. 1,000/-

II. OPERATIONS

		1997-98	1996-97	1995-96	1994-95	1993-94
Operating Performance						
Product Sales	Million Tonnes	43.41	41.97	39.85	36.25	33.44
Refineries Throughput	Million Tonnes	27.50	25.14	25.64	25.16	24.75
Pipelines Throughput	Million Tonnes	31.03	28.20	24.70	24.47	24.13
Marketing Network & Facilities						
Divisional Offices	Nos.	44	44	44	44	42
LPG Area Offices	No.s	32	32	32	32	31
Terminals and Depots	Nos.	184	178	178	166	162
Aviation Fuel Stations	Nos.	92	92	94	93	89
Total Product Tankage	Lakh kl.	54.54	51.30	49.89	42.97	41.80
LPG Bottling Plants	Nos.	43	39	35	33	32
LPG Bottling Capacity	'000 Tonnes	1,653	1,453	1,329	1,192	1,152
Retail Outlets	Nos.	6,779	6,731	6,585	6,284	6,021
SKO/LDO Dealers	Nos.	3,423	3,413	3,362	3,284	3,208
Indane Distributors	Nos	2,902	2,834	2,700	2,418	2,206
Multi Purpose Distribution Centres (MPDC)	Nos	231	231	231	231	231
Towns with Indane	Nos.	1,335	1,306	1,248	1,178	1,133
Indane Customers	Lakh	170	148	135	120	108

III. MANPOWER

		1997-98	1996-97	1995-96	1994-95	1993-94
MANPOWER	Nos.	33,403	33,232	33,287	33,589	34,035



Bankers and Auditors

BANKERS

State Bank of India

United Bank of India

STATUTORY AUDITORS

B. K. Shroff & Co.

L. B. Jha & Co.

O. P. Tulsyan & Co.

V. Sankar Aiyar & Co.

BRANCH AUDITOR

S.S. Venkatram & Co.

V.K. Dhingra & Co.

Sen & Ray Co.

T.K. Ghosh & Co.

Mahendra M. Patel & Co.

REGISTRAR & TRANSFER AGENTS

Karvy Consultants Limited
21, Road No. 4, Street No. 1
Banjara Hills
Hyderabad - 500 034

STOCK EXCHANGE

Mumbai Stock Exchange
Chennai Stock Exchange
Delhi Stock Excange
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
Indian Oil Bhavan

REFINERIES DIVISION

HEAD OFFICE
SCOPE complex, core 2
7, Institutional Area, Lodhi Road
New Delhi-110 003

Barauni
P.O. Barauni Oil Refinery
Distt. Begusarai-861 114
(Bihar)

Gujarat
P.O. Jawahar Nagar
Distt. Vadodara-391 320
(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 -281 005
(U.P.)

PIPELINES DIVISION

HEAD OFFICE
A-1, Udyog Marg
Sector-1,
NOIDA-201 301

Eastern Region
14, Lee road
Calcutta-700 020

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

MARKETING DIVISION

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

Northern Region
Indian Oil Bhavan
1, Aurobindo Marg, Yusuf Sarai
New Delhi-110 016

Eastern Region
Indian Oil Bhavan
2, Gariahat Road
South (Dhakuria), Calcutta- 700 068

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

Southern Region
Indian Oil Bhavan
139, Nungambakkam
High Road, Chennai-600 034

R&D CENTRE
Sector 13
Faridabad-121 007
(Haryana)

INDIAN OIL BLENDING LTD.
(A wholly owned subsidiary of
Indian Oil Corporation Limited)

HEAD OFFICE
Badamia Manor, 3rd Floor
Keshavrao Khadye Marg
Mumbai-400 034

ASSAM OIL DIVISION
Digboi-786 171
(Assam)

Directors' Report

India's largest oil refinery at Koyali, Gujarat, is undergoing capacity expansion of 3 million tonnes per annum

To

The Indian Oil Family of Shareowners

Dear Owners,

On behalf of the Board of Directors, I have great pleasure in presenting to you the 39th Annual Report on the working of the Corporation for the financial year ended 31st March, 1998 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.

For fiscal 1997, the Corporation maintained its position as the only Indian company among Fortune's Global 500' larget industrial and service compainies with a ranking of 287. Among the 31 petroleum refining companies that find a place in the listing, Indian Oil is ranked 20th by sales as well as profits.

Indian Oil has been adjudged as the Best Sovereign/Public Sector Borrower in Asia during 1997 in a poll conducted by *Euroweek*, an international capital market publication. The award not only reinforces Indian Oil's strong presence in the international financial markets, but also recognises your Corporation as Asia's best sovereign credit.

Corporate Review

FINANCAL

	(Rs. Crore)		
	1997-98	**1996-97**	**%Change**
Turnover	**59,176**	55,389	(+) 6.84
Profit			
Profit before Interest, Depreciation and Tax	**4,128**	3,641	(+) 13.38
Interest Payment	**1,126**	1,076	(+) 4.65
Depreciation	**1,038**	799	(+) 29.91
Profit Before Tax	**1,964**	1,766	(+) 11.21
Tax Provision	**258**	358	(–) 27.93
Profit After Tax	**1,706**	1,408	(+) 21.16
Appropriations			
Proposed Dividend	**195**	156	(+) 25.00
Corporate Dividend Tax	**19**	15	(+) 26.67
General Reserve	**1,492**	1,237	(+) 20.61

PHYSICAL

	(Million Tonnes)		
	1997-98	**1996-97**	**% Change**
Product Sales	**43.41**	41.97	(+) 3.43
Refineries Throghput	**27.50**	25.14	(+) 9.39
Pipelines Throughput	**31.03**	28.20	(+) 10.04

State-of-the-art Distributed Digital Control System (DDCS) is replacing conventional pneumatic operations at all India Oil refineries

Directors' Report *Contd...*

Mathura refinery at night- a reflection of IndianOil's commitment to environment conservation

SHARE VALUE

(Rupees)

	1997-98	1996-97	% Change
Cash Earning Per Share	**70.49**	56.70	(+) 24.32
Earning Per Share	**43.83**	36.17	(+) 21.18
Net Worth Per Equity Share	**272.62**	234.27	(+) 16.37

MOU PERFORMANCE

For the ninth consecutive year, your Corporatin attained an "Excellent" rating, which is the highest performance rating according to criteria laid down in the Memorandum of Understanding signed with the Government of India.

DIVIDEND

Your Corporation has established a reputation for paying dividend regularly since 1966-67. This year, your Directors have recommended enhancing the dividend from 40% to 50% in view of the excellent performance. Till 1996-97, a cumulative dividend of Rs. 855 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.

A view of Guwahati refinery

In View of the statutory provision of the Finance Bill, 1997, it is proposed to appropriate Rs. 19,47 crore towards Corporate Dividend Tax, being 10% of distributed profits.

CONTRIBUTION TO EXCHEQUER

The highest ever contribution of Rs. 10,302 crore was made to the Central Exchequer during the year in the form of duties and income tax alone.

CAPITAL EXPENDITURE AND FINANCING

We have incurred a capital expenditure of Rs. 3,134 crore during the year in augmenting capacities and infrastructure. As on 31st March, 1998, 80% of our fixed assets of Rs. 17314 crore have been financed from internally generated resources.

PUBLIC DEPOSIT SCHEMES

During 1997-98, your Corporation collected public deposits amounting to Rs. 627.35 crore. As on 31st March, 1998 the total deposits amounted to Rs. 781.64 crore. The Public Deposit Scheme has been closed effective 1st July, 1997.

IndianOil's 5,762km pipeline network transported a record 31.03 million tonnes of crude oil and petroleum products during 1997-98

Directors' Report *Contd...*

Mathura refinery has switched over to natural gas as fuel during 1997-98

EXPORT EARNINGS

Your Corporation earned Rs. 1,843 crore through exports during the year. This includes foreign exchange earned from supply of avaition fuel to international airlines, bunker fuel and marine lubricants.

QUALITY ASSURANCE

Your Corporation lays particular emphasis on quality assurance in its products and services.

During the year, a quality control laboratory for LPG was established at Kandla Import Terminal. A customer service laboratory with state-of-the-art computerised equipment was set up at Bangalore for testing lube oil samples. Automatic testing equipment has also been developed for lube packaging quality control. In all metros QC laboratories have been provided with computer-aided equipment for quick and high-precision testing. Our 10 mobile laboratories are now being used for testing of lubricant samples, in addition to those of petrol and diesel collected at the points of sale.

Sustained thrust in Total Quality Management has led to over 50 units of the Corporation earning ISO 9001/9002/14001 accreditation. These include the six operating refineries, pipelines, R&D Centre, Indian Oil Institute of Petrleum Management, aviation fuel stations, lube and grease plants, QC labs and LPG bottling plants.

Mathura refinery received the Golden Peacock National Quality Award for the second consecutive year. It also received the Rajiv Gandhi Quality Award, 1994 during the year.

A view of India's first hydrocracker at Koyali refinery

OPERATIONS

The severe cyclonic storm that ravaged the Gulf of Kutch on June 9, 1998 caused considerable damage to Indian Oil's marketing, pipelines and LPG installations at Kandla and Vadinar. It goes to the credit of our colleagues in these affected areas that they could restart operations within 24 hours and restore near normalcy within a fortnight through concerted team effort.

Directors' Report *Contd...*

REFINERIES

For the fifth consecutive year, the Corporation's six refineries at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi collectively attained over 100% capacity utilisation by processing 27.50 million tonnes of crude oil.

A diesel hydro-treater is under implementation of Guwahati refinery

The overall capacity utilisation of Indian Oil refineries at the level of 108% was the highest ever in spite of lower crude oil suplies to Barauni refinery from Assam. The fluidised catalytic cracking units at Mathura and Gujarat refineries achieved over 134% and 107% capacity utilisation respectively. Thus, for the thirteenth consecutive year, these important secondary-processing units achieved over 100% capacity utilisation, leading to enchanced value addition. The overall energy consumption as well as the hydrocorbon losses at our refineries was also the lowest this year.

During the year, a catalytic reforming unit was commissioned at Digboi refinery. The six million tonnes per annum grassroots refinery at Panipat is expected to be commissioned shortly. Crude oil was received in the refinery tanks through the new Chaksu-Panipat pipeline during the later part of 1997.

Barauni refinery is slated for expansion to 6 million tonnes per annum

The oil industry in India is undergoing a transformation in phases from a controlled and regulated system to a deregulated industry. The administered pricing mechanism (APM) for the refining sector has been dismantled w.e.f. 01.04.98, ushering in a market-determined pricing mechanism.

Indian Oil is expanding its pipelines network by laying branch pipelines.

PIPELINES

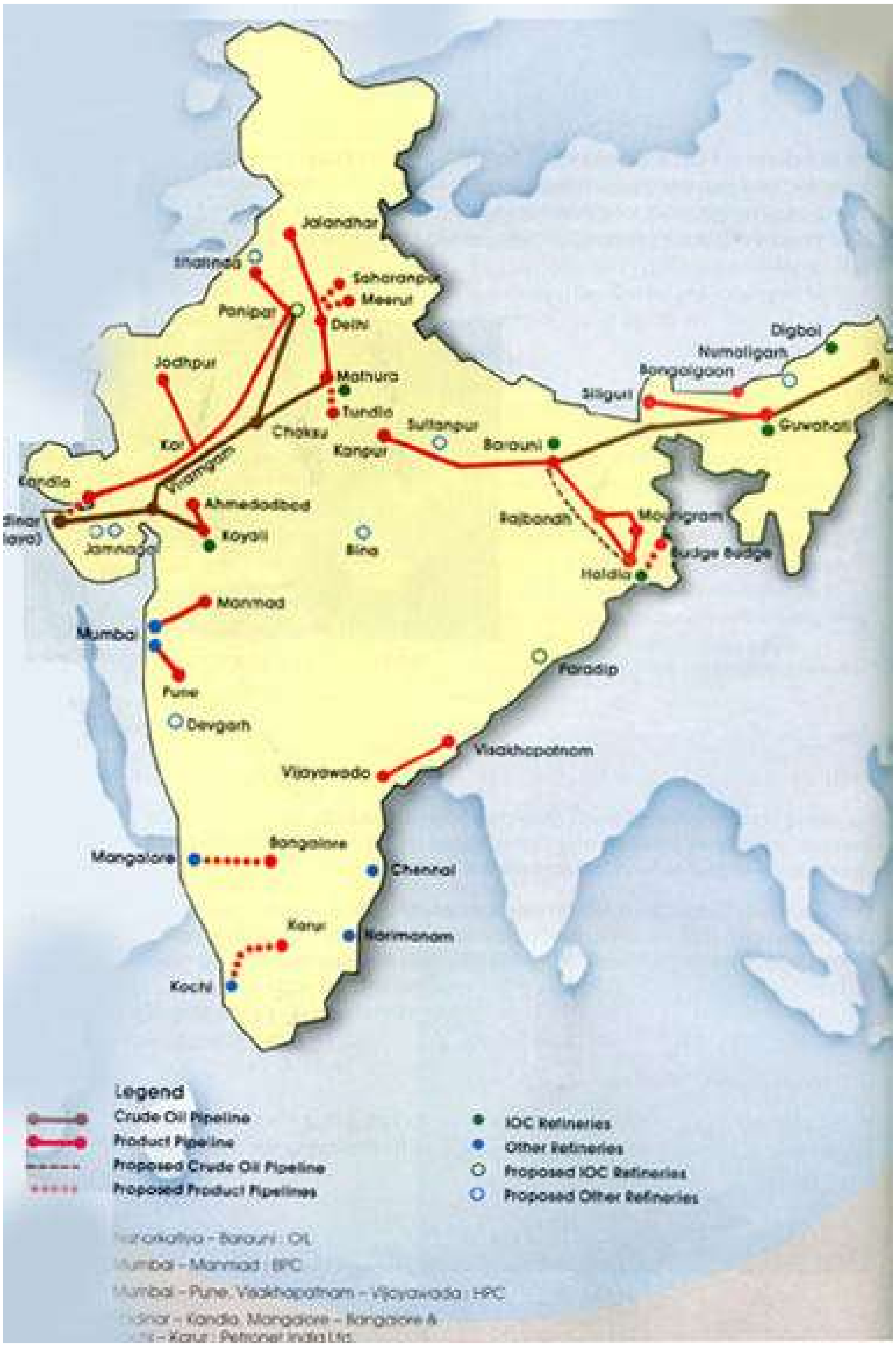
For inland transportation of crude oil and petroleum products, pipelines provide the most environment-friendly and cost effective moded. Your Corporation operates the largest network of pipelines in the country.

During 1997-98, Indian Oil's 5762 km pipeline network, comprising 1704 km of crude oil pipeline and 4058 km of product pipelines, achieved the highest ever throughput of 31.03 million tonnes. This surpasses the previous best of 28.20 million tonnes in 1996-97 by nearly 10%. During the year, the second single buoy mooring (SBM) in the Gulf of Kutch was made fully operational, including loop-line and a new offshore line.

Maintenance and inspection

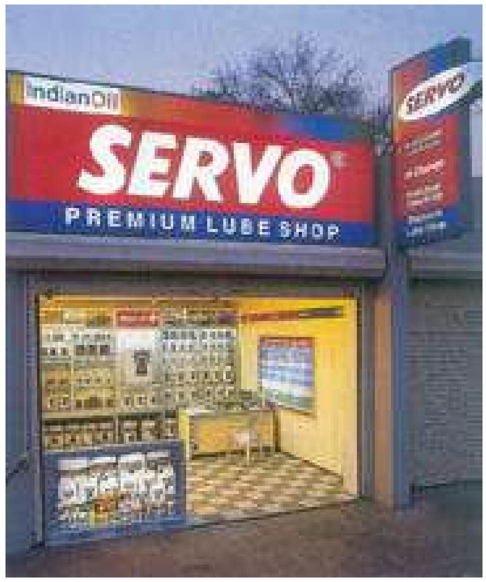
Your Corporation accords the highest priority to updating and modernising its preventive and predictive maintenance practices for improving the on-stream service factor and reducing

Refineries and Major Inland Pipelines



downtime of units. Major initiatives taken in this area during the year are:

- Development of a concept of ‘Structured Reliability Audit’ for electrical systems
- Ambience audit of Distributed Digital Control System (DDCS) control rooms for improving reliability
- Development of software for creation and analysis of MIS database for problem analysis and report generation
- Horizontal Directional Drilling (HDD) crossing across Chaulkhoa river to enchance the security of the Guwahati-Siliguri pipeline



ServoShop, a premium lubricants outlet and the first of its kind in the country, at New Delhi

MARKETING

Your Corporation has been striving for excellence in customer satisfaction by providing quality products and services at the most reasonable price. In anticipation of customer needs, we have been augmenting our marketing infrastructure and developing improved products through R&D.

Vision 2000, Indian Oil’s retail visual identity programme at its petrol/diesel stations, has received encouraging response from customers because of the value-added services offered. Apart from the Indian Oil-Ctibank co-branded credit card launched during the year, the ‘new look’ retail outlets selectiely have a Convenio shopping store, snap services, quick lube oil change, automatic car wash, and at places, unmanned card operated pumps and round-the-clock ATM. Several new products were launched during the year to keep pace with the latest developments in lubrication technology.

Directors' Report *Contd...*

Engineers Service Station of IndianOil at New Delhi is the first petrol and diesel station in India to earn the prestigious ISO 14001 certification for environmental management

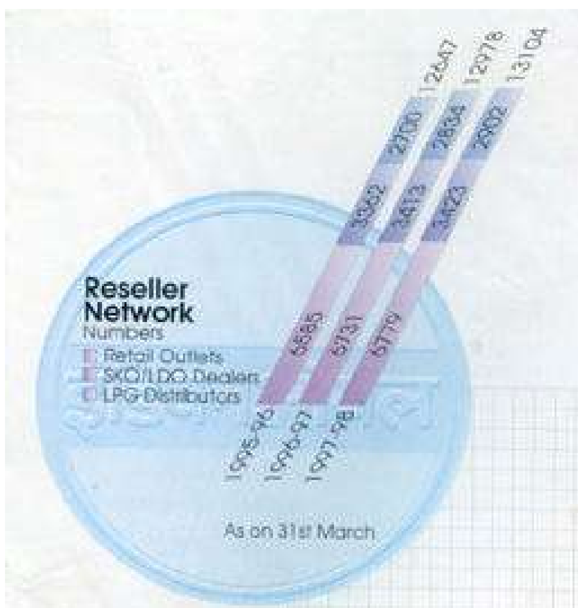
Sales

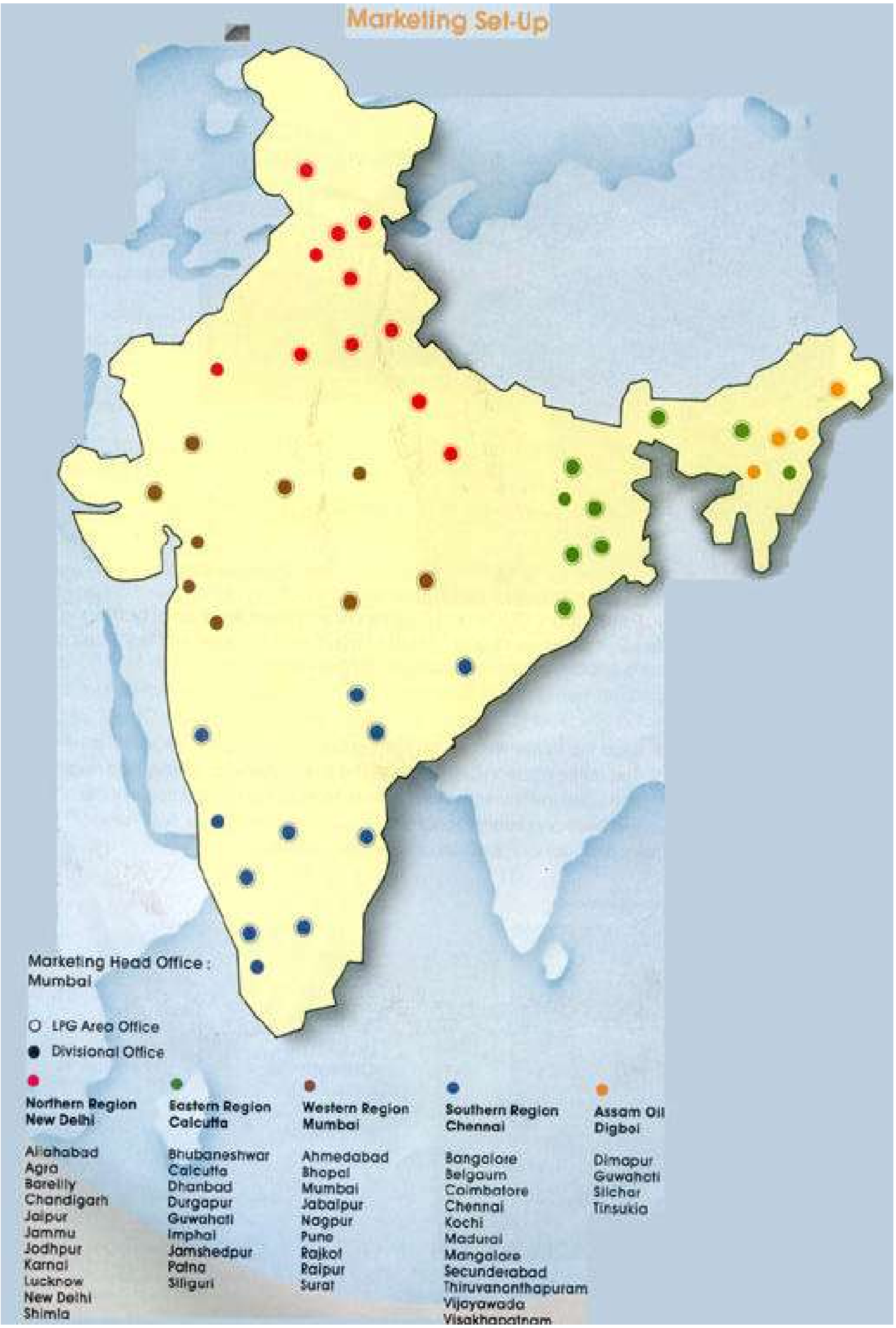
The highest ever sales of 43.41 million tonnes of petroleum products was achieved during the year as compared to 41.97 million tonnes in the previous year, an increase of 3.4%.

