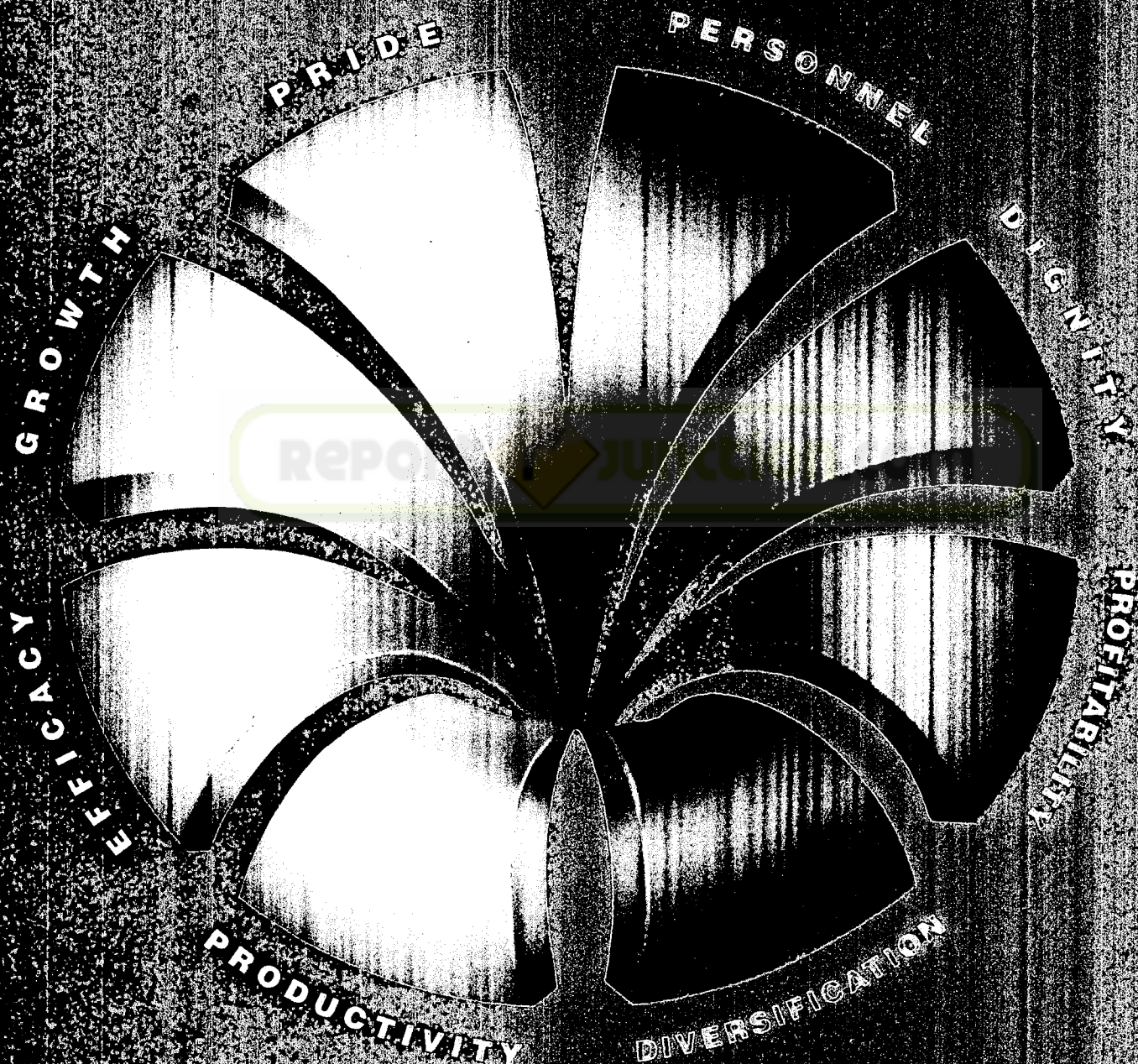
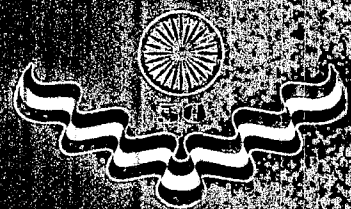


