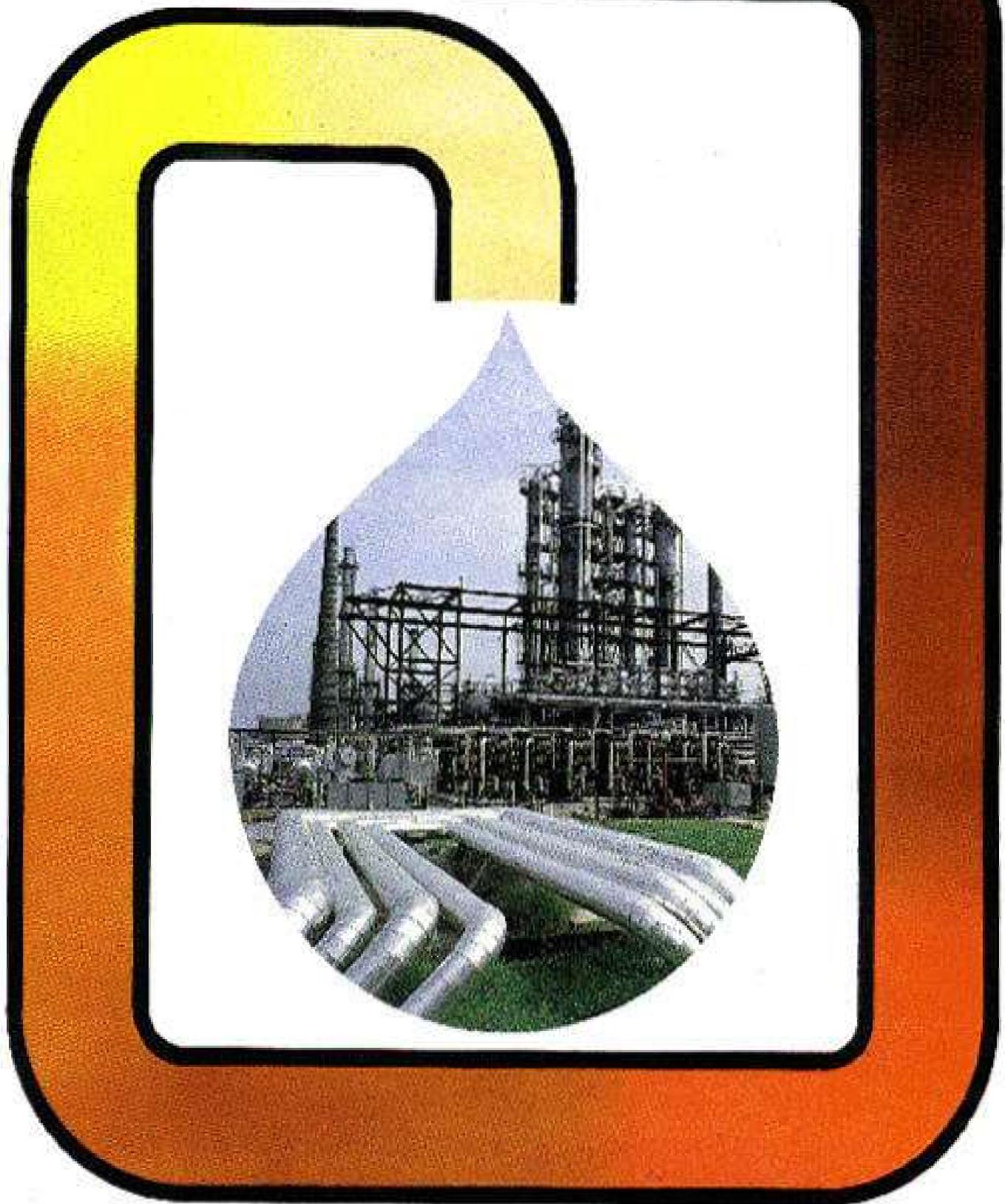




**INDIAN OIL CORPORATION LIMITED**  
**ANNUAL REPORT 1985-86**





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**Indian Oil Corporation Limited**

REGISTERED OFFICE  
Indianoil Bhavan,  
G-9, Ali Yavar Jung Marg,  
Bandra (East), Bombay - 400 051

**27th Annual Report**

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



## OBJECTIVES AND OBLIGATIONS

### Objectives

- *To serve the national interests in the oil and related sectors in accordance and consistent with Government policies.*  
*To ensure and maintain continuous and smooth supplies of petroleum products by way of crude refining, transportation and marketing activities and to provide appropriate assistance to the consumer to conserve and use petroleum products most efficiently.*
- *To earn a reasonable rate of return on investment*
- *To work towards the achievement of self-sufficiency in the field of oil refining, by setting up adequate domestic capacity and to build up expertise for pipe laying for crude / petroleum products.*
- *To create a strong research and development base in the field of oil refining and stimulate the*

*development of new petroleum product formulations with a view to minimise/eliminate their imports' if any, and*

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

### 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 to promote ancillary industries.*
- **Towards employees:**
  - *Develop their capability and advancement through appropriate training and career planning.*
  - *Expeditious redressal of grievances.*
  - *Fair dealings with recognised representatives of employees in pursuance of healthy trade union practice and sound personnel policies in keeping with public sector philosophy.*



**Towards Community :**

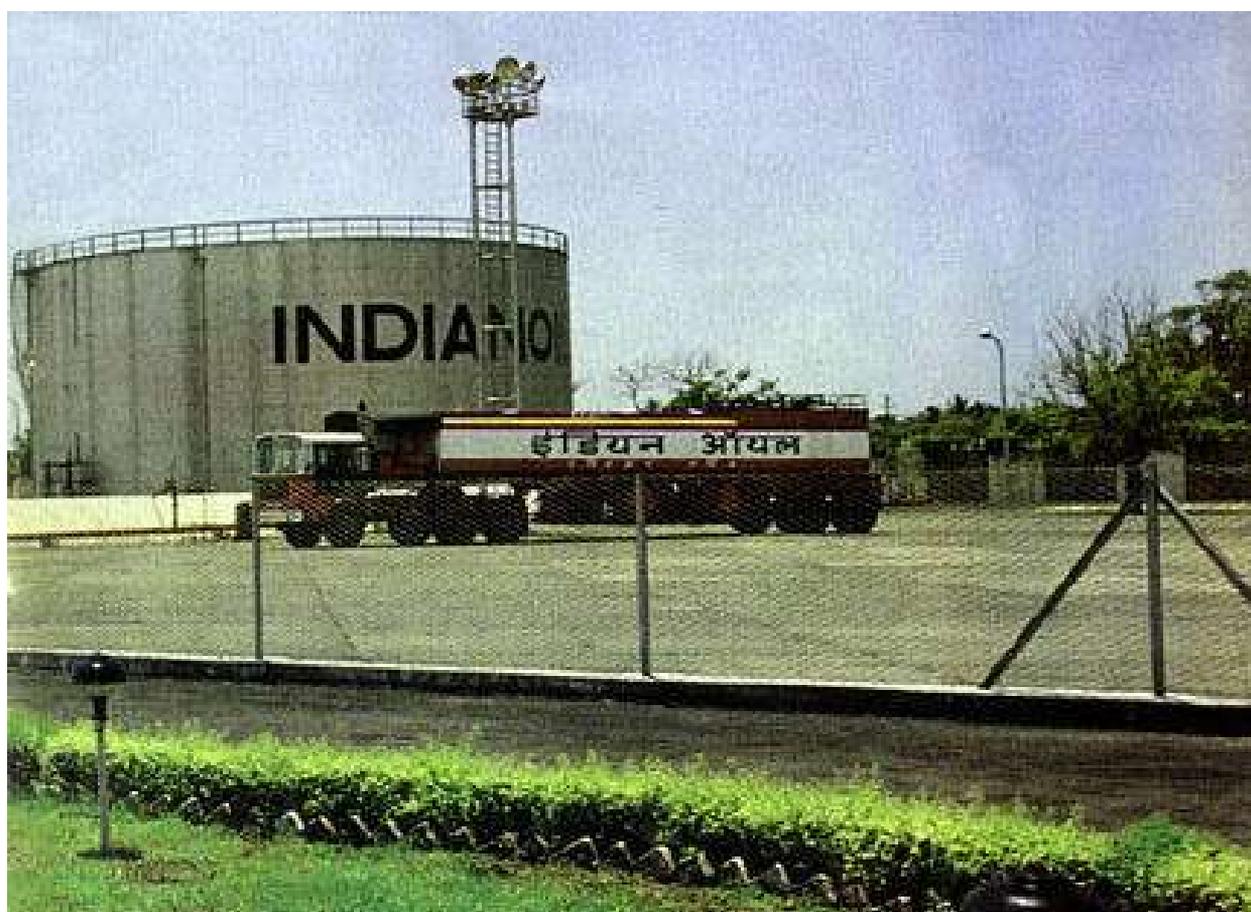
- To ensure quality products through proper distribution at fair prices to the people.
- To develop techno-economically viable products for the benefit of the people.
- To encourage progressive indigenous manufacture of products and materials so as to substitute imports.
- To avoid and control environmental pollution in its manufacturing plants and townships by taking suitable and effective measures.
- Improve the condition of Scheduled Castes/Scheduled Tribes in pursuance of national policies.
- To help acceleration of all round development of villages by providing assistance to educated unemployed to earn a living, etc.

**Financial Objectives:**

- To ensure adequate return on the capital employed and maintain a

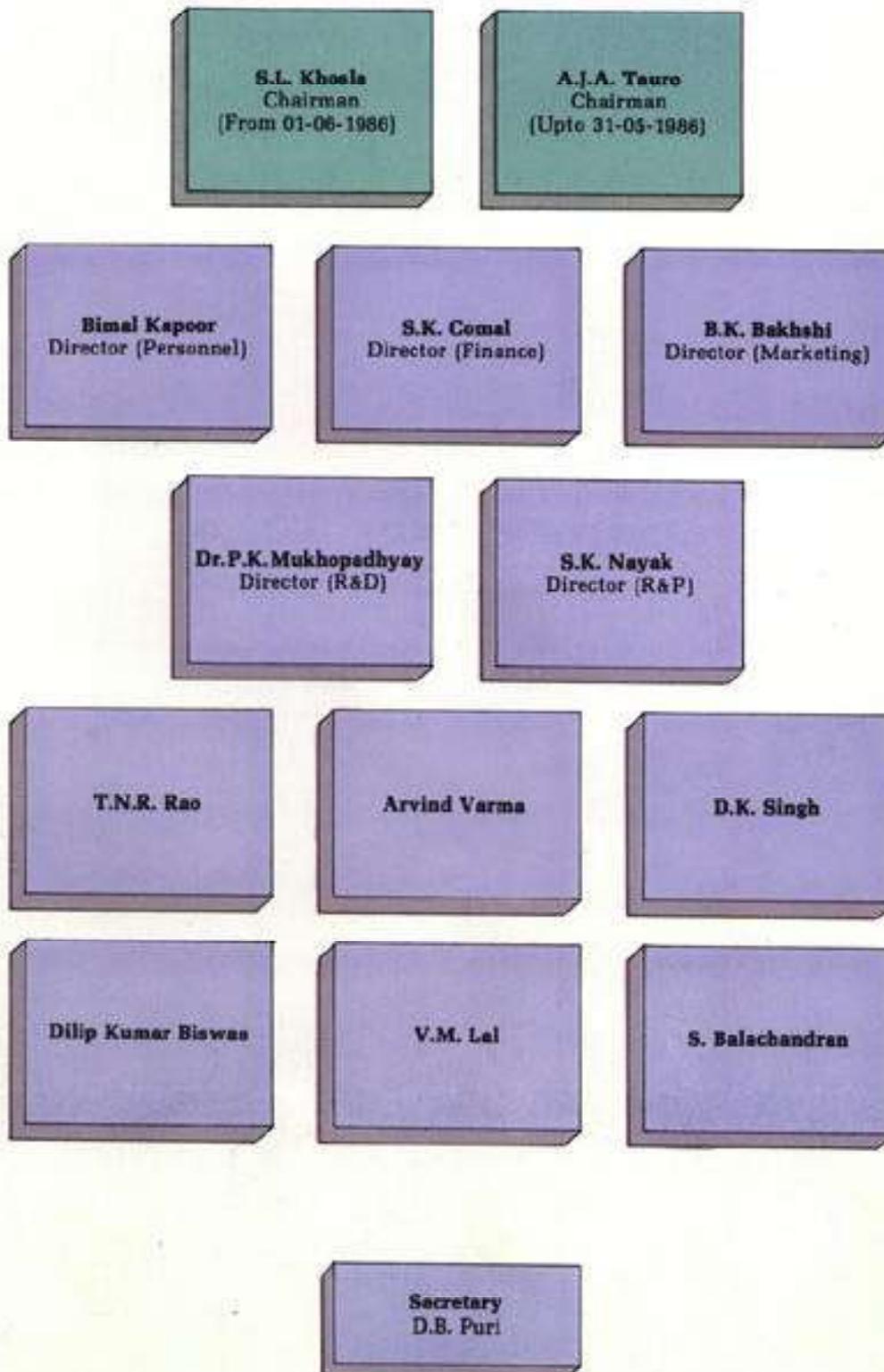
*reasonable annual dividend on its equity capital.*

- *To ensure maximum economy in expenditure.*
- *To generate sufficient internal resources for financing partly / wholly expenditure on new capital projects.*
- *To develop long-term corporate plans to provide adequate growth of the activities of the Corporation.*
- *To continue to make an effort in bringing a reduction in the cost of production of petroleum products manufactured by means of systematic cost control measures.*
- *To endeavour to complete all planned projects within the stipulated time and within the stipulated cost estimates.*





## BOARD OF DIRECTORS



## BANKERS AND AUDITORS

### **BANKERS**

State Bank of India  
United Bank of India  
Grindlays Bank p.l.c.

### **STATUTORY AUDITORS**

1. C.C. Chokshi & Co.
2. S.R. Batliboi & Co.

### **BRANCH AUDITORS**

1. S.R. Dinodia & Co.
2. Ashok K. Gupta & Asso.
3. Prem Khandelwal & Co.
4. Gopal & Murthi
5. M. Thomas & Co.
6. M.K. Aggarwal & Co.
7. Prakash & Santosh

## PRINCIPAL EXECUTIVES

<b>CHAIRMAN'S OFFICE</b>	<b>N.V. Raghavan Iyer</b> Adviser Excise & Customs	<b>S.S. Lamba</b> Chief Vigilance Officer
<b>R.R. Verma</b> Chief General Manager Coordination	<b>P.D. Kelkar</b> General Manager International Trade	<b>H.N. Roychowdhury</b> General Manager Internal Audit

<b>R &amp; P DIVISION</b>	<b>D.R. Bansal</b> Financial Controller Refineries	<b>N.L. Majumdar</b> General Manager Pipelines
<b>HEAD OFFICE</b>	<b>B.D. Gupta</b> Financial Controller Projects	<b>M. Vishnupad</b> General Manager Maintenance & Inspection
<b>J.L. Vasudeva</b> Chief General Manager Operations	<b>K.C. Jain</b> General Manager Technical	<b>J.L. Zutshi</b> General Manager Personnel

<b>REFINERIES</b>	<b>T.S. Krishnamurthy</b> General Manager Gujarat Refinery	<b>Rajinder Singh</b> General Manager Mathura Refinery
<b>A.P. Chaudhri</b> General Manager Barauni Refinery	<b>S.N. Sarkar</b> General Manager Haldia Refinery	<b>P.S. Tokchandani</b> General Manager Guwahati Refinery

<b>MARKETING DIVISION</b>	<b>S.K. Gupta</b> General Manager Technical Audit	<b>P.E. Mathews</b> General Manager Engineering and Planning
<b>HEAD OFFICE</b>	<b>M. Gopal</b> General Manager Personnel	<b>R.K. Narang</b> General Manager LPG
<b>J.S. Oberoi</b> Chief General Manager Marketing Operations	<b>Indu Vira</b> General Manager Sales	<b>T. Pitchaiah</b> Financial Controller
<b>S.C. Ghose</b> General Manager Supplies		

<b>REGIONS</b>	<b>R.M. Basrur</b> General Manager Western Region	<b>S.S. Saxena</b> General Manager Southern Region
<b>R.B. Bakshi</b> General Manager Northern Region	<b>K.K. Misra</b> General Manager Eastern Region	

<b>ASSAM OIL DIVISION</b>
<b>B.N. Dutta</b> General Manager

**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Indian Oil Corporation Limited will be held at the Company's Registered Office at Indian oil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Bombay-400 051 at 1500 hrs. on 29th September, 1986, instead of 23rd September, 1986, notified earlier, to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account and Report of the Auditors and Directors thereon for the financial year ended 31st March, 1986.
2. To declare dividend.

By Order of the Board,

D.B. PURI  
Secretary

Bombay, Dated September 9, 1986.

Note:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.



# DIRECTORS' REPORT 1985-86

To  
The Shareholders of  
Indian Oil Corporation Limited  
Gentlemen,

It gives me great pleasure to place before you the 27th Annual Report on the working of the Corporation for the financial year ended 31st March 1986 along with the audited statement of accounts on behalf of the Board of Directors.

The financial results of the year are summarised hereunder:

FINANCIAL RESULTS	(Rs. in crores)	
	1985-86	1984-85
<b>Turnover</b>	11,362.00	11,051.03
<b>Profit</b>		
Profit before interest depreciation and tax	492.70	404.90
Interest	71.53	78.52
Depreciation	227.02	164.03
Profit before tax	194.15	162.35
Tax provision	65.18	78.84
Profit after tax	128.97	83.51
Development Rebate Reserve written back	—	1.59
Disposable profit	128.97	85.11
<b>Appropriations</b>		
Proposed dividend @ 14%	17.26	17.26
Investment Allowance Reserve	19.00	12.50
Insurance Reserve Account	0.70	0.10
General Reserve	92.01	55.25

### Dividend

Your directors have recommended payment of dividend at 14%. The dividend will absorb an amount of Rs. 17.26 crores out of the disposable profit of Rs.128.97 crores. This is the 20th consecutive year of dividend payment by the Corporation. The total dividend paid so far is Rs 181.65 crores. The paid-up capital of Rs. 123.27 crores of the Corporation includes capitalisation of Rs. 41.09 crores in 1981-82 by issuance of bonus shares in the ratio of one bonus share for every two shares.

### Contribution to Exchequer

The Corporation has contributed Rs 1,954.59 crores to the exchequer during the year in the form of duties & income tax.

### Value Added

Value added for 1985-86 in the operations of the Corporation amounted to Rs 730 crores. This reflects an increase of Rs. 114 crores over 1984-85.

