CHAPTER 3

Growth of BHEL and IOC
CHAPTER – 3

GROWTH OF BHEL AND IOC

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GROWTH OF BHEL AND IOC

BHARAT HEAVY ELECTRICALS LIMITED (BHEL):

Bharat Heavy Electricals Ltd. (BHEL) is a major Indian public enterprise in power, engineering and manufacturing. It has 14 manufacturing divisions and centres spread all over the country. It exports to more than 45 countries.

Mission: To be the leading Indian engineering enterprise providing quality products, systems and services in the fields of energy, transportation, industry, infrastructure, and other potential areas.

Values: -
- Meeting commitments made to external and internal customers.
- Foster bearing, creativity, and speed of response.
- Respect for dignity and potential of individuals.
- Loyalty and pride in the company.
- Team playing.
- Zeal to excel
- Integration and fairness in all matters.

Business Mission: To maintain a leading position as suppliers of quality equipment, systems, and services in the field of conversion,
transmission, utilization and conservation of energy for application in the areas of electric power, transportation and gas exploration and industries. To utilize company’s capabilities and resources to expand business into allied areas and other priority sectors of the economy like defence, communication and electronics.

COMPANY OBJECTIVES: Following are the main objectives of BHEL -

**Growth** - To ensure a steady growth by enhancing the competitive edge of BHEL in existing business, new areas and international operations.

**Profitability** - To provide a reasonable and adequate return on capital employed primarily through improvements in operational efficiency, capacity utilization and productivity and generate adequate resources to finance the company’s growth.

**Customer** - To build a high degree of customer confidence by providing increased value for his money through international standards of product quality, performance and superior customer service.

**Technology** - To achieve technological excellence in operations by development of indigenous technologies and efficient
absorption and adaptation of imported technologies to suit business needs and priorities and provide a competitive advantage to the company.

To fulfill the expectation of stakeholders, like government as owner, employees, customers and the country at large, have from BHEL.

STRATEGIC MANAGEMENT IN BHEL: Bharat Heavy Electricals Limited (BHEL) is a diversified and divisionalised company operating in high technology area. It has eleven major manufacturing and service divisions. It’s products are grouped into three broad business sectors: energy sector – thermal / nuclear, hydel system, transmission / distribution system and non-conventional energy system; industry sector – thermo-mechanical system, and transportation sector – traction equipment, control equipment and control gear.

Corporate planning and strategic action at BHEL follow the pattern of public enterprises in India. Planning in public enterprises in India had its own pattern of evolution. At the time of inception, these enterprises prepared detailed perfect feasibility reports which generally included market / demand situation, investment
dimension and its phasing, facilities configuration and engineering related to it, employment pattern and so on.

The corporate planning and development division of the company undertakes the following functions:

(i) Plan for modernization and expansion of manufacturing base.

(ii) Develop technology and management capability in view of the rapid rate of technological obsolescence;

(iii) Assist in the development, review and evaluation of product plans;

(iv) Synthesizing divisional plans and product plans into the sectoral plans and weaving them together as a corporate plan.

(v) Introduce contingency planning in all area of business operation.

(vi) Raising planning capability at divisions by conducting workshops on strategic plan, planning managers' meetings, etc.

(vii) Assist preparation of functional plans, viz. engineering plan, technology plan etc.

(viii) Study organization needs.
(ix) Strategic management development.

(x) Monitoring performance at divisions.

(xi) Enhance information processing capability and

(xii) Environmental analysis.

FINANCIAL POSITION: ¹

Turnover in 2002-2003 touched an all time high of Rs. 74822 million against Rs. 72866 million in 2001-2002, an increase of 2.68% on the order book front. Power sector booked orders worth Rs. 68800 million in 2002-03 as against Rs. 70903 million in 2001-2002, a marginal decrease of 2.97%. Industry sector procured orders worth Rs. 28920 million during the year as compared to Rs. 19650 million in 2001-02, an increase of 47.18%. Export order worth Rs. 14550 million were booked during 2002-03 as compared to Rs. 8000 million in 2001-02 an increase of 81.88%.

Value addition for the year 2002-03 stood at Rs. 32475 million as against Rs. 30740 million for the year 2001-2002 registering an increase of 5.64%.

Power Sector: During the year; Power sector procured orders worth Rs. 68800 million for supply and installation of total 3521

¹. Compiled from Annual Reports of BHEL – 2002-03
MW generating equipment, plant performance, improvement business, services and spares, orders for supply and installation of 1564 MW hydro equipment received during the year were the highest ever.