For the convenience of large volume customers, your Corporation opened 127 new consumer outlets during the year, raising the total number to 4989.

Retail Distribution

To take petroleum products closer to the customers, your Corporation commissioned 49 retail outlets and 10 SKO/LDO dealerships during the year raising their total number to 6779 and 3423 respectively. For services and supplies, the reseller points and consumer outlets have the backup of 44 divisional ofices, 32 Indane Area offices, 184 terminals and depots, and 43 LPG bottling plants.




Marketing Set-Up
Marketing Head Office : Mumbai
LPG Area Office
Divisional Office
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
Western Region Mumbai
Ahmedabad
Bhopal
Mumbai
Jabalpur
Nagpur
Pune
Rajkot
Raipur
Surat
Southern Region Chennai
Bangalore
Belgaum
Coimbatore
Chennai
Kochi
Madurai
Mangalore
Secunderabad
Thiruvananthapuram
Vijayawada
Visakhapatnam
Assam Oil Digboi
Dimapur
Guwahati
Silchar
Tinsukia

Directors' Report *Contd...*

IndianOil serves all sectors of the economy

LPG

During the year, the number of households using Indane cooking gas went upto 169.7 lakhs from 148.2 lakhs in the previous year.

For improved customer service, 68 new LPG distributorships were added during the year, raising their total to 2902. With the completion of five new LPG bottling plants at Ahmedabad, Bikaner, Farukhabad, Quilon and Cuddapah and augmentation of bottling capacity at Karnal, Jamshedpur, Bhopal and Calicut plants, the 43 LPG plants of the Corporation now have a capacity to bottle 16.53 lakh tonnes per annum.

Aviation

Your Corporation remained the leader in aviation fuelling business during the year with a market share of 68.7%. The entire avaiation fuel needs of the Indian Army and Navy and nearly 90% of the Indian Air Force were met by your Corporation. Most of the requirements of the national carriers, private dairlines and international airlines were also met by us. Four new international airlines selected your Corporation as their fuel supplier.

IndianOil operates about 5,000 exclusive bulk consumer outlets for large volume customers

During 1997-98, all the 92 aviation fuel stations of Indian Oil met the stringent quality control index target.

Indian Oil's seventh Interntional Aviation Seminar held at Bangalore was well attended by representatives of international airlines and oil companies from various countries.

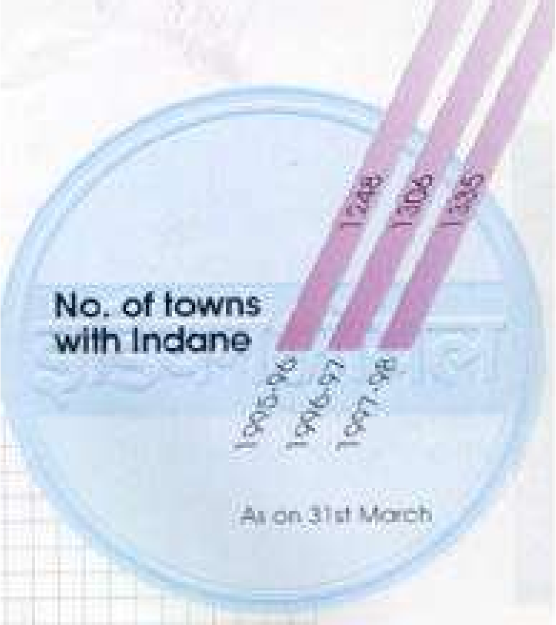
British Safety Council awards were bagged by all the 92 AFSs during the year.

IndianOil caters to the cooking gas needs of 17 million households in the country through its network of 2,902 LPG distributors

Lubricants

Your Corporation's SERVO lubricans continued to be the largest selling brand of lubricants in the country. About 200 kl of finished lubricants were exported to UAE, Nepal and Sri Lanka.

To strengthen our reseller network, 21 SERVO distributorships were commissioned during the year, bringing their total number to 85. ServoShop, a premium lube outlet and the first of its kind, was inaugurated in New Delhi.



Four new international airlines have selected IndianOil as their fuel supplier

Directors' Report *Contd...*

IndianOil remained the leader in aviation fuel business during 1997-98 with a market share of 68.7%

Shipping

During the year, your Corporation handled 475 product import tankers and 84 product export tankers, besides 278 crude oil tankers and 76 LPG shipments. Scheduling and monitoring were carried out efficiently, and despite daunting constraints, availability of crude oil and products was sustained without any disruption.

INTERNATIONAL TRADE

Your Corporation continued to be the canalising agency for import of crude oil and major petroleum products. Based on the expertise available with the International Trade, Commercial and Shipping departments, your Corporation, through a carefully selected, diversified mix of grades and supply sources, arranged to import 30.97 million tonnes of crude oil, 19.61 million tonnes of fuel products and

IndiaOil continued to be the canalising agency for import of crude oil and major petroleum products

0.026 million tonnes of lubricants to meet the country's requirement. Your Corporation exported 2.38 million tonnes of petroleum products during 1997-98, as detailed hereunder:

	Quantity (MMT)	Value (Rs. Crore)
Imports		
Crude Oil*	30.97	14,508.74
Fuel Products (including those on Behalf of Nepal Oil Corporatio)	19.61	12,440.05
Lubricants	0.026	65.05
Exports		
Petroleum Products	2.382	1,307.84

*Excluding 3.53 million tonnes (MMT) valued at Rs. 1521.35 crore on behalf of Cochin Refineries Ltd. under Agency account.

IndianOil's R&D Centre developed 80 new lube and grease formulations during 1997-98 and obtained 38 approvals from reputed national and international OEMs

RESEARCH & DEVELOPMENT

For Indian Oil's R&D Centre, which completed 25 years of pioneering service to the nation, it was yet another year of achievements. Not only have several innovtive ideas and concepts found commercial application but the R&D Centre also achieved the distinction of earning the coveted ISO-14001 accreditation for its environmental

Directors' Report *Contd...*

In recognition of the R&D Centre's contribution to tribology, it has been chosen as the headquarters of the Indian chapter of the National Lubricating Grease Institute, USA

management system. In recognition of its valuable contribution in the area of lubricants in general and grease technology in particular, the Centre has been selected as the headquarters of the Indian chapter of the National Lubricating Grease Institute, USA.

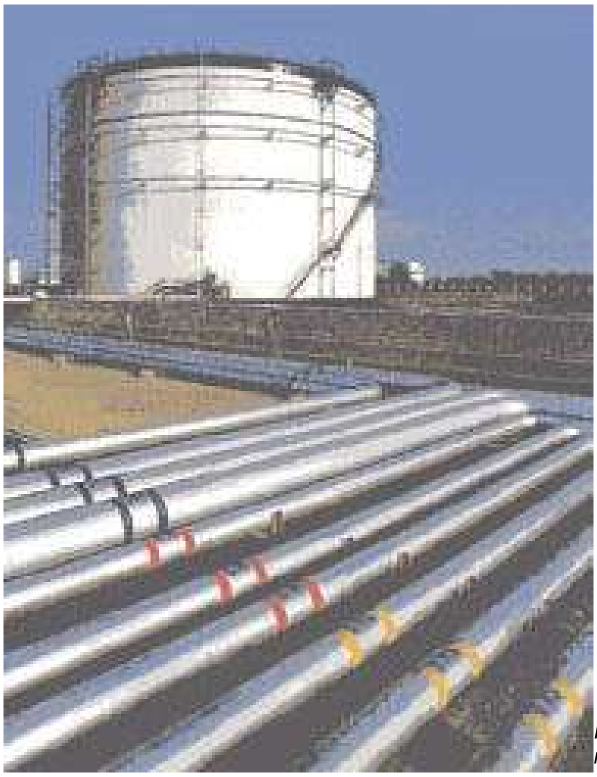
During the year, R&D's technology development strategy was two-pronged: first, to bolster Indian Oil's global marketing plan and second, reorientation of focus in the context of the phased dismantling of the adminstered pricing mechanism (APM). Development of marine engine oil technology, and low oil-fuel ratio two-stroke engine oil are among the major breakthroughs, which will help the Corporation in the competitive automotive sector internationally.

The high quality of products is reflected in 38 approvals received from reputed national and international original equipment manufacturers (OEMs). To nurture scientific knowledge for economic returns at a fast pace, the R&D Centre has initiated many collaborative programmes.

Some of the significant achievements are:

- Commencement of commercial production of Servo Titex grease at the world's first Titex plant at Vashi, Mumbai
- Development of 80 lube and grease formulations
- Development of a fuel-efficient universal tractor oil meeting the latest international specifications
- Catalytic converter for two/three wheelers completed field trials successfully
- IndMax process technology developed for conversion of resids/heavy ends to LPG

Gujarat refinery is setting up facilities for production of methyl tertiary butyl ether (MTBE) as a value added product.



- First hydrocracker pilot plant commissioned
- A novel process for production of poly alpha olefins from olefin-paraffin feed for which a US patent has been granted
- Component-based diesel stabiliser package technology developed and field-tested successfully.
- First international seminar on Fuels and Lubricants held at New Delhi..

IndianOil's products tankage has now been augmented to 54.54 lakh kl.

Directors' Report *Contd...*

Digboi refinery commissioned a catalytic reforming unit during 1997-98 for production of low-lead and unleaded petrol

Assam Oil Division

The Digboi refinery of Assam Oil Division (AOD) processed 0.502 million tonnes of crude oil during the year. The Division sold 0.81 million tonnes of products and retained its position as the market leader in the North-East region. AOD at present operates 311 retail outlets, 401 SKO/LDO dealerships, and 58 consumer outlets. Indane is supplied to over 5 lakh househlds in 103 towns through 155 distributors.

Projects

Implementation of projects within cost and time targets is accorded the highest priority by your Corporation.

Major Projects Completed During 1997-98

- Catalytic reforming unit at Digboi refinery
- Project for using natural gas as fuel at Mathura refinery
- Project or produce alpha olefins at Barauni refinery
- Augmentation of Salaya-Viramgam pipeline section of SMPL
- Augmentation of Viramgam-Chaksu pipleine section

- Chaksu-Panipat crude oil pipeline
- New terminals at Hazira, Vashi and Loni
- New depots at Aonla (Bareilly) and Ongole (AP)
- New LPG bottling plants at Ahmedabad, Bikaner, Farukhabad, Quilon and Cuddapah

Major On-going Projects

- Grassroots refinery at Panipat of 6 MMTPA capacity
- Grassroots refinery in Eastern India (near Paradip, Orissa) in a joint venture
- Haldia-Barauni crude oil pipeline
- Catalytic reforming until at Mathura refinery
- Wax hydro-finishing unit at Digboi refinery
- New delayed coker unit at Digboi refinery
- Diesel hydro-desulphurisation units at Haldia, Mathura, Gujarat and Panipat refineries
- Facilities for production of micro-crystaline wax at Haldia refinery
- Expansion of Gujarat refinery by 3 million tonnes per annum
- Augmentation of Salaya-Viramgam and Viramgam-Koyali section of SMPL
- Matching secondary processing facilities at Mathura refinery
- Facilities for production of MTBE at Gujarat refinery
- Installation of Distributed Digital Control System (DDCS) and Advanced Process Control (APC) in refineries in phases.
- Incorporation of ROSE technology in propane de-asphalting unit and a new Normal Methyl Pyrolidone (NMP) Unit at Haldia refinery for improvement of lube base stock quality.

IndianOil's seventh refinery at Panipat is due for commissioning in phases from October 1998

Directors' Report *Contd...*

A fluidised catalytic cracking until and an iso de-waxing unit are coming up at Haldia refinery

- Yield and energy optimisation of coker at Guwahati and Coker A at Barauni refinery
- Haldia-Mourigram branch pipeline to Budge Budge
- Branch lines to Meerut and Saharanpur from Mathura-Jalandhar ipleline
- Mathura-Tundla pipeline
- Crude oil tankage at Chaksu
- Over 8 lakh kl tankage at various location, including LPG bottling plants

New Projects:

Your Corporation has developed a large number of investment proposals to sustain its growth and profitability. Some of the significant proposals are:

- Expansion of Barauni refinery
- Diesel hydro-treater at Guwahati and Digboi refineries
- Fludised catalytic cracking unit at Haldia refinery
- Replacement of de-waxing and de-oiling unit at Digboi refinery
- Expansion of Panipat refinery and transportation of additional crude oil for this purpose
- Expansion of Gujarat refinery
- Pipeline transportation of additional crude oil from east and west coasts
- Catalytic Iso de-waxing unit at Haldia refinery
- Production of paraxylene at Panipat refinery in a joint venture
- Production of Acrylonitrile (ACN) at Panipat refinery in a joint venture
- Augmentation of Haldia-Barauni crude oil pipeline

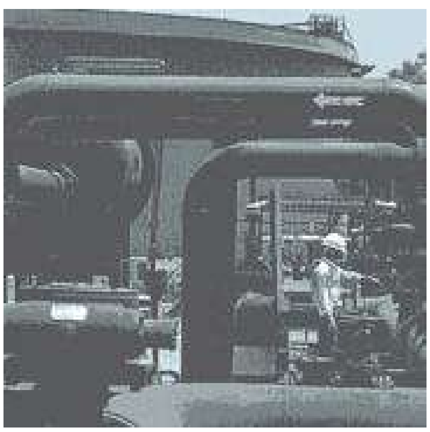
IndianOil Chairman, Mr. M.A. Pathan (Second from right) and Tan Sri Dato ' Mohd. Hassan Marican, President and chief Executive of Petronas, signing a joint venture agreement at New Delhi for setting up LPG import facilities at Haldia

- Conversion of virtual jetty at Kandla to a permanent jetty
- LPG bottling plans at 12 locations
- Grassroots refinery in Southern India
- LPG import facility at Haldia in a joint venture
- Upgradation, expansion and modernisation of the pipeline network
- Laying of branch, spider pipelines from existing pipelines

Business Development

Your Corporation has initiated several measures for expansion, diversification and globalisation of business to enhance its competitive edge. Some of these are:

- Shareholders Agreement wih Petronas, Malaysia for setting up LPG import facilities at Haldia
- MOU with Petronas on training activities; Faculty from IOC imparted training on rotary equipment at PERMATA (Petronas), Malaysia



- MOU with Emirats National Oil Co. (ENOC) for jointly undertaking lube markeing and training/ consultancy assignments in select West Asian countries; Technical Services Agreement for providing assistance/consultancy services to ENOC
- Memoranda of Colloboration with Petrotrin and National Petroleum Marketing Co. (NPMC) of Trinidad & Tobago, for mutual co-opoeraton in the areas of refining, pipelines and marketing.

Over 50 units of IndianOil have earned ISO 9001/9002/14001 certifications

Directors' Report *Contd...*

- Technical Services Agreement with Petrorin and NPMC for undertaking consultancy assignments
- MOU with NPMC, Trinidad & Tobago, for marketing of lubricants in other Caribbean and Latin American counries
- Joint collaboration agreement signed with Amoco (USA), GAIL and IIP on commercialisation of DME (di-methyl-ether) technology and setting up of an Indian DME project for manufacturing/marketing of this new fuel
- IOC, ONGC, GAIL and BPC have promoted a joint venture company, Petronet LNG Ltd., for seting up liquefied natural gas (LNG) termials on both the east and west coasts. Petronet India Ltd., a pipeline holding company, has been incorporated with IOC, BPC, HPC, IBP and IL & FS as promoters
- Consultancy Services to Petronet India Ltd. for Vadinar-Kandla pipeline project
- Technical Collaboration with Air BP for upgradation of aviation services
- Memorandum of Understanding with ONGC Videsh for overseas upstream and downstream operations. Opportuities are being evaluated for exploration blocks abroad for joint participation
- Premier Oil of UK has been selected through global bidding as a JV partner for exploration & production in the north-east
- Contract signed with Zambia National Oil Co. for management of fuel terminal at Ndola

A joint collaboration agreement was signed by Mr. Subir Raha (left), Director (HR), IndianOil, with GAIL, IIP and Amoco, USA, at New Delhi for production and marketing of di-methylether (DME)

Mr. M.A. Pathan (right), Chairman, IndianOil, and Mr. B.C. Bora, CMD of ONGC, exchange documents of an MoU the two companies signed for collaborative efforts in Oil exploration and production activities

- MOU signed with Haryana State Electricity Board for evacuation and purchase of power from the proposed power plant based on refinery residue to be set up at Panipat in joint venture with a reputed international firm
- The other power projects which are being developed in joint venture are proposed to be set up at Savli (Gujarat), Kosi Kalan (UP) and Haldia (West Bengal), based on refinery residue
- Fuel supply agreements (FSAs) signed with 52 Independent Power Producers

Energy Conservation

As a part of its thrust on energy conservation, your Corporation implemented several schemes during the year which would result in recurring fuel savings of about 18,425 tonnes per year valued at about Rs. 6.76 crore based on C&F price of furnace oil during 1997-98

Major energy conservation shemes implemented during the year are:

- Back pressure turbine in cooling water pump at Guwahati refinery
- Installation of flare flow meter at Gujarat refinery
- Installation of welded plate heat exchanger (PACKINOX) in the catalytic reforming unit of Haldia refinery
- Commissioning of gas turbine at Mathura refinery

Indian Oil co-sponsored, along with SAIL, a national seminar on Enviroment in Steel Industry. Indian Oil and GAIL jointly co-sponsored a project on Fuel Substitution in Rural Sector in association with Tata Energy Research Institute

Directors' Report *Contd...*

To promote oil conservation among the general public, about 91,254 programmes were conducted during the Oil Conservation Fortnight.

Some prestigious awards won in this area:

- Mathura refinery won the second prize, and Haldia refinery a commendation certificate in the oil refining sector under the National Energy Conservation Awards, 1997 of the Ministry of Power
- Guwahati refinery received the Minisry of Petroleum & Natural Gas award for best performance in controlling steam leaks for the year 1997
- Gujarat refinery was awarded the Fateh Singh Rao Gaikwad Trophy for Environmental Conservation by the International Society of Naturalists (INSONA)

Signing of an MoU with Haryana State electricity Board for power supply from IndianOil's 301 MW power project to be set up at Panipat shows seated from left Mr.B.B Chakravarty, Executive Director (Power Projects), Mr A.K. Arora, Director (Refineries) Mr. M.A. Pathan, Chairman, Mr. S.N. Jha, Director (Pipelines), and Mr. J.L. Arora, Member Technical (G&P) of HSEB

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings

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

Safety

Your Corporation continued to maintain the highest safety standards by effecting all-round improvement in its safety performance.

The Corporation received the following awards during the year:

- Mathura refinery received the National Safety Award of the Minisry of Labour for the years 1993 and 1994 for the longest accident free period and minimum frequency rate
- Oil Industry safety Directorate (OISD) Safety Award for the year 1995-96 was bagged by the Operations Group of the Marketing Division
- Haldia refinery received the 'Award of Merit' of the National Safety Council, USA and Koyali-Ahmedabad pipline the 'Award of Honour'
- Four pipeline units-KAPL, MJPL, KBPL and SMPL - have received the British Safety Council awards
- 249 locations of the Marketing Division comprising LPG bottling plants, terminals, depots and AFSs as well as the Silchar LPG bottling plant of

All the six operating refineries of IndiaOIl now have the coveted ISO 14001 certification in environmental management systems

AOD have won the British Safety Council award

Ecology and Environment

Environment protection is an integral part of Indian Oil's corporate philosophy.

By the end of 1997-98, all the six operating refineries of Indian Oil were accredited with ISO 14001 certification for environmental management system. Sustained efforts are being made to further improve performance in this area by incorporating state-of-the-art clean technologies. Fuels, such as low-sulphur fuel oil and desulphurised fuel gas, are being used in the process furnaces/boilers for reducing emisions.

Directors' Report *Contd...*

IndianOil's new Northern Regional Office building at New Delhi

All the refineries have been provided with full-fledged effluent treatment plants complying with the statutory Minimal National Standards. They also fully comply with the SO_2 emission standards and the overall emissions ae controlled well within the prescribedd limits.

Green belts and ecological parks have been developed at all refineries to serve as pollution sinks. Secured landfill sites are being developed at all refineries to store residual oily sludge and other hazardous wastes. Gujarat refinery is developing such a landfill site with expertise from the National Productivity Council, New Delhi, wherein bituminous concrete would be used as the impervious layer.

To implement the Government's plan to make available unleaded petrol in all State capitals and major cities by June 1998 and all over the country from 1st April 2000, catalytic reformer units are already in place at Barauni and Digboi refineries. A new continuous catalytic reforming unit was also commissioned at Mathura refinery which will meet the entire requirement of unleaded petrol of Delhi. Hitherto, unleaded petrol was avaiable only in metros, Taj Trapezium area and on select radial routes.

Extra low-sulphur diesel (EL HSD) is now available in the metros and the Taj Trapezium area. Diesel hydro-desulphurisation units are being set up at Indian Oil refineries at Haldia, Mathura, Gujarat and Panipat to extend its availability all over the country.

Human Resources

The human resource in your corporation was 33,403 strong as on 31st March 1998; of them, 9,030 were in the Executive cadre and 2,514 were women. The latter constitute 7.53% of the total employee strength.

Welfare of Employees

Your Corporation continued its endeavour to promote the welfare of employees by upgrading the facilities available to them. Introduction of child care leave met a long-felt need of our women employes.

Employees' Participation in Management

Participative culture has taken roots in the form of canteen committees, grievance committees, safety committees, welfare societies, house allotment committees, recreation clubs, consumer co-operatives, PF trust, Superannuation Benefit Fund trust, etc. Employees' participation is also being encouraged through departmental committees on productivity and safety. Several Quality Circles and joint management committees are helping improve quality and cost -effectiveness.

Modern amenities are an integral part of refinery townships

Directors' Report *Contd...*

Mr. O.N. Marwaha, Director (Marketing), IndiaOil, signing an agreement with Air BP for technical collaboration in aviation fueling services

During the year, a series of interative sessions were held with the collectives in the context of transition to open market, to build a robust consenus on attitudinal change and value reinforcement.