### Funds Management

The working capital at close of the year increased by Rs. 318.66 crores over the previous year primarily due to higher inventory of crude oil and products and overdues from some major customers in the power, fertilizer and transport sectors. The arrears from the Oil Coordination Committee on 31st March, 1986, have since been received resulting in substantial reduction in working capital and financing from our bankers.

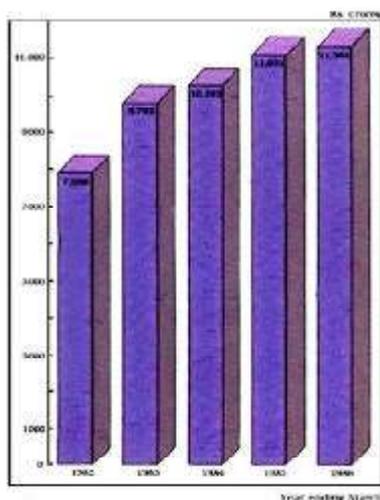
### Financing of Investment

The Corporation incurred a capital expenditure of Rs 233.58 crores during 1985-86. This was financed from internally generated resources comprising mainly retained profits and depreciation. The investment of Rs 342.14 crores planned during 1986-87 would also be financed from our internal resources

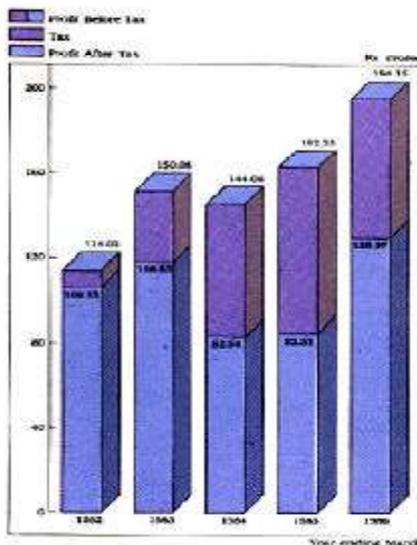
### Public Deposit Scheme

The amount received under the Public Deposit Scheme, introduced in 1980- 81, reached Rs. 193.14 crores on 31st March, 1986. This is the highest deposit collection made by any public sector undertaking so far. The total number of depositors as on 31st March, 1986 was 95,418

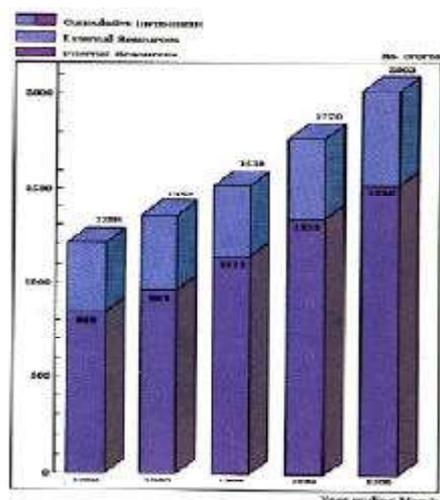
### TURNOVER



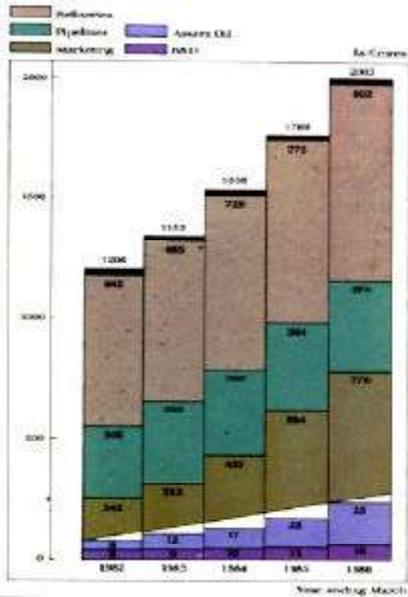
### PROFIT



### FINANCING OF FIXED INVESTMENT



**UNITWISE FIXED INVESTMENT**



**SEVENTH FIVE YEAR PLAN**

An outlay of Rs. 1,063.20 crores has been approved by the Government for the Corporation during the Seventh Five Year Plan. This includes Rs. 8.33 crores for our wholly owned subsidiary Indian Oil Blending Limited.

The entire outlay would be financed from internally generated resources including Rs 80 crores through LPG consumer deposits.

1

**OPERATIONS**

**REFINERIES**

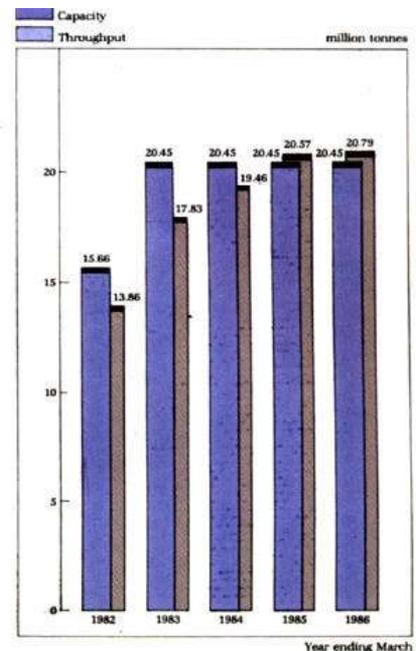
During 1985-86 our six operating refineries at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi achieved 101.6% capacity utilisation by processing 20.79 million tonnes of crude oil against 20.57 million tonnes last year. This is the second successive year of over 100% capacity utilisation. The throughput could have been still higher but for restricted allocation of crude oil to Guwahati & Barauni refineries from Assam oil fields.

The other salient features of the year's operations were:

- Gujarat and Haldia refineries achieved record throughputs.
- Bombay High crude processing was increased to 5.25 million tonnes from 4.96 million tonnes in 1984-85. Overall processing of indigenous crude oil (Assam, Gujarat and Bombay High) was also 4.3% higher as compared to the previous year.

**REFINERIES CAPACITY & THROUGHPUT**

- Throughput of Fluid Catalytic Cracking Units at Gujarat and Mathura refineries exceeded the design capacity leading to higher middle distillate production.
- LPG production recorded an increase of 11% over 1984-85.



The refineries' installed capacity and actual throughput during the last two years is given below :

Refinery	Capacity*	(million tonnes)		% Capacity utilisation in 1985-86
		1984-85	1985-86	
Guwahati	0.850	0.761	0.766	90.1
Barauni	3.300	2.896	2.765	83.8
Gujarat	7.300	7.777	7.830	107.3
Haldia	2.500	2.365	2.822	112.9
Mathura	6.000	6.239	6.075	101.3
Digboi	0.500	0.531	0.529	105.8
	20.450	20.569	20.787	101.6

\*The installed capacity has been progressively increased over the years from 18.75 million tonnes to 20.45 million tonnes by debottlenecking.

**Maintenance & Inspection**

To improve service factor of the refineries, a major thrust was made in identifying and procuring modern maintenance tools, instruments and introduction of latest maintenance and inspection practices.

Substantial progress has been made in computerisation of maintenance and inspection activities. Introduction of mini-alignment computers for high speed rotating equipment has been planned.

For uniform practices at refineries and dissemination of information, several in-house manuals like Predictive Maintenance Manual, Inspection Manual for heat exchangers and pressure relieving devices have been developed.

2



**PIPELINES**

The Corporation has 1219 km of crude oil pipeline and 2631 km of product pipelines. These transported 18.6 million tonnes of crude oil and petroleum products during the year as compared to 17.9 million tonnes in 1984-85.

The product pipelines alone transported 8.628 million tonnes as against 7.712 million tonnes in the previous year registering an increase of 11.9%.

During the year a record number of 149 tankers with crude oil were handled at the Single Buoy Mooring at Salaya.

1



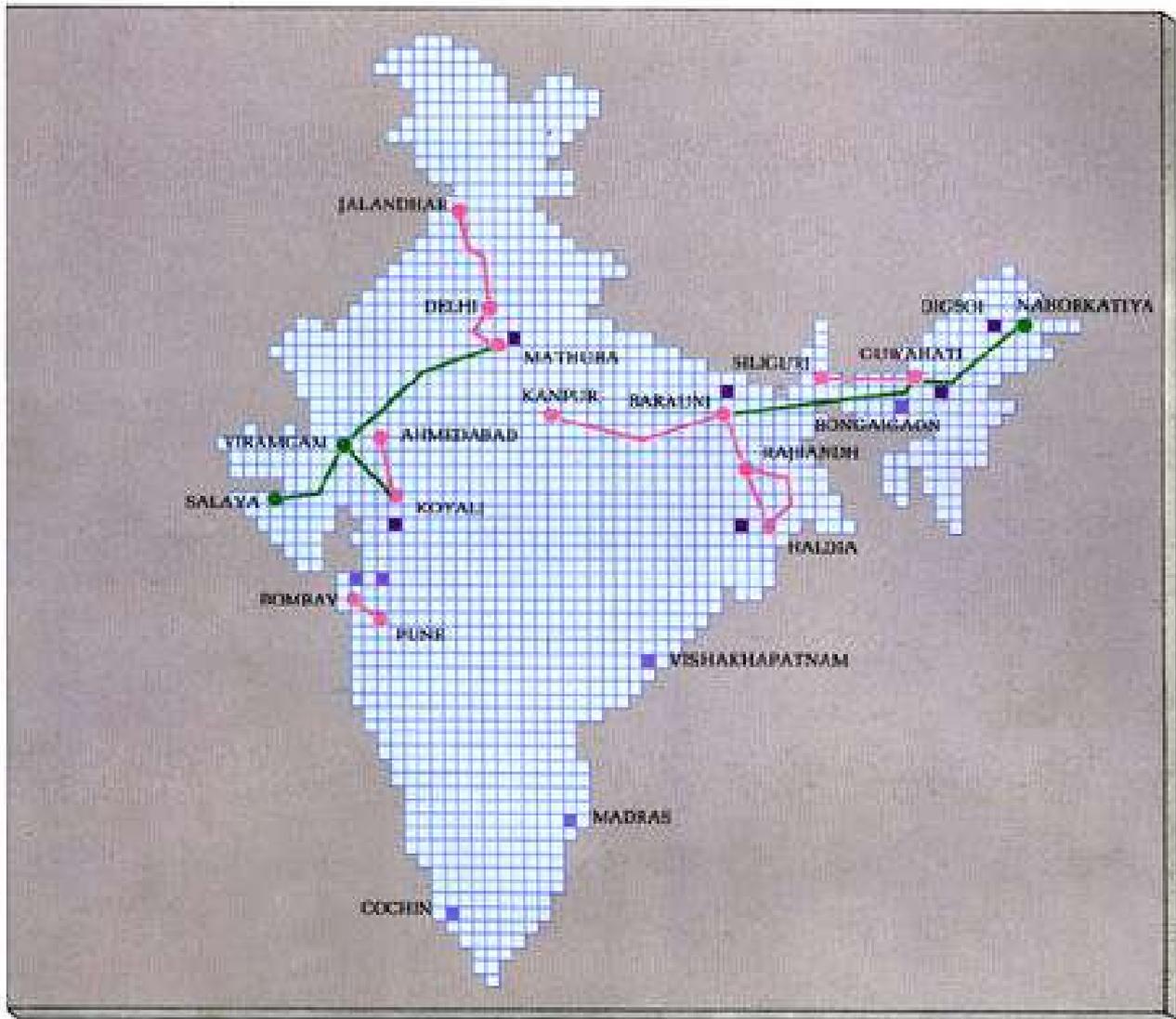
3



1. Haldia, Indian oil's only lube oil producing refinery, which achieved record crude throughput.
2. Vibration monitors and analysers assess condition of rotating equipment for timely maintenance.
3. Pipelines provide economic transportation. A view of Patna pipeline installation.



# REFINERIES AND MAJOR INLAND PIPELINES



**LEGEND**

- CRUDE
- PRODUCT
- IOC REFINERIES
- OTHER REFINERIES

Nahorkatiya-Barauni of OIL  
Bombay-Pune of HPC

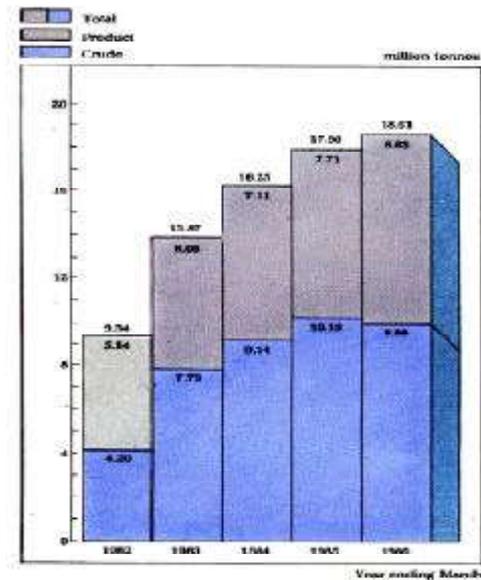


The actual throughput of pipelines during the last two years is given below :

Pipeline	Design Capacity	Throughput ('000 tonnes)	
		1984-85	1985-86
<b>Product</b>			
Koyali-Ahmedabad	1100	1215	1210
Guwahati-Siliguri	818	517*	514*
Barauni-Kanpur	1800	1629	1718
Haldia-Barauni and Haldia-Mourigram-Rajbandh	2650	1793	2211
Mathura-Jalandhar	3700	2138	2528
Digboi-Tinsukia	485	420	447
	10553	7712	8628
<b>Crude Oil</b>			
Salaya-Viramgam-Koyali-Mathura	10000	10187	9984
<b>Total</b>	<b>20553</b>	<b>17899</b>	<b>18612</b>

\* Low due to restricted crude oil availability from the Assam field leading to reduced refinery throughput product availability.

**PIPELINES THROUGHPUT**



**Maintenance & Inspection**

Significant steps were taken during the year to improve the maintenance, inspection, operation and health of the pipeline system :

- Computerised Potential Logging Survey undertaken to assess external corrosion of Barauni-Kanpur pipeline.
- Electrode Wheel Potential Survey was completed for detecting external corrosion of Koyali-Ahmedabad pipeline. It has also been taken up in Haldia-Mourigram-Rajbandh (HMR) pipeline.
- Instrumented Pig Survey for assessment of internal corrosion has been completed in the Haldia-Mourigram and Haldia-Asansol

sections of HMRB pipelines.

- Dry docking of the Single Buoy Mooring Section was done for the first time.
- Corrosion coupons were inserted in all pipelines for assessing the internal corrosion inhibitor.
- Imported Corrosion inhibitor was replaced with indigenous corrosion inhibitor in all product pipelines except Barauni-Kanpur pipeline.

**Consultancy**

The Corporation had been appointed consultants by Hindustan Petroleum Corporation for designing and construction of their 160 km long Bombay-Pune product pipeline which was commissioned during the year.

**MARKETING**

**Sales**

The policy of determining the sharing of all-India sales of petroleum products among various oil companies, in terms of gradually increasing the market participation of other oil companies, was continued during the year by the Government of India.

During 1985-86 the demand for petroleum products was projected at 41.570 million tonnes but the materialisation of demand was 40.884 million tonnes. Your Corporation sold 23.840 million tonnes, including 0.687 million tonnes of Assam Oil Division, attaining a market participation of 58.3% (59.2% in 1984-85).

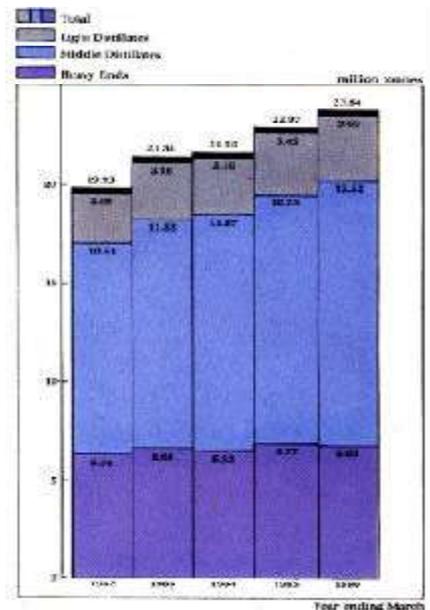
**Retail Distribution**

For improved customer service, the retail distribution system continued to receive special attention. During 1985-86, 180 Retail Outlets were commissioned bringing the total number in operation at the end of the

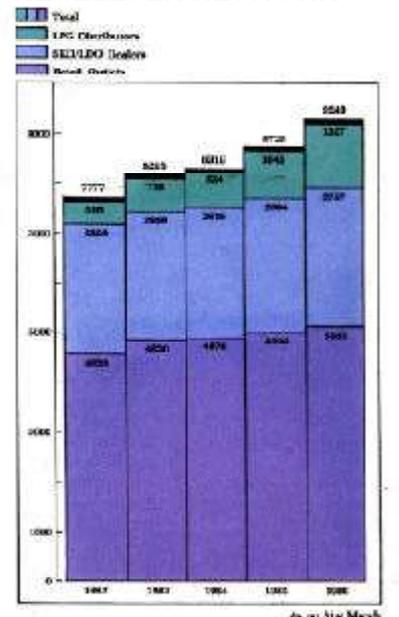
year to 5165.

Lubricants for scooters in flexible plastic pouches of 40 ml and 60 ml capacity were introduced in the market to ensure correct quality and quantity to the customers. Pull-up spout pourers in 5-litre containers, with collapsible wire type handles, have also been introduced.