During the year, BHEL added 20 utility sets totaling 1960 MW to the country’s installed electric power generating capacity. With this BHEL built sets now account for 69130 MW, which is nearly 65% of country’s total installed capacity. Thermal sets commissioned during the year were Simhadri – (1 x 500 MW) in Andhra Pradesh, Raichur (1 x 210 MW) in Karnataka and Talcher (1 x 500 MW) in Orissa. In addition, gas based sets of 225.8 MW at Pragati in Delhi, 75.3 MW at Ramgarh in Rajasthan, 21 MW each at Baramura and Rokhia in Tripura and 94 MW at Perungulam in Tamil Nadu were commissioned.

In addition to the above, 8 industrial sets of 249 MW were commissioned in the country.

1 hydro set of 15 MW at Kurichu in Bhutan was also commissioned during the year.

**Industry Sector**: Industry sector booked orders for Rs. 28920 million during the year 2002-03 as against Rs. 19650 million achieved last year. Overall success rate of over 60% has been
achieved during the year. BHEL has made inroads in the new areas of business and booked sizable orders worth Rs. 3500 million for new products.

**International Business**: Highest ever physical export order booking of Rs. 14550 million was achieved during the year 2002-03. This achievement reflects the continuation of momentum achieved during last five years as a result of company wide thrust being given to overseas business.

During the year, BHEL secured orders for following prestigious project orders in diverse product areas, thus further expanding its export basket :-

- Orders for setting up of a 4 x 156.1 MW Gas based power station in Libya on turnkey basis.
- First ever overseas order for Advanced Class Gas Turbines - 2 x Frame 6 FA Gas Turbine based 140 MW (150 Rating) turnkey power project on EPC basis.
- Supply and supervision of 20 MW steam turbine based cogeneration project at Indonesia.
- Supply and supervision of 1 x 68 MVA Hydro Turbine Generator and Auxiliaries including Plant C & I for Bhilai Hydro Electric Plant, from Taiwan Power company, Taiwan.
**Capital Investment**: In continued efforts to upgrade the manufacturing technology and facilities, capital investment of Rs. 1617 million was made on plan capital programmes during the year 2002-03. The thrust of investment was on completion of the ongoing product modernization schemes and also on replacement and up-gradation of ageing facilities.

Highlights of the major schemes are as follows:

- At Electronics Division / Bangalore
- At HEEP & CFFP / Hardware units
- At Trichy Unit
- At HPEP / Hyderabad unit.
- At PS-ER, Kolkata office

**Working Units of BHEL**: Following are the working units of BHEL:

Heavy Electricals Equipment Plant, Hardwar
Heavy Power Equipment Plant, Hyderabad
High Pressure Boiler Plant, Trichy
Heavy Electricals Plant, Bhopal
Central Foundry Forge Plant, Hardwar
Transformer Plant, Jhansi.

Electronics Division, Bangalore,
Industrial Valves Plant, Goindwal
Industrial Systems Group, Bangalore
Boiler Auxiliary Plant, Ranikhet
Electro Porcelains Division, Bangalore
Insulator Plant, Jagdishpur
Power Group (Four Regions and PEM)
International Operations Division, New Delhi
Overseas Project Co-ordination, New Delhi
Centre of Technology Transfer, Hyderabad
Industry Sector, New Delhi
Component Fabrication Plant, Rudrapur
Regional Operations Division
Heavy Equipment Repair Plant, Varanasi
Advance Research Project, New Delhi
Transmission Project Group, Bhopal
EMRP & OSB, Mumbai
Table: 3.1

BHARAT HEAVY ELECTRICALS LIMITED

Turnover (Rs. million)
During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover</th>
<th>Index No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>67947</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>66340</td>
<td>97.63</td>
</tr>
<tr>
<td>2000-01</td>
<td>63478</td>
<td>93.42</td>
</tr>
<tr>
<td>2001-02</td>
<td>72866</td>
<td>107.24</td>
</tr>
<tr>
<td>2002-03</td>
<td>74822</td>
<td>110.12</td>
</tr>
</tbody>
</table>

Source: Compiled from Annual Reports of BHEL.

An Analysis of the Table 3.1 for Turnover of BHEL during 1998-99 to 2002-03 furnishes that the turnover has shown decreasing trend for first two years and after that it increased in 2001-02 and 2002-03. The turnover during 1998-99 was Rs. 67947 million which decreased by 2.37% and 4.21% during 1999-00 and 2000-01 respectively. During 2001-02 the turnover increased to Rs. 72866 million. which is 13.82% more than the preceding year. For the year 2002-03 the turnover was Rs. 74822 million, which was Rs. 1956 million more than the preceding year.