Welfare of weaker sections

Your company has been scrupulously following the Presidential Directives and guidelines issued by the Government of India regarding reservation for SC/ST/OBC/PH/Ex-servicemen, etc. Sincere efforts were made to recuit reserved category candidates and the entire backlog of SC/ST/OBC as on 31st December, 1997 was cleared during the year.

Consequent upon the passing of the Persons with Disabilities (Equal Opportunities, Protection of Right and Full Participation) Act, 1995, reservation in recruitment for physically handicapped category has been extended to Group 'A' and 'B' posts. Your Corporation has awarded 50 scholarships of Rs. 1000 per month to SC/ST students pursuing studies in Engineering, Medicine and Business Administration.

Under the Annual Community Development Plan (including Tribal Sub-plan and sub-component plan) various activities were undertken in such diverse areas as health, education, family welfare, rural development, etc.

Statistical information in the prescribed proforma (VIIA & VIIB) relating to representation of SCs/STs is annexed with this report. In accordance with the revised instructions of the Govt. of India, vacancy-based rosters are being replaced with post-based rosters.

Sports

The Corporation continued is efforts to encourage sports activities and nurture budding talent. Annual meets were conducted in badminton, tennis, table tennis and athletics. Indian Oil hosted two inter-unit Petroleum Sports Control Board (PSCB) tournaments, in cricket and golf. The Corporation organised coaching camps for various games.

Your Corporation won the PSCB championsips in table tennis (men), badminton (men & women), tennis, carrom (men) and was runer-up in table tennis (women), bridge and chess.

The reigning national champions in table tennis (men), badminton (men & women), chess, tennis (hard court) and power-lifting (women, 90 kg class) are Indian Oil sports persons. Two of our cricket players, Wasim Jaffer and Abbas Ali, were selected to represent the country in the India “A” team in the test series against Pakistan “A” team. Five others represented their states in the Ranji Trophy.

By winning the table tennis national championship for the third time, Chetan Baboor became the second player to have ever achieved this feat. He and S. Raman represented the Indian team, which was runner-up, in the Commonwealth Championship at Glasgow. They partnered to win the Gold medal in the doubles event. They also represented the country at the World Cup in UK and several other international events.

P. Gopichand and Aparna Popat are the reigning national men and women champions in badminton. Both along with Jaseel Ismail and

Dr. A.K. Bhatnagar, Director (R&D), IndiaOil, lights the traditional lamp at the Foundation Day lecture of the R&D Centre. Looking on are Mr. N.Vittal, the then Chairman, PUblic Enterprises Selection Board (PESB), Prof. M.M Sharma, Scientific Advisor to the Ministry of Petroleum & Natural Gas, and Mr. A.K. Arora, Director (Refineries), IndianOil

Directors' Report *Contd...*

The setting sun lights up the skyline at Gujarat refinery

Manjusha Kanwar represented India in the Thomas and Uber Cups besides a host of international tournaments. They were ably supported by Marcos Birstow in the doubles event.

Your Corporation's tennis stars are Vasudev Reddy, Asif Ismail and P. Srinath. Abhijit Kunte is the national chess champion and has completed two Grand Master norms. He participated in two international tournaments in Spain along with D.V. Prasad. Ruma Pal is the national Power-lifting champion (90 kg class) among women.

Industrial Relations

The overall industrial relations climate in your Corporation continued to be harmonious and cordial.

The Long Term Settlements, both for officers and non-officers came to an end on 3 1st December 1996 and the collectives have submitted fresh charters of demand. Pending finalisation of the settlements, ad hoc relief has been given to the employees.

HRD & TRAINING

Your Corporation places high value on training for improvement of skills and attitudes. During the year, all the division laid special emphasis on skill upgradation. Innovative and useful computer-based training aids were developed for use by the field in meeting competition in the market place.

The Indian Oil Institute of Petroleum Management, in its third year of operation, fine-tuned its learning strategy of combining work experience with classroom training. Its efforts were forcussed on:

- Identifying strategic directions in a competitive and global environment

- Developing leadership skills, perspectives and capabilities for building and sustaining competitive advantage
- Enhancing key srategic, functional and managerial skills for achieving higher standards of accomplishments consistent with international benchmarks.

The second batch of 29 middle-level managers successfully completed the one-year interntional MBA programme conducted in collaboration with the International Centre for Promtion of Enterpsies, Ljubljana and the University of Ljubljana, Slovenia. This is the only in-house MBA programme conducted by any corporate in India.

AWARD FOR ANNUAL ACCOUNTS

For the fifth consecutive year, the Indian Oil Annual Report and Accounts were awarded for excellence in presentation of annual accounts by the Institute of Chartered Accountants of India(ICAI), under the category of non-financial statutory Corporatios. ICAI is the premier accounting institution of the country.

GOOD CORPORATE CITIZEN

As a part of community relatins and to encourage developmental efforts, particularly in the field of health, eduction and management, the Corporation took up several projects in the vicinity of its major units to improve the quality of life of people in their neighbourhood.

HINDI IMPLEMENTATION

During the year, efforts were intensified for progressive use of Hindi in official work in accordance with the provisions of the Official Languages Act, 1963 and the Official L anguages Rules, 1976. Several steps have been taken to increase the use of Hindi in the day-to-day working.

The flourishing ecological park at Mathura refinery is host to several species of resident and migratory birds.

Directors' Report *Contd...*

Lube drums being stacked for despatch to customers at an IOBL plant

For the second consecutive year, Indian Oil, the Chairman of the Town Official Language Implementation Committee (undertakings), Delhi, was awarded the first prize (1996-97) of the Department of Official Language, Ministry of Home Affairs, Government of India. Many Indian Oil units also bagged awards from the Department of Official Language for commendable progress in the use of Hindi. Besides training programmes for typists and stenographers, workshops were held to provide sufficient practice in Hindi correspondence. To promote use of Hindi among employees various competitions, cultural programmes and plays were organised regularly. The house journal of the Corporation and unit news journals continued to be brought out in Hindi also. Software packages in Hindi are being used exensively.

INDIAN OIL BLENDING LIMITED

The Annual Accounts and Directors' Report of Indian Oil Blending Limited (IOBL), a wholly owned subsidiary of the Corportion, are annexed. After providing for depreciation of Rs. 3.81 crore, IOBL earned a net profit of Rs. 7.58 crore.

The two lube plants with a production of 3,05,375 kl attained a combined capacity utilisation of 122%. The grease plant at New Mumbai (Vashi) attained a capacity utilisation of 115% with a production of 12,635 metric tonnes.

FOREIGN TOURS

Out of 324 foreign tours undertaken by officers during 1997-98, 116 were for attending training programmes. The total expenditure on foreign tours was Rs. 464 lakh.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 1997-98 stood at Rs. 12.72 lakh.

BOARD OF DIRECTORS

Shri Subodh Mittal superannuated on 31st January, 1998 as Director (Personnel). Shri S.N. Jha took over as Director (Pipelines) effective 7th January, 1998 . Shri O.N. Marwaha took over as Director (Marketing) effective 5th March, 1998. Shri Subir Raha took over as Director (HR) effective 12th June, 1998. Dr. A.K. Bhatnagar took over as Director (R&D) effective 21st July 1998. Shri S. C. Mathur superannuated as Director (Finance) on 31st July 1998.

PARTICULARS 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.

ACKNOWLEDGMENTS

The Borad of Directors deeply appreicates the valuable countribution of the members of the Indian Oil family but for whose dedicated efforts the excellent results and achievements of your Corporation could not have been possible. The Board of Directors also wishes to acknolwledge 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 Subodh Mittal and Shri S.C. Mathur during their tenures as Director (Personnel) and Director (Finance) of the Corporation respectively.

For and on behalf of the Board

M.A. Pathan
Chairman

New Delhi
Dated: August 19, 1998

Annexure

ANNEXURES TO DIRECTORS' REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AS PER COMPANIES (DISCLOSUE 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 investments and proposal, if any, being implemented for reduction of consumption of energy:**

I . Schemes Comleted

Sl. No.	ITEM	Cost (Rs. Lakhs)	Fuel Savings (Tonnes/Year)
1.	Back pressure turbine in colling wate pump at Guwahati refinery	46	400
2.	Replacement of metallic cooling tower fan blades with hollow FRP blades at Barauni refinery	9	510
3	Installation of flare flow meter at Gujarat refinery	27	835
4	Installation of PACKINOX welded plate heat exchager in catalytic reforming unit of Haldia refinery	638	1,480
5	Installation of Belfield valves on HSD tanks at Haldia refinery	0.8	50
6	Commissioning of gas turbine at Mathura refinery	8,900	14,500
7	Commissioning of LP gas burners frm 16-V-4 gas from visbreaking unit at Mathura refinery	2	650
	Total	**9,622.80**	**18,425**

II. Major schemes under implementation:

- Delayed coker unit revamp and furnace replacement at Guwahati refinery
- Crude distillation unit air pre-healer modification & pre-heat train optimisation at Guwahati refnery
- Yield & energy optimisation in old coking unit of Barauni refinery
- Energy optimisation in atmospheric unit-3 at Barauni refinery
- Installation of gas turbine wth heat recovery steam generation (HRSG) system at Barauni refinery
- Installation of third gas turbine at Gujarat refinery
- Furnace revamps at crude distillation and FCC feed preparation units at Gujarat refinery
- Vacuum distillation unit revamp at Gujarat refinery
- Vis-breaker unit revamp with soaker technology at Haldia refinery
- Propane de-asphalting unit revamp with ROSE at Haldia refinery

- Out-board steam generator (OBSG) in catalytic reforming unti at Haldia refnery
- FRP blades replacement in crude distillation unit/fluid catalytic cracker unit at Mathura refinery
- Yield & energy improvement in atmospheric vacuum unit at Mathura refnery
- New delayed coker unit at Digboi refinery
- Wax hydrofinishing unit to replace the existing bauxite filtration and acid treating units 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 127,990 tonnes per year valuing about Rs. 47 crore per year.

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 thereto:

Necessary information in Form 'A'

B. TECHNOLOGY ABSORPTION

e. Efforts made in technology absorption as per Form 'B' of the Annexure is atached.

C. FOREIGN EXCHANGE EARNING AND OUTGO

f. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services; and export plans:
Export of SERVO lubricans to Sri Lanka, Nepal and Dubai is being continued. Indian Oil earned the status of Superstar Trading House during the year on the basis of its export performance.

g. Total foreign exchange used and erned:

	(Rs. crore)
Foreign exchange earnings	1845.53
Foreign exchange used	27,849.84

Annexure *Contd...*

Form 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Total 1997-98	Total 1996-97
(A) Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Qty ('000 KWH)	28217	29294
Rate (Rs./KWH)	5.64	4.18
Amount (Rs./Lakhs)	1593	1225
b) Own Generation		
I) Through Duel Fuel (HSD/Natural Gas Generators)		
Unit ('000 KWH)	274210	328597
KWH per MT of Std Fuel	2516	2704
Cost/Unit (Rs./KWH)	1.12	1.44
ii) Through Steam Turbine/Generators		
Unit ('000 KWH)	665111	568696
KWH per MT of Std Fuel	2138	2140
Cost/Unit (Rs./KWH)	1.51	1.47
c) Electricity Consumed		
(a+b) ('000 KWH)	967538	926587
2. Coal		
3. Liquid Fuel (LSHS & FO)		
Qty (MTs)	797938	807834
Amount (Rs./Lakhs)	15858	16156
Average Rate (Rs./MT)	1987.40	1999.87
4. Other / Internal Fuel		
a) Internal Fuel		
I) Fuel Gas		
Unit (MTs)	385329	360976
Amount (Rs./Lakhs)	6933	6938
Average Rate (Rs. MT)	1799.18	1922.05

Particulars			Total 1997-98	Total 1996-97
	II)	**LDO/HSD**		
		Unit (MTs)	6616	36844
		Amount (Rs./Lakhs)	194	1093
		Average Rate (Rs./MT)	2938.97	2967.87
	III)	**Coke**		
		Unit (MTs)	106921	106856
		Amount (Rs./Lakhs)	2004	1963
		Average Rate (Rs./MT)	1874.15	1836.64
b)	**Purchased Fuel**			
	I)	**Natural Gas**		
		Unit (MTs)	240938	182694
		Amount (Rs./Lakhs)	9932	5592
		Average Rate (Rs./MT)	4122.15	3060.76
B.	**CONSUMPTION PER MET PRODUCT**			
I)	**Actual Production ('000 MTs)**		26405	23608
II)	**Consumption per MT or product**			
	-	Electricity (KWH/MT)	36.642	39.249
	-	Liquid Fuel (MT/MT)	0.030	0.034
	-	Fuel Gas/LDO/Coke (MT/MT)	0.019	0.021
	-	Natural Gas (MT/MT)	0.009	0.008

Annexure *Contd...*

Form 'B'
(See Rule 2)

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

1. Specific areas in which R&D carried out by the company

a) Lubricants, greases and specialities
b) Fuels
c) Reinery processes
d) Pipeline transportation of crude oil and products
e) Material failure analysis
f) Synthesis of additives
g) Fuel efficient appliances

2. Benefits derived as a result of the above R&D

a) Development of API-SJ performance diesel engine oil, globally competitive engine oils, fuel efficient universal tractor oil meeting latest international specification, etc.
b) A high performance spin finish oil with relatively less fibre breakage and loss and good scourable properties, leading to improved yarn quality developed in association with Northern India Textile Research Association, Ghaziabad.
c) A new XXXX series of marine engine oil technology developed and performance establsihed vis-a-vis competitors products.
d) A new cost effective rust preventive oil with superior rust protection properties developed.
e) A novel process developed for oligomerisation of olefins from OP feed to poly alpha olefins
f) Ind Max process technology developed for conversion of resids/heavy ends to LPG
g) A unique procedure for benchmarking and efficiency evaluation of FCC developed.
h) A steady state hydrocracker simulator based on continuum theory of lumping developed and insalled at Gujarat refinery.
I) Multigrade bitumen technology for all weather application developed.

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
d) Setting up of the following facilities and pilot plans:
   - Resid upgradation technologies
   - Lube refining technology
   - Catalyst development
   - Cold standpipe for FCC, hydrocracking and reforming
   - Environment control technologies
   - Hydro-processing
   - Simulation and mathematical modelling
   - Emissions laboratory

- Field trials laboratory
- Experimental rolling mill
- Additional product development and analytical facilities

e) Extended R&D services to other refineries

4. Expenditure on R & D

		(Rs. crore)
a)	Capital	21.57
b)	Revenue	26.09
‘ c)	Total	47.66

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

For further improving the product pattern and quality to meet the emission norms of the future, Indian Oil absorbed new technologies in line with the latest developments worldwide. Major Steps taken in this area 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 impelentation in addition to similar plans at Panipat Refinery Project.

ii) Diesel Hydro-desulphusrisation (DHDS) Technology

Proven technologies from M/s. IFP, France for Mathura refinery: and from M/s UOP, USA for Gujarat & Haldia refineries have been selected for adoption in new diesel hydro-desulphurisation units for reducing the sulphur content in diesel oil.

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 Technology for Treatment of Paraffin Wax/ Microcrystalline Wax

Process technology has been obtained from M/s IFP, France for paraffin wax at Digboi and Barauni refineries and for microcrystalline wax at Haldia refinery.

v) Methyl Tertiary Butyl Ether (MTBE) Production Technology

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

vi) Butene-1 Technology

For setting up of butene-1 plant at Gujarat refinery, proven process technology from M/s. IFP, France (in alliance with M/s. Sulzer) is being adopted. Engineering and licence agreement with the process lincensor have been signed in December 1997. Commissioning of the plant is expected in the last quarter of 1999-2000.

vii) Welded Plate Heat Exchanger Technology

To maximise heat recovery and improve the reformate yield, welded plate heat exchangers are being installed for the catalytic reforming unit at Panipat refinery. They have already been installed at Barauni, Digboi, Haldia and Mathura refineries.

viii) Multiple Nozzle-Feed Injection Technology for Fluidised Catalytic Cracking Units

For improving the distillats yield, state-of-the-art multiple feed injection technology is being adopted for the FCCU at Mathura refinery from M/s Stone & Webster, USA.

Annexure *Contd...*

ix) Sulphur Recovery Unit (SRU) Technologies

For the upcoming additional SRU unit of Mathura, Gujarat and Haldia, proven technology from M/s Stock Comprimo, Netherlands, has been obtained, to further improve efficiency.

x) Incorporation of 'ROSE' Technology in Propane Deasphaiting (PDA) Unit at Haldia Refinery

For reducing the energy and propane consumption alongwith yield improvement, ROSE technology from M/s Kellogg, USA has been obtained for incorporation in the PDA unit of Haldia refinery.

xi) Use of New Catalyst

Bottom cracking additives have been successfully used at Mathura refinery for improving the yield pattern of the fluid catalytic cracking unit (FCCU). VISION 56 M & ULTIMA 447, a new catalyst, has been successfully tried here.

xii) Isosiv Technology at Guwahati Refinery

For production of unleaded MS at Guwahati refinery, Isosiv technology for separation of low octane component using molecular sleve, is being adopted.

xiii) Catalytic Iso Dewaxing Unit at Haldia Refinery

For improving the lube oil quality and augmenting production capability, Iso dewaxing technology is proposed to be adopted at Haldia refinery.

B. Indigenous Technology:

I) Conversion Of Phenol/Furfural To NMP Solvent:

A grassroots unit with NMP as solvent in place of furfural is under impelentation at Haldia refinery for quality improvement of lube oil base stock w.r.t viscosity index. Similarly, replacement of phenol by NMP solvent is proposed in the phenol extraction unit at Barauni from the point of view of safety and environment protection.

ii) Soaker Technology

Soaker technology is under implementation in visbraker at Haldia refinery for improving distillate yield and reducng energy consumption.

iii) Production of Alpha Olefins

A pilot plant for production of high-value alpha olefins from coker streams has been installed at Barauni refinery based on technology developed by IOC (R&D).

iv) IndMax Technology

IndMax technology developed by IOC(R&D) for converting heavy distillate and residue into LPG/light distillate products. Basic/detailed design and cost estimates completed for demonstration plant at Guwahati refinery.

v) HSD Stability Additive

A new cost-effective HSD stability additive package has been developed by IOC (R&D) during the year and trials conducted at Mathura refinery. Further trials have been planned to ascertain its superiority.

vi) Bitumen Emulsion

A new generation, eco-friendly and cold mix bitumen formulation developed by IOC (R&D) is to be produced at Haldia refinery for which production facilities are being set up.

C. Modernisation of Instrumentation & Control

1. Distributed Digital Control System (DDCS)

Conventinal 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:

- All process units of Guwahati, Gujarat, Haldia & Mathura refineries.
- Captive power plant at Mathura refinery
- Solvent de-waxing & catalytic reforming units at Barauni refinery
- Distillation & catalytic reforming units at Digboi refinery.
- Installation of DDCS is under implementation in the following unit.
- Crude & vacuum distillation units & additional coking unit of Barauni refinery
- Captive power plant at Barauni, Gujarat and Haldia refineries.

2. Advanced Controls & Optimisation

Advanced Process Control (APC) has been implemented in atmospheric & vacuum distillation unis, fluidised cracking unit, propylene recovery unit & vis-breaking unit of Mathura refinery and crude & vacuum distillation units of Gujarat refinery. Implementation of APC is in progress in other refineries.

3. Offsite Modernisation

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

- Automated sixth tank wagon gantry at Gujarat refinery
- Automation of white oil tank truck gantry at Gujarat refinery
- Automation of tank truck gantry at Haldia refinery.

Implementation of the following projects for offsite modernisation has been taken up:

- DDCS-based tank gauging at Guwahati refinery
- DDCS-based tank gauging and automated tank wagon gantry at Barauni refinery
- DDCS-based tank gauging & automation of black oil tank truck gantry at Gujarat refinery
- DDCS-based tank gauging, blending automation, tank wagon gantry automation and refinery information system at Haldia and Mathura refineries.

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 from M/s. UOP, USA	1994-95
vi) Diesel hydrodesulphurisation 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 1997.