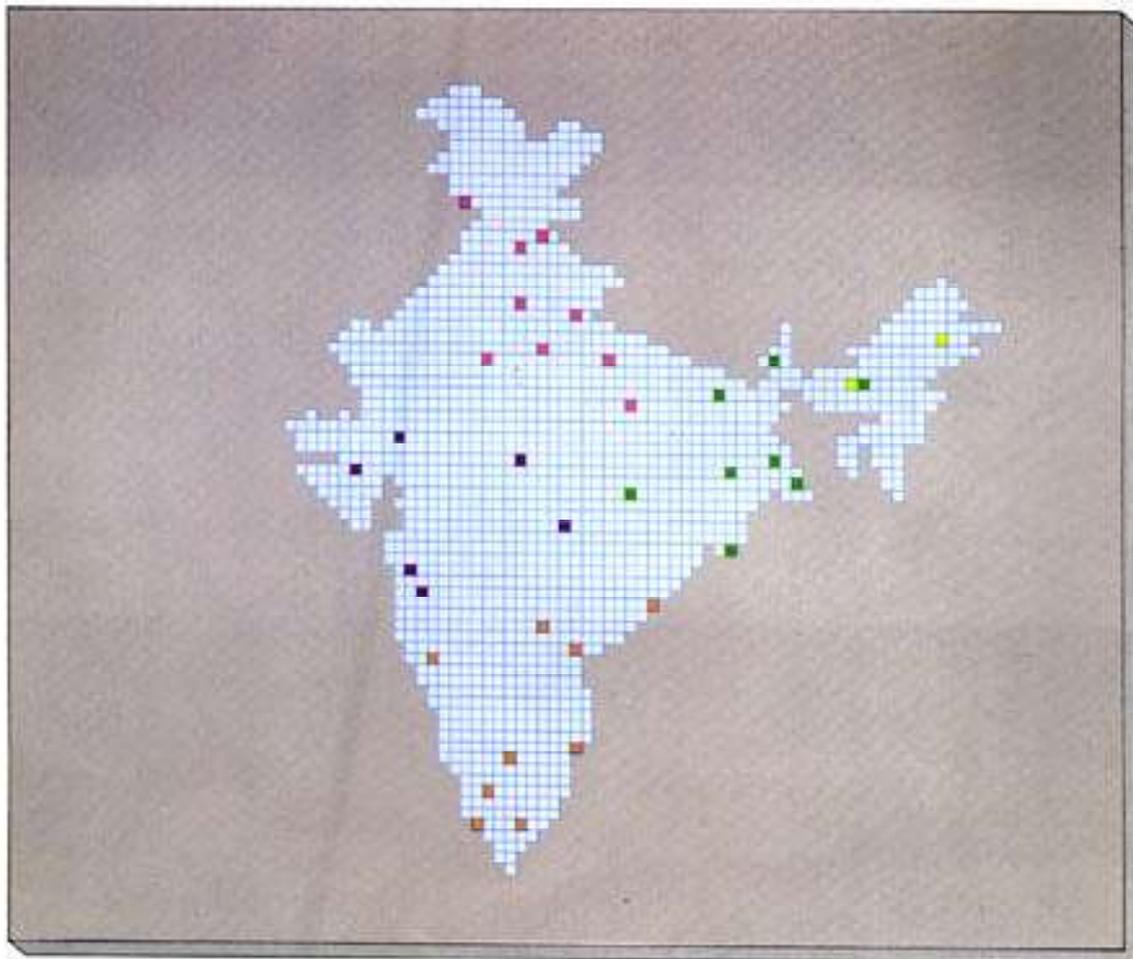
**SALES**



**RESELLER NETWORK**



# MARKETING REGIONAL AND DIVISIONAL OFFICES



MARKETING HEAD OFFICE : BOMBAY

<span style="color: pink;">■</span> NORTHERN REGION NEW DELHI	<span style="color: green;">■</span> EASTERN REGION CALCUTTA	<span style="color: purple;">■</span> WESTERN REGION BOMBAY	<span style="color: orange;">■</span> SOUTHERN REGION MADRAS	<span style="color: yellow;">■</span> ASSAM OIL DIGBOI
New Delhi Agra Allahabad Bareilly Lucknow Shimla Jammu Chandigarh Jaipur	Calcutta Durgapur Siliguri Patna Jamshedpur Guwahati Raipur Bhubaneswar	Bombay Nagpur Pune Ahmedabad Rajkot Bhopal	Madras Coimbatore Madurai Secunderabad Vishakhapatnam Vijayawada Bangalore Belgaum Cochin	Guwahati Tinsukia



During the year, 94 SKO/LDO dealerships were commissioned and as of 31st March, 1986, there were 2757 SKO/LDO dealers in operation. Award of new dealerships/distributorships continued to be made on the recommendation of four Oil Selection Boards each consisting of a retired High Court judge and a retired senior civil servant, with headquarters at Delhi, Madras, Calcutta and Ahmedabad. Pursuant to the Government's social objectives policy, 70% dealerships were awarded during the year to reserved categories like Scheduled Castes/Scheduled Tribes, Physically Handicapped and Freedom Fighters. The percentage of reservation has since been revised by the Government.

**Rural and Agricultural Sector**

Your Corporation has a total of 26 Taluka Kerosene Depots all over India as of 31st March, 1986 to ensure adequate and equitable availability of kerosene. There were also 232 multi-purpose distribution centres operating as on 31st March, 1986, for meeting not only the petroleum product requirements of the rural

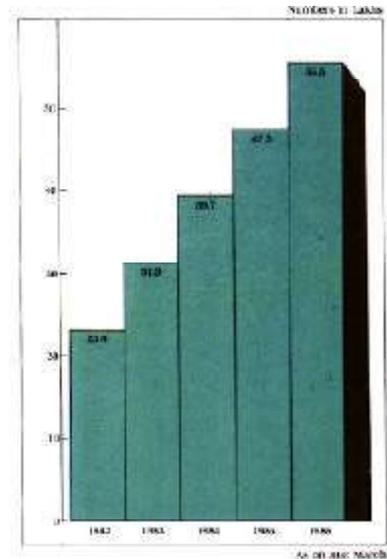
sector but also those of fertilizers, pesticides, seeds, tractor spare parts, non-scheduled drugs etc. For the benefit of the rural poor, a low cost 'Mini Nutan' stove with high thermal efficiency has been developed by our R&D Centre. This 'Mini Nutan' has a reduced tank capacity to hold 1 litre of kerosene as against 2 litres in the earlier model. The cost of this stove will be around Rs 40/-. This will be shortly put on the market.

**Cooking Gas**

The Indane customer population of your Corporation increased from 47.33 lakhs to 55.53 lakhs by enrolment of 8.20 lakh customers during 1985-86. These customers are served through a distribution network of 1327 (1045 in 1984-85) distributors spread over 665 towns (492 in 1984-85). It is planned to enroll about 8 lakh additional customers during 1986-87. Second cylinders were released to about 6 lakh households in 1985-86. Nearly 11 lakh 'F' type cylinder installations were converted to the safer 'Pin' type during the year. It is planned to convert all customers of 'F' type

equipment to the 'Pin' type' self-closing' equipment during 1986-87.

To serve customers, two LPG bottling plants at Rajkot and Durgapur (mini) were commissioned during the year with a combined capacity of 47,000 tonnes per annum. As on 31st March, 1986, the Corporation owned and



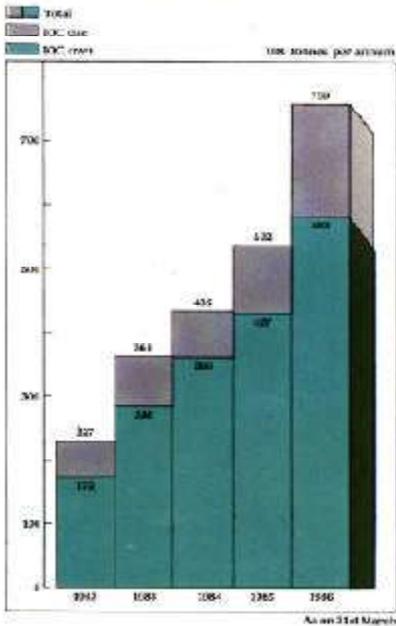
4. Serving remote areas like Leh in Ladakh.





5

**LPG BOTTILING CAPACITY**



operated 15 bottling plants with a capacity of 583,000 tonnes per annum. In addition, a bottling capacity of 176,000 tonnes was also available to the Corporation raising the effective LPG bottling capacity to 759,000 tonnes per annum. The mini-plant at Sawai Madhopur (10,000 tonnes per annum) was commissioned in July, 1986. It is also proposed to put up 4 micro-plants (2 of 8,000 tonnes per annum each at Dehradun and Ajmer and 2 of 5,000 tonnes per annum each at Parwanoo and Haldwani) by March, 1988.

**Technology transfer for LPG Valves and Pressure Regulators**

To standardise LPG equipment, technology

obtained by your Corporation from Kosan Teknova, Denmark, for self-closing valves has been passed on to indigenous manufacturers. Technology for pressure regulators is also being obtained from Kosan under a similar agreement for passing on to indigenous manufacturers.

**Bitumen**

Your Corporation recorded bulk bitumen sales of 1.88 lakh tonnes during the year against a target of 1.69 lakh tonnes representing an achievement of 111%. This constituted over 37 per cent of the total bitumen sales of the Corporation.

**Storage & Distribution**

A new storage depot at Malda in West Bengal was commissioned during the year. As on 31st March, 1986, your Corporation had 35 installations (17 port, 12 pipeline and 6 inland) and 115 bulk depots. Construction of 2.34 lakh kl new tankage was completed during the year at various installations and depots. The total tankage at the end of the year was 29.37 lakh kl as against 27.03 lakh kl as on 31st March 1985. The throughput of all products handled during 1985-86 at these installations and depots was 343.3 lakh kl as against 321.7 lakh kl during the previous year.

To transport petroleum products, the Corporation has a fleet of 439 tank trucks.

5. Indane cylinders being transported for the house-wife in Jaipur.
6. LPG storage tanks equipped with water sprinklers for cooling as a safety measure.
7. Consumer Pumps for Petrol and Diesel are for captive use of major consumers like Maruti at Gurgaon.
8. Single buoy mooring at Salaya where the Pipelines wing handled a record number of tankers.
9. Additional cooking unit at Barauni upgrades heavy ends into light and middle distillates.

7



6

During 1985-86 each truck on an average covered 17.9 lakh kl x km/month. This is an improvement of 14% over the previous year.

To meet the requirement of bulk customers, 151 consumer pumps were commissioned during the year bringing the total number of consumer pumps to 4,092 on 31st March 1986.

**Aviation**

The Corporation continues to be the market leader in aviation fuel business with its 75 aviation fuelling stations and a market share of 69%. Sales of aviation turbine fuel during 1985-86 amounted to 1.3 million kl, an increase of 6.6% over the previous year. Several important and strategic refuelling were organised satisfactorily at very short notice. During the year, six 'Hi-Tech' modern hydrant fuel dispensers were fabricated for use at the Indira Gandhi International Airport, New Delhi.





8

## INTERNATIONAL TRADE

The Corporation continued to be the canalising agency for import and export of crude oil and petroleum products on behalf of the oil industry in India. A comparison of imports and exports by the Corporation during the past two years is as follows :

	1984-85		1985-86	
	Quantity (million tonnes)	Value (Rs. Crores)	Quantity (million tonnes)	Value (Rs. Crores)
<b>Imports</b>				
Crude Oil	11.810	2,919.00	15.240	3,494.00
Fuel Products	5.134	1,593.67	3.540	1,056.04
Lubricants	0.135	74.90	0.195	104.43
<b>Exports</b>				
Crude Oil	5.630	1,363.05	0.428	110.03
Fuel Products	0.797	205.31	1.801	449.58

In addition, 0.512 million tonnes of crude oil valued at Rs 131.31 crores was imported by Madras Refineries Limited directly as against 1.992 million tonnes valued at Rs 489.17 crores in the previous year.

Of the imports during 1985-86, crude oil on rupee payment amounted to Rs 592 crores while products amounted to Rs 551.47 crores.

Out of the Corporation's entitlement of products from Bombay High crude sent abroad for processing, 17,583 tonnes of SKO and 69,339 tonnes of HSD were received for use in India while naphtha and fuel oil were sold abroad leading to realisation of Rs.14.89 crores in foreign exchange.

The Corporation realised Rs 60.06 crores from sale proceeds of various petroleum products exported to Nepal Oil Corporation. An amount of Rs 99.84 crores and Rs 11.99

crores respectively was realised in foreign exchange for supplies of aviation fuel to international airlines and bunker fuel and marine lubricants to foreign flag vessels at Indian ports.

## Projects

Your Corporation incurred a capital expenditure of Rs 233.58 crores during the year on various projects.

## Completed Projects

The following major projects were completed during 1985-86 :

- Additional Coking Unit at Barauni refinery at a cost of Rs 50.85 crores for upgrading LSHS into more valuable light and middle

9



distillates and raw petroleum coke.

- Modern high thermal efficiency furnaces at a cost of Rs 12.84 crores to replace old design low thermal efficiency furnaces in two distillation units of Gujarat refinery.
- The remaining 2 tanks of the 12 mandatory crude oil storage tanks.
- A building in Bombay for the Registered Office of the Corporation and Head Office of Marketing Division with a total area of 23,110 sq metre.
- The LPG bottling plants at Rajkot and Durgapur (mini).
- The Phase 11 of hydrant refuelling system at Sahar international airport, Bombay, providing additional 16 refuelling points for speedy refuelling of a larger number of aircraft.



*The crude distillation unit of Guwahati refinery is being modernised.*

### ONGOING PROJECTS

The following major projects were under implementation during the year:

Project	Estimated Cost (Rs/Crores)	Completion Schedule
1. Replacement of furnaces in Gujirat refinery (AU-III) and Barauni refinery (AVU-I & II) for energy conservation. This will save 29,000 tonnes of fuel per annum.	14.86	December, 1986 (In phases)
2. Modernisation of crude distillation unit at Guwahati refinery for product mix improvement and fuel saving of 5,600 tonnes per annum.	8.70	December, 1986
3. Efficiency improvement in heaters of crude and vacuum units at Haldia and Mathura refineries for fuel saving of 26,000 tonnes per annum.	16.40	August, 1987
4. Debottlenecking of crude distillation units (AU-I, II, III & IV) at Gujirat refinery for increasing processing capacity by 2.2 MTPA.	23.10	July, 1988 (In phases)
5. Revamping of crude distillation unit at Mathura refinery for increasing processing capacity by 1.5 MTPA.	5.50	December, 1987
6. Modification of Salaya-Mathura crude oil pipeline for handling waxy Bombay High crude in winter.	16.82	December, 1987
7. Additional product tankage construction by Marketing Division. Phase-I Commenced in 1983 for adding 4.92 lakh kl tankage at 51 locations. Only 0.63 lakh kl left for construction. Phase-IIA Taken up in 1985 for adding 1.99 lakh kl at 32 locations. 1.67 lakh kl is under construction.	33.00	December, 1986
8. Marketing facilities for LPG Phase-III. To market incremental availability of LPG with the expansion of MRL, CRL, BPC, HPC Visakha, commissioning of additional coker at Barauni and fractionation units at Hazira and Uran No. II.	380.74	March, 1988
9. Karnal refinery and associated pipelines.	1359.07	Government exploring possibility of setting up in joint sector.

### NEW PROJECTS

The Corporation has sought approvals of the Government for the following major projects :

- |  |        |                                  |
|--|--------|----------------------------------|
| 1. Second SBM at Salaya (P.F.R.).  | 83.27  | 36 months from F.R. approval.    |
| 2. Additional secondary processing facilities at Gujarat refinery to upgrade the LSHS generated from North Gujirat crude oil into middle distillates (F.R.). | 620.00 | 60 months from date of approval. |
| 3. Butylene recovery at Mathura (P.F.R.).  | 19.83  | 42 months from F.R. approval.    |



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*Additional secondary processing facilities are planned at Gujarat refinery. A view of the existing secondary processing facility control room.*

## ASSAM OIL DIVISION

The Assam Oil Division of your Corporation was formed on 14th October, 1981, when the refining and marketing assets and liabilities of the erstwhile Assam Oil Company and the Burmah Oil Company (India Trading) on nationalisation were vested in Indianoil. It has since taken rapid strides.

The crude throughput of the Digboi refinery which was 0.496 million tonnes in 1981-82 has gone up to 0.529 million tonnes during 1985-86. The refinery has consistently exceeded its capacity of 0.5 million tonnes per annum during the past four years.

AOD sales of 0.430 million tonnes in 1981-82 went up to 0.687 million tonnes during 1985-86 representing a growth of 60%, in a span of four years. The AOD market participation in national sales has gone up from 1.3%, to 1.7% during the same period. It has maintained market leadership in the North-East region. This has been possible through expansion of network which comprises 221 retail outlets, 343 SKO/LDO dealers, and 29 consumer pumps as on 31st March, 1986. These are fed by 8 depots and one inland installation of AOD besides those of the Marketing Division.

The Division commenced marketing of LPG in August, 1982 and during the past four years has developed an infrastructure of 56 distributors in the North-East in addition to the network of Marketing Division of the Corporation. As

on 31st March, 1986 it had over one lakh LPG customers.

### AOD Major Projects

- During the year a 35 km product was commissioned at a cost of industrial oils, metal working oils and about Rs. 2 crores.
- The primary effluent system at Digboi refinery, consisting of conversion of old oil/water gravity type separator into API separator and segregation of storm water drains from oil carrying drains, was completed. The total revamping of the effluent treatment system for pollution control would be completed at a cost of Rs 3.15 crores by the end of 1987
- The Corporation is also seeking Government approval for modernisation of the Digboi refinery by installation of new crude distillation unit, captive power plant and a new coking unit at a cost of Rs 168.34 crores.

### RESEARCH & DEVELOPMENT

During the year an expenditure of Rs 8.79 crores was incurred on R&D programmes. While the major activity continued to be development of formulations for lubricants, greases and speciality products, work was also carried out in the areas of

- Fuel quality
- Waxy crude transportation
- Refining process

- Evaluation of domestic appliances
- Material failure analysis

Eighty three formulations of automotive oils, automotive oils, rail road oils, industrial oils, metal working oils and specialities were issued. Twenty two approvals from engine builders were received. Forty products are undergoing field trials in participation with major users like Defence, steel plants and railways.

A fuel efficient multigrade rail road oil was developed for diesel locomotives, based on elaborate laboratory engine evaluations. This has a potential for about 2 to 6% fuel saving. It was decided by the railways to put the lubricant on trial in their stationary engine test bed. A high quality (API SF/CC) multigrade engine oil has been developed for the new generation passenger cars being manufactured in the country and will be shortly marketed as "Servo Superior". For the high pressure ethylene compressors of Indian Petrochemicals Corporation Limited, test batches of synthetic compressor oil were manufactured and offered for performance trials.

By air blowing the residues of Santhal and North Kadi crudes from Gujarat oil fields, 80/100 paving grade bitumen was produced in the laboratory. The material passed different laboratory performance tests inspite of low asphaltene and somewhat higher wax content.







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The feasibility of using a blend of Santhal crude residue and Haldia Bright Stock for producing cylinder oil required for Indian Railways was established in the laboratory.

A system of heating fuel tanks of diesel trucks by engine exhaust was developed. A field trial was organised with additive treated fuel and provision of filter bowl heating alongwith the above modification. With these changes the summer grade diesel fuel could give sustained operation at ambient temperatures around 0°C.

The Pilot Plant Test Loop facility for study of waxy crude transportation was mechanically completed. The commissioning is in progress. In the laboratory studies a unified criterion of acceptance for doped Bombay High crude based on requirements of ONGC and our pipelines was developed.