There was a total increase of 10.12% in the turnover of BHEL during the period of study.
### Table 3.2

**BHARAT HEAVY ELECTRICALS LIMITED**

**Sales and Net Profit After Tax (Rs. million)**

**During 1998-99 to 2002-03**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Index No.</th>
<th>Net Profit After Tax</th>
<th>Index No. (1998-99=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>67947</td>
<td>100</td>
<td>5446</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>66340</td>
<td>97.63</td>
<td>5994</td>
<td>110.06</td>
</tr>
<tr>
<td>2000-01</td>
<td>63478</td>
<td>93.42</td>
<td>3126</td>
<td>57.40</td>
</tr>
<tr>
<td>2001-02</td>
<td>72866</td>
<td>107.24</td>
<td>4679</td>
<td>85.92</td>
</tr>
<tr>
<td>2002-03</td>
<td>74822</td>
<td>110.12</td>
<td>4445</td>
<td>81.62</td>
</tr>
</tbody>
</table>

**Source:** Compiled from Annual reports of BHEL.

Table 3.2 discloses the sales and net profit of BHEL for the period 1998-99 to 2002-03. During 1998-99 sales were Rs. 67947 million and it decreased to Rs. 66340 million in 1999-00, which was 2.37% less than the preceding year. In 2000-01 sales decreased by 4.21% in comparison to 1999-00. In 2001-02 sales made a steep increase to Rs. 72866 million followed by Rs. 74822 million in 2002-03. An overall increase was 10.12%.

The net profit kept on fluctuating during the period of investigation. During 1998-99 it was Rs. 5446 million and made an increase of 10.06% in 1999-00. It shortly decreased to Rs. 3126 million in 2000-01. It nearly decreased by 15% in 2001-02. During 2002-03, it further decreased to Rs. 4445 million.
## BHARAT HEAVY ELECTRICALS LIMITED

### Gross Block, Depreciation and Net Block (Rs. million)

**During 1998-99 to 2002-03**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Block</th>
<th>Index No.</th>
<th>Depreciation</th>
<th>Index No.</th>
<th>Net Block</th>
<th>Index No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>26573</td>
<td>100</td>
<td>15948</td>
<td>100</td>
<td>10625</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>28109</td>
<td>105.78</td>
<td>17230</td>
<td>108.04</td>
<td>10879</td>
<td>102.39</td>
</tr>
<tr>
<td>2000-01</td>
<td>30040</td>
<td>113.05</td>
<td>18614</td>
<td>116.72</td>
<td>11426</td>
<td>107.54</td>
</tr>
<tr>
<td>2001-02</td>
<td>31820</td>
<td>119.75</td>
<td>20054</td>
<td>125.75</td>
<td>11766</td>
<td>110.74</td>
</tr>
<tr>
<td>2002-03</td>
<td>33493</td>
<td>126.04</td>
<td>21788</td>
<td>136.62</td>
<td>11705</td>
<td>110.65</td>
</tr>
</tbody>
</table>

**Source:** Compiled from Annual Report of BHEL.

Analysis of the Table 3.3 reveals that the gross block of BHEL marked an increase during the period undertaken for study. In 1998-99 gross block was Rs. 26573 million and it increased to Rs. 28109 million during 1999-00. Maximum increase was recorded during 2002-03 when it increased by 26.04% as compared to the year 1998-99.

Like wise the depreciation recorded an overall 36.62% increase during the period of investigation. In 1998-99 the depreciation noted was Rs. 15948 million and it increased to Rs. 17230 million during 1999-00 which was 8.4% increase. During 2000-01 it again increased by 8.68% in comparison to the
preceding year. For the year 2001-02 the depreciation was Rs. 20054 million followed by Rs. 21788 million in 2002-03.

The net block of BHEL also showed an increasing trend during the period of investigation. For the year 1998-99 net block was Rs. 10625 million and it increased by Rs. 254 million during the year 1999-00. In 2000-01 net block was 11426 million and increased to Rs. 11766 million during 2001-02. There was a minor decrease during 2002-03 which was 0.09% in contrast to 2001-02. Overall increase of 10.65% was recorded in net block of BHEL during the five consecutive years.