மதுரை ரிபைரிங் லிமிடெட்  
MADRAS REFINERIES LIMITED

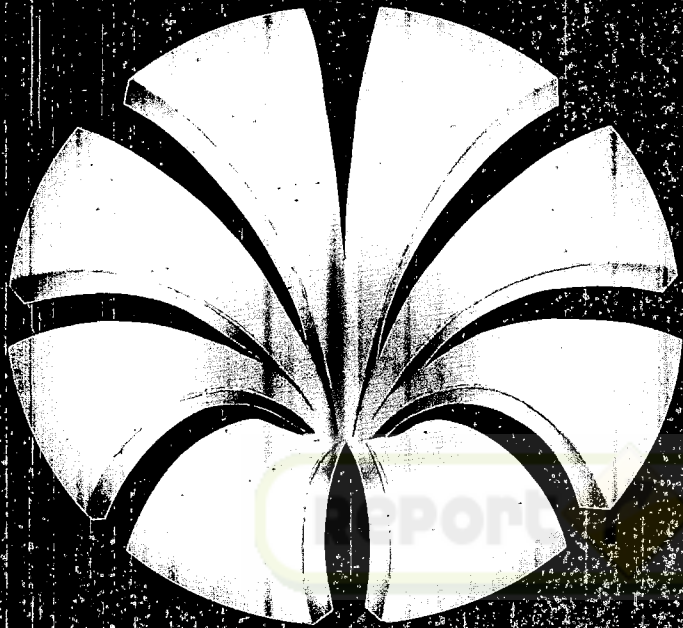
31st Annual Report  
1996-97



Blossoming with success and pride



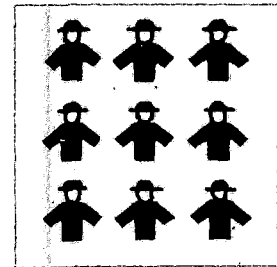




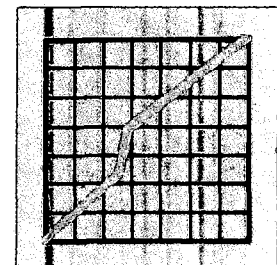
**Blossoming with success and pride**

**MRL celebrates India's  
50th year of Independence**

As the demand for Petroleum products get accelerated, India races towards self-sufficiency. At the fountainhead of this energetic transformation, MRL plays a significant and vital role. A role that adds distinct dimension to its performance – in productivity, growth, diversification and profitability. Resulting in its continued contribution to the Nation and Society, in larger measure. Bringing more laurels to MRL and a sense of pride to its people.



**OUR PEOPLE**



**OUR PRODUCTIVITY**

**MADRAS REFINERIES LIMITED**

552, Anna Salai, Teynampet, Chennai 600 018.

**ANNUAL REPORT, 1996-97****ADDENDUM TO DIRECTORS' REPORT 1996-97****A. REVIEW OF ACCOUNTS OF MADRAS REFINERIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

*Note :* Review of Accounts has been prepared without taking into account Comments under Section 619(4) of the Companies Act, 1956 and Qualifications contained in the Statutory Auditors' Report.