In the field of fluid catalytic cracking a programme of work for catalyst screening and evaluation was drawn up for optimisation of commercial units. The facilities for catalyst characterisation, laboratory anti bench scale evaluations

were conceived and their procurement taken up. A collaborative programme was initiated with National Chemical Laboratory, Pune, for the above purpose.

During 1985-86 a number of material failure analysis studies were undertaken at the request of our refineries and Engineers India Limited. Performance of a random sample of used Nutan stoves was monitored. It was proper maintenance and up-keep, the thermal efficiency of maintained.

Two test rigs have been installed for the evaluation of railway journal roller bearing greases. Fourier Transform Infra-red Spectrophotometer [FT-IR] in combination with gas and liquid chromatographs (GC & LC) has been installed to augment the capabilities of the Analytical Division of the R&D Centre.

#### Energy Conservation

The Corporation has been maintaining the thrust on conservation of fuel and reduction of hydrocarbon losses in all refineries. In pursuance of this objective, two major schemes involving replacement of low efficiency furnaces with modern high efficiency furnaces were year. Another major scheme of installing waste heat boiler in

the coke calcination unit of Barauni refinery was completed. These schemes are expected to result in a fuel saving of 27,000 tonnes per annum.

In addition, the projects listed at serial 1 to 4 under 'Ongoing Projects' will help in additional fuel saving of about 78,300 tonnes per annum.

Indianoil continued assisting industries in modernising their boilers by extending loans on attractive terms for replacement of inefficient oil fired boilers by modern high thermal



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12. Digboi refinery which is proposed to be modernised

13&14. Pilot Plant Test Loop facility and control panel at R&D Centre for study of waxy crude oil flow.



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efficient boilers to save fuel oils. During 1985-86, Rs 15.26 lakhs was disbursed raising the cumulative disbursement to Rs 61.66 lakhs as of 31st March, 1986.

Alternative sources of energy are being encouraged and solar hot water system is under installation at our new office building at Bombay. Similar system has also been sanctioned our NOIDA Housing Complex near Delhi.

To provide uninterrupted power supply to C.P. system, solar-cum-battery bank were installed along Allahabad-Kanpur product pipeline section at a cost of Rs 84.00 lakhs.

The Corporation has awarded trophies to State Transport Undertakings to improve kilometerage per litre and conserve HSD.

**SAFETY**

Your Corporation strengthened its efforts to improve safety standards. Some steps taken in this direction during the year are :

- Safety audit of process units are being undertaken at all the refineries by specially constituted teams.
- Safety in LPG handling continued to be given high priority and supervisory checks and controls

were further strengthened with updating of technology.

- Electrical audit of LPG filling plants was carried out.
- Air-purging systems for new/ repaired LPG cylinders have been provided in LPG bottling plants. Evacuation facilities have also been installed / augmented in the LPG plants.

**Safety Awards**

The following international and national safety awards were won since April 1, 1985 by the Corporation

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- 15. The latest Fourier Transform Infra-red Spectrophotometer, in combination with gas and liquid chromatographs, in the Analytical Division of R&D Centre.
- 16. High efficiency furnaces at the Atmospheric Unit II of Gujarat refinery.
- 17. Barauni GM AP Chaudhri receiving National Safety Awards from the President Shri Zail Singh





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**International**

1. The British Safety Council Award based on the performance of our terminals at Tondiarpet and Mourigram and the LPG plant at Salem.

1. The National Safety Council, Chicago, Award for the safety and health performance of Koyali-Ahmedabad product pipeline.

**National**

1. Korukkupet and Rajbandh terminals won the National Safety Award for Lowest Average Weighted Accident Frequency Rate. Also awarded were our Sabarmati, Mourigram, Korukkupet and Vishakhapatnam terminals, and our Drum plant at Tondiarpet.

2. Barauni refinery for the Longest Accident Free Period and Guwahati refinery for the Lowest Average Frequency Rate.

**ENVIRONMENTAL PROTECTION**

The commitment to protect the environment was pursued vigorously during the year. The facilities provided for control of environmental pollution were operated satisfactorily. Besides monitoring performance of existing facilities, the pollution control cells in refineries and at the Headquarters of Refineries & Pipelines Division also reviewed augmentation and modernisation of facilities for achieving better results and standards.

**Water Pollution Control**

The quality of the treated effluent from the refineries was monitored on a daily basis. The performance of the effluent treatment plants was satisfactory

For improving performance, facilities as indicated below are being augmented in our refineries at Guwahati, Barauni, Haldia and Digboi and the pipeline installations at a cost of about Rs. 9 crores.

Project	Cost (Rs/lakhs)	Completion Schedule
1. Modernisation of oil separators at Guwahati.	49	June, 1987
2. Installation of Bio-Reactor at Barauni.	249	March, 1989
3. Debottlenecking & augmentation of Effluent Treatment Plant at Haldia.	120	March, 1987
4. Modernisation of Effluent Treatment & Collection System at Digboi.	315	December, 1987
5. Installation of Effluent Treatment Plant at Viramgam Pipeline Station.	58	March, 1987
6. Debottlenecking of existing Effluent Treatment Plant at Vadinar Pipeline Station.	65	March, 1987

**Air Pollution Control**

Ambient air quality is monitored regularly by all the refineries and during 1985-86 the concentration levels were well within the national/international standards. In Agra-Mathura-Bharatpur region, the air quality continued to be monitored and no adverse impact due to the Mathura refinery operations was observed.

**Occupational Environment & Health Monitoring**

The occupational health monitoring of

18. Korukkupet Terminal manager JC Rajanayakam receiving National Safety Awards from the President Shri Zail Singh

19. Solar panels for power to the cathodic protection system in pipelines

20. Effluent treatment plant at Mathura for pollution control

Radiographers and workers in Tetra Ethyl Lead (TEL) and Benzene handling areas was continued. Steps have been initiated to widen the scope of occupational environment and health monitoring of employees in the refineries .

**Tree Planting**

Since trees play a protective role in improving environment, a planned policy of tree plantation has been carried out over the years. During 1985-86 over 5,000 trees have been planted in townships and at work





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21. Microprocessor based computer control at Rajkot for Salaya-mathura crude pipeline
22. Instrument panel at air quality monitoring station at Keetham near Mathura refinery
23. A training programme at Haldia Management Academy.
24. Townships with modern amenities form an integral part of Indian oil refineries like at Haldia.



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sites. Over one lakh trees have so far been planted and nurtured.

**Assistance from Experts**

During the year under review, assistance was taken from the Indian Meteorological Department in assessing the likely impact of the additional secondary processing facility proposed to be set up at Gujarat refinery on the air quality in the neighbourhood. The report which has since been received confirms that the equipment and steps planned by the Corporation for the project would lead to negligible air pollution and would hardly have any impact on the environment .

At our request the Aligarh Muslim University has agreed to assist us in developing an experimental agriculture farm at the Mathura refinery. This farm will use treated effluent from the refinery for irrigation to assess its impact on crops, yield, soil characteristics etc. in a scientific manner.

**MICROPROCESSORS AND COMPUTERS**

Further to the introduction of microprocessor based control system in sulphur recovery unit, Mathura refinery has provided microprocessor based multi-loop controller for the furnace of Distillation Unit. All ongoing revamping projects at the refineries are also planned with microprocessor controls. Comprehensive plans are being developed to modernise the existing pneumatic control system by phased introduction of Digital Distributed

Control System (DDCS) at all the refineries .

Microprocessor Controlled PD Meters have been installed at tank truck loading gantries of Guwahati, Gujarat and Haldia refineries on trial basis for ensuring more precise and quicker delivery of pre-programmed quantities of finished products.

Use of computers was extended during the year for Personnel Information System, HRD Survey Analysis, and Recruitment Support System. Computers were earlier being used for Financial Accounting, Inventory Management System etc.

**IMPORT SUBSTITUTION**

The Corporation has a Department for Ancillary Industries to promote indigenously and growth of ancillary industry. As a result of the Corporation's efforts spare parts for imported equipment at refineries and pipelines were manufactured indigenously. This saved about Rs 1.80 crores during 1985-86.

Considerable savings have also been achieved by developing indigenous lubricants for critical use which were hitherto imported against foreign exchange.

**CORPORATE PLANNING**

With the adoption of integrated Corporate Planning system covering all the Divisions, the first Long Range Plan and Perspective Plan documents of your Corporation were brought out during the year under review. The LRP-1985-90 was mainly based on

schemes included in the proposals for the Seventh Five Year Plan.

The updating of LRP was also begun during the year under review to achieve Corporate objectives in areas of growth, technology upgradation, profitability, efficiency and productivity, customer service, human resource development and social responsibilities. The LRP-1986-91, which has since been prepared, extends the planning horizon to include the first year of the decade of nineties .

The ten year Perspective Plan IOC 1995 is also proposed to be updated to cover the period upto 2000 AD.

**PERSONNEL**

The Corporation had a manpower of 31403, including 6803 officers on 31st March, 1986.

**Welfare of Employees**

Your Corporation continued to follow its welfare oriented policies and programmes during 1985-86. These included concessional loans for house building and conveyance, facilities of transport and canteen, classes for workers' education, medical facilities, sports organised by the Corporation, assistance to employees clubs, Cooperative Credit and Consumer Societies, incentives for Family Planning and special medical leave facilities to employees suffering from chronic ailments.

**Employees' Participation in Management**

The Corporation continues to place





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great emphasis on employees' participation in management in line with the Government Scheme. The Scheme has been launched at all refineries and other major locations.

**Welfare of Weaker Sections**

The Government instructions and directives regarding employment, promotions etc. of candidates belonging to Scheduled Castes and Scheduled Tribes, physically handicapped and ex-servicemen are being implemented. During 1985-86, 1,260 employees were recruited out of which 408 belonged to SC/ST communities, 19 to physically handicapped and 103 to ex-servicemen categories. Under Indianoil Scholarship Scheme for deserving SC/ST students pursuing full-time Graduate Engineering Courses, 45 students are currently availing scholarships @ Rs 500/- per month.

**Industrial Relations**

Industrial Relations during the year in all units of the Corporation have been cordial and harmonious. Your Corporation also received the 1985 Award for 'outstanding achievement in Industrial Relations' in recognition of its 'establishing a record of industrial peace and harmony' from the All-India Organisation of Employers.

**Training**

High priority is given by your Corporation to employees' training. Training institutes have been developed in each refinery and training centres in the Marketing regions and headquarters for providing technical training and management development programmes. The R&D Centre holds regular refresher training courses for updating knowledge of

technical service engineers in the Marketing Division. Your Corporation is also planning a Management Development Centre at Gurgaon and a Technical Training Institute for the 'Trade Apprentices'. During 1985-86, several new courses and workshops on LPG Safety, Mission & Excellence, Communication, Cohesion and Teamwork, Pricing, Computer Application & Appreciation and Engineering Refresher Programmes were conducted. During the year, 5040 officers and 6856 workmen attended the training programmes.

Your Corporation continued to provide training on "Petroleum Storage, Handling and Distribution" and trained 94 Army Officers during the year. "Aviation Operations and Quality Control" training was also imparted to 84 Air Force personnel. Eight officers from Nepal Oil Corporation, one Army Officer from Zambia and one Army Officer from Nigeria also participated in our training programmes.

**Human Resource Development**

The Corporation has embarked on Human Resource Development programmes covering Role Analysis, Goal Setting and Appraisal, Feed Back and Counselling, Recruitment and Selection, Succession Planning, Career Planning, Manpower Planning and Forecasting to foster the full development and optimal utilisation of the potential of all its employees. After the successful completion of the Action Research Project at Haldia Refinery and

Northern Region (Marketing Division), replication work was done in other refineries and Regions.

**A CORPORATE CITIZEN**

**Donations**

To encourage developmental efforts, particularly in the fields of education and management, and as a part of social obligation to the community, your Corporation has donated Rs 35 lakhs during the year to various reputed educational, management development and medical institutions.

**Rural Development**

As a measure of commitment to fulfil its social responsibilities, the Corporation has been extending financial and other assistance to various community development programmes for upliftment of rural masses in the villages in close proximity to its refinery units. An Action Plan for social upliftment of nine villages surrounding the Mathura refinery has been prepared. To begin with, five villages were identified for undertaking integrated development work and the work has already been started in three villages i.e. Koyla Alipur, Bhainsa & Dhanateja. The work done so far under the Action Plan has shown encouraging results. Our other refineries i.e. Guwahati, Barauni, Gujarat, Haldia and Digboi are also taking keen interest in the areas of education and health care and family planning. The Corporation has

- 25. Plaque for outstanding achievement in Industrial relations
- 26. Prime Minister Shri Rajiv Gandhi presenting a plaque to KN Baqaya of Marketing Division, for commendable work in the official language implementation
- 27. The last two Annual Reports which have won awards from the Institute of Chartered Accounts of India



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also given financial assistance to various institutions and schools for construction work, purchase of books for libraries and equipment for science laboratories

### **HINDI IMPLEMENTATION**

Efforts were continued to popularise the use of Hindi in official work pursuant to the provisions of the Official Languages act, 1963 and Official Languages rules, 1976. Incentives in the form of cash awards were given to the employees for learning Hindi and several employees passed various hindi examinations during the year. Regular quarterly meetings of the Hindi Implementation Committees were held.

Seventy-four Hindi Workshops were conducted, 311 forms were translated into Hindi and 219 forms were made bilingual. Our offices have been provided with 151 Hindi typewriters to facilitate correspondence in Hindi. Agreement / rules numbering 11 were made bilingual and 4 manuals were translated into Hindi.

During the year under review, a plaque and a commendation certificate were awarded by the Prime Minister in the all-India Official Language Conference to the Marketing Division of the corporation for the best work and cooperation in implementation of the official language.

### **INDIAN OIL BLENDING LIMITED**

The Annual Accounts and Directors' Report of the Indian Oil Blending Limited (IOBL), a wholly owned subsidiary of the Corporation are annexed, IOBL has earned a net profit of Rs 35 lakhs as against Rs 33 lakhs in the previous year after providing for depreciation of Rs 28 lakhs. A dividend of 10% has been declared for the year 1985-86.

### **FOREIGN TOURS**

Out of the total number of 58 tours undertaken by the officers during 1985-86, 21 were for attending training programmes. The total expenditure on foreign tours during the year was Rs 15.53 lakhs out of which rs 5.16 lakhs was on training courses.

### **ENTERTAINMENT EXPENSES**

The entertainment expenses of the Corporation for the year 1985-86 were Rs 7.75 lakhs.

### **BOARD OF DIRECTORS**

Shri A.J.A. Tauro retired on 31st May, 1986, as Chairman of the Corporation and in his place, Shri S.L. Khosla took over from 1st June, 1986. There is no other change in the Board of Directors Corporation.

### **PARTICULARS OF EMPLOYEES**

The particulars of employees pursuant in section 217(2A) of

the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 are annexed.

### **AWARD ON ANNUAL ACCOUNTS**

The Annual report and Accounts of your Corporation for the year 1984-85 have been commended by the Institute of Chartered Accountants of India for an award amongst entries received from companies and non-financial statutory corporations. The annual Report has also won the first prize for West Bengal Master Printers Association.

### **ACKNOWLEDGEMENTS**

The Board of Directors wish to place on record their special appreciation of the excellent work done by members of the indianoil family.

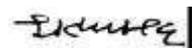
The Board of Directors also wish to acknowledge gratefully the support and guidance received from the Government of India and the State Governments.

Lastly your Board of Directors wish to record the commendable leadership provided by Shri A.J.A. Tauro during his tenure of four years as Chairman of the Corporation

For and on behalf of the Board

New Delhi

8th September, 1986



Chairman

# HOW FUNDS GENERATED & UTILISED

(Rupee in Crores)

DESCRIPTION	FOR THE YEAR ENDED 31ST MARCH					
	1986	1985	1984	1983	1982	1981
<b>A. SOURCE OF FUNDS:</b>						
1. Internal Resources:						
Retained Profit	112	66	65	100	89	69
Depreciation	218	160	178	104	71	58
	330	226	243	204	160	127
2. External Resources:						
Borrowings from Govt./Others	(121)	14	188	24	20	82
Borrowings from Bank	343	(236)	(29)	(167)	(94)	316
	222	(222)	159	(143)	(74)	398
Total Funds	552	4	402	61	86	525
<b>B. UTILISATION OF FUNDS:</b>						
Increase in Fixed Assets	234	231	186	146	188	163
Net Increase/decrease in working capital	318	(227)	216	(85)	(102)	362
	552	4	402	61	86	525
<b>CHANGES IN WORKING CAPITAL:</b>						
A. Current Assets:						
1. Inventories	612	144	247	51	46	457
2. Book Debts	(83)	50	(52)	(39)	152	3
3. Cash & Bank Balance	(17)	76	(5)	—	(9)	9
4. Loans & Advances	158	(128)	(30)	134	(276)	130
	670	142	160	146	(87)	599
LesS:						
B. Current Liabilities & Provisions	352	369	(56)	231	15	237
C. Working Capital (A-B)	318	(227)	216	(85)	(102)	362

Note: Figures in bracket denote minus.



# STATEMENT OF ADDED VALUE 1985-86

	Rupees in Crores	Percentage
Value of Production (Refineries)	4108	
Less: Cost of Direct Materials	<u>3759</u>	
Added Value	349	
Marketing Operations	303	
Pipeline Operations	75	
Research & Development	<u>3</u>	
	<u>730</u>	
<b>SHARED TOWARDS:</b>		
<b>I. Operations:</b>		
Employees' Benefits (Salaries, wages & other benefits)	131	18.0
Other Costs	<u>106</u>	14.5
	237	
<b>II. Financing:</b>		
Interest	72	9.9
Dividend	<u>17</u>	2.3
	89	
<b>III. Taxation:</b>	65	8.9
<b>IV. Expansion &amp; Growth:</b>		
Depreciation	227	31.1
Retained Profits	<u>112</u>	15.3
	339	
	<u>730</u>	

# A TEN-YEAR PROFILE

		1985-86	1984-85	1983-84
<b>WHAT WE OWE:</b>	Share Capital	123	123	123
	Reserves	815	703	637
	Net worth	938	826	760
	Borrowings	721	499	721
		1,659	1,325	1,481
<b>WHAT WE OWN:</b>	Fixed Assets	2,003	1,769	1538
	Less: Depreciation	1,051	833	673
		952	936	865
	Working Capital	707	389	616
		1,659	1,325	1,481
<b>INCOME:</b>	Sales	11,362	11,051	10,293
	Accretion/Decretion in stocks	239	(19)	42
	Other	80	71	61
		11,681	11,103	10,396
<b>EXPENDITURE:</b>	Purchase & Manufacturing Expenses	10,979	10,509	9,820
	Establishment, Admn. & Selling Expenses	210	189	160
	Depreciation	227	164	183
	Interest	71	79	89
		11,487	10,941	10,252
<b>PROFIT BEFORE TAX:</b>		194	162	144
<b>PROFIT AFTER TAX:</b>		129	83	82
<b>DIVIDEND:</b>		17	17	17
<b>RETAINED EARNINGS:</b>		112	66	65
<b>RATIOS:</b>	Profit after tax as % to average net worth	14.6	10.5	11.3
	Earnings per Equity Share (Rupees)	1,046.0	677.0	670.0
	Net worth/Equity Share (Rupees)	7,611.0	6,704.0	6,167.0

Note : Figures in bracket denote minus.