Table: 3.4

BHARAT HEAVY ELECTRICAL LIMITED

Net Worth and Borrowings (Rs. million)

During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Worth</th>
<th>Index No.</th>
<th>Borrowings</th>
<th>Index No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>30825</td>
<td>100</td>
<td>1701</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>33578</td>
<td>108.93</td>
<td>2407</td>
<td>141.50</td>
</tr>
<tr>
<td>2000-01</td>
<td>36018</td>
<td>116.85</td>
<td>10256</td>
<td>602.94</td>
</tr>
<tr>
<td>2001-02</td>
<td>42203</td>
<td>136.91</td>
<td>6658</td>
<td>391.42</td>
</tr>
<tr>
<td>2002-03</td>
<td>47082</td>
<td>152.74</td>
<td>5310</td>
<td>312.17</td>
</tr>
</tbody>
</table>

Source: Compiled from Annual Report of BHEL.

Table 3.4 discloses that net worth of BHEL kept on increasing in the above 5 consecutive years i.e. 1998-99 to 2002-
03. It was Rs. 30825 million in 1998-99 and increased to Rs. 33578 million during 1999-00. During 2000-01, an increase of 7.92% was observed as compared to 1999-00. For the year 2001-02 there was again an increase of Rs. 6185 million in comparison to the preceding year. During the year 2002-03 net worth was Rs. 47082 million i.e. 15.83% more than the preceding year. Borrowings of BHEL showed a tremendous fluctuation for the five consecutive year. In 1998-99 it stood at Rs. 1701 million and increased to Rs. 2407 million during 1999-00. During 2000-01 a tremendous increase of 461.44% was noted. During 2001-02 there was a decrease of 211.52% in the borrowings than the previous year. For the year 2002-03 it was Rs. 5310 million i.e. a decrease of 79.25% than the preceding year.
Table 3.5
BHARAT HEAVY ELECTRICALS LIMITED
Current Assets, Current Liabilities and working capital
(Rs. million)
During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Assets</th>
<th>Index No.</th>
<th>Current Liabilities</th>
<th>Index No.</th>
<th>Working Capital</th>
<th>Index No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>65385</td>
<td>100</td>
<td>44369</td>
<td>100</td>
<td>21017</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>70024</td>
<td>107.39</td>
<td>45745</td>
<td>103.10</td>
<td>24279</td>
<td>115.52</td>
</tr>
<tr>
<td>2000-01</td>
<td>75762</td>
<td>115.37</td>
<td>41630</td>
<td>93.83</td>
<td>34132</td>
<td>162.41</td>
</tr>
<tr>
<td>2001-02</td>
<td>80514</td>
<td>123.14</td>
<td>47135</td>
<td>106.23</td>
<td>33379</td>
<td>158.82</td>
</tr>
<tr>
<td>2002-03</td>
<td>83484</td>
<td>127.68</td>
<td>47561</td>
<td>107.19</td>
<td>35923</td>
<td>170.93</td>
</tr>
</tbody>
</table>

Source: Compiled from Annual Reports of BHEL.

Table 3.5 exhibits the current Assets of BHEL along with current liabilities and working capital. The current assets of BHEL showed a regular increase during the five years period undertaken for the study. During 1998-99 the current assets were Rs. 65385 million and went to Rs. 70024 million during 1999-00. During 2000-01 it increased by 7.98% when compared with the preceding year. It was worth Rs. 80514 million for the year 2001-02 and it increased by Rs. 2970 million during 2002-03. An overall increase of 27.68% was observed during the period of five years taken under study.
The current liabilities stood at Rs.44369 million during 1998-99 which increased by 3.10% than the preceding year. The year 2000-01 witnessed a decrease of Rs. 4116 million than the preceding year. Again an increase of 12.4% was noted in 2002-03 in current liabilities of BHEL than the preceding year. For the year 2002-03 current liabilities were Rs. 47561 million that is Rs. 426 million more than the year 2001-02. A total increase by 7.19% was recorded during the period of study.

A regular increase in working capital of BHEL was observed. The working capital increased from Rs. 21017 million during 1998-99 to Rs. 24279 million during 1999-00. The year 2001-02 witnessed an increase of Rs. 753 million than the preceding year. For the 2002-03 the working capital of BHEL jumped to Rs. 35923 million which was Rs. 2544 million more than the preceding year. A total increase of 70.93% was recorded during the five years under investigation.