Class of Posts	Posts filled by Direct Recruitment — Total No. of vacanies						Scheduled Caste — (A) Post filled by Direct Recruitment					
	Backlog Vacancies				Current Vacancies		No .of Vacancies reserved for SC		No of SC candidates appointed	No. of SC vacancies carry forward from previous year (in such cases where de-reservation is permitted)	No. of ST candidates appointed against SC reservations in the said year of carry forward (in such cases where de-reservation is permitted)	No. of reservation lapsed after carry forward for 3 recuitment years (in such cases where de-reservation is permitted)
	Notified		Filled		Notified	Filled	out of Col. 4	Out of Col. 5				
	SC	ST	SC	ST								
1	2		3		4	5	6	7	8	9	10	11
Group A	11	15	11	15	316	316	47	44	55	11	0	0
Group B	....NO RECRUITMENT IS MADE IN THIS GROUP..											
Group C	1	2	1	2	536	536	96	96	102	1	0	0
Group D (Excluding Sarai Karmcharis)	7	13	7	13	322	322	52	52	74	7	0	0
Group D (Safai Karamcharis)	0	0	0	0	12	12	2	2	6	0	0	0

APPENDIX VII (A)

	Scheduled Tribe (A) Post filled by Direct Recruitment					Remarks
	No. of vacancies Reserved for ST		No. of ST candidates appointed	No. of ST vacancies carry forward from previous year (in such cases whre de-reservation is permitted	No. of SC candidates appointed against ST reservations in the 3rd year of carry forward (in such cases where de-reservation is permitted)	
	Out of Col. 4	Out of Col. 5				
	12	13	14	15	16	17
Group A	25	15	30	15	0	0
Group B	....NO RECRUITMENT IS MADE IN THIS GROUP..					
Group C	37	29	35	2	0	0
Group D (Excluding Safai Karamcharis)	22	19	35	13	0	0
Group D (Safai Karamcharis)	2	1	1	0	0	0

Annexure *Contd...*

Statement showing the number of reservation vacancies filled by promotion filled by memebers of SCs/STs during the year 1997

(b) Post filled by Promotion

Class of Post	Total No. of Vacancies							
	Scheduled Casted							
	Processed	Filled	No. of vacancies reserved for SC		No. of Scs candidates appointed	No. of Scs vacancies carried forward from the previous year	No. of Sts candidates appointed against vacancies reserved for Scs in the 3rd year of carry forward	No. of Reservations lapsed after carrying forward for three years
			Out of Col. (2)	Out of Col. (3)				
1	2	3	4	5	6	7	8	9
Group A (in the flowest rung)	340	340	65	65	56	10	1	9
Group B	588	588	97	97	76	24	0	26
Group C	2538	2538	493	493	510	198	8	30
Group D (Excluding Safai Karamcharis	................Being in the lowest Grade, no promotion is made in these Groups.........................							
Group D (Safai Karamcharis)								

Class of Post	Total No. of Vacancies						
	Scheduled Casted						
	No. of vacancies reserved for SC		No. of STs candidates appointed	No. of STs vacancies carried forward from the previous year	No. of SCs candidates appointed against vacancies reserved for STs in the 3rd year of carry forward	No. of Reservations lapsed after carrying forward for three years	Remarks
	Out of Col. (2)	Out of Col. (3)					
	10	11	12	13	14	15	16
Group A	25	25	14	5	9	5	
Group B	44	44	24	9	9	11	
Group C	263	263	238	199	11	15	
Group D (Excluding Safai karamcharis)	......................Being the lowest Grade, no promotion is made in these Groups..................						
Group D (Safai Karamcharis)							

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1998 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 informatioon 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. I-024/1011388/94-IGC dated 29.01.98 and 02.04.98 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, 1998 and

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

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

Place: New Delhi
Dated: 12th June, 1998

Auditors' Report *Contd...*

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 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 are physically verified by the Management in a phased programme of three year cycle which, in our opinion, is reasonable having regard to the size to 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 socks and the book records were not mateial 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 accordng 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 accoding to the information and explanations given to us, there are no purchases of goods and materials and sale of goods, mateials 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 Comapnies at regulated prices.

11. As explained to us, the Company has regular procedure for the determination of unserviceable, 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 (1) (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 , 1998 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(1) 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 cosequential 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 Accountnts	Chartered Accountnts	Chartered Accountnts	Chartered Accountnts
Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
(Rakesh Agarwal)	(S. Venkatraman)	(T. Mandal)	(O.P. Shroff)
Partner	Partner	Partner	Partner

Place: New Delhi
Dated: 12th June, 1998

Balance Sheet

BALANCE SHEET AS AT 31ST MARCH, 1998

(Rupees in Lakhs)

	Schedule		March '98	March '97
Sources of Funds:				
1. Shareholders's Funds:				
a) Capital	"A"	38,928.06		38,927.01
b) Reserves and Surplus	"B"	1,022,487.05		873,181.05
			1,061,415.11	912,108.06
2. Loan Funds:				
a) Secured Loans	"C"	217,834.91		260,544.67
b) Unsecured Loans	"D"	1,203,179.38		1,057,331.15
			1,421,014.29	1,317,875.82
Total			2,482,429.40	2,229,983.88
Application of Funds:				
1. Fixed Assets:				
a) Gross Block	"E"	1,331,319.85		1,039,666.32
b) Less: Depreciation		540,232.29		437,498.50
c) Net Block		791,087.56		602,167.82
d) Capital Work in Progress	"F"	400,154.48		378,386.82
			1,191,242.04	980,554.64
2. Investments	"G"		927,915.89	338,406.19
3. Advances for Investments in Joint Venture Companies			360.00	2,259.80
4. Current Assets, Loans and Advances:				
a) Inventories	"H"	458,641.62		490,131.84
b) Sundry Debtors	"I"	240,020.68		240,008.59
c) Cash and Bank Balance	"J"	45,537.08		55,264.10
d) Other Current Assets- Interest accrued on Investments/Bank Deposits		12,894.05		8,973.98
e) Loans and Advances	"K"	398,713.82		1,054,416.92
		1,155,807.25		1,848,795.43

(Rupees in Lakhs)

	Schedule	March '98		March '97
Application of Funds *(Contd.)*:				
5. Less: Current Liabilities and Provisions	"L"	792,895.78		940,032.18
6. Net Current Assets (4-5)			362,911.47	908,763.25
Total			2,482,429.40	2,229,983.88
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/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S.N. Jha**	**O. N. Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

As per our attached Report of even date

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

Place: New Delhi
Dated: 12th June, 1998

Profit and Loss Account

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

(Rupees in Lakhs)

		Schedule		March '98	March '97
Income:					
1.	Sale of Products and Crude		5,921,912.06		5,542,212.05
	Less: Commission and Discounts		4,291.71		3,313.46
				5,917,620.35	5,538,898.59
2.	Company's use of own Products and Crude			8,777.86	8,182.51
3.	Net claim from/(surreder to) Industry Pool Accounts*			56,746.71	668,458.71
4.	Increase/(Decrease) in Stocks	"M"		(30,254.76)	21,313.61
5.	Interest and othe Income	"N"		138,660.37	89,389.97
	Total Income			6,091,550.53	6,326,243.39

* Includes **Rs. 31196.00 lakhs** (1997: Rs. 58447.50 lakhs) on account of additional margins and incentive claims pertaining to previous years.

(Rupees in Lakhs)

	Schedule		March '98	March '97
Expenditure:				
1. Purchase of Products and Crude for resale (Net of loan from/to OMCs)			2,750,241.10	3,266,864.60
2. Manufacturing, Admn., Selling and Other Expenses	"O"		2,175,790.30	2,024,231.46
3. Duties			752,361.41	670,596.96
4. Depreciation and Amortisation			103,684.83	79,395.98
5. Interest Payments on:				
a) Fixed period loans from Banks/ Financial Institutions		13,030.37		23,072.90
b) Short term loans from Banks		67,456.56		51,153.66
c) Public Deposits		15,775.79		9,197.28
d) Others		16,352.38		24,153.23
			112,615.10	107,577.07
Total Expenditure			5,894,692.74	6,148,666.07
Profit For the year			196,857.79	177,577.32
Income (Expenses) pertaining to previous years (Net)	"P"		(384.21)	(954.72)
Profit Before Tax			196,473.58	176,622.60
Provision for Tax (Net)			25,823.88	35,800.00
Profit After Tax			170,649.70	140,822.60
Balance brought forward from last years's account			0.70	0.16
Disposable Profit			170,650.40	140,822.76

Profit and Loss Account

(Rupees in Lakhs)

	Schedule		March '98	March '97
Appropriations:				
Proposed Dividend		19,466.87		15,573.50
Less : Excess Provision written back		0.00		80.79
			19,466.87	15,492.71
Corporated Dividend Tax on Proposed Dividend			1,946.69	1,557.35
Insurance Reserve Account			30.00	30.00
General Reserve			149,206.00	123,742.00
Balance carried to Balance Sheet			0.84	0.70
			170,650.40	140,822.76
6. Statement of Significant Accounting Policies	"Q"			
7. Notes on Accounts	"R"			
8. Other Schedules forming part of Accounts	"S" to "Y"			

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S.N. Jha**	**O. N. Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

As per our attached Report on even date

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

Place: New Delhi

Dated: 12th June, 1998

Schedules

SCHEDULE "A"- CAPITAL

(Rupees in Lakhs)

	Note		March '98	March '97
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		5.68		6.73
			38,928.06	38,927.01
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. Shars allotted as fully paid up Bonus Shares by Capitalisation of General Reserve: 28,76,20,200 Shares of Rs. 10 each				
TOTAL			38,928.06	**38,927.01**

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 '98	March '97
1. Capital Reserves:			
As per last account	834.37		15.82
Add: Grants received during the year	87.55		818.55
Less: Amortisation of Capital Grant	27.18		0.00
		894.74	834.37
2. Shared Premium Account:			
As per last Account	17,586.00		17,586.00
Less: Call in Arrears	51.08		60.57
		17,534.92	17,525.43
3. General Reserve:			
As per last Account	848,389.55		724,647.55
Add: Transferred from Profit and Loss Account	149,206.00		123,742.00
		997,595.55	848,389.55
4. Insurance Reserve:			
As per last Account	490.00		460.00
Add: Transferred from Profit and Loss Account	30.00		30.00
		520.00	490.00
5. Export Profit Reserve:			
As per last Account		5,941.00	5,941.00
6. Profit and Loss Account:			
As per Annexed Account		0.84	0.70
TOTAL		1,022,487.05	**873,181.05**

SCHEDULE "C" - SECURED LOANS

(Rupees in Lakhs)

	Note		March '98	March '97
Loans and Advances from Banks:				
1. Term Load	A		50,000.00	50,000.00
2. Other Loans:	B			
i) Working Capital Demand Loan		60,000.00		90,000.00
ii) Export Packing Credit		30,000.00		22,279.37
Interest accrued and due on above		0.00		13.10
		30,000.00		22,292.47
iii) Cash Credit		77,705.44		96,324.80
Interest accrued and due on above		129.47		1,927.40
		77,834.91		98,252.20
Total of other Loans			167,834.91	210,544.67
TOTAL			217,834.91	260,544.67

Note:

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

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

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SCHEDULE “D”- UNSECURED LOANS

(Rupees in Lakhs)

		March ‘98	March ‘97
1. **Public Deposits:** (including **Rs. 33584.36 Lakhs** (1997: Rs. 36089.78 Lakhs) due for payment within one year)		78,164.02	77,407.08
2. **Short Term Loans and Advances:**			
i) **From Banks:** US $ 2008.54 Million, (1997:US $ 2043.78 million)	793,473.24		734,127.05
Interest accrued and due on above	421.54		306.61
	793,894.78		734,433.66
ii) **From Others:** Oil Industry Development Board	0.00		76,203.52
TOTAL (2)		793,894.78	810,637.18
3. **Other Loans and Advances:**			
i) **From Banks/Financial Institutions:**			
a) Fuji Bank, Singapore: US $ Nil (1997: US $ 105 Million)	0.00		37,716.00
b) National Bank of Oman: US $ 20 Million (1997: US $ 20 Million) (repayable in October 1998)	7,901.00		7,184.00
c) Syndicated loan arranged by ANZ Banking Group Limited: US $200 Million (1997: US $ 200 Million) (repayable in August 2002)	79,010.00		71,840.00
d) ABN AMRO Bank, Netherlands (club deal): US $ 45 Million (1997: US $ 45 Million) - (repayable in January 2003)	17,777.25		16,164.00
e) ANZ Grindlays Bank: £10.58 Million, (1997: £11.82 Million) (repayable in instalments by June 2006) (including Rs. 830.56 Lakhs) (1997 : Rs. 735.23 Lakhs) payble within one year)	7,050.24		6,976.25
f) Sumitomo Bank, Japan (Club deal): US $ 75 Million (1997: US $75 Million)- (repayable in March 2004)	29,628.75		26,940.00
g) Exim Bank, USA: US $ 5.31 Million (1997: US $ 6.82 Million) (repayable in instalments by 2001) (Including **Rs. 598.98 Lakhs** (1997: Rs. 544.62 Lakhs) payable within one year)	2,096.42		2,450.80

(Rupees in Lakhs)

		March '98		March '97
h)	Canara Bank: US $ 100 Million (1997: Nil) (repayable in 2001)	39,505.00		0.00
i)	Bank of India: US $ 125 Million (1997: Nil) (repayable din 2001)	49,381.25		0.00
j)	Bank of Baroda: US $ 250 Million (1997: Nil) (repayable in 2001)	98,762.50		0.00
		331,112.41		169,271.05
ii)	**From Others:** Oil Industry Development Board (including **Rs. 8.17 lakhs** (1997: Rs. 7.67 Lakhs) due for payment within one year)	8.17		15.84
		8.17		15.84
	TOTAL (3)		331,120.58	169,286.89
	TOTAL		1203,179.38	1,057,331.15

Note:
Item No. 3.i) h, i & j are under the Foreign Currency Non Resident (B) Scheme.

Schedules *Contd...*

SCHEDULE "E"- FIXED ASSETS

	Note	AT COST		
		Gross Block as at 1-04-97	Additions during the year (Ref. Note No. B)	Transfers from Construction Work-in-Progress
Land - Freehold		18,714.70	6,883.37	38.83
- Leasehold		8,010.74	4,139.54	0.00
- Right of Way		275.81	123.82	0.00
Buildings, Roads etc.	A	94,148.67	1,125.01	24,904.75
Plant and Machinery		877,081.89	60,665.37	175,194.04
Transport Equipments		16,745.39	12,140.87	226.46
Furnitures and Fixtures		5,879.47	939.47	147.75
Railway Sidings		8,435.63	436.03	6,154.71
Drainage, Sewage and Water Supply System		10,374.02	3.55	2,000.84
TOTAL		1,039,666.32	86,457.03	208,667.38
Previous Year		798,499.05	59,216.76	184,548.57

Note:

A. Buildings include **Rs. 0.62 lakhs** (1997: Rs. 0.62 Lakhs) towards value of **1216** (1997:1216) Shares in Co-operative Housing Societies towards memebership of such societies for purchase of flats.

B. Additions to Fixed Assets include **Rs. 3681.51 Lakhs** (1997: Rs. 1423.58 lakhs) on account of exchange fluctuations.

C. Madvat on Fixed Assets is recognised at the time when the asset is put to use and cost of Assets is net of Modvat, wherever applicable.

D. Depreciation charged during the year includes **Rs. 111.08 Lakhs** (1997: Rs. 521.19 Lakhs) pertaining to prior year and **Rs. 1,969.96 Lakhs** (1997: Rs. 287.55 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 31-03-98 (Ref Note No. C)	Depreciation and Amortisation charged this year (Ref Note No, D)	Total Depreciation and Amortisation upto 31-03-98	NET DEPRECIATED BLOCK AS AT 31-03-98	AS AT 31-03-97
0.00	(552.84)	25,084.06	0.00	0.00	25,084.06	18,714.70
0.00	166.60	12,316.88	228.72	966.37	11,350.51	7,273.10
0.00	6.53	406.16	0.00	0.03	406.13	275.78
(2.47)	274.09	120,450.05	2,719.13	16,333.00	104,117.05	80,523.07
(962.46)	(2,249.62)	1,109,729.22	99,039.00	500,908.47	608,820.75	472,308.26
(46.82)	(51.80)	29,014.10	2,379.41	8,302.86	20,711.24	10,736.06
(54.57)	2.57	6,914.69	525.86	3,437.82	3,476.87	2,937.26
(0.07)	(0.01)	15,026.29	550.02	2,971.14	12,055.15	6,014.45
0.00	(0.01)	12,378.40	323.73	7,312.60	5,065.80	3,385.14
(1,066.39)	(2,404.49)	1,331,319.85	105,765.87	540,232.29	791,087.56	602,167.82
(645.07)	(1,952.99)	1,039,666.32	80,204.72	437,498.50	602,167.82	

Details of Comapny'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	7.01	64.86
Buildings	HPC	16.54	2.21	14.33
Plant and Machinery	HPC/BPC/IBP/GSFC/IPCL/ACC	701.46	139.56	561.90
Drainaged, Sewage & Water Supply	GSFC	99.40	94.43	4.97
		889.26	243.21	646.06

Schedules *Contd...*

SCHEDULE "F"- CAPITAL WORK-IN-PROGRESS

(Rupees in Lakhs)

		Note		March '98	March '97
1.	Construction Work-in-Progress (including unallocated capital expenditure, materials at site)		202,948.67		192,655.26
	Less: Provision for Losses		8.00		8.00
				202,940.67	192,647.26
2.	Advance for Capital Expenditure		81,758.67		78,803.46
	Less: Provision for Doubtful Advance		73.00		71.00
				81,685.67	78,732.46
3.	Capital Stores	A	67,241.36		61,921.41
	Less: Provision for Obsolescence/Losses		4.39		4.74
				67,236.97	61,916.67
4.	Dismantled Capital Stores			249.78	381.19
5.	Capital Goods-in-Transit			14,867.76	23,961.39
6.	Construction period expenses pending allocation: Balance as at 1st April, 1997		20,747.85		22,670.46
	Add:Net Expenditure during the year (Sch. "F-1")		27,894.21		12,412.93
			48,642.06		35,083.39
	Less: Allocated to Assets during the year		15,468.43		14,335.54
				33,173.63	20,747.85
	Total			400,154.48	378,386.82

Note:

A.	Includes Stock lying with contractors			3,468.44	1,170.38

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

(Rupees in Lakhs)

		March '98	March '97
1.	Payments to and Provision for Employees	2,373.68	1,451.64
2.	Repairs & Maintenance	125.36	127.98
3.	Consumption of Stores & Spares	130.14	28.39
4.	Power & Fuel	17.03	24.36
5.	Rent	178.88	455.49
6.	Insurance	674.21	630.21
7.	Rates & Taxes	116.44	9.39
8.	Travelling Expenses	524.79	404.02
9.	Communication Expenses	285.77	188.22
10.	Printing & Stationery	80.83	52.11
11.	Electricity & Water Charges	929.58	338.36
12.	Bank Charges	67.05	44.60
13.	Technical Assistance Fees	2.08	5.24
14.	Exchange Fluctuation	7,269.20	3,815.36
15.	Interest	9,428.83	2,486.86
16.	Depreciation	1,969.96	287.55
17.	Others	4,645.72	2,970.87
	Total Expenses	28,819.55	13,320.65
	Less: Recoveries	925.34	907.72
	Net Expenditure during the year	27,894.21	12,412.93

Schedules *Contd...*

SCHEDULE "G"- INVESTMENTS (LONG TERM)

(Rupees in Lakhs)

		No. and Particulars of Shares/Bonds/Units		Face Value per/Share/ Bond/Unit Rupees		March '98	March '97
1.	**QUOTED:**						
	Non-Trade Investments:						
a)	In Fully Paid Tax Free Bonds of Public Sector Undertakings:						
i)	Indian Railway Finance Corporation Limited:	32,03,435(1997:83,67,835) Secured Redeemable Bonds	9%	1000/-	32,080.43		83,833.98
		NIL (1997: 4,67,500) Secured Redeemable Bonds	10%	1000/-	0.00		4,947.38
						32,080.43	88,781.36
ii)	National Thermal Power Corporation Limited:	24,97,500 (1997:24,97,500) Secured Redeemable Bonds	9%	1000/-		25,182.25	25,182.25
iii)	Mahanagar Telephone Nigam Limited	24,18,019 (1997: NIL) Secured Redeemable Bonds	9%	1000/-		24,016.39	0.00
iv)	National Hydro Electric Power Corporation Limited:	24,28,000 (1997:27,93,000) Secured Redeemable Bonds	9%	1000/-		24,340.81	27,989.09
v)	Rural Electrification Corporation Ltd.	24,79,950 (1997:1890000) Secured Redeemable Bonds	9%	1000/-		24,861.58	18,938.41
vi)	Power Finance Corporation Ltd.	40,85,000 (1997:23,75000) Secured Redeemable Bonds	9%	1000/-		41,152.94	23,908.24
vii)	Housing And Urban Development Corporation Ltd.	4,50,000 (1997;50000) Secured Redeemable Bonds	9%	1000/-		4,539.50	508.90
viii)	Neyveli Lignite Corporation Ltd.	6,00,000 (1997:350000) Secured Redeemable Bonds	9%	1000/-		5,989.50	3,511.75
ix)	Konkan Railway Corporation Ltd.	5,00,000 (1997: NIL) Secured Redeemable Bonds	10.50%	1000/-		5,000.00	0.00
						187,163.39	188,819.99
	Less: Provision for the difference between acquisition cost and redemption value where the acquisition cost is higher.					799.78	1011.46
		Total (a)				186,363.61	187,808.53
b)	**In Mutual Funds:**						
i)	Canstar Scheme of Canbank Mutual Fund:	NIL (1997:5,00,00,000) Canstars of Capital Gain Scheme		10/-	0.00		7,400.00
	Less: Provision for Loss				0.00		2,275.00
						0.00	5,125.00
ii)	Units of Unit Trust of India:	1,76,00,000 (1997: NIL Units of Unit Trust of India 1964 Scheme		10/-		2,207.31	0.00
		Total (b):				2,207.31	5,125.00
		Total : 1 (a+b)				188,570.93	192,933.53

Aggregate Market Value of securities mentioned at (a) and (b) above Rs. 185941.23 lakhs: (1997 Rs. 1,76,555.01 lakhs)

(Rupees in Lakhs)

		No. and Particulars of Shares/Bonds/Units		Face Value perShare/ Bond/Unit Rupees		March '98	March '97
2.	**UNQUOTED:**						
A)	**Non-Trade Investments:**						
a)	In Fully Paid Tax Free Bonds of Public Sector Undertakings:						
i)	National Thermal Power Corporation Limited:	NIL (1997: 8,50,000) Secured Redeembale Bonds	9%	1000/-		0.00	8,551.00
ii)	Indian Railway Finance Corporation Limited:	39,00,000 (1997:4,00,000) Securedd Redeembale Bonds	9%	1000/-		39,098.10	3,982.00
iii)	Mahanagar Telephone Nigam Limited	NIL (1997:24,18,019) Secured Redeemable Bonds	9%	1000/-		0.00	24,016.39
iv)	Konkan Railway Corporation Ltd.	NIL (1997;5,00,000) Secured Redeemable Bonds	10.50%	1000/-		0.00	5,000.00
v)	Indian Telephone Industires Ltd.	NIL (1997; 5,00,000) Secured Redeemable Bonds	10%	1000/-		0.00	5,000.00
vi)	Power Finance Corporation Ltd.	NIL (1997; 25,50,000) Secured Redeemable Bonds	9%	1000/-		0.00	25,596.30
vii)	Housing And Urban Development Corporation Ltd.	9,70,000 (1997:16,20,000) Secured Redeemable Bonds	9%	1000/-		9,744.19	16,256.29
viii)	Nuclear Power Corporation Limited	18,70,000 (1997;19,20,000) Secured Redeemable Bonds	9%	1000/-		18,764.35	19,268.60
ix)	National Hydro Electric Power Corporation Limited:	1,60,000 (1997; 10,000) Secured Redeemable Bonds	9%	1000/-		1,596.60	100.35
x)	Rural Electrification Corporation Ltd.	NIL (1997: 12,54,950) Secured Redeemable Bonds	9%	1000/-		0.00	12,544.91
xi)	Neyveli Lignite Corporation Ltd.	15,00,000 (1997: 19,20,000) Secured Redeemable Bonds	9%	1000/-		15,103.00	19,280.75
						84,306.24	139,596.59
	Less: Provision for the difference between acquisition cost and redemption value where the acquisition cost is higher.					327.64	445.61
		Total (a)				83,978.60	139,150.98
b)	**In Mutual Funds:**						
ii)	Units of Unit Trust of India:	NIL (1997: 1,76,00,000) Units of Unit Trust of India 1964 Scheme		10/-		0.00	2,207.31
i)	Canpep '92 Scheme of Canbank Mutual Fund:	3,00,00,000 (1997;3,00,000,00) Canpeps		10/-	3,000.00		3,000.00
	Less: Provision for Loss on account of differences between acquisition cost and repurchase value				0.00		174.00
						3,000.00	2,826.00
		TOTAL : (b)				3,000.00	5,033.31

Schedules *Contd...*

SCHEDULE “G”- INVESTMENTS (LONG TERM) Contd...