## A TEN-YEAR PROFILE (contd...)

(Rupees in Crores)

1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976-77
123	123	123	82	82	82	82
572	472	424	355	291	232	191
695	595	506	437	373	314	273
562	705	778	380	112	76	47
1,257	1,300	1,284	817	485	390	320
1,352	1,206	1,018	855	705	585	476
495	391	320	262	210	180	161
857	815	698	593	495	405	315
400	485	586	224	(10)	(15)	5
1,257	1,300	1,284	817	485	390	320
9,792	7,958	5,719	4,502	3,567	3,001	2,662
205	98	51	155	9	31	14
62	62	85	27	20	21	16
10,059	8,118	5,855	4,684	3,596	3,053	2,692
9,597	7,742	5,544	4,435	3,406	2,873	2,51
133	93	73	64	55	53	48
106	74	57	52	31	19	22
73	95	73	5	4	8	2
9,909	8,004	5,747	4,556	3,496	2,953	2,586
150	114	108	128	100	100	106
117	106	81	74	69	49	49
17	17	12	10	10	8	7
100	89	69	64	59	41	42
18.1	19.3	17.2	18.3	20.1	16.7	19.9
948.0	864.0	981.0	894.0	842.0	599.0	589.0
5,637.0	4,829.0	6,156.0	5,314.0	4,541.0	3,819.0	3,319.0

# PERFORMANCE AT A GLANCE

	1985-86	1984-85	1983-84	1982-83	1981-82
REFINERIES THROUGHPUT (in million tonnes)	20.79	20.57	19.46	17.83	13.86
PERCENTAGE UTILISATION OF CAPACITY	101.6	100.6	95.2	87.2	88.5
PIPELINES THROUGHPUT (in million tonnes)	18.61	17.90	16.25	13.87	9.34
PRODUCT SALES (in million tonnes)	23.84	22.97	21.55	21.34	19.93

(Rs in Crores)

TURNOVER	11,362.00	11,051.03	10,293.18	9,791.60	7,958.06
PROFIT-before depreciation, interest payment and tax provision	492.70	404.90	416.11	328.25	283.00
PROFIT-before depreciation and tax provision	421.17	326.38	326.70	255.69	188.16
PROFIT-after depreciation, interest but before tax provision	194.15	162.35	144.04	150.08	114.03
PROFIT-after depreciation, interest and tax provision	128.97	83.51	82.54	106.85	106.53
LOANS REPAYED-from internal resources	34.65	36.89	34.87	32.45	14.29
DIVIDEND	17.26	17.26	17.26	17.26	17.26
RESERVES & SURPLUS-cumulative	814.86	703.15	636.89	571.61	472.02

Design capacity of 18.75 million tonnes has been progressively increased to 20.45 million tonnes by debottlenecking

Note :Figures include prior year adjustments.



# REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION FOR THE YEAR ENDED 31ST MARCH 1986 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

## 1. Financial Position:

a) The financial position of the Company as on 31st March for the last three years is given below:

	As at 31st March (Rs. in lakhs)		
<b>Assets:</b>	<b>1984</b>	<b>1985</b>	<b>1986</b>
i) Net Fixed Assets	64,908.17	65,840.78	70,654.13
ii) Capital Work-in-Progress	21,598.01	27,737.64	24,469.44
iii) Investments	44.92	45.17	46.14
	<u>86,551.10</u>	<u>93,623.59</u>	<u>95,169.41</u>
iv) Working Capital:			
a) Current Assets			
Loans & Advances	1,92,136.88	2,06,378.55	2,73,470.77
b) Less: Current Liabilities (including provisions)	1,30,519.56	1,67,469.92*	2,02,696.40
	61,617.32	38,908.63*	70,774.67
Total Assets	<u>1,48,168.42</u>	<u>1,32,532.22*</u>	<u>1,65,944.68</u>
Less:			
Long term loans	35,323.62	26,831.94	18,394.64
Short term loans	26,040.40	4,239.97	34,423.73
Public Deposits	10,788.79	18,819.06*	19,313.54
Net Worth	<u>76,015.61</u>	<u>82,641.25*</u>	<u>93,842.20</u>
Net Worth as shown above is represented by:			
Paid up Capital	12,326.58	12,326.58	12,326.58
Reserves & Surplus	63,689.03	70,314.67	81,485.62
	<u>76,015.61</u>	<u>82,641.25</u>	<u>93,812.20</u>

\* The figures have been regrouped in current year, (1985-86).

- b) The Paid-up Capital was increased from Rs. 8,217.72 lakhs to Rs. 12,326.58 lakhs by issue of Bonus Shares for Rs. 4,108.86 lakhs in 1981-82 and is maintained at that level since then.
- c) The Debt-Equity ratio of the Company was 3.92:1 in 1983-84, 4.04:1 in 1984-85 and 3.05:1 in 1985-86.
- d) The Company had declared dividends on the Equity Capital at the rate of 14% during 1983-84 and 1984-85 and has proposed dividends at the same rate for 1985-86 also, accounting for Rs. 1,725.72 lakhs.

## 2. Capital Work-in-Progress

The Company has a number of capital works in hand. The expenditure on these as on 31st March, 1986 amounted to Rs. 244.69 crores. Of this, the expenditure incurred on the Karnal Refinery Project is Rs. 6.87 crores. In view of financial constraints Government of India is contemplating to bring this project under joint sector.

## 3. Working Capital:

- a) The Working Capital of the Company for the year ended 31st March 1984, 1985 and 1986 was Rs. 61,617 lakhs, Rs. 38,909 lakhs and Rs. 70,775 lakhs respectively and had been financed by bank borrowings to the extent of Rs. 23,740 lakhs, Rs. 140 lakhs and Rs. 34,424 lakhs as on 31st March 1984, 1985 and 1986 respectively. The balance has been met by short term borrowings from others and internal sources.
- b) The current assets and Loans & Advances are analysed below:
  - i) **Inventory:** The inventory position at the close of the last 3 years is as follows:

	(Rs. In lakhs)		
	<b>1983-84</b>	<b>1984-85</b>	<b>1985-86</b>
a) Raw Materials (Crude, Lube base stock etc.)	47,164	60,940	95,627
b) Stores & Spares catalysts and chemicals	11,178	13,527	16,158
c) Stock in Process	6,965	7,071	6,536
d) Finished Goods	66,681	64,760	89,179
e) Other Stores (Stock of empty barrels)	225	269	318



The Stock of Raw Materials and tins is equivalent to about 2.89 months' consumption in 1985-86 as compared to 1.75 months' in 1984-85 and 1.50 months' in 1983-84.

The Stores & Spares, catalysts and chemicals at the end of 1985-86 represented 15.41 months' consumption as against 16.01 months' in 1984-85 and 16.04 months' in 1983-84. Included in this, are the Stores & Spares of the Pipeline Division amounting to Rs. 19.40 crores as on 31st March 1986.

The Stock in Process at the end of 1985-86 represented about 0.066 month's value of business (at cost) as against 0.076 month's and 0.079 month's at the end of 1984-85 and 1983-84 respectively.

The finished goods at the end of 1985-86 amounted to about 0.94 month's sale during 1985-86 as compared to 0.70 month's in 1984-85 and 0.78 month's in 1983-84.

**ii) Sundry Debtors:** The Sundry Debtors as on 31.3.1984, 31.3.1985 and 31.3.1986 amounted to Rs. 27,077.10 lakhs, Rs. 32,236.84 lakhs and Rs. 24,119.14 lakhs respectively of which Rs. 789.31 lakhs, Rs. 908.82 lakhs and Rs. 1,106.40 lakhs as on 31.3.1984, 31.3.1985 and 31.3.1986 were considered doubtful and provided for. The percentage of Debtors to Sales was 2.6%, 2.9% and 2.1% as on 31.3.1984, 31.3.1985 and 31.3.1986 respectively.

**iii) Cash and Bank balances:** The balance under this head has decreased from Rs. 9,173.88 lakhs as on 31.3.1985 to Rs. 7,508.15 lakhs owing mainly to favourable Bank balance amounting to Rs. 2,305.84 lakhs as on 31.3.1985 as against corresponding unfavourable balance of Rs. 34,423.73 lakhs as on 31.3.1986.

The reconciliation with bank accounts is yet to be completed in respect of 2633 remittances (Rs. 33,665 lakhs) into Bank and 1888 credits (Rs. 24,247 lakhs) afforded by Bank from the period prior to 1979 to end of 1985-86.

**iv) Loans & Advances:** The balance has gone up from Rs. 19,309.05 lakhs as on 31st March 1985 to Rs. 35,131.14 lakhs as on 31st March 1986.

Of the amount of Rs. 58.02 crores shown as claims recoverable under this head as on 31st March 1986, Rs. 2.39 crores is recoverable from Oil Companies and Shipping Companies (under Marketing Division).

#### 4. Working Results:

The working results for the three years ended 31st March 1986 are given below:

	1983-84	1984-85	(Rs. in lakhs) 1985-86
<b>a) Income</b>			
i) Sale of Products and crude including Company's use of own oil	10,29,783	11,07,849	11,32,492
ii) Recovery of Main installation and other charges	311	369	378
iii) Increase/Decrease in finished goods	4,179	(1,882)	23,926
iv) Interest	1,115	1,272	1,773
v) Other Income	1,735	1,989	2,039
vi) Provision for Doubtful Debts written back	324	281	410
vii) Recovery under an Award	786	815	1146
<b>Total Income (a)</b>	<b>10,38,233</b>	<b>11,10,693</b>	<b>11,61,464</b>
<b>b) Expenditure</b>			
i) Purchase of Products and crude for resale	4,48,131	4,54,241	4,93,846
ii) Raw Materials consumed	3,76,862	4,18,620	3,97,299
iii) Stores & Spares consumed	8,363	10,073	12,579
iv) Power & Fuel	931	1,028	1,259
v) Repairs & Maintenance	4,623	5,699	6,878
vi) Payments to Employees	9,778	11,010	12,686
vii) Office Admn., Selling & Other Exp.	6,412	7,800	8,432
viii) Depreciation	18,263	16,467	22,609
ix) Duties	1,15,132	1,26,265	1,47,372
x) Interest	8,017	8,508	7,393
xi) Others	28,526	33,889	37,355
Less: Transfer to Capital A/C	516	603	619
<b>Total Expenditure (b)</b>	<b>10,24,522</b>	<b>10,92,997</b>	<b>1,47,6119</b>
c) Profit for the year (a-b)	13,711	17,696	14,775
d) Prior Year Adjustment	693	(1,461)	4,640
e) Profit before Tax (c+d)	14,404	16,235	19,415



With the provision of taxation at Rs. 6,519 lakhs and creation of investment allowance reserve for Rs. 1,900 lakhs, the disposable profit for the year comes to Rs.10,996 lakhs.

The profit for the year constitutes 1.32%, 1.59% and 1.27% of the total income for the years 1983-84, 1984-85 and 1985-86 respectively. The total income for 1985-86 has registered an increase of 4.61% over that of 1984-85, while the expenditure for 1985-86 rose by 4.95% over that of 1984-85. The increase in the total income is attributable to increased quantity of products sold as well as adjustment made during the year in respect of OCRC relief.

## 5. Capacity utilisation of refineries and sales performance of Marketing Division

### 1. Capacity utilisation of Refineries:

(a) The throughput capacity utilisation of the Six refineries of the Company during 1984-85 and 1985-86 is indicated below:

Refineries at	Capacity	Capacity adopted by OCC for pricing purpose	In Million MTs Actual throughput (% to capacity)	
			1984-85	1985-86
(a) Guwahati	0.85	0.80	0.76 (89%)	0.77 (90%)
(b) Barauni	3.30	3.00	2.90 (88%)	2.77 (84%)
(c) Koyali	7.30	6.80	7.78 (107%)	7.83 (107%)
(d) Haldia	2.75	2.35	2.36 (94%)	2.82 (102%)
(e) Mathura	6.00	5.40	6.24 (104%)	6.07 (101%)
(f) Digboi	0.50	0.50	0.53 (106%)	0.53 (106%)
	20.70	18.85	20.57 (101%)	20.79 (100%)

Refineries at Gujarat and Haldia recorded the highest throughput ever achieved so far. The capacity utilisation of Gujarat and Haldia was 107% and 102% respectively. The throughput was also higher than the capacity at Mathura and Digboi Refineries. However, throughput was lower than the capacity at Guwahati and Barauni mainly due to restricted crude oil supplies from North-East oil field of ONGC/OIL.

Throughput during the year was lower than in the year 1984-85 at Mathura and Barauni Refineries mainly on account of planned shutdowns during the year for maintenance/inspection at Mathura Refinery and lower crude oil availability for the Barauni Refinery.

### 2. Sales Performance of Marketing Division:

Sales volume, Company's share in the overall market, growth rates of sales of Indian Oil Corporation and industry during the years ended 31st March, 1986 are given below:

Year Ended 31st March	Sales Volume (in MT)	IOC's share in Market (%)	IOC's growth rate of sales (%)	Industry Growth (%)
1984	21.55	60.3	1.0	3.1
1985	22.97	59.2	6.6	8.4
1986	23.89	58.4	4.0	5.6

**6. Fuel & Loss:**

(i) Fuel & Loss percentage in the Six refineries of the Company during 1984-85 and 1985-86 are compared below with OPC Norms.

Refineries at	OPC Norms (%)		Actuals (%)	
	1984-85	1985-86	1984-85	1985-86
(a) Guwahati	8.50	9.00	9.2	8.9
(b) Barauni	6.77	7.28	7.2	8.3
(c) Koyali	7.65	7.50	6.5	6.3
(d) Haldia	10.77	10.26	9.6	8.8
(e) Mathura	6.61	6.61	5.7	5.8
(f) Digboi	4.20	4.20	3.5	3.4

(ii) Reasons for variations in the actual Fuel & Loss during 1985-86 as compared to 1984-85 are as under:

Guwahati	Lower mainly due to reduced activity in the Naphtha Splitter Facilities, less flare loss and higher throughput.
Haldia & Koyali	Lower mainly due to divisor effect of higher crude oil throughput.
Barauni	Higher mainly due to divisor effect of lower crude oil throughput and operations of Additional Coking Unit.
Mathura:	Higher mainly due to divisor effect of lower crude oil throughput.

Sdi  
(B.M. OZA)  
Member, Audit Board & Ex-Officio  
Director of Commercial Audit-II



# AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1986 and the Profit and Loss Account of the Corporation annexed thereto for the year ended on that date, in which are incorporated the accounts of certain refineries/divisions audited by other auditors and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975, Issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of the books;
  - c) The allocation of work between the auditors has been followed as per directions contained in the letter No, 17/190/85/IGC dated 31st January, 1986 addressed to the Secretary, Indian Oil Corporation Ltd., by the Government of India, Ministry of Industry & Company Affairs, 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) Attention is drawn to Note No.3 (b) on Schedule 'P' regarding non-determination and non-provision of Claims/additional Compensation in respect of land acquired and Note No.10 regarding contract payments aggregating to Rs. 17,68,856/- made to a relative of a Director.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other Notes appearing on Schedule 'P', 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 Corporation as at 31st March, 1986.

and

- (ii) In the case of Profit and Loss Account, of the Profit of the Corporation for the year ended on that date

S.R. BATLIBOI & CO.  
Chartered Accountants

R.K. AGRAWAL  
Partner  
New Delhi, 13th August, 1986

C.C. CHOKSHI & CO.  
Chartered Accountants  
By the Hand of

D.D. SHAH  
Partner



**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in Paragraph 1 of Our Report of Even Date)****Index**

1. The Corporation has generally maintained proper records to show full particulars including quantitative details and situation of fixed assets except in case of certain Furniture and Fixtures. The fixed assets of the Corporation are physically verified by the Management in a phased programme of three years cycle which, in our opinion, is reasonable having regard to the size of the Corporation and the nature of the assets. However, in a few units, the reconciliation of fixed assets verified is still in progress. As per the information given to us by the Management, no serious discrepancies have been noticed on such physical verification.
2. None of the fixed assets have been revalued during the year.
3. The stock 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 stock of stores and spare parts excluding those segregated as capital stores, are verified by them in a phased programme so as to complete the verification thereof over a period of three years. In our opinion, the above frequency of verification is reasonable. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were not significant to the extent they were reconciled and the same have been properly dealt with in the books of account. In some cases, the reconciliation between physical stocks and Price Stores Ledger is pending and the discrepancy, if any, is not likely to be material according to the Management. In our opinion, the valuation of above stocks, subject to Note No.4 on Schedule 'P' regarding surplus/slow moving stores, is fair and proper in accordance with the normally accepted accounting principles and subject to Note No.6 on Schedule 'P' is on the same basis as in the previous year.
4. The Corporation has not taken any loans from companies, firms or other parties in which the Directors are interested or from companies under the same management.
5. Loans and advances in the nature of loans have been given to the employees and outside parties who are repaying the principal amounts as stipulated and are also regular in the payment of interest, except in a few cases where the principal and interest amounts have become overdue, for the recovery of which reasonable steps have been taken by the Management. However, as regards loans aggregating to Rs. 115.06 lakhs given to a subsidiary company, there are no stipulations as to the period of recovery of interest thereon as well as in respect of repayment of principal amount of Rs. 35 lakhs. As informed to us, the terms and conditions in this regard will be decided mutually in due course.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets.
7. In our opinion and according to the information and explanations given to us, the prices paid for purchases of stores, raw materials or components in excess of Rs. 10,000/- in value for each type thereof, from subsidiaries or from companies or other parties in which the Directors are interested, are reasonable as compared to the prices of similar items supplied by other parties or as available with the Corporation, except in some cases where the Corporation is awarding contracts to Public Sector Undertakings and/or Government Companies who enjoy a price preference, generally not exceeding 10 per cent, under the general guidelines of the Government .
8. As explained to us, the Corporation has a regular procedure for the determination of unserviceable' damaged and/or surplus stores, packages and raw materials. However, loss, if any, on the above items has not been provided at certain units as on 31st March, 1986 as the quantum thereof is stated to be undeterminable (Refer Note No.4 on Schedule 'P').
9. In our opinion and as per the information and explanations given to us, the Corporation has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder in respect of deposits accepted by it from the public.
10. In our opinion, reasonable records have been maintained by the Corporation for the sale and disposal of contaminated products, slops and scraps, where significant.