In conclusion, it was observed that the turnover of BHEL was fluctuating during the five consecutive years. It was maximum Rs. 74822 million in 2002-03. An overall increase of 10.12% was depicted, whereas net profit kept on fluctuating during the period of investigation. It was maximum in 1999-00 and it sharply
decreased in 2000-01. The net block was Rs. 10625 million in 1998-99 and it became Rs. 11705 million in 2002-03, an increase of 10.65% during the period of study. The net worth of BHEL increased by 52.74% and borrowings were maximum being Rs. 10256 million in 2001-02. A rise by 27.68% and 7.19% was depicted in the current assets and current liabilities respectively during the same period. A regular increase in working capital of BHEL was observed. A total increase of 70.93% was recorded.

INDIAN OIL CORPORATION (IOC) ³ :-

Beginning in 1959 as India Oil Company Ltd., Indian Oil Corporation Ltd. was formed in 1964 with merger of Indian Refineries Ltd. (Estd. 1958).

As India’s flagship National Oil Company, Indian Oil accounts for 56% petroleum products market share, 42% national refining capacity and 67% downstream pipeline throughput capacity.

Indian Oil controls 10 of India’s 18 refineries with a current combined rated capacity of 52.80 million metric tones per annum (MMTPA) or one million barrels per day (bpd). These include

³. Compiled from Annual report of IOC 2003-04
subsidiaries Chennai Petroleum Corporation Ltd. and Bongaigaon Petroleum Corporation Limited. It owns and operates the country's largest network of cross-country crude oil and product pipelines of 7575 km with a combined capacity of 56.85 MMTPA.

**MISSION OF INDIAN OIL CORPORATION**

- To achieve international standards of excellence in all aspects of energy and diversified business with focus on customer delight through value of products and services, and cost reduction.
- To maximize creation of wealth, value and satisfaction for the stakeholders.
- To attain leadership in developing, adopting and assimilating state of the art technology for competitive advantage.
- To provide technology and services through sustained Research and Development.
- To foster a culture of participation and innovation for employee growth and contribution.
- To cultivate high standards of business ethics and total quality management for a corporate identity and brand equity.
- To help enrich the quality of life of the community and preserve

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ecological balance and heritage through a strong environment conscience.

OBLIGATIONS:

Towards Customers And Dealers:

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

Towards Suppliers:

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

Towards Employees:

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

Expeditious redressal of grievances:

Fair dealings with recognized representatives of employees in pursuance of healthy trade union practice.

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
standard of environment protection in its manufacturing plants and
townships by taking suitable and effective measures.

Towards Defence Services:

To maintain adequate supplies to defence services during
normal and emergency situations as per their requirement at
different locations.

COUNTYWIDE NETWORK: 5

Indian Oil's Countrywide network of about 22000 sale
points is backed for supplies by its extensive, well spread out
marketing infrastructure comprising 162 bulk storage terminals,
installations and depots, 94 aviation fuel stations and 87 LPG
bottling plants. Its subsidiary, IBP Co. Ltd., is a stand-alone
marketing company with a nationwide retail network of over 3000
sales points.

Indian Oil delivers Indane cooking gas to the doorsteps of
37.5 million households in over 2100 markets through the
country's largest network of over 4350 distributors. The country's
leading SERVO brand lubricant from Indian Oil, with over 42%
market share and 450 grades, are sold through 9100 retail outlets,
besides a countrywide network of bazaar traders.

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Indian Oil’s ISO : 9002 Certified Aviation Service, with 68% market share, meets the fuel and lubricants needs of domestic and International flag carriers, defence services and private aircraft operators.

To maintain strategic edge in the market place, Indian Oil has planned investments to the tune of Rs. 24400 crore during the X plan period (2002-07), mainly in refining and pipeline capacity expansions, product quality up-gradation, retail operations and diversification projects.

Indian Oil is an “academy” company with a score of full-fledged training centres across the country building competency, confidence and capability to face the challenges of market place. Among these, the Indian Oil Institute of Petroleum Management at Gurgaon, the Indian Oil Management Centre for learning at Mumbai and the India Oil Management Academy at Haldia have emerged as world class training and management academies.

Indian Oil Corporation Limited (Indian Oil) is the country’s largest commercial enterprise, with a sales turnover of Rs. 119848 crore (US$ 25.22 billion) and profits of Rs. 6115 crore (US $ 1287 million) for fiscal year 2002.

Indian Oil is India’s sole representative in Fortune’s
prestigious listing of the world’s 500 largest corporations, ranked 189 for the year 2004 based on fiscal 2003 performance. It is also the 19th largest petroleum company in the world. Indian Oil had been adjudged second in petroleum trading among the 15 national oil companies in the Asia-pacific region, and is ranked 325th in the latest Forbes’ “Global 500” listing of the largest public companies.