(Rupees in Lakhs)

		No. and Particulars of Shares/Bonds/Units	Face Value perShare/ Bond/Unit Rupees	March '98	March '97
C)	**Others:**				
i)	10.5% Government of India Special Bonds 2005	Bonds		647,800.00	0.00
ii)	In Government-Securities	Deposited with various bodies		0.97	0.77
iii)	In Consumer Cooperative Societies:				
	Barauni:	250 Equity Shares each fully paid in cash	10/-		
	Guwahati:	500 Equity Shares each fully paid in cash	10/-		
	Madhura:	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):		647,801.24	1.04
		TOTAL: 2A (a+b+c)		734,779.84	144,185.33
b)	**Trade Investments:**				
i)	Indian Oil Blending Limited (A subsidiary Company)	8,000 Equity Shares each fully paid in cash	500/-	40.00	40.00
ii)	Petroleum India International (Association of Oil Companies)	Seed Capital		5.00	5.00
iii)	International Cooperative Petroleum Association	350 Shares fully paid up and partly paid up common stock of $72.31	$100	2.12	2.12
iv)	Avi-Oil Limited (A Joint Venture Company)	30,00,000 Shares fully paid in cash	10/-	300.00	300.00
v)	Indo-Mobil Limited (A Joint Venture Company	2,20,00,000 Shares fully paid in cash	10/-	2,200.00	940.20
vi)	Petronet India Ltd. (A Joint Venture Company)	180000 Shares fully paid in cash	10/-	18.00	0.00
vii)	Indian Oil Tanking Limited (A Joint Venture Company)	2,00,00,000 Shares fully paid in cash	10/-	2,000.00	0.00
		TOTAL: 2B		4,565.12	1,287.32
		TOTAL : 2A + 2B		739,344.96	145,472.66
		TOTAL: 1+2		927,915.89	338,406.19

Note: During the year, following investments were sold/Realised:

Particulars	No. of units	Face Value (Rupees)
10% ITI Tax free bonds	500,000	500,000,000.00
10% IRFC TAX FREE BONDS	467,500	467,500,000.00
09% IRFC TAX FREE BONDS	1,664,400	1664,400,000.00
09% NTPC TAX FREE BONDS	850,000	850,000,000.00
09% NLC TAX FREE BONDS	170,000	170,000,000.00
09% PFC TAX FREE BONDS	840,000	840,000,000.00
09% NPC TAX FREE BONDS	50,000	50,000,000.00
09% HUDCO TAX FREE BONDS	250,000	250,000,000.00
09% REC TAX FREE BONDS	665,000	665,000,000.00
09% NHPC TAX FREE BONDS	215,000	215,000,000.00
CAN STAR UNIT OF CANBANK MUTUAL FUND	50,000,000	500,000,000.00

SCHEDULE "H"- INVENTORIES

(Rupees in Lakhs)

		Note		March '98	March '97
1.	**In Hand:**				
a.	Stores, Spares etc.	A	35,183.18		36,363.43
	Less: Provision for Losses		1,373.79		1,317.74
				33,809.39	35,045.69
b.	Raw Materials	B		113,380.06	104,523.55
c.	Finished Products	C		148,832.58	146,646.11
d.	Stock in Process			19,859.82	22,079.45
e.	Barrels and Tins	D	742.61		913.55
	Less: Povision for Losses		11.51		0.00
				731.10	913.55
	TOTAL (1)			316,612.95	309,208.35
2.	**In Transit:**				
a.	Stores & Spares			1,109.84	2,198.06
b.	Raw Materials			46,010.58	53,522.14
c.	Imported Finished Products			94,908.25	125,203.2
	TOTAL (2)			142,028.67	180,923.49
	TOTAL			458,641.62	490,131.84

Note:

Includes

A.	Stock lying with contractors	279.20	607.30
B.	Stock lying with others	9,347.11	9,436.91
C.	Stock lying with others	5,394.27	7,269.93
D.	Stock lying with others	274.28	282.40

Schedules *Contd...*

SCHEDULE "I"- SUNDRY DEBTORS

(Rupees in Lakhs)

	Note		March '98	March '97
1. Over Six Months :				
a) Unsecured, Considered Good		44,740.54		57,928.65
b) Unsecured, Considered Doubtful		3,044.05		2,242.78
			47,784.59	60,171.43
2. Other Debts :				
a) Unsecured, Considered Good			195,280.14	182,079.94
			243,064.73	242,251.37
Less: Provision for Doubtful Debts			3,044.05	2,242.78
TOTAL	A		240,020.68	240,008.59

Note:

A. Includes **Rs. 28622.83 lakhs** (1997: 11833.40 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)

	Note		March ‘98	March ‘97
1. Cash Balances including imprest and cheques in hand		39,580.00	54,550.57	
2. Bank Balances with Scheduled Banks:				
a) Current Account		607.63		673.18
b) Fixed Deposit Account		5,314.90		5.65
c) Blocked Account		34.50		34.65
d) No Lien Account		0.01		0.01
			5,957.04	713.49
3. With Post Office Savings Account			0.04	0.04
TOTAL			45,537.08	55,264.10

Schedules *Contd...*

SCHEDULE "K"- LOANS AND ADVANCES

(Rupees in Lakhs)

		Note	March '98		March '97
1.	Advance recoverable in cash or in kind or for value to be recieved:	A			
	a) Secured, Considered Good		39,314.52		33,319.97
	b) Unsecured, Considred Good		50,782.41		56,801.58
	c) Unsecured, Considered Doutbtful		101.05		97.76
			90,197.98		90,219.31
	Less: Provision for Doubtful Advances		101.05		97.76
				90,096.93	90,121.55
2.	Amount recoverable from Industry Pool Account (Net):				
	Unsecured, Considered Good			245,519.99	903,443.64
3.	Claims Recoverable:				
	a) Secured, Considered Good		0.00		12.13
	b) Unsecured, Considered Good		45,626.38		27,220.60
	c) Unsecured, Considered Doubtful		2,423.67		2,484.03
			48,050.05		29,716.76
	Lesss: Provision for Doubtful Claims		2,423.67		2,484.03
				45,626.38	27,232.73
4.	Investment Deposit Scheme, 1986:				
	Unsecured, Considered Good			17.69	**17.69**
5.	Balance with Customs, Port Trust and Excise Authorities:				
	Unsecured, Considered Good		11,511.87	17,580.02	
6.	Materials given on loan		85,620.69		70,298.24
	Less: Deposits received		81,924.86		58,258.60
				3,695.83	12,039.64
7.	Sundry Deposits (including amount adjustable on reciept of Final bills):				
	a) Secured, Considered Good		901.15		906.33
	b) Unsecured, Considered Good		1,343.98		3,075.32
	c) Unsecured, Considered Doubtful		0.99		0.69
			2,246.12		3,982.34
	Less: Provision for Doubtful Deposits		0.99		0.69
				2,245.13	3,981.65
	TOTAL			398,713.82	1,054,416.92
Note					
A:	**Includes**				
1.	Due from Directors			5.04	4.23
	Maximum amount during the year			5.75	5.74
2.	Due from other Officers			39.76	38.16
	Maximum amount during the year			50.10	58.16

SCHEDULE "L"- CURRENT LIABILITIES AND PROVISIONS

(Rupees in Lakhs)

				March '98	March '97
1.	**Current Liabilities**				
	a)	Sundry Creditors	516,340.07		687,078.69
	b)	Other Liabilties	45,863.35		62,521.29
	c)	Unpaid/Unclaimed Dividend	24.52		18.83
	d)	Security Deposits	197,349.65		155,005.51
		Less: Investments and Deposits with Banks lodged by outside parties	545.00		465.08
			196,804.65		154,540.43
	e)	Material taken on loan	164,050.91		51,442.31
		Less: Deposits given	156,766.12		50,327.39
			7,284.79		1,114.92
	f)	Interest accrued but not due on loans	20,450.82		15,596.57
				786,768.20	920,870.73
2.	**Dues to IOBL (a subsidiary company)**			1,273.42	692.34
		Total Current Liabilities		788,041.62	921,563.07
3.	**Provisions**				
	a)	Provision for Taxation	125,309.95		128,789.66
		Less: Advance payments	141,869.35		127,451.40
			(16,559.40)		1,338.26
	b)	Proposed Dividend	19,466.87		15,573.50
	c)	Corporate Dividend Tax	1,946.69		1,557.35
		Total Provisions		4,854.16	18,469.11
		TOTAL		792,895.78	940,032.18

Schedules *Contd...*

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

(Rupees in Lakhs)

		March '98		March '97
Closing Stock				
a) Finished Products	243,740.83		271,849.40	
b) Stock in Process	19,859.82		22,079.45	
		263,600.65		293,928.85
Less:				
Opening 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	
Opeing Stock Adustment Account	73.44		0.00	
		293,855.41		272,615.24
TOTAL		(30,254.76)		21,313.61

SCHEDULE "N"- INTEREST AND OTHER INCOME

(Rupees in Lakhs)

		Note		March '98	March '97
1.	Interest on:				
	a) Loans and Advances (Tax being deducted at source **Rs. 3904.32 Lakhs** 1997: Rs. 8269.73 Lakhs)		73,089.06		40,121.03
	b) Fixed Deposits with Banks		347.14		16.65
	c) Short Term Deposits with Banks		0.00		0.72
	d) Customers Outstandings		5,447.33		5,014.86
	e) Fully Paid Bonds (Tax Free) of Govt. Companies		27,755.55		31,432.75
	f) 10.5% Govt. of India Special Bonds 2005		5,545.03		0.00
	g) Others (Gross)		6.25		7.24
				112,190.36	76,593.25
2.	Dividend (Gross):				
	a) From IOBL (a subsidiary company) (Tax deducted at source Rs. NIL 1997: Rs. 2.47 Lakhs)		10.00		10.00
	b) From Unit Trust of India/Mutual Funds (Tax being deducted at source **Rs. 70.40 Lakhs** 1997: Rs. 73.60 Lakhs)		352.00		320.00
				362.00	330.00
3.	Profit on sale of Investments			4,201.70	14,87.79
4.	Sale of Power and Water			396.40	381.71
5.	Profit on sale and disposal of Assets			681.74	799.94
6.	Unclaimed/Unspent liabilities written back			2,630.87	718.16
7.	Provision for Doubtful Debts, Advances, Claims and Stores written back			914.63	211.39
8.	Provision for investment written back			2,449.00	0.00
9.	Recoveries from Employees			665.07	562.28
10.	Retail Outlet Licence Fees			1,844.64	1,974.76
11.	Collection Charges for Outstation Cheques			1,165.75	562.89
12.	Sale of Scrap			1,898.57	1,265.34
13	Amortisation of Capital Grants			27.18	0.00
14.	Other Miscellaneous Income	A		9,232.46	4,502.46
	TOTAL			138,660.37	89,389.97

Note:

A. Includes **Rs. 200.00 lakhs** (1997: Nil) towards fire insurance claim.

Schedules *Contd...*

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

(Rupees in Lakhs)

	Note		March '98	March '97
1. Raw Materials Consumed:				
Opening Balance		158,045.69		136,971.65
Adjustment to Opening Stock		0.00		13.05
Add: Receipts:				
a) Purchases		1,400,754.64		1,412,197.55
b) Taken on Loan		386,600.50		334,895.50
c) Given on loan		(288,950.86)		(298,486.65)
		1,656,449.97		1,585,591.10
Less: Closing Stock		159,390.64		158,045.69
			1,497,059.33	1,427,545.41
2. Consumption:				
a) Stores, Spares and Consumables		14,770.65		14,719.03
b) Packages & Drum Sheets		16,773.85		18,173.88
			31,544.50	32,892.91
3. Power & Fuel		40,491.45		35,223.11
Less: Fuel for own production		24,828.08		25,486.18
4. Processing Fees, Blending Fees			15,663.37	9,736.93
Royalty & Other Charges			3,910.20	3,752.82
5. Octroi, Other Levels and Irrecoverable Taxes	A		56,205.29	66,510.74
6. Repairs and Maintenance:				
i) Plant and Machinery		23,121.42		18,996.70
ii) Buildings		5,596.82		4,505.72
iii) Others		2,130.66		1,961.37
			30,848.90	25,463.79
7. Freight and Transportation Charges			402,232.42	345,794.87
8. Payments to and Provisions for Employees:	B			
a) Salaries, Wages, Bonus etc.		55,381.59		45,307.19
b) Contribution to Provident & Other Funds		8,697.60		5,425.45
c) Voluntary Retirement Compensation		272.02		209.66
d) Staff Welfare Expenses		11,294.74		9,788.32
			75,645.95	60,730.62
9. Office Administration, Selling and other Expenses (Schedule "O-1")			62,680.34	51,803.37
TOTAL			2,175,790.30	**2,024,231.46**

Note:
Includes

A. **Rs. 964.00 lakhs** towards previous years (1997: Rs. 20,701.00 lakhs).

B. i) Towards previous years **Rs. 1473.61 lakhs** (1997: Rs. Nil) on account of long term settlement with employees.

ii) **Rs. 3970.21 lakhs** (1997: Rs. Nil) on account of contribution to Gratuity Fund due to increase in ceiling & Retirement age.

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

(Rupees in Lakhs)

		Note		March '98	March '97
1.	Rent	A		8344.99	5283.74
2.	Insurace			2850.28	2158.81
3.	Rates & Taxes			1451.98	1068.70
4.	Donations			39.40	86.68
5.	Payment to Auditors:				
	a) Audit Fees		18.00		12.00
	b) Tax Audit Fees		3.06		1.95
	c) Other Services (for issuing certificates etc.)		0.23		8.51
	d) Out of Pocket Expenses		5.67		4.05
				26.96	26.51
6.	Travelling & Conveyance			8,372.99	7,585.75
7.	Communication Expenses			3,801.31	3,516.38
8.	Printing & Stationery			1,627.08	1,377.14
9.	Electricity & Water			7,054.52	4,323.15
10.	Bank Charges			1,883.10	2,164.82
11.	Bad Debts, Advances & Claims written off			461.91	89.54
12.	Loss on Assets sold, lost or written off			127.80	210.76
13.	Technical Assistance Fees			288.53	264.79
14.	Exchange Fluctuation (Net)			107.03	59.98
15.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores			1,725.88	2,061.99
16.	Provision for Investments			0.00	2,449.00
17.	Security Force Expenses			2,842.92	2,097.33
18.	Sales Promotion Expenses			4,194.36	2,305.02
19.	Handling Expenses			2,294.34	1,956.97
20.	Expenses on Enabling Facilities			29.21	351.66
21.	Other Expenses			15,155.75	12,364.65
	TOTAL			62,680.34	51,803.37

Note:

Includes

A. **Rs. 1052.66 lakhs** (1997: Rs. 207.01 lakhs) towards previous years.

Schedules *Contd...*

SCHEDULE "P"- INCOME/EXPENSES RELATING TO PREVIOUS YEARS

(Rupees in Lakhs)

	March '98	March '97
Income:		
1. Sale of Products and Crude	0.00	(767.01)
2. Interest	(13.39)	0.00
3. Net claim from / (surrender to) Industry Pool Accounts	63.08	478.96
4. Miscellaneous Income	(14.89)	(7.02)
Total Income	34.80	(295.07)
Expenditure:		
1. Purchase of Products and Crude	73.45	(11.35)
2. Payment to and Provision for employees:		
- Staff Welfare Expenses	52.34	0.00
3. Depreciation and Amortisation	111.08	521.19
4. Consumption		
- Stores, Spares and Consumables	194.17	(25.13)
5. Repairs and Maintenance		
-Plant and Machinery	52.02	(81.00)
6. Freight and Transportation Charges	0.00	237.87
7. Rent	(20.87)	0.00
8. Rates & Taxes	(10.01)	0.00
9. Other Expenses	(20.64)	2.54
10. Technical Fees	(12.53)	(12.80)
11. Security Force Expenses	0.00	28.33
Total Expenses	419.01	659.65
NET INCOME/(EXPENDITURE)	(384.21)	(954.72)

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 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, exchange variations 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 Investments in Public Sector Bonds are valued at cost and provision for diminution in realisable value

Schedules *Contd...*

Schedule "Q"- Statement of Significant Accounting Policies *Contd...*

on redemption is provided for, wherever necessary. Other quoted investments are valued at cost and provision for diminution in value is made, wherever such diminution is not temporary.

3.2 Unquoted:

3.2.1 Investments in Public Sector Bonds are valued at cost and provision for diminution 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 diminution in value is made, wherever necessary.

3.2.3 Other unquoted investments are valued at cost.

4. Invetories:

4.1. Raw Materials:

4.1.1 Crude Oil is valued at cost on First in First Out basis. 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 detemined 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.

6. Profit and Loss Account:

6.1 Adjustments pertaining to purchase of raw materials/finished products, sales and other admissible under the Administered Pricing Mechanism are accounted as “net claim from/(surender 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 benefits to employees is assessed on the basis of actuarial valuation at the end of the year 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 period and in proportion in which depreciation is charged.

8. R&D Expenditure:

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S.N. Jha**	**O.N Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

Place: New Delhi

Dated: 12th June, 1998

Schedules *Contd...*

SCHEDULE "R"- NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

1. Contingent Liabilities:

a) Claims against the Corporation not acknowledged as debts **Rs. 161,239.07 lakhs** (1997-Rs. 124,255.97 lakhs). These include:

   i) **Rs. 44,494.89 lakhs** (1997- Rs. 17658.09 lakhs) being the demands raised by the Central Excise Authorities.

   ii) **Rs. 47,403.03** lakhs (1997-Rs. 39075.97 lakhs) in respect of Sales Tax demands.

   iii) **Rs. 18,133.73** lakhs including Rs. 7,768,31 lakhs on account of Projects (1997-Rs. 10,095.15 lakhs including Rs. 4,906.28 lakhs on account of Projects) for which suits have been filed in the Courts or cases are lying with arbitrators.

   iv) **Rs. 28,816.14 lakhs** (1997-Rs. 16,268.83 lakhs) in respect of Income Tax demands.

   v) **Rs. 4452.63 lakhs** (1997-Rs. 1927.67 lakhs) relating to Projects.

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

b) 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. 307,759.13 lakhs** (1997-Rs. 140,751.48 lakhs).

3. a) Title Deeds for Land and residential apartments as also lease and other agreements iin respect of certain lands/buildings the book value of which is **Rs. 9,197.81 lakhs** (1997 - Rs. 7120.26 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. There is a dispute between a project contractor and the Corporation regarding non-execution of the contract as per the terms and conditions laid down in the contract. The contractor has raised arbitrary demands on the Corporation amounting to **Rs. 176,313.24 lakhs** (1997 - Rs. 40,192.73 lakhs). The Corporation has now quantified its own claim against the contractor for approximately **Rs. 121,227.00 lakhs** (1997 - Nil) and the dispute has been referred to the arbitrators appointed by both the parties Corporation does not anticipate any liability in this dispute.

5. Government of India issued on 2nd March, 1998 10.5% Government of India Special Bonds 2005 consequent to Gazette notification dated 10th March, 1998 amounting to Rs. 647,800 lakhs in lieu of part settlement of dues recoverable from OCC.

6. An amount of **Rs. 1210.61 lakhs** (1997 - Rs. 1223.63 lakhs) recoverable from Air India on account of difference between market rate of exchange and official rate of exchange is consisdered 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.

7. International Airlines are seeking exemption for payment of Sales Tax in respect of petroleum products purchased by them in India. Pendng decision of the Government of India, applicable Sales Tax amounting to **Rs. 11,155.23 lakhs** (1997 - Rs. 6,426.79 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.

8. 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 therefrom are not likely to be material.

9. Excise/customs duty amounting to **Rs. 51,100.01 lakhs** (1997-Rs. 43,942.78 lakhs) on products and crude stored in bond on the Balance Sheet data have neither been provided nor taken in the inventory value. This has no impact on the profit for the year.

10. Pending finalisation of Long Term Settlement with the employees, liability for the period 1.1.97 to 31.3.98 (except Rs. 8,872.72 lakhs equivalent to the advance paid/payable to employees) has not been provided in respect of revision of emoluments as the amount thereof is indeterminable. However, the impact of the above settlements is to the extent of price controlled products, subject to claim from the Pool Account as per the pricing mechanism.

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

(Rupees/Lakhs)

		1997-98	1996-97
i)	Salaries & Allowances	15.83	28.60
ii)	Contribution to Provident Fund	1.17	2.09
iii)	Contribution to Gratuity Fund	0.74	3.20
iv)	Other benefit and Perquisites	7.17	5.19
	Total	24.91	39.08*

* 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.

12. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to Rs. 1,112.88 lakhs (1997-Rs. 892.28 lakhs) which is inclusive of Rs. 201.54 lakhs (1997-Rs.155.22 lakhs(on account of Staff and Establishment and Rs. 911.34 lakhs (1997-Rs. 737.06 lakhs) for payment to others. The ratio of annual expenditure on public Relations and Publicity to the annual turnover is 0.00019:1 (1997-0.00016:1).

b) Research and Development expenses **Rs. 2,609.13 lakhs** (1997-Rs. 2,187.06 lakhs).

c) Entertainment Expenses **Rs. 12.72 lakhs** (1997-Rs. 17.01 lakhs).

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S.N. Jha**	**O.N Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

Place: New Delhi

Dated: 12th June, 1998

Schedules *Contd...*

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

(Figures in Lakhs)

	Unit	Licenced Capacity (Ref. Note A)		Installed Capcity (Ref. Note B)		Actual Production	
		March '98	March '97	March '98	March '97	March '96	March '97
i) Crude Processing	MTs	245.00	245.00	254.00	254.00	260.32	236.06 (Ref. (Note D)
ii) Lubricating Oil	MTs	2.26	1.70	1.58	1.40 (Ref. Note C)	1.10	1.22
iii) Wax/Bitumen/ Asphalt/ Lube Oil Drums	Nos.	15.04	15.04	15.00	15.00	6.83	7.20
iv) Oxygen Plant	Cu. M.	Not specified	Not specified	0.84	0.84	0.00	0.00
v) Propylene Recovery Unit	MTs	0.24	0.24	0.24	0.24	0.06	0.02

Note:

A. Licenced 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 verifications.

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 31.03.98	56.06	238,671.64	446.21	1964,783.57	694.68	4968,133.20	60.14	217,072.72
Year ended 31.03.97	55.15	228,079.36	439.28	2222,449.77	673.20	4340,529.13	56.07	238,745.08
2. Lubricants & Greases:								
Year ended 31.03.98	0.90	33,104.32	0.11	9,372.02	4.24	177,982.43	0.74	26,668.11
Year ended 31.03.97	0.84	27,193.38	0.14	15,851.25	3.77	173,609.37	0.90	33,104.32
3. Crude Oil:								
Year ended 31.03.98	0.00	0.00	168.11	769,040.63	168.11	769,040.63	0.00	0.00
Year ended 31.03.97	0.00	0.00	190.58	1014,459.04	190.58	1014,459.04	0.00	0.00
4. Base Oil & Additives:								
Year ended 31.03.98	0.00	0.00	0.54	7,044.88	0.54	6,755.80	0.00	0.00
Year ended 31.03.97	0.03	615.56	0.80	14,104.54	0.88	13,614.50	0.00	0.00
TOTAL								
Year ended 31.3.98	56.96	271,775.96	614.97	2750,241.10	867.57	5921,912.06	60.88	243,740.83
Year ended 31.03.97	56.02	255,888.30	630.80	3266,864.60	868.43	5542,212.04	56.97	271,849.40

@ includs adjustment to opening stock

Note:

Schedules *Contd...*

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

	Imported		Indigenous		Quantity	Total
	Value Rupees (in lakhs)	% to ttal consumption	Value Rupees (in lakhs)	% to total consumption	MTs (in lakhs)	Rupees (in lakhs)
March -98						
Crude Oil	1,009,008.49	70	439,476.61	30	275.04	1,448,485.10
Base Oil	6,951.43	11	55,956.67	89	2.69	62,908.10
Additives	1,639.37	9	15,851.31	91	0.20	17,490.68
Packing Materials Consumed	0.00	0	13,410.46	100	0.00	13,410.46
Steel Coils/Sheets/ Stores/Components and Spare Parts	6,534.96	27	17,379.27	73	0.16	23,914.23
March-97						
Crude Oil	857,140.26	63	511,021.06	37	251.36	13,68,161.32
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 and Spare Parts	8254.19	43	10,840.79	57	0.15	19,094.98

Note:

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.
3. Indigenous Base Oil includes **Rs. 31,824.55 lakhs** (1997: Rs. 30,502.01 lakhs) which is internally produced.

SCHEDULE "V"- EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOWHOW, PROFESSIONAL & CONSULTATION FEES, INTEREST & OTHER MATTERS

(Rupees in Lakhs)

		March '98	March '97
1.	Royalty	468.41	240.92
2.	Professional, Consultation Fees and Technical Service Fees	1,488.18	1064.89
3.	Interest	72,871.40	49124.94
4.	Purchase of Products	1,215,018.00	1543146.00
5.	Others*	7,464.80	5560.41
	Total	1,297,310.79	1,599,137.16

* Includes **Rs. 5,623.06 lakhs** (1997: Rs. 4775.28 lakhs) on account of crude purchases from an Indian Company, payments of which was made in foreign currency.

SCHEDULE "W"- EARNINGS IN FOREIGN EXCHANGE

(Rupees in Lakhs)

		Note	March '98	March '97
1.	Export of Crude Oil and Petroleum Products	A	184,252.98	229,965.79
2.	Interest		0.32	0.00
3.	Income from Consultancy Services		10.35	236.60
4.	Management Contract Fees		272.26	152.50
5.	Investory Holding Charges		17.16	31.35
	Total		184,553.07	230,386.24

Note:

A. Includes **Rs. 48,720 lakhs** (1997: Rs. 52,685 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 '98	March '97
1.	Crude Oil	A	1,450,874.49	17,20,704.18
2.	Base Oil		4,996.74	9,143.34
3.	Additives		1,223.17	1,767.91
4.	Capital Goods		26,045.36	20,706.82
5.	Revenue Stores, Components, Spares and Chemicals		4,482.86	6,125.69
	Total		1,487,622.62	1,758,447.94

Note:

A. i) Includes FOB value of Imports made by the Corporation on behalf of Other Oil Compaies **Rs. 769,041 lakhs** (1997: Rs. 1014459 lakhs)

ii) Excludes **Rs. 152,135 lakhs** (1997: Rs. 123,490 lakhs) representing the imports under agency agreement.

Schedules *Contd...*

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

I. Registration Details

Registration No. 1 1 3 8 8 State code 1 1

Balance Sheet Date 3 1 0 3 9 8

ii. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N I L	N I L
Bonus Isue	Private Placement
N I L	N I L

iii. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousand)

Total Liabilities	Total Assets
2 4 8 2 4 2 9 4 0	2 4 8 2 4 2 9 4 0
Sources of Funds	
Paid-Up Capital	Reserves & Surplus
3 8 9 2 8 0 6	1 0 2 2 4 8 7 0 5
Secured Loans	Unsecurd Loans
2 1 7 8 3 4 9 1	1 2 0 3 1 7 9 3 8
Application of Funds	
Net Fixed Assets	Investments
1 1 9 1 2 4 2 0 4	9 2 8 2 7 5 8 9
Net Current Assets	Misc. Expenditure
3 6 2 9 1 1 4 7	N I L
Accumulated Losses	
N I L	

iv. Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure
5 9 1 7 6 2 0 3 5	5 8 9 5 0 7 6 9 5

Profit Before Tax	Profit After Tax
+ 1 9 6 4 7 3 5 8	+ 1 7 0 6 4 9 7 0

Earnings per share in Rs.	Dividend Rate %
4 3 8 3	5 0

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

Item 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, 1998

(Rs. in Lakhs)

			1997-98		1996-97
A.	**Cash Flow from Operating Activities:**				
1.	Profit Before Tax		196,474		176,623
2.	Adjustments for:				
	Depreciation	103,796		79,917	
	Profit on sale of Assets (Net)	(554)		(589)	
	Amortisation of Capital Grants	(27)		0	
	Provision for diminution in value of investments	0		2449	
	Provision for investments written back	(2,449)		0	
	Profit on sale of investments (Net)	(4,202)		(1,488)	
	Interest income on investments	(33,301)		(31,433)	
	Dividend income on investments	(362)		(330)	
	Interest Expenditure	112,615		107,577	
			175,516		156,103
B.	**Operating Profit before Working Capital Changes (1+2)**		371,990		332,726
C	**Change in Working Capital:**				
	(Excluding Cash & Bank Balances)				
	Trade & Other Receivables	651,771		(656,627)	
	Inventories	31,490		(44,306)	
	Trade and Other Payables	(138,381)		251,095	
	Change in Working Capital		544,880		(449,838)
D	**Cash Generated From Operations (B+C)**		916,870		(117,112)
E	**Less: Taxes paid**		43,722		24,865
F	**Net Cash Flow from Operating Activities (D-E)**		873,148		(141,977)
G	**Cash Flow from Investing Activities:**				
	Sale of Assets	991		1,508	
	Sale / Maturity of Investments	68,219		29,946	
	Interest Income on Investments	33,301		31,433	
	Dividend Income on Investments	362		330	
	Purchase of Assets	(86,457)		(59,217)	
	Investment/Advance for Investments in Joint Venture Companies	(1,378)		(2,642)	

(Rs. in Lakhs)

		1997-98			1996-97
	Investment in 10.5% Govt. of India Special Bonds 2005*	(647,800)		0	
	Expenditure on Construction Work in Progress	(219,035)		(216,668)	
	Net Cash used in investing Activities		(851,797)		(215,310)
H	**Net Cash flow from Financing Activities:**				
	Proceeds from Calls in Arrear / Issue of Shares including Premium	11		25	
	Reciept of Grant for Capital Projects	88		819	
	Proceeds from Long-Term Borrowings	162,590		104,929	
	Proceeds from / (Repayments of) Short-Tem Borrowings	(59,452)		39,0211	
	Interest paid	(117,190)		(105,909)	
	Dividend/Dividend Tax paid	(17,125)		(15,460)	
	Net Cash Generated / (used) from Financing Activities:		(31,078)		374,615
I	**Net Change in Cash & Cash Equivalents (F+G+H)**		(9,727)		17,328
J	**Cash & Cash Equivalents as at end of the Financial Year**		45,537		55,264
K	**Less: Cash & Cash Equivalents as at the beginning of Financial Year**		55,264		37,936
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)		(9,727)		17,328

* Received in lieu of part settlement of OCC dues.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S N Jha**	**O N Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

Place: New Delhi
Dated: 12th June, 1998

AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT

To

The Broad of Directors,

Indian Oil Corporation Limited

We have examined the Cash Flow Statement of Indian Oil Corporation Limited for the year ended 31st March, 1998. 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 Exhchange 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 12, 1998 to the Members of the Company.

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

Place: New Delhi

Dated: 12th June, 1998

Statement Pursuant to Section 212(1)(e)

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANY ACT, 1956

1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.1998:

- 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. in lakhs
- For the financial year ended 31.3.1998	757.72
- For all the previous financial years of the subsidiary	3809.38

3. The net aggregate amount of the profit of the sbsidiary Company so far as its profits are dealt with in the holding Company's accounts:

	Rs. in lakhs
- For the financial year ended 31.3.1998	10.00
- For all the previous financial years of the subsidiary	169.11

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
M A Pathan	**Suresh Chand Mathur**	**A K Arora**	**S N Jha**	**O N Marwaha**	**R Narayanan**
Chairman	Director (Finance)	Director (Refineries)	Director (Pipelines/ Human Resources)	Director (Marketing)	Secretary

Place: New Delhi

Dated: 12th June, 1998

Schedule of Fixed Assets (Township)

SCHEDULE OF FIXED ASSETS (TOWNSHIP) FOR THE YEAR ENDED 31.03.1998

PARTICULARS	AT COST				
	GROSS BLOCK AS ON 1.04.97	ADDITIONS DURING THE YEAR	TRANSFERS FROM CNST. W-I-P	TRANSFERS DEDUCTION RECLASS	GROSS BLOCK AS ON 31.03.98
Land - Freehold	471.23	107.31	0.00	0.13	578.67
Land - Leasehold	537.81	0.00	0.00	0.00	537.81
Bldgs, Roads etc.	13,629.50	40.04	849.23	46.54	14,498.55
Plant & Machinery	733.18	3.63	0.00	0.00	736.81
Furnitures & Fixtures	243.54	34.82	0.00	2.99	275.85
Drainage, Sewage & Water Supply System	1,043.61	25.64	47.76	0.00	1,117.01
Equipment & Appliances	1,200.30	170.84	15.01	6.86	1,384.31
Vehicles	164.37	46.39	0.00	0.02	210.78
Grand Total:	18,023.54	428.67	912.00	56.54	19,339.80
Previus Year:	17,309.32	145.23	381.74	187.25	18,023.54

Schedule of Fixed Assets (Township) *(Contd...)*

(Rupees in Lakhs)

DEPRECIATION/ AMORTISATION PROVIDED DURING THE YEAR	TOTAL DEPRECIATION/ AMORTISATION UP TO 31.03.98	NET DEPRECIATED BLOCK	
		AS ON 31.03.98	AS ON 31.03.97
1.73	9.75	568.92	471.23
4.18	43.38	494.43	498.61
218.04	2,742.28	11,756.27	11,093.79
25.50	378.70	358.11	379.99
12.39	156.74	119.11	96.91
21.81	656.77	460.23	412.69
55.49	536.11	848.20	721.28
2.66	96.36	114.42	69.34
341.79	4620.10	14,719.70	13,743.84
317.54	4279.71	13,743.84	

Income and Expenditure Account (Township)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998 ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES

(Rupees in Lakhs)

		March '98	March '97
INCOME:			
1.	Recovery of House rent	267.19	257.01
2.	Recovery of Utilities-Power and Water	55.68	47.74
3.	Recovery of Transport Charges	6.20	4.88
4.	Other Recoveries	290.84	249.15
5.	Excess of Expenditure over Income	7,470.10	6,408.00
	TOTAL :	8,090.01	6,966.78
EXPENDITURE:			
1.	Salaries, Wages and PF & Gratuity Contribution	1,981.34	1,824.55
2.	Consumable Stores and Medicines	553.56	479.51
3.	Repairs and Maintenance	1,832.53	1,267.11
4.	Interest	974.11	1,003.04
5.	Depreciation	341.79	317.54
6.	Miscellaneous Expenses:		
	Taxes, License Fees, Insurance etc.	382.37	244.42
7.	Uitilies-Power and Gas	1,490.89	1,354.91
8.	Rent-Land	3.31	1.82
9.	Welfare (School) etc.	2.33	2.88
10.	Subsidies for Social & Cultural Activities	481.79	409.03
11.	Bus Hire Charges	29.01	23.50
12.	Club and Recreation	1.82	1.08
13.	Others	15.16	37.39
	TOTAL :	8,090.01	6,966.78

Review of Accounts

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1998 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 Auditors' Report.

1. FINANCIAL POSITION:

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

(Rs. in Crores)

			1995-96	1996-97	1997-98
Liabilities:					
a)	Paid up Capital				
	i)	Government	355.29	355.29	355.29
	ii)	Others	33.96	33.98	33.99
b)	Reserves and Surplus				
	i)	Free Reserves & Surplus	7,310.49	8,548.22	10,040.57
	ii)	Share Premium	175.03	175.25	175.35
	iii)	Capital Reserves	0.16	8.34	8.95
c)	Borrowings				
	i)	From Government of India	0.00	0.00	0.00
	ii)	From Financial Institutions (SBI Term Loan)	0.00	500.00	500.00
	iii)	Foreign Currency Loans	5,960.76	9,033.98	1,1245.85
	iv)	Cash Credit, EPC, Wkg. Capital Demand Loan	1,347.74	2,086.04	1,677.06
	v)	Others	909.58	1,536.27	781.72
	vi)	Interest accrued & due on loans	9.27	22.47	5.51
d)	Current Liabilities and Provisions				
	i)	Current Liabilities and Provisions	6,721.42	9,383.41	7,915.97
	ii)	Provision for Gratuity	3.33	16.91	12.99
		TOTAL	22,827.03	31,700.16	32,753.25
Assets:					
e)	Gross Block		7,984.99	10,396.66	13,313.20
f)	Less: Cumulative Depreciation		3,589.73	4,374.98	5402.32
g)	Net Block		4,395.26	6,021.68	7,910.88
h)	Capital Work-in-Progress		3,437.12	3,783.87	4,001.54
i)	Investments/Advances for Investments		3,689.31	3,406.66	9,282.76
j)	Current Assets, Loans and Advances				
	i)	Interest accrued on Investments/Bank Bal.	105.35	89.74	128.94
	ii)	Inventories	4,458.25	4,901.32	4,586.41
	iii)	Sundry Debtors	1,997.93	2,400.08	2,400.21
	iv)	Cash and Bank Balances	379.36	552.64	455.37
	v)	Loans and Advances	4,364.45	10,544.17	3,987.14
		TOTAL	22,827.03	31,700.16	32,753.25

Review of Accounts *Contd...*

(Rs. in Lakhs)

		1995-96	1996-97	1997-98
k)	Working Capital {(j-d(i)-c(vi)}	4,574.65	9,082.07	3,636.59
j)	Capital Employed (g+k)	8,969.91	15,103.75	11,547.47
m)	Net Worth {(a+b(i)+b(ii)}	7,874.77	9,112.74	10,605.20
b)	Net worth per rupees of equity capital (Rupees)	20.23	23.41	27.24

Previous year figures have been regrouped in line with 1997-98 accounts. During the year 1994-95, the Company also offered shares to employees at Rs. 100 per share (including the premium of Rs. 90). The allotment was made during the year 1995-96. With the issue of shares to employees during 1995-96, the share of Govt. of India in the equity of the Company as on 31.03.1998 works out to 91.14%.

2. RESERVES AND SURPLUS:

The free reserves and surplus of the Company were 22 times of the paid up capital as on 31st March, 1997. After the addition of Rs. 1492.36 crores from the profits of the current year, the free reserves and surplus (Rs. 10040.57 crores) were 26 times of the paid up capital at the ned of 31st March, 1998.

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

The investment of the company as on 31st March, 1998 has been increased to Rs. 9282.76 crores from Rs. 3406.66 crores as on 32st March, 1997. The increase in investments was mainly on account of issue of 10.5% Govt. of India Special Bonds 2005 amounting to Rs. 6478.00 crores.

During the year 1997-98, Company disinvested 50,000,000 units of Canstar of Can Bank Mutual Fund having a face value of Rs. 50 crores (Rs. 74 crores at cost) for Rs. 115 crores. During the year, the provision of Rs. 22.75 crores on Canstar and Rs. 1.74 crores on Canpep Units made in the year 1996-97 was written back.

Further, during the year, the following Public Sector Tax Free Bonds were realised on maturity:

(Rs. in Crores)

	No. of Units	Face value
10% Tax Free Bonds - ITI	500,000	50.00
10% Tax Free Bonds - IRFC	467,500	46.75
9% Tax Free Bonds - IRFC	1,664,400	166.44
9% Tax Free Bonds - NTPC	850,000	85.00
9% Tax Free Bonds - NLC	170,000	17.00
9% Tax Free Bonds - PFC	840,000	84.00
9% Tax Free Bonds - NPC	50,000	5.00
9% Tax Free Bonds - HUDCO	250,000	25.00
9% Tax Free Bonds - REC	665,000	66.50
9% Tax Free Bonds - NHPC	215,000	21.50
TOTAL :		**567.19**

During the year 1997-98, additional investments of Rs. 13.78 crores were made in Joint Venture Companies - Rs. 10 croes in Indian Oiltanking, Rs. 0.18 crores in Petronet India and Rs. 3.60 crores towards advance for Investment in Joint Venture Companies.

While the aggregate value as on 31st March, 1998 of investments in quoted Public Sector Undertaking Bonds and Unit-64 of UTI accounted in the books as per the accounting policy of the Company was Rs. 1885.71 crores, the market value thereof as per the quotations available (including Units from Unit Trust of India) works out to Rs. 1859.41 crores.

4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 9181.56 crores from Intenal and External Sources were utilised during the year as given below:

(Rs. in Crores)

Soures of Funds:			
Internal Generation:			
i)	Profit After Tax	1,706.50	
ii)	Add: Depreciation	1,027.34	2,733.84
iii)	Share Premium		0.10
iv)	Call money		0.01
v)	Grants		0.60
vi)	Decrease in Working Capital		5398.67
	- Decrease in Current Assets	6,929.88	
	- Less: Decease in Current Liabilities	1,531.21	
vii)	Increase in Loans		1,048.34
			9,181.56
Utilisation of Funds:			
i)	Capital Expenditure		3,134.21
ii)	Increase in Investment		5,876.10
iii)	Dividend Paid		171.25
			9,181.56

Decrease in Working Capital is mainly due to decrease in Loans and Advances by Rs. 6557.03 crores mainly contributed by reduction in dues recoverable from industry Pool Account due to issue of Oil Bonds amounting to Rs. 6478 crores by Govt. of India, which are considered under investments.

5. WORKING RESULTS:

The working results of the Company during the last three years are givend below:

(Rs. in Cores)

		1995-96	1996-97	1997-98
i)	Sales (excluding excise duty)	40,330.21	52,097.34	54,934.56
ii)	Profit before tax	1,765.33	1,766.23	1,964.74
iii)	Provision for tax	516.62	358.00	258.24
iv)	Profit after tax	1,248.71	1,408.23	1,706.50

During 1997-98 sale of products (excluding excise duty) has increased by Rs. 2837.22 crores. Increase in Sales is mainly due to increase in Selling price w.e.f. Sept. '97 and Volume growth.

Review of Accounts *Contd...*

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 under :

(In Percentage)

		1995-96	1996-97	1997-98
A.	**Liquidity Ratio:**			
	Current Ratio (Current Assets to Current Liabilities and provision and interest Accrued and due but excluding provision for Gratuity) (j/(d(i)+c(vi))	167.97	196.56	145.91
B.	**Debt Equity Ratio:** Long Term Debt to Equity (c(i to v excldg. Short term)/m)	19.21	24.27	40.01
C.	**Profitability Ratios:**			
a)	Profit before tax to:			
i)	Capital Employed	19.68	11.69	17.01
ii)	Net Worth	22.42	19.38	18.53
iii)	Sales (excluding duties)	4.38	3.39	3.58
b)	Profit after tax to Equity	320.80	361.76	438.37
c)	Earning per Share (Rs.)	32.07	36.17	43.83

Profit before tax to Capital Employed has gone up from 11.69% for the year 199-97 to 17.01% for the year 1997-98, mainly due to:

i) The Profit before tax has increased from Rs. 1766.23 crores for the year 1996-97 to Rs. 1964.74 crores for the year 1997-98, resulting in an increase of Rs. 198.51 crores.

ii) Capital Employed has decreased from Rs. 15103.75 crores in 1996-97 to Rs. 11547.47 crores in 1997-98. The decrease is mainly on account of reduction in working capital from Rs. 9082.07 crores in 1996-97 to Rs. 3636.59 crores in 1997-98 due to conversion of Pool Dues amounting to Rs. 6478 crores into 10.5% Govt. of India Special Bonds 2005 and partially offset by additions to Fixed Assets by Rs. 2916.54 crores during the year 1997-98.