11. The Corporation has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
12. We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Corporation.
13. According to the records of the Corporation, Provident Fund dues have generally been regularly deposited with the appropriate authorities during the year.
14. As per the information and explanations given to us, damaged stocks at the close of the year in respect of goods traded in by the Corporation have been determined and loss thereof has been provided.

S.R. BATLIBOI & CO.  
Chartered Accountants

C.C. CHOKSHI & CO.  
Chartered Accountants  
By the Hand of

R.K. AGRAWAL  
Partner  
New Delhi, 13th August, 1986

D.D. SHAH  
Partner



# STATEMENT ON ACCOUNTING POLICIES

## 1. FIXED ASSETS :

### 1.1. Land :

Land acquired on lease of 999 years is treated as freehold land. Cost of 'right-of-way' for laying pipelines is capitalised and crop compensation paid thereon is charged during construction period as indirect expense.

### 1.2. Capitalisation of expenses on Projects :

Allocable overheads incurred during the construction period are capitalised only in respect of major projects costing Rs. 10 crores and above.

### 1.3. Depreciation :

1.3.1 No depreciation is charged on freehold land. Cost of leasehold land is amortised during the lease period. Plant & Machinery costing upto Rs. 5,000 are depreciated fully in the year of capitalisation after retaining a token value of Re. 1/-. Furniture & Fixtures (except tables and chairs) costing upto Rs. 250/- are charged off to revenue. Capital Expenditure on assets, like railway siding, electricity transmission lines etc., the ownership of which is not with the Corporation, are depreciated over a period of five years. Depreciation on fixed assets other than above is charged on straight line method based on the assessed life of assets at rates not lower than the corresponding rates prescribed under the Income Tax Act, retaining 50/0 of the original cost of the assets as residual value. Depreciation is charged for full year irrespective of the date of installation/ commissioning of the assets. No depreciation is charged on assets sold/disposed off during the year.

1.3.2 In case of Assam Oil Division which vested in the Corporation with effect from 14.10.1981, depreciation on fixed assets is charged on written down value method at the rates provided in the Income Tax Act, 1961.

### 1.4 Exchange Rate :

Liability for long-term foreign credit is provided on the basis of bank selling rates ruling on the day of capitalisation of assets acquired against such credits. Subsequent exchange fluctuations are charged to revenue in the year of payment.

## 2. CURRENT ASSETS, LOANS & ADVANCES :

### 2.1 Valuation of Stock in Trade :

2.1.1 The cost of oil stock is determined as per Oil Prices Committee Report and changes thereon advised by the Govt. from time to time.

2.1.2 Process stock is valued at raw materials cost.

### 2.2 Claims Recoverable :

2.2.1 Claims on Oil Co-ordination Committee/Government are booked on acceptance in principle thereof. Such claims and provision on Pool Accounts are generally booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.

2.2.2 Other claims are booked on merit.

## 3. CURRENT LIABILITIES & PROVISIONS:

3.1 Outstanding liabilities for imported crude oil and products are provided at the exchange rate prevailing at the year end, except in case of bills paid upto 30th April, where the liability is provided at actuals.



- 3.2 Provision for gratuity is made on the basis of departmental calculations at fifteen days' salary for a month equivalent to 26 days for every year of service completed by eligible employees as per rules of the Corporation amended from time to time except in case of Assam Oil Division where the same is made on the basis of actuarial valuation.

#### **4. PROFIT AND LOSS ACCOUNT:**

- 4.1 Sales proceeds include excise duty and Industry Pool Account Adjustments (Net).
- 4.2 Raw Materials consumed/and purchases of products and crude for resale are net of Industry Pool Account Adjustments.
- 4.3 Income and expenditure upto Rs. 1 lakh in each case pertaining to prior years are charged to the' current year,
- 4.4 Prepaid expenses upto Rs. 10,000 in each case are charged to revenue.

S.L. KHOSLA  
Chairman

S.K. NAYAK  
Director (R&P)

S.K. COMAL  
Director (Finance)

B.K. BAKHSHI  
Director (Marketing)

D.13. PURI  
Secretary

New Delhi, 13th August, 1986



# BALANCE SHEET AS AT 31ST MARCH, 1986

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>I. SOURCES OF FUNDS:</b>				
1. Shareholders' Funds:				
a) Share Capital	'A'	12,326.58		12,326.58
b) Reserves and Surplus	'B'	81,485.62		70,314.67
			93,812.20	82,641.25
2. Loan Funds:				
a) Secured	'C'	34,423.73		139.97
b) Unsecured	'D'	37,008.61		49,077.77
			71,432.34	49,217.74
3. Deferred Payment Liabilities			699.54	673.23
	TOTAL:		1,65,944.08	1,32,532.22
<b>II. APPLICATION OF FUNDS:</b>				
1. Fixed Assets:				
a) Gross Block	'E'	1,75,807.62		1,49,180.94
b) Less: Depreciation		1,05,153.49		83,340.16
		70,654.13		65,840.78
c) Construction Work-in-Progress and Capital Goods in Stock	'F'	24,469.14		27,737.64
			95,123.27	93,578.42
2. Investments	'G'		46.14	45.17
3. Current Assets, Loans and Advances:				
A. Current Assets:				
a) Interest accrued on Investments		0.82		0.70
b) Inventories	'H'	2,07,817.92		1,46,566.90
c) Book Debts	'I'	23,012.74		31,328.02
d) Cash Balances:				
Cash including Imprest and Cheques in hand		6,830.05		6,334.40
e) Bank Balances:				
i) With Scheduled Banks:				
a) On Cash Credit Account		—		2,305.84
b) On Current Account		245.11		230.90
c) On Fixed Deposit Account (including <b>Rs. 15.54 lakhs</b> 1985: Rs. 15.54 lakhs lodged with outside parties)		402.64		277.64
	C/F	2,38,309.28		1,87,044.40
	Carried Forward		95,169.41	93,623.59



**BALANCE SHEET** *Contd...*

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
Brought Forward...			95,169.41	93,623.59
B/F...		2,38,309.28		1,87,044.40
d) On Blocked Account (including on Fixed Deposit Account Rs. 27.49 Lakhs-1985: Rs. 22.81 lakhs)		30.30		25.06
ii) With Post Office: On Saving Account		0.05		0.04
B. Loans and Advances	'I'	35,131.14		19,309.05
		2,73,470.77		2,06,378.55
Less: Current Liabilities & Provisions	'K'	2,02,696.10		1,67,469.92
Net Current Assets: (Working Capital)			70,774.67	38,908.63
TOTAL:			1,65,944.08	1,32,532.22
4. Contingent Liabilities not provided for (Refer Schedule 'P' Note-i)				
5. Notes forming part of Accounts	'P'			
S.L. KHOSLA Chairman	S.K. NAYAK Director (R&P)	S.K. COMAL Director (Finance)	B.K. BAKHSHI Director (Marketing)	D.B. PURI Secretary

As per our report attached

S.R. BATLIBOI & Co.  
Chartered AccountantsR.K. AGRAWAL  
Partner  
New Delhi, 13th August, 1986C.C. CHOKSHI & Co.  
Chartered Accountants  
By the Hand ofD. D. SHAH  
Partner



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986 *(Contd...)*

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
Carried Forward		11,40,314.46	10,85,091.79
6. Interest:			
i) On Government Loan for fixed period	513.91		691.38
ii) On loan from Oil Industry Development Board	820.07		1,009.70
iii) On loan from Oil Co-ordination Committee	1,249.86		2,120.66
iv) On loan from Maruti Udyog Ltd.	131.42		722.84
v) On Deferred Payments	28.86		9.82
vi) On Public Deposits	2,852.60		2,231.00
vii) Others	1,826.69		1,722.73
		7,393.41	8,508.43
7. Less:		11,47,707.87	10,93,599.92
i) Amount transferred to Construction period expenses pending allocation (Net of Recovery <b>Rs. 41.61 lakhs-</b> 4985: Rs. 27.03 lakhs)	484.99		487.62
ii) Expenses transferred to Manufacturing of drums	134.22		115.83
		619.21	603.45
TOTAL EXPENDITURE:		11,47,088.66	10,92,996.47
8. Profit for the year before tax		44,775.37	17,695.92
9. Add: Income relating to previous years (Net) (Schedule 'O')		4,640.01	(1,460.61)
<b>10. PROFIT BEFORE TAX</b>		19,415.38	16,235.34
11. Provision for taxation	7,600.00		8,100.00
12. Less: Excess provision for taxation in respect of previous years' completed assessment (Net)	1,081.29		216.05
		6,518.71	7,883.95
<b>13. PROFIT AFTER TAX</b>		12,896.67	8,351.36
14. Development Rebate Reserve written back		—	159.27
15. Balance brought forward from last year's Account		0.14	0.23
<b>16. DISPOSABLE PROFIT</b>		12,896.81	8,510.86
<b>APPROPRIATIONS:</b>			
17. Proposed Dividend		1,725.72	1,725.72
18. Investment Allowance Reserve		1,900.00	1,250.00
19. Insurance Reserve Account		70.00	10.00
20. General Reserve		9,201.00	5,525.00
<b>21. BALANCE CARRIED TO BALANCE SHEET</b>		0.09	0.14
TOTAL:		12,896.81	8,510.86
22. Notes forming part of Accounts (Schedule 'P')			

S.L. KHOSLA  
Chairman

S.K. NAYAK  
Director (R&P)

S.K. COMAL  
Director (Finance)

B.K. BAKHSHI  
Director (Marketing)

D.B. PURI  
Secretary

As per our report attached

S.R. BATLIBOI & CO.  
Chartered Accountants  
By the Hand of  
R.K. AGRAWAL  
Partner

C.C. CHOKSHI & CO.  
Chartered Accountants

D.D. SHAH  
Partner

New Delhi, 13th August, 1986



## SCHEDULE 'A'-SHARE CAPITAL

	Rupees (in lakhs)	1985 Rupees (In lakhs)
<b>Authorised:</b>		
15,00,000 Equity Shares of Rs. 1,000 each	15,000.00	15,000.00
<b>Issued and Subscribed:</b>		
12,32,658 Equity Shares of Rs. 1,000 each fully paid up	12,326.58	12,326.58
<b>Of the above Shares:</b>		
i) 3,76,497 Shares and 1,00,000 Shares were allotted as fully paid pursuant to the Petroleum Companies Amalgamation Order, 1964 and the Gujarat Refinery Project Undertaking (Transfer) (Amendment) Order, 1965, respectively, without payment being received in cash		
ii) 4,10,886 Shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve		
TOTAL :	12,326.58	12,326.58

## SCHEDULE 'B'-RESERVES AND SURPLUS

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>General Reserve:</b>			
As per last Account	55,094.53		49,569.53
Add: Transferred from Profit and Loss Account	9,201.00		5,525.00
		64,295.53	55,094.00
<b>Insurance Reserve:</b>			
As per last Account	90.00		80.00
Add: Transferred from Profit and Loss Account	70.00		10.00
		160.00	90.00
<b>Development Rebate Reserve:</b>			
As per last Account	—		159.27
Less: Transferred to Profit and Loss Account	—		159.27
		—	—
<b>Investment Allowance Reserve:</b>			
As per last Account	1,250.00		1,350.00
Less: Utilised for purchase of Machinery transferred to Investment Allowance (Utilised) Reserve	1,250.00		1,350.00
	—		—
Add: Transferred from Profit and Loss Account	1,900.00		1,250.00
		1,900.00	1,250.00
<b>Investment Allowance (Utilised) Reserve:</b>			
As per last Account	13,880.00		12,530.00
Add: Transferred from Investment Allowance Reserve	1,250.00		1,350.00
		15,130.00	13,880.00
<b>Profit and Loss Account:</b>			
Balance as per Annexed Account		0.09	0.14
TOTAL :		81,485.62	70,314.67

**SCHEDULE 'C'-SECURED LOANS**

	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>Loans and Advances from Banks:</b> (Secured by hypothecation of inventories, book debts, outstanding monies, recoverable claims, contracts, engagements, etc.)	33,849.79	139.28
Interest accrued and due on above	573.94	0.69
TOTAL:	<u>34,423.73</u>	<u>139.97</u>

**SCHEDULE 'D'-UNSECURED LOANS**

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>Other Loans and Advances:</b>			
(i) From the Government of India (including <b>Rs. 1,495.12 lakhs</b> -1985: Rs. 1,632.62 lakhs due for payment within one year)		3,918.00	5 550.62
(ii) From Oil Industry Development Board (including <b>Rs. 1,792.52 lakhs</b> -1985: Rs. 1,838.68 lakhs due for payment within one year)		6,562.40	8,385.18
(iii) From Oil Co-ordination Committee (including <b>Rs. 84.90 lakhs</b> - 1985: Rs. Nil due for payment within one year)	7,215.00		12,215.00
- Interest accrued and due on above	—		7.91
		<u>7,215.00</u>	<u>12,222.91</u>
(iv) From Maruti Udyog Limited (due for payment within one year)		—	4,100.00
(v) Public Deposits (including <b>Rs. 5,370.89 lakhs</b> -1985: Rs. 3,713.31 lakhs due for payment within one year)		19,313.51	18.819.06
TOTAL:		<u>37,008.61</u>	<u>49,077.77</u>

## SCHEDULE 'E'-FIXED ASSETS

	Gross Block as at 31st March, 1985	Additions during the year	Transfers from construction work in-progress
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
LAND – Freehold	1,335.16	486.99	—
– Leasehold	819.25	78.18	—
– Right of Way	80.96	5.77	—
BUILDINGS, ROADS ETC.**	12,104.47	704.66	1,980.44
PLANT AND MACHINERY	1,23,951.59	12,345.32	10,873.00
TRANSPORT EQUIPMENT	3,489.52	470.47	76.61
FURNITURE AND FIXTURES	777.60	115.82	138.81
RAILWAY SIDINGS	1531.98	0.25	93.48
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	5,074.54	7.61	324.49
SUNDRY ASSETS	15.87	3.08	—
TOTAL:	<u>1,49,180.94</u>	<u>14,218.15</u>	<u>13,486.83</u>
PREVIOUS YEAR'S-TOTAL:	<u>1,32,158.79</u>	<u>9,711.16</u>	<u>7,709.35</u>

\* Includes **Rs. 106.57 lakhs** (1985 : Rs,(-) 48.37 lakhs) in respect of previous years.

\*\* Buildings include:

- (i) **Rs. 33,800** (1985: Rs. 33,050) towards value of 671 (1985: 661) Shares in Co-operative Housing Societies for purchase of flats.
- (ii) **Rs. 42.67 lakhs** (1985: Rs. NIL) on account of Leasehold premises.

## SCHEDULE 'E'-FIXED ASSETS – CONTD.

Transfers, deductions and reclassi- fication (Net)	Gross Block as at 31st March, 1986	Depreciation and Amortisa- tion charged this year*	Total Depre- ciation and Amortisation upto 31st March, 1986	Net Depreciated Block	
				As at 31st March, 1986	As at 31st March, 1986
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
(-) 0.33	1,821.82	—	—	1,821.82	1,335.16
(-) 4.86	892.57	18.46	75.14	817.43	761.97
—	86.73	—	0.03	86.70	80.93
(-) 49.01	14,740.56	456.07	2,748.90	11,991.66	9,807.57
(-) 929.88	1,46,240.03	21,105.54	95,568.64	50,671.39	48,660.24
(-) 76.86	3,959.74	383.85	2,244.79	1,714.95	1,567.74
(-) 4.66	1,027.57	87.56	446.79	580.78	414.27
(-) 3.89	1,621.82	86.36	585.65	1,036.17	1,028.88
(-) 8.47	5,398.17	575.69	3,470.90	1,927.27	2,178.57
(-) 0.34	18.61	2.42	12.65	5.96	5.45
(-) 1078.30	1,75,807.62	22,715.95	1,05,153.49	70,654.13	65,840.78
(-) 398.36	1,49,180.94	16,418.35	83,340.16	65,840.78	

## SCHEDULE 'F'-CONSTRUCTION WORK-IN-PROGRESS AND CAPITAL GOODS IN STOCK

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Work-in-Progress (at cost) (including unallocated capital expenditure, materials at site and advances for capital expenditure)		16,712.94	17,584.59
2. Capital Stores (at cost) (including materials worth <b>Rs. 285.75 lakhs</b> lying with Contractors 1985: Rs. 495.10 lakhs)	5,869.49		7,662.24
Less: Provision for Obsolescence/Losses	112.75		—
		5,756.74	7,662.24
3. Miscellaneous Capital Stores (at or under cost)		45.46	41.12
4. Capital Goods-in-Transit (at cost)		1,365.14	1,107.05
5. Construction period expenses pending allocation: Balance as at 1st April, 1985	1,342.64		1,000.51
Less: Adjustments pertaining to previous years	9.60		8.24
	1,333.04		992.27
Add: Expenditure during the year:			
Establishment Charges	105.74		57.88
Interest	85.70		122.94
Depreciation	13.47		15.01
Others	321.69		318.82
	1,859.64		1,506.92
Less: Recoveries	41.61		27.03
	1,818.03		1,479.89
Less : Allocated to Assets/Construction work-in-progress during the year	1,229.17		137.25
		588.86	1,342.64
<b>TOTAL :</b>		<b>24,469.14</b>	<b>27,737.64</b>

## SCHEDULE 'G' – INVESTMENTS

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>At Cost (Unquoted):</b>			
1. In Government Securities (deposited with various bodies)		3.78	<u>2.81</u>
2. Other Investments:			
(a) In International Co-operative Petroleum Association- 350 Shares of \$ 100 each fully paid and part paid Common Stock of \$ 72.31	2.12		2.12
(b) In Consumers' Co-operative Societies:			
(i) Barauni-250 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 2500</b> (1985: Rs. 2500)			
(ii) Gauhati-250 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 2500</b> (1985: Rs. 2500)			
(iii) Haldia-669 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 4080</b> (1985: Rs. 4080) (Of the above 261 Nos. of Shares have been received as fully paid Bonus Shares during the year)			
(iv) Mathura-200 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 2000</b> (1985: Rs. 2000)			
(v) Indian Oil Employees Consumers' Co-operative Society Limited, Bombay-170 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 1700</b> (1985: Rs. 1700)			
(vi) Indian Oil Employees Co-operative Consumers Stores Limited, Madras-700 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 7000</b> (1985: Rs. 7000)			
(vii) Indian Oil Employees Co-operative Consumers' Stores Limited, Delhi-375 Equity Shares of Rs. 10 each fully paid in cash <b>Rs. 3750</b> (1985: Rs. 3750)	<u>0.24</u>		<u>0.24</u>
		2.36	<u>2.36</u>
3. In Subsidiary Company: Indian Oil Blending Limited 8000 Equity Shares of Rs. 500 each fully paid in cash		<u>40.00</u>	<u>40.00</u>
TOTAL:		<u>46.14</u>	<u>45.17</u>



## SCHEDULE 'H' – INVENTORIES

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Stores, Spares etc. (including in-transit <b>Rs. 850.28 lakhs</b> 1985: Rs. 1,551.90 lakhs) (at or under cost)	16,208.63*		13,561,34*
Less: Provision for obsolescence/Losses	<u>50.60</u>		<u>34,20</u>
		16,158.03	<u>13,527,14</u>
2. Raw Materials (including in-transit <b>Rs. 7,819.39 lakhs</b> 1985: Rs. 13,494.51 lakhs) (at cost)		95,626.55**	60,939,96**
3. Stock-in-Trade:			
(a) Oil Stock (at cost @ or net realisable value whichever is lower) (including in-transit <b>Rs. 9,960.20 lakhs</b> 1985: Rs. 8,800.19 lakhs)	89,179.42****		64,760,23***
(b) Stock-in-Process (at raw material cost)	<u>6,536.13</u>		<u>7,070,70</u>
		95,715.55	<u>71,830.93</u>
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)		317.79****	268.87****
TOTAL:		<u>2,07,817.92</u>	<u>1,46,566.90</u>

\* Includes stock lying with contractors **Rs. 753.41 lakhs** (1985: Rs. 562.79 lakhs)

\*\* Includes stock lying with Other Oil Companies on loan **Rs. 50,805.39 lakhs** (1985: Rs. 15,668.21 lakhs) and with Others **Rs. 2,214.57 lakhs** (1985 : Rs. 2,391.81 lakhs)

\*\*\* Includes stock lying with Other Oil Companies on loan **Rs. 10,681.80 lakhs** (1985: Rs. 13,545.12 lakhs) and with Others **Rs. 2,214.57 lakhs** (1985: Rs. 2,391.81 lakhs)

\*\*\*\* Includes stock lying with Others **Rs. 26.95 lakhs** (1985: Rs. 46.07 lakhs)

@ Cost as determined by Oil Prices Committee and advised by Government from time to time.