CUSTOMER CARE:

Customer delight is the key driver of Indian Oil’s marketing operations. Under the XTRA retail outlet brand unveiled during 2003-04, Indian Oil is making customers visiting its petrol and diesel stations a number of XTRA offerings, including assured quality and quantity, efficient forecourt service and high levels of housekeeping, choice of regular and branded fuels, 100% electronic dispensing, cashless transactions, loyalty programmes for cash and credit customers and a number of non-fuel offerings tailor-made to customer profit and requirements.

Spreading Wings: Indian Oil is also strengthening its existing overseas marketing ventures and simultaneously scouting new opportunities for marketing and export of petroleum products to new energy markets in Asia and Africa.
Two wholly owned subsidiaries are already operational in Sri Lanka and Mauritius and a regional office at Dubai is coordinating expansion of business activities in Middle East region. Within a year of incorporation, Lanka IOC Pvt. Ltd. (LIOC) has captured 25% market share in Sri Lanka, with a target to take it to about 40% in the near future, Indian Oil is investing US $ 18 million in Mauritius through its subsidiary, Indian Oil Mauritius Ltd. (IOML), to set up a range of marketing infrastructure there.

The corporation has launched 11 joint ventures in partnership with some of the most respected corporates from India and abroad – Lubrizol, Nyco SA, Petronas, Oil tanking GmbH, Marubeni, to name a few. SERVO Lubricants are being marketed in Dubai, Nepal, Bhutan, Kuwait, Malaysia, Bahrain, Indonesia, Sri Lanka, Kyrgyzstan, Mauritius, Bangladesh etc.

Indian Oil has been lending its expertise for nearly two decades to various countries in several areas of refining, marketing, transportation, training and research and development. These include Sri Lanka, Kuwait, Bahrain, Iraq, Abu Dhabi, Tanzania, Ethiopia, Algeria, Nigeria, Nepal, Bhutan, Maldives, Malaysia and Zambia.
Indian Oil's sincere commitment to Quality, Safety, Health and Environment is reflected in the series of national and international certification and awards.

**PROJECTS OF IOC :-**

Project implementation without time and cost overruns is accorded a highest priority by the corporation. The details of various major projects are as follows :-

**Completed Projects**

- Diesel Hydro treating and solvent De-waxing units at Digboi Refinery.
- Viramgam – Koyali Crude Oil pipeline (148 km)
- Koyali – Viramgam – Sidhpur Product Pipeline (102 km)
- Kurukshetra – Roorkee – Nazibabad Product Pipeline (167 km.)
- LPG bottling plants at eight locations.
- Port terminal at Mauritius with a tankage of 15.5 TMT.

**Ongoing Projects :**

- Linear Alkyl Benzene unit at Koyali Refinery

• Diesel Hydro treating unit at Mathura Refinery
• MS quality improvement projects at Mathura, Koyali and Haldia refineries.
• Paraxylene / Purified Terephthalic Acid unit at Panipat Refinery.
• Panipat Refinery expansion from 6 MMT per annum to 12 per annum.
• Grassroots Refinery at Paradip.
• Mundra – Kandla Crude Oil pipeline (73 Km.) and conversion of the Kandla – Panipat Section of KBPL to crude oil service.
• Paradip – Haldia Crude Oil Pipeline (353 km.)
• Sidhpur – Sanganer Product Pipeline (506 km.)
• Chennai – Trichy – Madurai Product Pipeline (683 km.)
• Capacity augmentation of LPG bottling plants at Chengalpet and Tikrikalan
• Naphtha transfer pipeline from Asaoti to NTPC, Faridabad
• Hydrocracker Laboratory – Phase II at R & D Centre.

New Projects:
• Naphtha cracker project and downstream polymer units at Panipat.
• Branch pipeline to Raxaul and Baitalpur from Barauni – Kanpur product pipeline.

• Koyali – Ratlam (274 km.) and Koyali – Dahej (112 km) Product pipeline.

• Dadri – Panipat gas pipeline.

• 7 depots at various locations.

• Dockline at Narimanam (8 km.)

• Construction of grassroots LPG bottling plants at Raipur and Virudhachalam.

Table 3.6

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover (Rs Crore)</th>
<th>Index Number (1998-99 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>69430</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>94141</td>
<td>135.59</td>
</tr>
<tr>
<td>2000-01</td>
<td>117371</td>
<td>169.05</td>
</tr>
<tr>
<td>2001-02</td>
<td>114864</td>
<td>165.44</td>
</tr>
<tr>
<td>2002-03</td>
<td>119848</td>
<td>172.62</td>
</tr>
</tbody>
</table>

Source: compiled from annual reports of IOC.