Profit before tax to Net worth has gone down from 19.38% din 1996-97 to 18.53% in 1997-98 in as Net worth has increased from Rs. 9112.74 crores in 1996-97 to Rs. 10605.20 crores in 1997-98 with corresponding increase in Profit before tax of Rs. 198.51 crores.

Profit before tax to Sales (excl. duties) for 1997-98 is 3.58% as compared to 3.39% for 1996-97.

7. INVENTORY:

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

(Rs. in Crores)

		1995-96	1996-97	1997-98
i)	Raw Materials	1,369.72	1,580.46	1,593.91
ii)	Stores & Spares	357.18	372.44	349.19
iii)	Stock-in-trade	2,558.88	2,718.50	2,437.40
iv)	Stock-in-process	167.27	220.79	198.60
v)	Stock of empty barrels and tins	5.20	9.13	7.31

The stock of raw materils was equivalent to about 1.3 month consumption in 1997-98, which was at the same level during 1996-97 and 1995-96. The increase in the invetory of raw materials at the end of the year 1997-98 by Rs. 13.45 crores over the previous year 1996-97, which is negligible.

The stores and spares at the end of 1997-98 represented 13.6 months consumption as against 13.9 months in 1996-97 and 14.4 in 1995-96.

The stock of finished goods at the end of the year was equidvalent to about 0.49 month's sales during 1997-98 as against 0.59 month in 1996-97 and 0.70 month in 1995-96.

8. SUNDRY DEBTORS:

The position of Sundry Debtors for the last three years ending 31st March, 1998 stood as follows:

(Rs. in Crores)

		1995-96	1996-97	1997-98
i)	Sundry Debtors Considered good	1,997.93	2,400.08	2,400.21
ii)	Sundary Debtors Considered doubtors	7.76	22.43	30.44
iii)	Total Sundry Debtors	2,005.69	2,422.51	2,430.65
iv)	Sales	43,861.85	55,388.99	59,176.20
v)	Percentage of Sundry Debtors to Sales	4.57%	4.37%	4.11%

The increase in Total Sundry Debtors over the previous year is Rs. 8.14 crores, which is marginal.

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

An amount of Rs. 458.79 crores is recoverable from MRPL for supply of crude.

An amount of Rs. 202.53 crores is outstanding from Gujarat Electricity Board and Rs. 67.89 crores is outstanding from Assam Electricity Board, out of which Rs. 139.39 crores and Rs. 6.88 crore respectively are mainly on account of dispute of rates. These amounts are payable to pool account on realisation.

Review of Accounts *Contd...*

An amount of Rs. 41.92 crores is outstanding from Air India which includes Rs. 12.10 crores recoverable on account of a dispute between the Company and the customer about the exchange rate for billing. The balance is mainly due to non-paymet of tri-monthly adhoc instalment from 5.6.96 to 31.10.96 and pending final settlements.

9. SUNDRY CREDITORS:

The balance under this head decreased to Rs. 5163.40 crores as against Rs. 6870.79 crores in 1996-97

10. DIVIDEND:

The Company has proposed a dividend of 50% for the year 1997-98 as against 40% for the last five 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, 1998 was 12.5 percent, 11.1 percent and 11.4 percent respectively.

An amount of Rs. 19.47 crores had been provided towards Corporate Dividend Tax for the year 1997-98.

Sd/-

(A.K. Awasthi)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II

Place: New Delhi

Dated: 21th August, 1998

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 31ST MARCH, 1998 AND REPLIES OF THE BOARD OF DIRECTORS.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
A. BALANCE SHEET	Noted for review during the current year.
1. Current Liabilities and Provisions (Schedule L) Sundry Creditors Rs. 5163.40 crores	
This is overstated by Rs. 14.04 crores on account of provision for leave encashment and post retirement medical benefits made on actuarial basis which should have been shown under the head "Provisions" in accordance with the Accounting Policy No. 6.3 of Schedule Q-"Statement of significant accounting policies" and Schedule VI of the Companies Act 1956.	
B. PROFIT AND LOSS ACCOUNT	
2. Net Claim from/(surrender to) Industry Pool Accounts Rs. 567.47 crores	
This is overstated by Rs. 70.38 crores being the return on additional working capital claimed from OCC by treating the crude-in-transit as crude held in refineries. As the amount is not recoverable from OCC this has resulted in ovestatement of profit for the year and claims recoverable (Loans and Advances) by Rs. 70.38 crores.	Additional working capital claim in respect of crdue oil in stocks for more than 21 days is being claimed by reckoning both crude in stock and crude in transit consistently and has also been approved and admitted by OCC. However, OCC vide letter dated 25th June, 1998 has advised that the above claim should be re-worked out by excluding crude in transit. The above decision of OCC was received after the adoption of accounts by the Board and completion of statutory audit. Further, this issue has been taken up on industry basis with MoP&NG for review of the decision. Therefore, in our view, there is no overstatement of profit.

Sd/- (A.K. Awasthi) Principal Director of Commercial Audit & Ex-officio Member Audit Board-II	**Sd/- M.A. Pathan Chairman For and on behalf of Board of Directors**
Place: New Delhi Dated: August 21, 1998	**New Delhi Dated: August 21, 1998**

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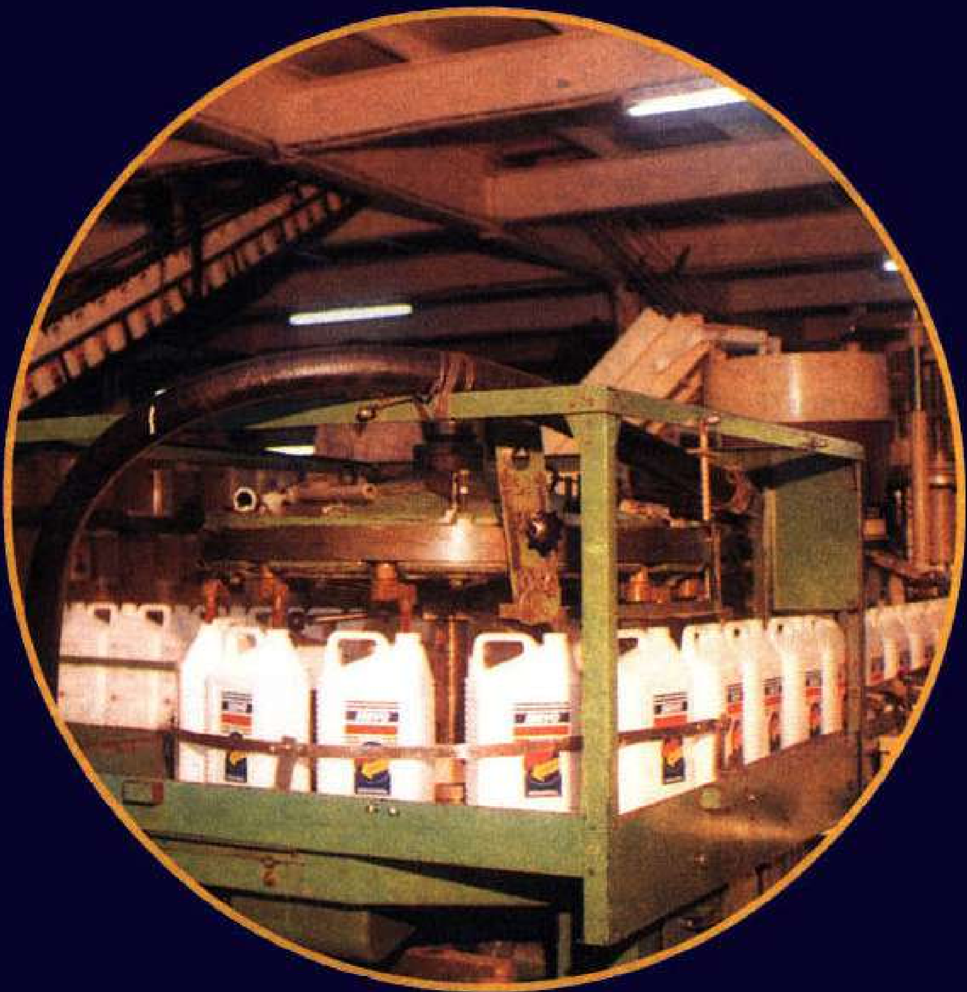

Indian Oil Blending Limited
(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

Board of Directors

Arun Jyoti	Director-in-Charge (From 8.5.98)
P. Sugavanam	Finance Director
Dr. A.K. Bhatnagar	Director
S. Rammohan	Director
M. S. Ramachandran	Director (From 7.7.97)
M.C. Sachdeva	Director (From 8.5.98)
V. Shyam Sunder	Director (upto 30.9.97)
P. Sudarsanam	Director-in-Charge (Upto 8.5.98)
A. Chandrasekaran	Director (From 13.10.97 to 8.5.98)
Secretary	Raju Ranganathan

Bankers & Auditors

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

Offices & Plants

Registered Office	Pir Pau, Trombay Mumbai - 400 074
Head Office	Badamia Manor, 3rd floor Keshavrao Khadye Marg, Mumbai-400 034.
Plants	Mumbai, Vashi (New Mumbai) and Calcutta

Directors' Report

To

The Shareholders,

Indian Oil Blending Limited,

On behalf of the Board of Directors, I have great pleasure in presenting the **35th Annual Report** on the working of the Company for the financial year ended 31 st March, 1998, alongwith the Audited Statement of Accounts and Auditors' Report thereon.

1997-98 IN RETROSPECT

It was yet another eventful year for your Company. Despite growing competition, the Holding Company, Indian Oil Corporation Ltd., maintained its leadership in Lube Industry.

As in the past, your Company met the requirements of the Holding Company and could post impressive results.

PERFORMANCE

(Rs. in Lakhs)

	1997-98	1996-97	% Growth
Production (TMT)	**287**	262	+10
Earnings	**3662**	3346	+10
Profit Before Tax	**1158**	1141	+2
Profit After Tax	**758**	671	+13

Production volumes recorded a growth of 10%, which is reflected in the earnings. This is in line with the requirements of IOC, whose demands are determined by market forces. There was a greater thrust on inventory management during the year.

Lube drums being filled at an IOBL plant.

Directors' Report *Contd...*

Your Company scaled a new peak in profits mainly due to decrease in Income-tax provisions with lower corporate tax rates and higher capitalisation. The profit is expected to improve in the next year with a likely revision in the blending fees and stress on controlling the variable cost.

DIVIDEND AND APPROPRIATE OF PROFIT

Your Directors have recommended maintaining the dividend at the level of the last year i.e. 25%. This is the 31 st consecutive year of dividend declaration by your Company. Cumulative dividend paid upto last year is Rs. 240.89 lakhs against the original equity of Rs. 40 lakhs.

The disposable profit of Rs. 758 lakhs has been appropriated as under

	(Rs. in Lakhs)
Dividend	10
Tax on Dividend	1
Transfer to General Reserve	747
Retained Profit & Loss Account	—
	758

EARNING PER SHARE AND BOOK VALUE

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

(Rs.)

	1997-98	1996-97	%Incr.
Earning Per Share	**9,471**	8,389	+13
BookValue	**57,451**	48,117	+19

Inside a small call filling unit of IOBL.

Directors' Report *Contd...*

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of Rs. 400 lakhs during the year to the Central Exchequer.

OPERATIONS

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

(TMT)

Year	Licenced Capacity	Production	Capacity Utilisation
1997-98	**236***	**289**	**122**
1996-97	236	262	111
1995-96	236	273	115

* Excluding additional capacity of 3 TMT installed effective *20/3/97.*

PROJECTS

Your Company accords high priority to timely completion of various projects.

Major Projects Completed

- Installation of 8" size semi-automatic Marine Loading Arm at Mumbai Plant.
- Facility for manufacturing synthetic and conventional greases in small volumes at Vashi Plant.

Directors' Report *Contd...*

- Construction of RCC Yard, Roads, Drains, Culverts and other miscellaneous civil works at Calcutta Plant.

Major Ongoing Projects

- Automatic Blending System at Mumbai and Calcutta Plants
- 4 X 250 KL tanks with semi-automatic TLF Bay at Mumbai Plant.
- Shed to eliminate belly rolling of barrels at Mumbai Plant.
- Replacement of 1.5 ton boiler with 5 ton boiler at Calcutta Plant.
- Provision of 4 Nos. Heat Exchangers for additive storage tanks at Calcutta Plant.
- Augmentation of substation from 500 KVA to 750 KVA at Calcutta Plant.
- Provision of Mechanical stirrer for Blending tanks No.2 and 8 at Calcutta Plant.
- Installation of 21 Nos. Roof Extractors in Barrel/small can filling sheds at Calcutta Plant.
- Conversion of storage tank (S-10) into Blendrng Kettle at Calcutta Plant.

QUALITY ASSURANCE AND PRODUCT DEVELOPMENT

In line with the international trend, all the three plants of your Company have already been accredited with the prestigious ISO 9002 certification. During the year, recertification audit by I.R.Q.S has further accredited for 3 years.

To keep pace with the international level of specifications, the formulation of automotive grade, industrial grade, speciality grades and greases were reviewed and revised during the year.

All the plant laboratories are provided with modern automatic computer control testing equipment to maintain high standards of quality. In line with this, Auto Pour Point Apparatus has been installed at Mumbai and Calcutta Plants.

The state-of-the-art technology of Titanium Grease *SERVO* Titex was successfully commissioned at Vashi Plant during the year This unique technology of grease manufacturing has been exclusively patented by IOC.

To maintain high standard of production, DIDC System is being used for the grease manufacturing and AUTO BATCH BLENDING for lubricants is in progress.

ECOLOGY/ENVIRONMENT, SAFETY ANDENERGY CONSERVATION

Your Company is committed to environment protection and preservation of ecological balance. In this direction, regular testing of effluents is carried out.

Safety continues to be accorded high priority in your Company. The operating practices are continuously upgraded and the directives issued by the Oil Industry Safety Directorate (OISD) are strictly followed by your Company.

All the manufacturing facilities wherever fuel and electricity are required are included within the purview of scope of monitoring the operations through Distributed Digital Control System (DDCS) provided with software of latest version.

Energy Audit of Calcutta Plant is being conducted by PCRA. On receipt of the report from PCRA, further action will be taken for conservation of energy.

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

In accordance with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules 1988, a report on energy conservation, technology absorption and foreign exchange earnings/outgo is provided in the Annexure.

HUMAN RESOURCES

Your Company believes that the key to organisational excellence is human resource development. In line with this philosophy, high priority was accorded for creation of conducive environment and providing opportunities for excellence and self improvement for the Company's employees.

Your Company also continued to provide encouragement to small group activities, quality circles and suggestion schemes. Industrial relations in your Company continued to be cordial and harmonious during the year.

At the end of the year, the employees strength stood at 593 including 97 officers and 496 workmen, as compared to 608 employees including 100 officers and 508 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 83(12%) over the past five years, although there has not been any reduction in the scale of operations.

WORKERS' PARTICIPATION IN MANAGEMENT

In line with the commitment to the concept of Workers' Participation in the Management, your Company has encouraged participation in management through various committees like Canteen Committee, Safety Committee, Workers Committee, Sports Committee, Hygiene Committee etc. which have been functioning productively and satisfactorily.

WELFARE OF WEAKER SECTIONS

As a part of social responsibility, your Company continued to follow the Presidential Directives regarding the recruitment/promotion of Scheduled Castes/ Scheduled Tribes and other backward classes, ex-Servicemen and physically handicapped. A liaison officer looks after the employment and welfare of Scheduled Castes/Scheduled Tribes.

HINDI IMPLEMENTATION

Your Company continued its efforts for the progressive use and development of Hindi in official work at all its locations, in

Pre-blending operations at an IOBL Plant.

Directors' Report *Contd...*

Several new grades have been added to the productline.

accordance with the Provisions of Official Languages Act (OLA) 1963 and Official Languages Rules (OLR) 1976. Hindi training programmes/workshops, competitions were conducted. Necessary software support was also extended to encourage the use of Hindi for official work. Quarterly meetings of Hindi Implementation Committee were held to review the progress made during the year.

ENTERTAINMENT EXPENSES

Entertainment expenses for the year amounted to Nil.

FUTURE OUTLOOK

The ensuing year will continue to see heightened competition in the market place. Your Company is geared to excel in a world with rapidly changing rules and ideas using its enhanced strength, which include strong R&D support, ISO 9002 accreditation and available infrastructure.

To meet the competition, your Company has drawn up plans for modernisation which includes installation of In Line Blending system. With the stress on cost control, your Company will give better performance in the coming years.

Your Company believes that the key to success lies in total commitment to exceptional standards of performance, productivity and 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.

BOARD OF DIRECTORS

Shri P. Sudarsanam ceased to be Director-in-Charge effective 8th May, 1998 and Shri Arun Jyoti took over charge as Director-in-Charge and was authorised by the Board to exercise authorities vested in the MD/CMD of the Company.

Shri V. Shyam Sunder ceased to be Director of the Company effective 13th October, 1997 and Shri A. Chandrasekaran was appointed as Director in his place. However, Shri A. Chandrasekaran also ceased to be Director effective 8th May, 1998. Shri M.C. Sachdeva was appointed as Director of the Company effective 8th May, 1998 against the vacancy caused by the resignation of Shri A. Chandrasekaran.

All the following Directors are liable to retire at the conclusion of the next Annual General Meeting and are eligible for reappointment

- Shri Arun Jyoti
- Shri P. Sugavanam
- Dr. A.K. Bhatnagar
- Shri S. Rammohan
- Shri M.S. Ramachandran
- Shri M.C. Sachdeva

ACKNOWLEDGEMENTS

The Board of Directors wishes to place on record their appreciation for the excellent results achieved by the employees of IOBL through their sincere efforts and hard work. The Directors are confident that their efforts will be continued for achieving still better results in the future.

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Government and the Holding Company Indian Oil Corporation Limited.

The Board of Directors also wishes to place on record its deep sense of appreciation for the yeoman services and excellent guidance rendered by Shri P. Sudarsanam during his tenure as Director-in-Charge of the Company.

The Board also wishes to place on record its appreciation for the significant contribution and excellent guidance provided by Shri V. Shyam Sunder and Shri A. Chandrasekaran during their tenure on the Board of the Company.

For and on behalf of
NG LIMITED

(ARUN JYOTI)
Director-In-Charge

Mumbai
Dated : 8th June, 1998

Annexure

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

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Kettle K-106 also brought under the purview of scope of monitoring the operation through Distributed Digital Control System (DDCS).
- Installation of pressure power pump which is operated on steam for pumping condensed recovery for boiler height water tank instead of using electric pump.
- Installation of automatic blow down system for boiler.

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

- Energy Audit have been undertaken by PCRA at Calcutta Plant. On receipt of the report proposed action will be taken.

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

- Pressure Power Pump installed in Jan. 98, has resulted in reduction in consumption of LDO to the extent of 1.5 KL in three months.

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 have 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. 0.60 lakhs on account of subscription to journals and foreign tour.

FORM -"A"
(See Rule -2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

		1997-98	1996-97
1. ELECTRICITY:			
a)	**Purchased:**		
	Unit (KW)	33,93,804	36,22,700
	Rate / Unit (Rupees)	4.24	3.71
	Total amount (Rs. / Lakhs)	144.93	134.58
b)	**Own Generation**		
i)	Through Diesel Generators Unit (KW)	1,14,924	1,49,476
	Unit / Ltr. of diesel oil	2.82	3.06
	Cost / Unit	2.58	2.42
ii)	Through steam Turbine / Generator	—	—
2. COAL		—	—
3. FURNACE OIL/LDO			
	Quantity (KL)	739.827	777.770
	Total amount (Rs./Lakh)	—*	—*
	Average rate (Rs./KL)	—*	—*
4. OTHER/INTERNAL GENERATION		—	—

* Cost borne by IOC

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	1997-98	1996-97
Electricity (KW/Ton)	12.236	14.425
FO LDO (Ltr/Ton)	2.579	2.974
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 the 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. **Installation of new facilities for manufacturing greases under the conditions of vacuum with generator of by-product namely iso Propyl Alcohol.**

   Conventionally grease is manufactured using contactor under pressure and finishing the product under atmospheric pressure without any by-product. With the introduction of the new facility the by-product and iso Propyl Alcohol will be generated at Vashi Plant.

2. **Installation of 8" size semi-automatic Marine loading arm.**

   Marine loading arm has been installed at Pir Pau Jetty at Mumbai Plant. Quick connect/ disconnect coupling will help in the reduction of the total discharge time, resulting in savings of demurrage. Also it will be convenient to operate and will avoid spillage and leakage.

3. **Installation of higher capacity server with 25 LAN nodes.**

   Installation of higher capacity server will lead to the access to information and data by various user department.

4. **Installation of Auto Pour Point apparatus.**

   Installation of Auto Pour Point apparatus at Mumbai & Calcutta Plants will help in speedy and accurate testing of samples.

5. **Provision of 4 nos. heat exchangers for additive storage tanks.**

   Installation of 4 nos. heat exchangers for additive storage tanks at Calcutta will reduce the time taken for transfer/blending and increase the productivity.

6. Provision of mechanical stirrer for blending tanks.

Installation of mechanical stirrer for blending tanks No.2 & 8, at Calcutta plant will lead to improved blending quality for Cut-S and Steerol C-6,

7. Installation of 21 nos. Roof Extractors in Barrel / Small can filling sheds.

Installation of Roof Extractors at Calcutta Plant will lead to improved working condition and higher productivity.