## SCHEDULE 'I'- BOOK DEBTS

Over Six Months:

(a) Secured. Considered Good	6.63	4.25
(b) Unsecured, Considered Good	2,874.83	2,235.09
(c) Unsecured, Considered Doubtful	<u>1,004.68</u>	<u>854.47</u>
		3,886.14
		<u>3093.81</u>

Other Debts

(a) Secured, Considered Good	2.77	4.40
(b) Unsecured, Considered Good	20,128.51	29,084.28
(c) Unsecured, Considered Doubtful	<u>101.72</u>	<u>54.35</u>

		20,233.00	29,143.03
		<u>24,119.44</u>	<u>32,236.84</u>
Less: Provision for Doubtful Debts		1,106.40	908.82
TOTAL:		<u>23,012.74</u>	<u>31,328.02</u>



## SCHEDULE 'J'-LOANS AND ADVANCES

	Rupees (In lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Loans to Indian Oil Blending Limited (A Subsidiary) including interest accrued <b>Rs. 10.28 lakhs</b> (1985: Rs. Nil) -Unsecured, Considered Good		125.34	—
2. Advances recoverable in cash or in kind or for value to be received:			
(a) Secured, Considered Good*	3,164.51		2,628.61
(b) Unsecured, Considered Good*	4,154.69		4,232.64
(c) Unsecured, Considered Doubtful	49.56		32.09
	<u>7,368.76</u>		<u>6,893.34</u>
(d) Less: Provision for Doubtful Advances	49.56		32.09
		7,319.20	<u>6,861.25</u>
3. Amounts Recoverable from Pool Accounts: -Unsecured, Considered Good		12,839.54	
4. Claims Recoverable:			
(a) Secured, Considered Good	6.44		7.86
(b) Unsecured, Considered Good	5,795.23		4,805.75
(c) Unsecured, Considered Doubtful	1,682.25		1,657.10
	<u>7,483.92</u>		<u>6,470.71</u>
(d) Less: Provision for Doubtful Claims	1,682.25		1,657.10
		5,801.67	<u>4,813.61</u>
5. Materials on Loan:			
(a) Secured, Considered Good	34.96		31.06
(b) Unsecured, Considered Good	5.60		10.61
	<u>40.56</u>		<u>41.67</u>
6. Balance with Customs, Port Trust and Excise Authorities:			
— Unsecured, Considered Good		1,221.80	596.72
7. Sundry Deposits (including amounts adjustable on receipt of final bills):			
(a) Secured, Considered Good	6,999.08		6,246.47
(b) Unsecured, Considered Good	463.03		491.71
(c) Unsecured, Considered Doubtful	0.39		0.39
	<u>7,462.56</u>		<u>6,738.27</u>
(d) Less; Provision for Doubtful Deposits	0.39		0.39
		7,462.11	<u>6,737.88</u>
8. Deposit under Companies Deposits (Surcharge on income-Tax) Scheme, 1983:			
— Unsecured, Considered Good		320.92	257.92
		<u>35,131.14</u>	<u>19,309.05</u>
TOTAL :			

\* Includes:

1 **Rs. 4,27,369** (1985: Rs. 3,55,824) due from Directors (**Maximum Rs. 4,50,369**-1985: Rs. 3,76,633)2. **Rs. 17,81,192** (1985: Rs. 17,78,038) due from other Officers (**Maximum Rs. 20,63,795**-1985: Rs. 22,13,690)

**SCHEDULE 'K' – CURRENT LIABILITIES AND PROVISIONS**

	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>CURRENT LIABILITIES:</b>				
1. Sundry Creditors		96,412.19		99,734.30
2. Due to Indian Oil Blending Limited (A Subsidiary Company)		28.41		29.10
3. Security Deposits	92,414.08			53,866.90
Less: Investments and Deposit with Banks lodged by outside parties	52.48			51.44
		92,361.60		53,815.46
4. Interest accrued but not due on loans		1,912.78		2,339.24
			1,90,714.98	1,55,918.10
<b>PROVISIONS :</b>				
5. Provision for Taxation	22,236.13			19,786.13
Less: Advance payments	15,626.92			13,360.36
		6,609.21		6,425.77
6. Provision for Gratuity		3,592.32		3,244.85
7. Provision for Pension		53.87		155.48
8. Proposed Dividend		1,725.72		1,725.72
			11,981.12	11,551.82
TOTAL:			2,02,696.10	1,67,469.92

**SCHEDULE 'L' – OTHER INCOME**

1. Sale of Power and Water		171.98	134.39
2. Profit on sale and disposal of Assets		134.30	243.25
3. Interest from Government Securities		0.27	0.35
4. Dividend received from a Subsidiary-Gross (Tax deducted at source <b>Rs. 0.90 lakhs</b> - 1985: Rs. 0.90 lakhs)		4.00	4.00
5. Royalty and Technical Know-how Fees		4.29	6.66
6. Unclaimed/Unspent Liabilities Written Back		211.35	157.72
7. Miscellaneous Income		1,513.46	1,442.19
TOTAL:		2,039.65	1,988.56



## SCHEDULE 'M' – MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Raw Material Consumed:			
Opening Balance as on 1st April, 1985	60,939.96		47,163.86
Add: Purchases	4,31,985.71		4,32,396.17
	<u>4,92,925.67</u>		<u>4,79,560.03</u>
Less: Closing Stock	<u>95,626.55</u>		<u>60,939.96</u>
		3,97,299.12	<u>4,18,620.07</u>
2. Consumption:			
(i) Stores and Spares (including Consumables)	3,478.78		3,013.25
(ii) Packages	<u>9,099.88</u>		<u>7,059.45</u>
		12,578.66	<u>10,072.70</u>
3. Power and Fuel	18,421.98		17,750.33
Less: Fuel of own production	<u>17,162.87</u>		<u>16,721.80</u>
		1,259.11	<u>1,028.53</u>
4. Processing Fees, Blending Fees, Royalty and Other Charges		740.62	569.79
5. Repairs and Maintenance:			
(a) Plant and Machinery	5,259.63		4,312.99
(b) Buildings	901.45		728.76
(c) Others	<u>716.88</u>		<u>657.62</u>
		6,877.96	<u>5,699.37</u>
6. Freight and Transportation Charges (net of recoveries from Industry Pool Accounts)		36,020.65	33,074.46
7. Irrecoverable Sales Tax		449.08	117.14
8. Payments to and Provisions for Employees:			
(a) Salaries, Wages, Bonus etc.	10,245.55		8,816.66
(b) Contribution to Provident and Other Funds	539.96		511.25
(c) Staff Welfare Expenses	1,445.48		1,126.58
(d) Gratuity and Ex-Gratia	<u>455.37</u>		<u>555.74</u>
		12,686.36	<u>11,010.23</u>
9. Office Administration, Selling and other Expenses (Schedule 'N')		8,431.86	7,800.40
TOTAL:		<u>4,76,343.42</u>	<u>4,87,992.69</u>



## SCHEDULE 'N' – OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Rent		1,120.63	1,189.51
2. Insurance		579.38	486.46
3. Rates and Taxes		329.71	261.47
4. Donations		35.22	53.15
5. Payments to Auditors:			
(a) Audit Fees	4.00		4.00
(b) Tax Audit Fees	1.25		1.25
(c) Taxation Matters	0.60		0.43
(d) Other Services (for issuing certificates etc.)	0.27		0.34
(e) Out of Pocket Expenses	4.64		2.21
		10.76	8.23
6. Travelling and Conveyance		1,255.28	1,047.26
7. Communication Expenses		522.71	464.73
8. Printing and Stationery		386.64	307.81
9. Electricity and Water		415.08	337.43
10. Other Expenses		2452.11*	2,302.56*
11. Bad Debts, Advances, Claims and Stores Written Off		30.49	48.76
12. Loss on Assets sold, lost or Written off		43.01	28.75
13. Technical Assistance fees paid to Engineers India Limited		126.87	123.35
14. Exchange Fluctuations (Net)		7.16	0.95
15. Provision for:			
(a) Doubtful Debts, Advances and Claims	646.00		839.82
(b) Obsolescence/Losses of Stores and Spares	133.09		–
		779.09	839.82
16. Security Force Expenses		330.45	292.35
17. Pollution Control Expenses		7.27	7.81
TOTAL:		8,431.86	7,800.40

\* Includes-Bank Charges **Rs. 210.44 lakhs** 1985: Rs. 226.23 lakhs and contribution for Rural Development Programme **Rs. 1.23 lakhs** 1985: Rs. 0.50 lakhs.



## SCHEDULE 'O' – INCOME/EXPENSES PERTAINING TO PREVIOUS YEARS

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
<b>INCOME:</b>			
1. (i) Sale of Products and Crude and Transfers under Product Exchange	6,359.32		(401.75)
(ii) Less: Commission and Discounts	<u>6,359.32</u>		<u>(0.54)</u>
2. Company's use of own oil	<u>2.35</u>	6,361.67	<u>(19.90)</u>
3. Adjustments in respect of Closing Stock of Finished Products		(41.31)	66.36
4. Recovery of Main Installation and Other Charges		6.48	(9.35)
5. Interest:			
On Advances	(12.81)		–
From Customers on outstandings	–		(111.18)
From Others	<u>–</u>		<u>75.20</u>
6. Sale of Power and Water		(12.81)	(35.98)
7. Miscellaneous Income		36.09	17.22
		<u>(46.65)</u>	<u>28.21</u>
TOTAL INCOME:		<u>6,303.47</u>	<u>(355.73)</u>
<b>EXPENSES :</b>			
1. Purchases of Products and Crude for resale and transfers under product exchange		186.44	(727.93)
2. Raw Materials Consumed: Purchases		27.46	245.13
3. Consumption:			
(i) Stores and Spares (including consumables)	52.88		(12.93)
(ii) Packages	<u>7.48</u>		<u>(1.76)</u>
4. Repairs and Maintenance:		60.36	<u>(14.69)</u>
(i) Plant and Machinery	85.63		(43.23)
(ii) Buildings	(3.38)		(3.57)
(iii) Others	<u>(40.11)</u>		<u>(3.36)</u>
5. Freight and Transportation charges (net of recoveries from Industry Pool Account)		42.14	<u>(50.16)</u>
6. Payment to and Provisions for Employees:		999.06	1,454.39
(i) Salaries, Wages, Bonus etc.	566.98		246.31
(ii) Contribution to Provident and Other Funds	(0.44)		16.04
(iii) Gratuity, Ex-Gratia & Pension	<u>(14.35)</u>		<u>(109.92)</u>
7. Rent		552.19	152.43
8. Insurance		(302.40)	167.22
9. Main Installation Charges paid to Other Oil Companies		(10.58)	(6.82)
10. Other Expenses		7.82	1.82
		<u>33.81</u>	<u>98.97</u>
Carried Forward....		1,596.30	1,320.36



## SCHEDULE 'O' – CONTD.

	Rupees (in lakhs)	Rupees (in lakhs)	1985 Rupees (in lakhs)
Brought Forward....		1,596.30	1,320.36
11. Communication Expenses		1.19	–
12. Duties		73.23	196.50
13. Depreciation and Amortisation		106.57	(48.37)
14. Interest: Others		(154.40)	(533.03)
15. Security Force Expenses		–	61.68
16. Rates and Taxes		18.55	5.30
17. Power and Fuel		12.42	94.20
		<u>1,653.86</u>	<u>1,096.64</u>
18. Less: Amount transferred to construction period expenses pending allocation		(9.60)	(8.24)
TOTAL EXPENSES:		<u>1,663.46</u>	<u>1,104.88</u>
NET INCOME/ (EXPENSES):		<u>4,640.01</u>	<u>(1,460.61)</u>

SCHEDULE 'P' – NOTES ON THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 1986

1. Contingent Liabilities not provided for in respect of:
  - (a) Claims against the Corporation not acknowledged as debts **Rs. 7212.85 lakhs** (1985: Rs. 9874.84 lakhs).  
These include:
    - (i) **Rs. 2863.15 lakhs** (1985: Rs. 3154.97 lakhs) being the demands raised by Central Excise Authorities.
    - ii) **Rs. 754.02 lakhs** (1985: Rs. 1157.86 lakhs) in respect of Sales Tax Demands.
    - (iii) **Rs. 1253.99 lakhs** (1985: Rs. 1127.71 lakhs) for which suits have been filed in the Courts or cases are lying with arbitrators.
    - (iv) **Rs. 492.19 lakhs** (1985: Rs. 2506.28 lakhs) in respect of Income Tax. Interest, if any, on some of these claims is unascertainable.
  - (b) Guarantees/Undertakings to Banks and others aggregating to **Rs. 2163.85 lakhs** (1985: Rs. 1391.81 lakhs).
  - (c) Bills discounted with Banks **Rs. NIL** (1985: Rs. 5.20 lakhs)
  - (d) 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. 9875.90 lakhs** (1985: Rs. 19116.67 lakhs).
3. (a) Title Deeds for Land and Residential Apartments of the book value of **Rs. 1732.09 lakhs** (1985: Rs. 809.52 lakhs) as also, Lease and other agreements in respect of certain other lands/Buildings are pending execution or renewal and are, therefore, not available for verification.  
(b) Pending the decision of the Government, no liability could be determined and provided for in respect of:
  - (i) Claims in respect of land acquired for Mathura Refinery.
  - (ii) Additional compensation, if any, payable to the land owners and the Government for land earlier acquired.
4. Included amongst stores are some items which are surplus/slow moving at certain units for which no provision has been made in the Accounts towards loss, if any, on their disposal, as the extent thereof cannot be determined.
5. (a) Under an award given for the price of RFO/LSHS supplied to Gujarat Electricity Board, the Corporation has received **37 instalments** (1985: 33 instalments) totalling to **Rs. 6674.31 lakhs** (1985: Rs. 5828.59 lakhs) which accrued, became due and receivable upto this year for which credit has been taken. The credit for the balance amount of **Rs. 654.05 lakhs** (1985: Rs. 1499.77 lakhs) will be taken on the respective dates when they will accrue, become due and receivable.  
(b) No credit has been taken in respect of claims for price increase for LSHS supplied to Gujarat Electricity Board to the extent remaining disputed and unsettled.

## SCHEDULE 'P' – CONTD.

6. Unlike the practice followed in the previous years, excise and customs duties have been provided on the Bonded stocks of Raw Materials and Finished Products (including in-transit) lying as on 31.3.86 and have been added to the respective Closing Stocks. However, this change has no effect on the profit for the year.
7. Adjustments for certain inter-oil company transactions have been carried out on a provisional basis, pending finalisation of detailed terms and conditions.
8. The value of Assets and Liabilities of Assam Oil Division as on 14.10.1981 continues as per Government of India's letter NO. R-44024/7/8 1-MG dated 17th August, 1982 for which the Corporation has approached the Government for issuing a notification under Sec. 9 (i) of Burmah Oil Company (Acquisition of Shares of Oil India Ltd. and of the undertakings in India of Assam Oil Company Ltd. and the Burmah Oil Company (India Trading) Ltd. Act, 1981).
9. Remuneration paid or payable to whole-time Directors:

(Figures in Rupees)

	1985-86	1984-85
(i) Salaries & Allowances	4,22,002	3,90,972
(ii) Contribution to Provident Fund	30,882	29,044
(iii) Gratuity	43,654	53,846
(iv) Other Benefits & Perquisites	96,373	3,02,437
TOTAL:	5,92,911	7,76,299

In addition, whole-time Directors are also allowed the use of Corporation's car for private purpose upto 12000 KMs per annum on a payment of Rs. 150/- per month.

10. Previous approval of the Central Government and consent of the Board of Directors under Section 297 of the Companies Act 1956 were not obtained in respect of contract payments aggregating to Rs. 17,68,856/- made to a relative of one of the Directors of the Corporation on the basis of reasonable rates. The matter is, however, under the consideration of the Board.
11. The limit in respect of major projects for capitalisation of allocable overheads incurred during the construction period has been enhanced from Rs. 5 crores to Rs. 10 crores. However, it has no material effect on the current year's profit.
12. The Profit and Loss Account includes:
- (a) Expenditure on Public Relations and Publicity amounting to **Rs. 140.49 lakhs** (1985: Rs. 108.61 lakhs) which is inclusive of **Rs. 30.08 lakhs** (1985: Rs. 24.71 lakhs) on account of staff and establishment and **Rs. 110.41 lakhs** (1985: Rs. 83.90 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00012:1** (1985: 0.00010:1).
- (b) Entertainment Expenses **Rs. 7.75 lakhs** (1985: Rs. 7.79 lakhs).
13. Deferred payment liabilities represented by acceptances are secured by Bank Guarantees and include **Rs. 182,70 lakhs** (1985: Rs. 146.84 lakhs) due for payment within one year.
14. Statement on Accounting Policies and Schedules 'A' to 'X' to the Balance Sheet and Profit & Loss Account form part of these Accounts.
15. Figures in brackets indicate deductions.
16. Previous year's comparative figures have been regrouped to the extent practicable, wherever necessary.