**1. FINANCIAL POSITION**

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

(Rs.in lakhs)

	1994-95	1995-96	1996-97
<b>LIABILITIES</b>			
a) Paid-up Capital			
i. Government	7,726.52	7,726.52	7726.52
ii. Others	6,618.72	6,634.04	6634.91
Share application money	—	—	—
b) Reserves & Surplus			
i. Free Reserves & Surplus	32,420.09	38,241.42	44,513.27
ii. Share Premium Account	21,117.29	21,225.27	21,231.38
iii. Capital Reserves	—	—	—
c) Borrowings			
i. From Govt. of India	2,384.12	1,938.42	1,492.71
ii. From Financial Institutions	59,243.89	61,099.94	61,458.99
iii. Foreign Currency Loans	1,250.52	—	—
iv. Cash Credit	9,648.46	312.77	12,979.98
v. Others	10,312.12	10,872.80	17,770.42
vi. Interest accrued and due	—	—	—
d) i. Current Liabilities and Provisions	1,37,743.42	1,77,194.36	2,81,911.31
ii. Provision for Gratuity	396.22	569.03	266.14
Total	2,88,861.37	3,25,814.57	4,55,985.63
<b>ASSETS</b>			
e) Gross Block	1,10,415.76	1,36,769.07	1,41,410.31
f) Less: Depreciation	39,283.76	46,242.53	54,147.05
g) Net Block	71,132.00	90,526.54	87,263.26
h) Capital Work-in-progress	28,040.57	6,803.07	7,857.03
i) Investments	1,204.90	1,204.00	1,203.80
j) Current Assets, Loans and Advances	1,87,140.67	2,26,214.32	3,58,928.80
k) Miscellaneous expenditure not written off	1,343.23	1,066.64	732.74
l) Accumulated loss	—	—	—
Total	2,88,861.37	3,25,814.57	4,55,985.63
m) Working Capital [j-d(i) - c(vi)]	49,397.25	49,019.96	77,017.49
n) Capital Employed (g+m)	1,20,529.25	1,39,546.50	1,64,280.75
o) Net Worth [a+b(i) + b(ii) - k - l]	66,539.39	72,760.61	79,373.34
p) Net Worth per rupee paid up capital (in Rs.)	4.64	5.07	5.53



## 2. 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:

	1994-95	1995-96	1996-97
	(In Percentages)		
<b>A. Liquidity Ratio :</b>			
Current Ratio (Current Assets to Current Liabilities & Provisions and interest accrued and due but excluding provisions for gratuity) $[j/d(i)+c(vi)]$	135.86	127.66	127.31
<b>B. Debt Equity Ratio :</b>			
Long term debt to Equity $[c(i \text{ to } v \text{ but excluding short term loans}) / o]$	113.14	85.79	89.41
<b>C. Profitability Ratios :</b>			
a) Profit Before Tax to			
i. Capital Employed	6.87	6.74	7.14
ii. Networth	12.45	12.93	14.78
iii. Sales	3.39	4.28	4.70
b) Profit After Tax to Equity	13.86	12.93	12.87
c) Earnings per share (in Rupees)	6.43	6.55	7.11

## 3. SOURCES AND UTILISATION OF FUNDS

### SOURCES OF FUNDS:

#### 1. Funds from operations:

Profit After Tax	10,217.67
Add: Depreciation	7,921.61
Less : Profit on sale of assets	30.69
Less: Corporate Dividend Tax	359.03

#### 2. Increase in Borrowed Funds

#### 3. Increase in Share Capital

#### 4. Increase in Share Premium A/C.

#### 5. Decrease in Investments

#### 6. Decrease in Misc. Expenditure

#### 7. Sale of fixed assets

1996-97  
(Rs. in lakhs)

17,749.56
19,478.17
0.87
6.11
0.20
333.90
40.30
37,609.11

### UTILISATION OF FUNDS:

#### 1. Increase in Fixed Assets

Add : Increase in Capital Work-in-Progress

#### 2. Decrease in Gratuity Provision

#### 3. Dividend paid

#### 4. Increase in Working Capital

4,667.94
1,053.96

5,721.90
302.89
3,552.84
28,031.48
37,609.11

**Madras Refineries Limited****4. WORKING CAPITAL**

The Working Capital (i.e. Current Assets less Current Liabilities) decreased from Rs.49,397.25 lakhs in 1994-95 to Rs.49,019.96 lakhs in 1995-96 and increased to Rs.77,017.49 lakhs in 1996-97. As a percentage of the sales, it increased from 20.22 in 1994-95 to 22.28 in 1995-96 and increased to 30.87 in 1996-97 thereby indicating decrease in the turning over of working capital in 1996-97.