Table 3.6 exhibits a continuous increase from 1998-99 to 2002-03 except in 2001-02 in the turnover of IOC. The turnover in
1998-99 was Rs. 69430 crore, it rose to Rs. 94141 crore in 1999-00 and further Rs. 117371 crore in 2000-01. It decreased by 3.61% in 2001-02 as compared to the previous year. In 2002-03 it again rose to Rs. 119848 crore. An overall rise of 72.62% in the turnover was observed.

Table 3.7

INDIAN OIL CORPORATION (IOC)
Sales and Net Profit After Tax (Rs crore)
During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Index No. (1998-99 = 100)</th>
<th>Net Profit After Tax</th>
<th>Index Number (1998-99 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>69430</td>
<td>100</td>
<td>2214</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>94141</td>
<td>135.59</td>
<td>2443</td>
<td>110.34</td>
</tr>
<tr>
<td>2000-01</td>
<td>117371</td>
<td>169.05</td>
<td>2720</td>
<td>122.05</td>
</tr>
<tr>
<td>2001-02</td>
<td>114864</td>
<td>165.44</td>
<td>2885</td>
<td>130.31</td>
</tr>
<tr>
<td>2002-03</td>
<td>119848</td>
<td>172.62</td>
<td>6115</td>
<td>276.20</td>
</tr>
</tbody>
</table>

Source: Compiled from Annual Reports of IOC.

The preview of Table 3.7 depicts the sales and Net Profit condition of IOC during the period under investigation. A regular increase in the sales was observed except during 2001-02. Oil sold during 1998-99 was Rs. 69430 crore which made a steep uplift to Rs. 94141 crore during 1999-00 and further to Rs. 117371 crore.
during 2000-01 i.e. 22.85% ascend. Thereafter, a decrease in sales of IOC was noticed during 2001-02 by 3.61% in comparison to 2000-01. During 2002-03 there was further increase in the turnover. Over all increase was 72.62%.

The net profit after tax of IOC also rendered a remarkable ascend during the period. It was Rs. 2214 crore in 1998-99 and recorded an increase of 10.34% during the year 1999-00 as compared to the previous year. During 2000-01 it was noted as Rs. 2720 crore. An increase of 165 crore was depicted during 2001-02 as compared to the preceding year and finally during 2002-03 there was a tremendous increase of 176.20%.

Table 3.8

INDIAN OIL CORPORATION

Gross Block, Depreciation and Net Block (Rs. crore)

During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Block</th>
<th>Index No.</th>
<th>Depreciation</th>
<th>Index No.</th>
<th>Net Block</th>
<th>Index No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>17226</td>
<td>100</td>
<td>6480</td>
<td>100</td>
<td>10746</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>23107</td>
<td>134.14</td>
<td>8431</td>
<td>130.11</td>
<td>14676</td>
<td>136.57</td>
</tr>
<tr>
<td>2000-01</td>
<td>27144</td>
<td>157.58</td>
<td>9634</td>
<td>148.67</td>
<td>17510</td>
<td>162.94</td>
</tr>
<tr>
<td>2001-02</td>
<td>29741</td>
<td>172.65</td>
<td>10961</td>
<td>169.15</td>
<td>18780</td>
<td>174.76</td>
</tr>
<tr>
<td>2002-03</td>
<td>34204</td>
<td>198.56</td>
<td>12584</td>
<td>194.20</td>
<td>21620</td>
<td>201.19</td>
</tr>
</tbody>
</table>

Source: Compiled from annual reports of IOC.
Gross block grew in above 5 consecutive years. Gross block in 1998-99 was Rs. 7226 crore. Growth of 34.14% was considerable in the subsequent years. During 2000-01 it was Rs. 27144 crore and became Rs. 29741 crore in 2001-02 and further during 2002-03 it increased to Rs. 34204 crore, a growth of 25.91% over the last year.

As known, with the increase of gross block, depreciation also increased. It also increased at almost similar rate. In 1998-99 it was Rs. 6480 crore and it rose to Rs. 8431 crore in 1999-00 and further increased to Rs. 327 crore in 2000-01. In 2001-02 Rs. 10961 crore of depreciation was charged and finally it became Rs. 12584 crore in 2002-03.

Net Block = Gross Block – Depreciation.