Future plans for Technology Adoption

- Installation of in-line blending system.
- Automatic drum filling machine with auto sealing and allied conveyor facilities.
- Installation of effluent treatment plant.
- Installation of dedicated circulation facility for blending tanks.
- Installation of paging system.
- Scheme is under review for feasibility for reduction of cooling time in the overall batch time cycle of grease production.

Auditors' Report

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of **Indian Oil Blending Limited** as at 31 st March, 1998 and the Profit and Loss Account of the Company annexed thereto for the year ended on that date 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(4 A) of the Companies Act, 1956, and as per the information and explanations given to us during the course of our audit, we enclose in the Annexure a Statement on the matters specified in the Paragraph 4 of said order as far as applicable to the Company.

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 purpose of our audit.

   b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.

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

   d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the Note 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

      i) In the case of Balance Sheet of the state of the affairs of the Company as on 31st March, 1998, and

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

For and On Behalf of

Mehta Chokshi & Shah,
Chartered Accountants

Sd/-
(R.T. Mehta)
Partner

Mumbai
Dated :8th May, 1998

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date)

i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. 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 assets is reasonable having regard to the size of the Company and the nature of its assets. No 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 the size of the Company and the nature of its 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 stocks, we are of an opinion that the valuation of the above mentioned stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

vii) The Company has not taken any loans, secured 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 subsection (1 B) of section 370 of The Companies Act, 1956.

viii) The Company has not given any loans, secured 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 loans 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 internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, components, plants and machinery, equipment 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 Section 301 of The Companies Act, 1956.

Annexure to the Auditors' Report *Contd....*

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 and based on this, sufficient provision is 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.

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, 1988 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

Mehta Chokshi & Shah,
Chartered Accountants

Sd/-
(R.T. Mehta) Partner

Mumbai,
Dated : 8th May, 1998.

Balance Sheet

Balance Sheet as at 31st March, 1998

Rupees

	Schedule		March '98	March '97
SOURCES OF FUNDS:				
Shareholders' Funds:				
a) Share Capital	"A"		40,00,000	40,00,000
b) Reserves and Surplus	"B"		45,56,10,183	38,09,38,430
TOTAL			45,96,10,183	38,49,38,430
APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	"C"	49,02,09,754		42,56,35,064
b) Less Depreciation		25,29,39,526		21,60,95,742
c) Net Block		23,72,70,228		20,95,39,322
d) Capital Work-in-Progress	"D"	2,34,86,024		2,84,34,976
			26,07,56,252	23,79,74,298
2. Current Assets, Loans and Advance				
a) Inventories	"E"	19,17,694		21,50,722
b) Book Debts	"F"	11,79,09,509		6,71,06,234
c) Cash and Bank Balances	"G"	1,03,73,884		1,47,43,548
d) Loans and Advances	"H"	12,45,62,188		11,78,49,134
		25,47,63,275		20,18,49,638
3. Less: Current Liabilities and Provisions	"I"	5,59,09,344		5,48,85,506
4. Net Current Assets (2-3)			19,88,53,931	14,69,64,132
TOTAL			45,96,10,183	38,49,38,430
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules forming Part of Accounts	"N" to "S"			

Sd/-
(Arun Jyoti)
Director-in-Charge

Sd/-
(P. Sugavanam)
Finance Director

Sd/-
(Raju Rangnathan)
Secretary

Place: Mumbai
Dated : 8 May, 1998

As per our report attached
Mehta Chokshi & Shah
Chartered Accountants

Sd/-
(R.T.Mehta)
Partner

Place: Mumbai
Dated : 8 May, 1998

Profit & Loss Account

Profit & Loss Account for the year ended 31st March, 1998

Rupees

	Schedule		March '98	March '97
INCOME:				
1. Blending and Processing charges		34,22,78,135		32,01,59,957
Less: Operational Loss		6,31,746		3,82,283
			34,16,46,389	31,97,77,674
2. Reimbursement in lieu of Blending/Processing Charges*			1,08,47,695	67,65,171
3. Interest and Other Income	"J"		1,36,82,511	80,97,610
TOTAL			36,61,76,596	33,46,40,455
EXPENDITURE:				
1. Manufacturing, Administration and Other Expenses	"K"		21,30,65,836	19,31,22,389
2. Depreciation and Amortisation			3,81,08,974	2,62,86,990
3. Interest			0	3,28,451
TOTAL			25,11,74,810	21,97,37,830
PROFIT FOR THE YEAR			11,50,01,786	11,49,02,625
Income/(Expenditure) relating to Prior Period (Net)			7,69,967	(7,93,928)
PROFIT BEFORE TAX			11,57,71753	11,41,08,697
PROVISION FOR TAX			4,00,00,000	4,70,00,000
PROFIT AFTER TAX			7,57,71,753	6,71,08,697
Balance Brought Forward from Last Years' Account			57,892	99,195
Transfer from Investment Allowance (utilised) Reserve			0	1,50,000
DISPOSABLE PROFIT			7,58,29,645	6,73,57,892

Rupees

	Schedule	March '98	March '97
APPROPRIATIONS:			
1. Proposed Dividend		10,00,000	10,00,000
2. Tax on Proposed Dividend		1,00,000	1,00,000
3. General Reserve		7,47,00,000	6,62,00,000
4. Balance Carried to Balance Sheet		29,645	57,892
Total		7,58,29,645	6,73,57,892

*Includes Rs. NIL (1997 : Rs. 67,65,1 71)

towards previous year.

Statement of Significant Accounting Pollcies	"L"
Notes on Accounts	"M"
Other Schedules forming Part of Accounts	"N" to "S"

Sd/-
(Arun Jyoti)
Director-in-Charge

Sd/-
(P. Sugavanam)
Finance Director

Sd/-
(Raju Ranganathan)
Secretary

Place: Mumbai
Dated : 8 May, 1998

As per our report attached
Mehta Chokshi & Shah
Chartered Accountants

Sd/-
(R.T.Mehta)
Partner

Place: Mumbai
Dated : 8 May, 1998

Schedules

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 1998

SCHEDULE “A”- SHARE CAPITAL

		Rupees
	March ‘98	March ‘97
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

SCHEDULE -B" - RESERVES AND SURPLUS

Rupees

				March '98	March '97
1)	**General Reserve**				
	As per Last Account	38,08,80,538			31 46,80,538
	Add : Transferred from				
	Profit & Loss Account	7,47,00,000			6,62,00,000
				45,55,80,538	38,08,80,538
2)	**Investment Allowance (Utilised) Reserve**				
	As per Last Account	0			1,50,000
	Less: Transferred to				
	Profit & Loss Account	0			1,50,000
				0	0
3)	**Profit and Loss Account**			29,645	57,892
	TOTAL			45,56,10,183	38,09,38,430

Schedules *contd...*

SCHEDULE "C" – FIXED ASSETS

	Note	AT COST			
		Gross Block as at 1.4.97	Additions during the year	Transfers frorn Construction Work-in-Progress	Disposals during year
Land Leasehold		80,06,000	0	0	0
Office/Factory Building	"A"	7,55,39,746	1,66,17,015	0	0
Residential Flats	"B"	1,62,336	0	0	0
Railway Sidings		21,73,731	0	0	0
Plant & Machinery		30,44,21,976	4,32,83,854	0	0
Computers/Microprocessors		79,00,391	24,29,815	0	0
Furnitures, Fixtures & Office Equipment	"C"	1,46,18,700	16,79,357	0	1,88,003
Forklift Trucks		1,10,03,046	22,78,280	0	6,41,368
Motor Vehicles		18,09,138	0	0	1,14,158
TOTAL		42,56,35,064	6,62,88,321	0	941,529
Previous Year		34,67,28,776	6,91,38,288	1,08,47,106	10,79,106

NOTE:

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

- Share of Original Cost : **Rs. 1,30,706** (1997: Rs. 1,30,706)
- Accumulated Depreciation : **Rs. 12,760** (1997 Rs. 6,552)
- Written Down Value : **Rs. 1,17,946** (1997: Rs. 1,24,154)

B. Residential flats includes **Rs. 3,500** (1997: Rs. 3,500) towards value of 70 (1997:70) shares in Co-operative Housing Society towards membership of such society for purchase of flat.

C. The Assets transferred from India Oil Corporation Limited, the Holding Company, consequent to transfer of employees have been accounted at original cost to the Holding Compnay. The Depreciation provision till 31.3.97. as per the Holding Company's account has been taken by the Company.

SCHEDULE "C" – FIXED ASSETS *(Contd...)*

Rupees

				NET DEPRECIATED BLOCK	
Transfers/ Deductionsi Reclassiticatlons	Gross Back as at 3 3.98	Depreciation and Amortisation Charged This Year	Total Depreciation and Amortisatlon upto 31.03.98	As at 31.3.98	As at 31.3.97
0	80,06,000	84,274	10,95,562	69,10,438	69,94,712
0	9,21,56,761	44,93,222	2,95,49,200	6,26,07,561	5,04,83,767
0	1 ,62,336	3,315	99,343	62,993	66,308
0	21 ,73,731	2,11,553	8,64,409	13,09,322	15,20,875
(4,07,593)	34,72,98,237	2,93,67,133	19,52,84,911	15,20,13,326	13,81,30,974
0	1 ,03,30,206	15,65,643	67,06,909	36,23,297	27,59,123
(4,11,280)	1,57,00,774	14,00,692	94,32,056	62,67,918	63,83,064
46,771	1 ,26,86,729	7,28,567	89,40,065	37,46,664	22,10,135
0	16,94,980	2,54,575	9,66,271	7,28,709	9,90,364
(7,72,102)	49,02,09,754	3,81,08,974	25,29,39,526	23,72,70,228	20,95,39,322
0	42,56,35,064	2,62,86,990	21 ,60,95,742	20,95,39,322	

Schedules *Contd....*

SCHEDULE "D"- CAPITAL WORK-IN-PROGRESS

Rupees

		March '98	March '97
1	Work-in-Progress	2,30,76,301	2,55,73,437
2.	Advances for Capital Expenditure	0	14,64,946
3.	Capital Stores	4,09,723	13,86,385
4.	Dismantled Capital Stores (at or below Cost)	0	10,208
	TOTAL	2,34,86,024	2,84,34,976

SCHEDULE "E"- INVENTORIES

Rupees

	March '98	March '97
In Hand		
Stores, Spares etc.	19,17,694	21,50,722
TOTAL	19,17,694	21,50,722

SCHEDULE "F"- BOOK DEBTS

Rupees

	March '98	March '97
1. Over Six Months	**0**	0
2. Others		
Unsecured, Considered Good		
- Due from Indian Oil Corporation Limited, the Holding Company	11,79,09,509	6,71,06,234
TOTAL	11,79,09,509	6,71,06,234

SCHEDULE "G"- CASH AND BANK BALANCES

Rupees

	March '98		March '97
1. Cash Balances			
Cash and cheques in hand		2,89,911	1,49,061
2. Bank Balances with Scheduled Banks			
a) Current Account	53,02,809		23,44,862
b) Fixed Deposit Account	102,000		0
c) Fixed Deposit lodged with Outside Party including interest accrued thereon	46,79,164		41,17,625
d) LC Margin Account	0		81,32,000
		1,00,83,973	1,45,94,487
TOTAL		1,03,73,884	1,47,43,548

Schedules *Contd....*

SCHEDULE "H" – LOANS AND ADVANCES

Rupees

			March '98	March '97
1. Advances Recoverable In Cash or in kind or for Value to be received				
a) Secured, Considered Good		1,96,69,639		2,28,64,419
b) Unsecured, Considered Good				
- Due from Indian Oil Corporation Limited, the Holding Company	94,31,992			21,28,258
- Others	7,91,25,411			6,93,07,712
		8,85,57,403		7,14,35,970
			10,82,27,042	9,43,00,389
2. Sundry Deposits (Including amount adjustable on receipt of final bills) Unsecured, considered Good		31,17,066		30,34,614
			31,17,066	30,34,614
3. Advance Payment of Income Tax		10,15,79,448		18,32,75,499
Less Provisions for Tax		8,83,61,368		16,27,61,368
			1,32,18,080	2,05,14,131
TOTAL			12,45,62.188	11,78,49,134

SCHEDULE "I" – CURRENT LIABILITIES AND PROVISIONS

Rupees

		March '98	March '97
1. Current Liabilities			
a) Sundry Creditors		1,56,34,320	68,45,943
b) Other Liabilities		3,29,36,024	3,90,65,291
c) Security Deposits	62,54,000		79,29,272
Less: Investment and Deposits with Banks lodged by Outside Parties	15,000		55,000
		62,39,000	78,74,272
		5,48,09,344	5,37,85,506
2. Provisions			
Proposed Dividend	10,00,000		10,00,000
Tax on Proposed Dividend	1,00,000		1,00,000
		11,00,000	11,00,000
TOTAL		5,59,09,344	5,48,85,506

SCHEDULE "J" – INTEREST AND OTHER INCOME

Rupees

		March '98	March '97
1. Interest on			
a) Loans and Advances	35,44,547		29,29,154
b) Fixed Deposits with Banks	8,14,109		4,94,105
c) Others	61,89,160		0
		1,05,47,816	34,23,259
2. Profit on Sale and Disposal of Assets		7,09,415	1,75,826
3. Unclaimed/Unspent Liabilities written back		1,95,906	27,35,239
4. Provision for Doubtful Debts, Advances & Claims & Stores written back		0	13,046
5. Recoveries from Employees for rent etc.		12,97,676	11,76,590
6. Sale of Scrap etc.		1,78,762	1,66,882
7. Other Miscellaneous Income		7,52,937	4,06,768
TOTAL		1,36,82,512	80,97,610

Schedules *Contd....*

SCHEDULE "K"- MANUFACTURING, ADMINISTRATION AND OTHER EXPENSES

Rupees

			March '98	March '97
1. Consumption of Stores, Spares and Consumables			28,56,977	27,70,738
2. Power, Fuel and Water			1,66,18,345	1,58,98,586
3. Repairs and Maintenance				
a) Plant and Machinery		1 02,88,749		73,49,971
b) Building		1,07,43,331		83,21,402
c) Others		30,14,107		22,27,856
			2,40,46,187	1,78,99,229
4. Handling Expenses			36,09,827	34,31,068
5. Payments to and provisions for employees*				
a) Salaries, Wages. Bonus etc.		9,49,15,779		8,13,62,290
b) Contribution to Provident Fund and Other Funds		86,33,031		70,26,084
c) Staff Welfare Expenses		2,56,79,924		2,51,59,120
d) Voluntary Retirement Scheme Compensation		9,66,280		3,78,601
			13,01,95,014	11,39,26,095
6. Office Administration and Other Expenses	"K-1"		3,57,39,486	3,91,96,673
TOTAL			21,30,65,836	19,31,22,389

* Includes **Rs. 24,08,173** (1997: Rs. 25,04,21 2) on account of retirement benefits, viz, leave encashment and medical, based on actuarial valuation.

SCHEDULE "K-I"- OFFICE ADMINISTRATION AND OTHER EXPENSES

Rupees

			March '98	March '97
1.	Rent*		1,53,25,007	2,00,92,604
2.	Insurance		9,60,653	9,23,125
3.	Rates and Taxes		24,53,966	18,88,695
4	Donations		0	16,060
5.	Payment to Auditors			
	a) Audit Fees	25,000		25,000
	b) Tax Audit Fees	9,000		9,000
	c) Others Services (for issuing Certificates etc.)	0		20,000
	d) Out of Pocket Expenses	62,760		60,600
			96,760	1,14,600
6.	Travelling and conveyance		46,43,977	45,57,926
7.	Communication Expenses		15,72,960	16,84,139
8.	Printing and Stationery		11,28,055	11,68,075
9.	Bank Charges		38,572	64,793
10.	Bad Debts, Advances and Claims Written Off		0	13,046
11.	Loss on Assets Sold, Lost or Written off		28,342	58,749
12.	Security Force Expenses		5,22,074	3,92,618
13.	Pollution Control Expenses		1.33,354	99,016
14.	Other Expenses		88,35,766	81,23,227
	TOTAL		3,57,39,486	3,91,96,673

* Includes Rs. **NIL** (1997: Rs. 67,65,171) 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. 5000/- 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:

Value 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 liabilities, if disputed by the Company.

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

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 on 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 benefit to employees as at the end of the year is assessed on the basis of actual valuation and provided for.

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

5.5 Income and 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/-
(Arun Jyoti)	(P. Sugavanam)	(Raju Ranganathan)
Director-in-Charge	Finance Director	Secretary

Place: Mumbai
Dated: 8 May, 1998

Schedules *Contd....*

SCHEDULE "M" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

1. **CONTINGENT LIABILITIES**

   (a) Claims against the Company not acknowledged as debts **Rs. 45.20 lakhs** (1997 : Rs. 46.52 Lakhs) These include:

   (i) **Rs. 21.50 Lakhs** (1997 : Rs. 18.77 Lakhs) in respect of appeals by Income Tax Department. interest, If any, on some of the claims is unascertainable.

   (ii) **Rs. 23.70 Lakhs** (1997 Rs. 23.70 Lakhs) for which suits have been filed against the Company for compensation / damages.

2. Estimated amount of contract remaining to be executed on Capital Account and not provided for **Rs. 69.27 Lakhs** (1997 : Rs. 353.70 Lakhs)

3. Lease Agreement in respect of land at Vashi Plant of the gross value of **Rs. 80.06 Lakhs** (1997 : Rs. 80.06 Lakhs) is pending for execution and is, therefore, not available for verification.

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

5. Blending and Processing Income includes **Rs. NIL** (1997 : Rs. 34.72 Lakhs) towards shortfall in the guaranteed demand by Indian Oil Corporation Limited, the Holding Company.

6. Pending settlement of long term agreement with the employees in respect of revision of emoluments the amount whereof could not be ascertained, the Company has made provision in accounts to the extent of adhoc payment sanctioned to the employees as per interim settlement.

7. The Profit and Loss Account includes:

   (a) Expenditure on Public Relations and Publicity amounting to **Rs. 0.06 lakhs** (1997 : Rs. 0.06 Lakhs) which is inclusive of **Rs. NIL** (1997 : Rs. NIL) on account of Staff and Establishment and **Rs. 0.06 Lakhs** (1997: Rs. 0.06 Lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00002:1**(1997 : 0.00002:1)

   (b) Research and Development Expenses **Rs. NIL** (1997: Rs. NIL).

   (c) Entertainment Expenses **Rs. NIL** (1997 : Rs. 0.06 Lakhs).

8. Previous year's comparative figures have been regrouped and reset to the extent practicable, wherever necessary.

Sd/-	Sd/-	Sd/-
(Arun Jyoti)	(P. Sugavanam)	(Raju Ranganathan)
Director-in-Charge	Finance Director	Secretary

Place: Mumbai
Dated: 8 May, 1998

SCHEDULE "N"- LICENCED CAPACITY, INSTALLED CAPACITY & ACTUAL PRODUCTION

	Note	1998			1997		
		Lubes KL	Greases MT	ECA 8586 KL	Lubes KL	Greases MT	ECA 8586 KL
Licenced Capacity		250000	14000	1003	250000	11000 (Refer Note B)	1003
Installed Capacity	A	250000	14000	1003	250000	11000 (Refer Note B)	1003
Actual Production		305375	12635	0	276326	12654	891

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

	1998		1997	
	Quantity	Value Rupees	Quantity	Value Rupees
Lubes	305375 KL	28,85,79,599	276326 KL	26,11,27,547
Greases	12635 MT	5,36,98,536	12654 MT	5,37,78,667
ECA 8586	0	0	891 KL	17,81,290
TOTAL		34,22,78,135		31,66,87,504

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. NIL** (1997: Rs. 34,72,453/-) 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

Rupees

	1998		1997	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Imported	0	0	0	0
Indigenous	28,56,977	100	27,70,738	100
TOTAL	28,56,977	100	27,70,738	100

SCHEDULE "Q"- EXPENDITURE IN FOREIGN CURRENCY

Rupees

	1998	1997
Subscription to Journals	30,205	28,036
Others	29,841	0
TOTAL	60,046	28,036

SCHEDULE "R"- C I F VALUE OF IMPORTS

Rupees

	1998	1997
Spare Parts and Components	45,815	99,622
Capital Goods	1,48,81,439	0
TOTAL	1,49,27,254	99,622

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

I. REGISTRATION DETAILS

Registration No.			1	2	6	1	9

State Code: 1 1

Balance Sheet Date: 3 1 | 0 3 | 9 8

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

Public	Rights Issue
N I L	N I L

Bonus Issue	Private Placement
N I L	N I L

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

Total Liabilities	Total Assets
4 5 9 6	4 5 9 6

SOURCES OF FUNDS

Paid-Up Capital	Reserves & Surplus
4 0	4 5 5 6

Secured Loans	Unsecured Loans
N I L	N I L

APPLICATION OF FUNDS

Net Fixed Assets	Investments
2 6 0 7	N I L

Net Current Assets	Misc. Expenditure
1 9 8 9	N I L

Accumulated Losses
N I L

Schedules *Contd....*

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

Turnover	Total Expenditure
3423	2512

Profit Before Tax		Profit After Tax	
+	1158	+	758

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

Earning Per Share in Rs.	Dividend %
9471	25

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As Monetary Terms)

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

CAG Comments

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA U/S, 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN OIL BLENDING LTD.

Comment of the Comptroller & Auditor General of India	Replies of the Board of Directors
1. BALANCE SHEET	
Contingent Liabilities- (Schedule M)	
Claims against the Company not acknowledged as debts - Rs. 45.20 lacs This is understated by Rs. 10.43 lacs due to non inclusion of interest claimed by MIs. Bombay Port Trust in December 1997 for delay in payment of arrears of Way Leave Fees.	M/s. BPT has raised the bill for interest on arrears for Rs. 10.43 lacs alongwith their way leave fees for April '97. As no details were available in the bill about the period etc., it was inadvertently not included in the Contingent Liability. However, the comment of CAG is noted.
Sd/- Niranjan Pant Principal Director of Commercial Audit & Ex - Officio Member, Audit Board -II	Sd/- Arun Jyoti Director-in-Charge For and on behalf of Board of Directors
Place: Mumbai Dated: 15.07.98	Place: Mumbai Dated : 23.07.98