**5. WORKING RESULTS**

The working results of the Company in the last three years were as given below:

	1994-95	1995-96	1996-97
	(Rs.in lakhs)		
1. Sales	2,44,275.63	2,19,969.69	2,49,511.25
2. Profit Before Tax	8,284.73	9,411.12	11,734.76
3. Profit After Tax	9,219.44	9,411.12	10,217.67
4. Percentage of Profit Before Tax			
a) To Sales	3.39	4.28	4.70
b) To Capital Employed	6.87	6.74	7.14
5. Percentage of Profit After Tax			
a) To Net Worth	13.86	12.93	12.87
b) To Equity Capital	64.27	65.53	71.15
6. Closing Stock of Finished Goods	13,093.30	10,337.84	16,325.96
7. Value of Production	2,50,754.44	2,19,603.46	2,56,812.27

The increase in profit before tax is mainly due to better operating performance and release of margins by Oil Co-ordination Committee.

**6. INVENTORY LEVELS**

The overall inventory increased considerably in 1996-97 as shown below:

	1994-95	1995-96	1996-97
	(Rs.in lakhs)		
i. Raw Materials (Crude in stock including in transit)	32,841.57	17,369.19	41,705.59
ii. Stores & Spares	10,958.45	11,599.06	11,502.96
iii. Intermediate products	3,173.40	5,562.63	6,875.53
iv. Finished Products	13,093.30	10,337.84	16,325.96

**7. SUNDRY DEBTORS**

The following table indicates the volume of book debts and sales for the last three years

	As on 31st March	Sundry Debtors considered good	Sundry Debtors considered doubtful	Sales	Percentage of Sundry Debtors to Sales
	(Rs.in lakhs)				
1995		1,473.76	NIL	2,44,275.63	0.60
1996		3,068.64	NIL	2,19,969.69	1.40
1997		2,992.77	NIL	2,49,511.25	1.20

(S.C.S. GOPALKRISHNAN)

Principal Director of Commercial Audit &  
Ex-Officio Member Audit Board, Chennai

Place : Chennai 600 034

Date : September 4, 1997







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**B. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MADRAS REFINERIES LIMITED, CHENNAI FOR THE YEAR ENDED MARCH 31, 1997**

1. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 1997 – SCHEDULE 20.

4. PRODUCT PRICES

The return and retention prices, etc., are accounted for in respect of Cauvery Basin Refinery are provisional based on original estimate of Rs.114 crores and are subject to adjustment on approval of the revised project cost of Rs.196 crores by Oil Co-ordination Committee. This fact has not been distinctly disclosed.

(S.C.S. GOPALKRISHNAN)

Date : 04.09.1997

Place : Chennai - 600 034.

*Principal Director of Commercial Audit &*

*Ex-Officio Member Audit Board, Chennai*

**C. REMARKS ON THE COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MADRAS REFINERIES LIMITED FOR THE YEAR ENDED MARCH 31, 1997**

The company has accounted for the Oil Industry Pool Claims, in line with its Accounting Policy, based on the rates announced by Oil Co-ordination Committee:

The Company has, however, made the following specific disclosure in the Directors' Report:

“The Oil Co-ordination Committee is already processing the Company's entitlement for higher compensation taking into consideration the completed project cost of Rs.196 crores of Cauvery Basin Refinery.