During 1998-99 it was Rs. 10746 crore and reached Rs. 14676 crore in 1999-00. It increased by 26.37% in 2000-01 in contrast to the preceding year. In 2002-03 it increased to Rs. 21620 crore. An overall 101.19% increase was noticed during the period 1998-99 to 2002-03.
Table 3.9

INDIAN OIL CORPORATION (IOC)

Net Worth and Borrowings (Rs. crore)

During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Worth</th>
<th>Index No. (1998-99 = 100)</th>
<th>Borrowings</th>
<th>Index No. (1998-99 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>12269</td>
<td>100</td>
<td>10062</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>14065</td>
<td>114.64</td>
<td>14717</td>
<td>146.26</td>
</tr>
<tr>
<td>2000-01</td>
<td>15971</td>
<td>130.17</td>
<td>20636</td>
<td>205.09</td>
</tr>
<tr>
<td>2001-02</td>
<td>15311</td>
<td>124.79</td>
<td>19070</td>
<td>189.52</td>
</tr>
<tr>
<td>2002-03</td>
<td>18928</td>
<td>154.28</td>
<td>14495</td>
<td>144.06</td>
</tr>
</tbody>
</table>

Source: Compiled from annual reports of IOC.

Analysis of Table 3.9 depicts a continuous increase in the net worth of IOC except during 2001-02. The net worth of IOC increased from Rs. 12269 crore during 1998-99 to Rs. 14065 crore during 1999-00 and thereafter to Rs. 15971 crore during 2000-01. During the year 2001-02 there was decrease in Net worth by 6.38% than the preceding year. A further increase during 2002-03 led the net worth reach Rs. 18928 crore. The total increase in net worth of IOC was 54.28% during the five year period undertaken for the study.

On the other hand, the borrowings of IOC showed fluctuation
during the period. The borrowings noted during 1998-99 were Rs. 10062 crore and it increased by 46.26% during 1999-00 than the preceding year. During 2000-01, the borrowings were Rs. 20636 crore and Rs. 19070 crore in 2001-02. There was further decrease in borrowings during 2002-03 by Rs. 4575 crore. The borrowings of IOC were higher during 2000-01 being 105.09% more than that during 1998-99.

Table 3.10

INDIAN OIL CORPORATION (IOC)

Current Assets, Current liabilities and working capital
(Rs. crore)

During 1998-99 to 2002-03

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>11225</td>
<td>100</td>
<td>9627</td>
<td>100</td>
<td>1597</td>
<td>100</td>
</tr>
<tr>
<td>1999-00</td>
<td>21662</td>
<td>192.9</td>
<td>14221</td>
<td>147.7</td>
<td>7440</td>
<td>465.8</td>
</tr>
<tr>
<td>2000-01</td>
<td>25731</td>
<td>229.2</td>
<td>14772</td>
<td>153.4</td>
<td>10959</td>
<td>686.2</td>
</tr>
<tr>
<td>2001-02</td>
<td>19830</td>
<td>176.6</td>
<td>16052</td>
<td>166.7</td>
<td>3778</td>
<td>236.6</td>
</tr>
<tr>
<td>2002-03</td>
<td>24978</td>
<td>222.5</td>
<td>18514</td>
<td>192.3</td>
<td>6464</td>
<td>404.8</td>
</tr>
</tbody>
</table>

Source: compiled from annual reports of IOC.

Current Assets were increasing during the five consecutive years. In 1998-99 it were Rs. 11225 crore and became Rs. 24978 crore in 2002-03. During 2000-01 it were maximum being Rs.
25731 crore, i.e. 129.2% more than the year 1998-99.

Current Liabilities increased from Rs. 9627 crore in 1998-99 to Rs. 18514 crore in 2002-03. An overall increase of 92.3% was depicted during the period of study.

Working capital also showed an increasing trend during 1998-99 to 2002-03 except in 2001-02. In 2000-01 it was at its peak i.e. Rs. 10959 crore that was nearly 586% more than the year 1998-99.

Going through IOC performance it can be concluded that its financial performance is satisfactory. The turnover of IOC increased steeply from Rs. 69430 crore during 1998-99 to Rs. 119848 crore in 2002-03. The net profit made a rise by 176.20% during the period of investigation. The net worth of IOC was Rs. 12269 crore in 1998-99 and increased to Rs. 18928 crore in 2002-03. The gross block and depreciation increased by 98.56% and 94.20% respectively.

The current assets increased by 122.5% during the period of study and current liabilities also showed an increase by 92.3% for the same period.