Place : Chennai 600 018

Date : September 8, 1997

For and on behalf of the Board

**S.N. MATHUR**

*Chairman and Managing Director*

# INDIAN ADDITIVES LIMITED

## ANNUAL REPORT, 1996-97 ADDENDUM TO DIRECTORS' REPORT 1996-97

### A. REVIEW OF ACCOUNTS OF INDIAN ADDITIVES LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

*Note :* Review of Accounts has been prepared without taking into account Comments under Section 619(4) of the Companies Act, 1956 and Qualifications contained in the Statutory 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 lakhs)
	1994-95	1995-96	1996-97
<b>LIABILITIES</b>			
a) Paid-up Capital			
i. Government	—	—	—
ii. Others	1972.34	1972.34	1972.34
b) Reserves & Surplus			
i. Free Reserves & Surplus	—	—	290.34
ii. Share Premium Account	—	—	—
iii. Capital Reserves	—	—	—
c) Borrowings from			
i. Govt. of India	—	—	—
ii. From Financial Institutions	1108.40	872.31	918.43
iii. Foreign Currency Loans	—	—	—
iv. Cash Credit	—	—	—
v. Others (Holding Company)	3275.00	3050.00	2725.00
vi. Interest accrued and due	202.55	202.55	—
d) i. Current Liabilities and Provisions	2931.75	2900.30	2851.77
ii. Provision for Gratuity	—	—	—
Total	9490.04	8997.50	8757.88
<b>ASSETS</b>			
e) Gross Block	4644.21	5772.74	6003.49
f) Less: Cumulative Depreciation	603.45	1138.71	1688.13
g) Net Block	4040.76	4634.03	4315.36
h) Capital Work in Progress	66.61	22.26	21.32
i) Investments	—	—	—
j) Current Assets, Loans and Advances	4040.85	3994.86	4420.55
k) Miscellaneous Expenditure to the extent not written off	407.11	16.83	0.65
l) Accumulated Losses	934.71	329.52	—
Total	9490.04	8997.50	8757.88
m) Working Capital [ j-d(i) - c(vi) ]	906.55	892.01	1568.78
n) Capital Employed (g+m)	4947.31	5526.04	5884.14
o) Net Worth [ a+b(i) + b(ii) - k - l ]	630.52	1625.99	2262.03
p) Net Worth per rupee of paid up capital	0.32	0.82	1.15



**2. SOURCES AND UTILISATION OF FUNDS****SOURCES OF FUNDS:**(Rs. in lakhs)  
1996-97**1. Funds from Operations:**

Profit after Tax

619.86

Add: i. Depreciation

551.05

ii. Miscellaneous expenditure written off

16.18

1187.09

**2. Sale of Fixed Assets**

6.09

Less : Depreciation

1.63

4.46

Total

1191.55

**UTILISATION OF FUNDS:****1. Increase in Fixed Assets**

236.84

Less: Decrease in Capital Work-in-Progress

0.94

235.90

**2. Decrease in borrowed funds**

278.88

**3. Increase in working capital**

676.77

Total

1191.55

**3. 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:

	1994-95	1995-96	1996-97
	(In Percentages)		
<b>A. Current Ratio:</b>			
Current Assets to Current Liabilities & Provisions & interest accrued and due excluding Provisions for Gratuity [j / d(i)+c(vi)]	129	129	155
<b>B. Debt Equity Ratio:</b>			
Long term debt to Equity [c(i to v) excluding short term loans / o]	695	241	161
<b>C. Profitability Ratios:</b>			
a) Profit Before Tax to			
i. Capital Employed	0.40	10.95	12.09
ii. Networth	3.00	37.00	31.46
iii. Sales	0.17	4.73	5.49
b) Profit After Tax to Equity	1.00	30.68	31.43
c) Earnings per share (in Rupees)	1.00	30.68	31.43



*Indian Additives Limited***4. WORKING RESULTS**

The working results of the Company in the last three years were as given below:

(Rs.in lakhs)

	1994-95	1995-96	1996-97
i. Sales	11343.10	12799.77	12959.03
ii. Profit Before Tax / (Loss)	19.73	605.19	711.67
iii. Profit After Tax / (Loss)	19.73	605.19	619.86
iv. Percentage of Profit After Tax to Net worth	3.13	37.22	27.40
v. Closing Stock of Finished Products	120.02	300.64	86.96
vi. Value of Production	11377.09	12961.87	12788.85

**5. INVENTORY LEVELS**

(Rs.in lakhs)

	1994-95	1995-96	1996-97
i. Raw Materials and intermediates	669.08	767.64	576.93
ii. Stores & Spares	206.88	190.98	172.55
iii. Materials in Bond and in Transit	445.85	324.13	453.06
iv. Work-in-Process	20.42	2.09	-
v. Finished Products	120.02	300.64	86.96
	1462.25	1585.48	1289.50

**6. SUNDRY DEBTORS**

The following table indicates the volume of book debts and sales for the last three years

(Rs.in lakhs)

As on 31st March	Sundry Debtors considered good	Sundry Debtors considered doubtful	Total Sundry Debtors	Sales	Percentage of Sundry Debtors to Sales
1995	1642.39	NIL	1642.39	11343.10	14.48
1996	1458.99	NIL	1458.99	12799.77	11.40
1997	1187.31	NIL	1187.31	12959.03	9.16

Place : Chennai 600 034

Date : August 8, 1997

(S.C.S. GOPALKRISHNAN)

Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board, Chennai.





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

**1. Balance Sheet - Shareholders Funds - Reserves & Surplus - Rs. 290.34 lakhs**

This represents the balance of Profit and Loss Account carried to Balance Sheet which should have been shown as 'Surplus' with corresponding schedule as required under Schedule VI of the Companies Act, 1956.

**2. Balance Sheet - Current Assets, Loans and Advances - Loans and Advances - Schedule 9 - Deposits with others - Rs. 227.57 lakhs**

- i) This includes erroneous Modvat Credit receivable of Rs. 76.46 lakhs for the goods in customs bond although countervailing duty was not paid on them. Such inclusion is also in contravention of Rule 57 G of the Central Excise Rules, 1944. This resulted in overstatement of "Deposits" and understatement of "Inventories" by Rs. 76.46 lakhs.
- ii) The above also includes Modvat credit of Rs. 7.71 lakhs which was expunged from Central excise records of the Company (RG 23A Part I & II). Such inclusion is violative of the ICAI Guidance Note on Accounting treatment for Modvat. This resulted in overstatement of "Deposits" as well as "Profits" by Rs. 7.71 lakhs.

**3. Profit and Loss Account - Income - Other Income - Rs. 42.70 lakhs**

This includes Rs. 1.97 lakhs being the net income earned from the services rendered as Recruiting agents for 'Chevron Chemical Far East'. As required under item 3(2)(d) of Part II of Schedule VI of the Companies Act, 1956 gross income of Rs. 7.02 lakhs earned by this class of business should have been included in the turnover and the related expenditure of Rs. 5.05 lakhs accounted for under the respective heads. Failure to do so, resulted in understatement of both income and expenditure by Rs. 5.05 lakhs.

**(S.C.S. GOPALKRISHNAN)**

*Principal Director of Commercial Audit &  
Ex-Officio Member Audit Board, Chennai*

Place : Chennai 600 034

Date : August 8, 1997

**C. REPLIES OF THE BOARD OF DIRECTORS OF INDIAN ADDITIVES LIMITED ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA IN SERIATIM**

1. Noted
2. (i) The Company has so far been following the practice of including the MODVAT credit receivable as part of the deposits and not inventory. However, the suggested procedure will be followed from next year.  
(ii) The suggested procedure will be followed from next year.
3. Noted

Place : Chennai 600 035

Date : August 18, 1997

For and on behalf of the Board

**S.N. MATHUR**

*Chairman and Managing Director*

*Note : The above forms part of Annual Report 1996-97 already despatched to individual shareholders.*