S.L. KHOSLA  
Chairman

S.K. NAYAK  
Director (R&P)

S.K. COMAL  
Director (Finance)

B.K. BAKHSHI  
Director (Marketing)

D.B. PURI  
Secretary

New Delhi, 13th August, 1986.



## SCHEDULE 'Q' – LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	Petroleum Products	
	1986 MTs (in lakhs)	1985 MTs (in lakhs)
1. Licensed Capacity	182.50	182.50
2. Installed Capacity*	187.50	187.50
3. Actual Production***	193.51	192.45
4. Product Processed/Manufactured by Others	1.49	13.61

Note: Licensed capacity of Refinery is not specified for Assam Oil Division

\* As certified by the Management and accepted by the auditors without verification

\*\* Per year operating in two shifts Excluding internal consumption

\*\*\* Excluding internal consumption

@ Quantity in Cubic metres

@@ Quantity in Kilot litres

## SCHEDULE 'R' – FINISHED PRODUCTS-QUANTITY AND VALUE PARTICULARS

	OPENING STOCK			PURCHASES INCLUDING DUTIES		
	QUANTITY		VALUE	QUANTITY		VALUE
	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (In lakhs)
1. PETROLEUM PRODUCTS:						
Year ended 31st March, 1986	10.87	19.79	58,873.40	40.63	165.59	459,035.05
Year ended 31st March, 1985	11.85	19.39	60,896.64	24.10	145.34	372,658.54
2. LUBRICANTS AND GREASES:						
Year ended 31st March, 1986	0.07	0.58	5,886.76	0.03	0.02	1,203.60
Year ended 31st March, 1985	0.06	0.59	5,784.60	0.01	0.02	770.42
3. OXYGEN GAS:						
Year ended 31st March, 1986	0.01 @	–	0.07	–	–	–
Year ended 31st March, 1985	0.01 @	–	0.03	–	–	–
4. CRUDE OIL:						
Year ended 31st March, 1986	–	–	–	57.65	–	133,796.4
Year ended 31st March, 1985	–	–	–	88.46	–	163,669.73
5. BASE OILS AND ADDITIVES:						
Year ended 31st March, 1986	–	–	–	–	1.57	5,971.38
Year ended 31st March, 1985	–	–	–	–	1.54	5,958.00
6. ADDITIONAL AD-HOC RELIEF						
Year ended 31st March, 1986	–	–	–	–	–	–
Year ended 31st March, 1985	–	–	–	–	–	–
TOTAL:						
Year ended 31st March, 1986	0.01 @					
	10.94	20.37	64,760.23	98.31	167.18	600,006.51
Year ended 31st March, 1985	0.01 @					
	11.91	19.98	66,681.27	112.57	146.90	543,056.74

@ Cubic Meters

- NOTES: 1. Purchases and Sales exclude value adjustments shown under items pertaining to previous years.
2. In view of the physical stocks and the records of drums manufactured as well as purchased being combined, separate information in respect of opening and closing stock of drums manufactured is not feasible.
- \*3. In the absence of any product-wise break up ad-hoc relief received from OCRC has been shown as a separate item.

Lubricating Oils		Wax/Bitumen Asphalt/ Lube Oil Drums		Oxygen Plant	
1986 MTs. (in lakhs)	1985 MTs. (in lakhs)	1986 Nos. (in lakhs)	1985 Nos. (in lakhs)	1986	1985
1.70	1.70	15.00	15.00		-Not Specified-
1.40**	1.40**	0.04 MTs	0.04 MTs		
1.38	1.30	15.00**	15.00	0.84@	0.84@
1.24	1.14	9.47	11.21	0.41@	0.35@
1.58 @@	1.54 @@	19.28	20.52	-	-

SALES				CLOSING STOCK			
QUANTITY			VALUE	QUANTITY		VALUE	
MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (In lakhs)		
92.78		324.59	938,748.12	13.11	24.77		81,977.58
86.65		315.08	892,061.16	10.87	19.79		58,873.40
0.77		3.80	49,839.42	0.06	0.65		7,201.79
0.75		3.78	44,051.80	0.07	0.58		5,886.76
0.19 @		-	2.60	0.01 @	-		0.05
0.14 @		-	1.30	0.01 @	-		0.07
57.65		-	133,802.27	-	-		-
88.46		-	163,706.27	-	-		-
-		1.56	6,095.37	-	-		-
-		1.54	6,211.85	-	-		-
-		-	1,930.97*	-	-		-
-		-	-	-	-		-
0.19 @		-	-	0.01 @	-		-
151.20		329.95	1130,419.16	13.17	25.42		89,179.42
1.14 @		-	-	0.01 @	-		-
175.86		320.40	1106,032.38	10.94	20.37		64,760.23

## SCHEDULE 'S' – CONSUMPTION PARTICULARS OF RAW MATERIALS

	1986			1985		
	Quantity		Value Rupees (in lakhs)	Quantity		Value Rupees (in lakhs)
	MTs (in lakhs)	KLs (in lakhs)		MTs (in lakhs)	KLs (in lakhs)	
Crude Oil	209.37	–	3,66,766.96	219.37	–	3,91,566.95
Base Oils	1.03	1.90	21,782.37	0.92	1.13	19,398.41
Additives	0.13	0.08	8,749.79	0.08	0.12	7,654.71
Steel Coils and Sheets*	0.35	–	3,200.18	0.38	–	2,650.27
<b>TOTAL:</b>	<b>210.88</b>	<b>1.98</b>	<b>4,00,499.30</b>	<b>220.75</b>	<b>1.25</b>	<b>4,21,270.34</b>

- NOTES: 1. Additives are not considered as Raw Materials in Refineries Division.  
 2. Consumption excludes value adjustments, if any, shown under items pertaining to the previous years.  
 \* Shown under "Packages Consumed" in the Profit and Loss Account.

## SCHEDULE 'T' – DETAILS OF EMPLOYEES DRAWING NOT LESS THAN RS. 36,000 PER ANNUM OR RS. 3,000 PER MONTH

		Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Employees employed throughout the year and in receipt of total remuneration of not less than Rs. 36,000 per annum:			
Number	10779		5669
(a) Salaries, Wages, Bonus etc.		4,522.36	2,351.56
(b) Contribution to Provident and Other Funds		247.34	141.95
<b>TOTAL:</b>		<b>4,769.70</b>	<b>2,493.51</b>
2. Employees employed for a part of the year and in receipt of total remuneration of not less than Rs. 3,000 per month:			
Number	279		235
(a) Salaries, Wages, Bonus etc.		65.04	43.63
(b) Gratuity paid		50.19	33.61
(c) Contribution to Provident and Other Funds		3.35	2.74
<b>TOTAL:</b>		<b>118.58</b>	<b>79.98</b>

\* NOTE : The above excludes amounts shown under items pertaining to previous years.



**SCHEDULE 'U' – EXPENDITURE IN FOREIGN CURRENCY**

	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Royalty (Gross) and Technical Service Fees	0.16	12.19
2. Processing Fees	84.85	814.39
3. Professional consultation fees including Legal expenses	41.44	17.50
4. Interest	37.38	9.82
5. Others	56.49	36.31
TOTAL:	<u>220.32</u>	<u>890.21</u>

The above figures are compiled on accrual basis.

**SCHEDULE 'V' – EARNINGS IN FOREIGN EXCHANGE**

	Rupees (in lakhs)	1985 Rupees (in lakhs)
1. Export of Goods calculated on FOB basis:		
Export of Crude Oil and Petroleum Products	88,349.04*	1,85,436.72*
2. Interest	–	13.57
3. Other Income and Service Charges	80.85	–
TOTAL:	<u>88,429.89</u>	<u>1,85,450.29</u>

\* Includes **Rs. 16,136.41 lakhs** (1985: Rs. 14,557.56 lakhs) received in Indian Currency out of repatriable funds of foreign customers and other export sales through canalising agencies.

The above figures are compiled on accrual basis.



**SCHEDULE 'W' – CIF VALUE OF IMPORTS**

PARTICULARS	Rupees (in lakhs)	1985 Rupees (in lakhs)
Crude Oil	2,27,181.91	2,15,001.01
Base Oils	7,289.16	4,666.03
Additives	890.67	905.41
Capital Goods	2,125.42	–
Spare Parts and Chemicals	1,097.20	1,045.67
TOTAL :	<u>2,38,584.36</u>	<u>2,23,107.21</u>

NOTE: The above does not include CIF value of Imports made by the Corporation on behalf of Other Oil Companies as well as imports of finished products.

**SCHEDULE 'X' – CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS, STEEL COILS/SHEETS/STORES/SPARE PARTS AND COMPONENTS**

	1986				1985			
	Imported		Indigenous		Imported		Indigenous	
	Value Rupees (in lakhs)	% to total Con- sump- -tion	Value Rupees (in lakhs)	% to total Con- sump- -tion	Value Rupees (in lakhs)	% to total Con- sump- -tion	Value Rupees (in lakhs)	% to total Consump- -tion
1. Crude Oil	1,29,006.88	35	2,37,760.08	65	1,36,205.43	35	2,55,361.52	65
2. Base Oils & Additives	10,594.86	35	19,937.30	65	7,329.48	27	19,723.64	73
3. Steel Coils / Sheets* / Stores / Spare Parts and Components	2,222.50	29	5,334.67	71	1,261.97	19	5,262.37	81
TOTAL :	<u>1,41,824.24</u>		<u>2,63,032.05</u>		<u>1,44,796.88</u>		<u>2,80,347.53</u>	

NOTE : Consumption of steel coils and sheets imported through Canalising Agency has been considered as Imported

\* Shown under packages consumed in the Profit and Loss Account.



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

	No. of Shares	Paid up Value Rupees
1. Shares in the Subsidiary Company were Registered in the name of the Company and their nominees as indicated		
<b>As at 31st March, 1986</b>		
Indian Oil Blending Limited	8000	40,00,000
	For the Financial year ended 31st March, 1986 Rupees (in lakhs)	<b>Previous Finan- cial year Cummu- lative Total Rupees (in lakhs)</b>
2. Net aggregate amount of the profit of the Subsidiary Company not dealt with in the Company's Accounts so far as they concern the members of the company is:		
Indian Oil Blending Limited	22.76	198.53
3. Net aggregate amount of the profit of the Subsidiary Company as far as its profit are dealt with in the Company's Accounts is:		
Indian Oil Blending Limited	4.00	39.11

S.L. KHOSLA  
Chairman

S.K. NAYAK  
Director (R&P)

S.K. COMAL  
Director (Finance)

B.K. BAKHSHI  
Director (Marketing)

D.B. PURI  
Secretary

New Delhi, 13th August, 1986



**SCHEDULE OF FIXED ASSETS (TOWNSHIP)**

	<b>Gross Block as at 31st March, 1985 at cost</b>	<b>Additions during the year at cost</b>	<b>Transfers from Construc- tion Work-in- Progress at cost</b>	<b>Transfers, Deductions &amp; Reclassifi- cation at cost</b>
	<b>Rupees (in lakhs)</b>	<b>Rupees (in lakhs)</b>	<b>Rupees (in lakhs)</b>	<b>Rupees (In lakhs)</b>
1. LAND-Freehold	108.73	1.57	–	14.35
- Leasehold	137.52	20.85	–	–
2. BUILDINGS, ROADS ETC.	4,293.08	404.25	703.70	(27.64)
3. PLANT AND MACHINERY	217.18	19.95	23.28	3.73
4. DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	354.08	13.39	53.74	18.92
5. EQUIPMENT AND APPLIANCES	92.52	19.67	0.34	(0.19)
6. FURNITURE AND FIXTURES	49.78	10.31	–	2.51
7. VEHICLES	79.28	16.09	–	(10.54)
8. SUNDRY ASSETS	1.81	0.60	–	(0.02)
<b>TOTAL:</b>	<b>5,333.98</b>	<b>506.68</b>	<b>781.06</b>	<b>1.12</b>
Previous Year:	3,909.06	316.01	1,169.37	(60.46)

Gross Block as at 31st March, 1986 at cost	Depreciation and Amortisation provided during the year	Total Depreciation and Amortisation upto 31st March, 1986	Net Depreciated Block	
			As at 31st March, 1986	As at 31st March 1985
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
124.65	–	–	124.65	108.73
158.37	2.74	10.92	147.45	129.34
5,373.39	121.67	745.42	4,627.97	3,669.65
264.14	20.69	107.50	156.64	130.33
440.13	44.44	234.68	205.45	163.84
112.34	13.60	63.16	49.18	42.75
62.60	5.61	26.06	36.54	29.24
84.83	10.29	50.18	34.65	34.85
2.39	0.48	1.42	0.97	0.87
6,622.84	219.52	1,239.34	5,383.50	4,309.60
5,333.98	188.53	1,024.38	4,309.60	

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 31ST MARCH, 1986 ON PROVISION OF TOWNSHIP,  
EDUCATION, MEDICAL AND OTHER FACILITIES.**

	Rupees (in lakhs)	Rupees (in 1akhs)
<b>INCOME:</b>		
1. Recovery of Housing Rent	99.94	81.16
2. Recovery of Utilities: Power and Water	16.81	10.18
3. Recovery of Transport Charges	5.70	5.77
4. Other Recoveries	96.94	95.63
5. Excess of Expenditure over Income	2,372.76	1,931.10
TOTAL:	<u>2,592.15</u>	<u>2,123.84</u>

<b>EXPENDITURE:</b>		
1. Salaries, Wages and PF Contribution	559.01	526.30
2. Consumable Stores and Medicines	172.27	163.18
3. Subsidies for Social and Cultural Activities	55.98	52.28
4. Repairs and Maintenance	524.66	383.12
5. Interest	436.38	343.15
6. Depreciation	219.52	188.53
7. Miscellaneous Expenses:		
Taxes, Licence Fees, Insurance	142.42	115.77
8. Utilities: Power and Gas	465.49	335.69
9. Land Rent	5.43	6.34
10. Welfare (School)	1.21	1.21
11. Bus Hire Charges	3.75	2.70
12. Club and Recreation	6.03	5.57
TOTAL	<u>2,592.15</u>	<u>2,123.84</u>



**COMMENTS OF COMPTROLLER AND AUDITOR-GENERAL  
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT  
1956 ON THE ACCOUNTS OF INDIAN OIL CORPORATION LTD.  
FOR THE YEAR ENDED 31ST MARCH, 1986 AND REPLIES OF  
THE BOARD OF DIRECTORS**

SL. Comments of the Comptroller and Auditor-General of India No.	Replies of the Board of Directors
<b>1. SOURCES OF FUNDS :</b>	
Deferred Payment Liabilities – Rs. 699.54 lakhs	
Includes an amount of Rs. 3.37 lakhs towards provision for exchange on the outstanding deferred liabilities, the payment which was not made during the year 1985-86.	Adjustments as may be necessary fluctuations will be made in the current year. in respect of
The provision is contrary to the accounting policy stated by the Company.	
<b>2. APPLICATION OF FUNDS :</b>	
Construction Work-in-Progress and Capital Goods in Stock- (Schedule 'F') Rs. 24,469.14 lakhs	
Includes Rs. 79.50 lakhs being the advances paid to various Govt./ Semi-Govt. authorities towards acquisition of land correctly classifiable under 'Fixed Assets-Land'.	The amount has been correctly classified in accordance with the accounting practices consistently followed by the Corporation.
<b>3. CURRENT ASSETS-LOANS AND ADVANCES</b>	
(A) CURRENT ASSETS: Cash Balances: Cash including Imprest and Cheques in hand-Rs. 6,830.05 lakhs	
Does not include cheques amounting to Rs. 14.81 lakhs received on 31st March, 1986.	Noted.
(B) LOANS & ADVANCES (Schedule 'J') Rs.35,131.14 lakhs	
(i) Includes Rs. 30.39 lakhs being claims on account of ocean losses (on import of petroleum products) not sustainable as full cost of the import is reimbursed through Pool Account (C&F Adjustment) on the basis of discharged quantity. The profit for the year is overstated by like amount.	Claim in respect of ocean losses is in accordance with the Government's instructions.
(ii) Includes Rs.9.50 lakhs being an inadmissible claim on Block Control Account due to adoption of incorrect cost for HDPE containers.	Adjustment as may be necessary will be made in the current year.
<b>4. CURRENT LIABILITIES AND PROVISIONS (Schedule 'K') Rs. 2,02,696.10 lakhs</b>	
<b>I) SUNDRY CREDITORS: Rs. 96,412.19 lakhs</b>	
Does not include:	
(i) (a) Differential freight liability of Rs.41 lakhs being the difference between the actual freight paid (ex-Bombay) and National Railway Freight (NRF) payable (ex-Koyal) by GNFC for FO supplies, as the claims for under recovery of freight has already been settled by OCC for the same period.	
(b) Siding charges of Rs. 2.05 lakhs excess collected and refundable to GNFC.	Adjustment as may be necessary will be made in the current year.
(c) Liability of Rs.33.95 lakhs towards CISF charges.	
Consequently profit for this year is overstated to the extent of Rs. 77,00 lakhs.	
(ii) Liabilities of Rs. 51.33 lakhs towards capital jobs.	



**SL. Comments of the Comptroller and Auditor-General of India****Replies of the Board of No. Directors****5. PROFIT AND LOSS ACCOUNT:****(a) Income****1. Sale of products, crude and transfers: Rs. 11,30,419.16 lakhs**

Short-booked to the extent of Rs. 15.89 lakhs by affording excess credit of the value of return stream of LABFS from M/s IPCL.

The net impact works out to Rs.6.31 lakhs only and adjustments as may be necessary will be made in the current year.

**(2) (a) Other Income (Schedule 'L')**

Miscellaneous Income Rs. 1,513.46 lakhs

Includes Rs. 94.08 lakhs correctly classifiable under 'Income/Expenses pertaining to previous years' in respect of:

Noted.

**(Rs. in lakhs)**

(i) Reimbursement of Territorial Army Charges	55.73
(ii) Claim for non-performance of I port contract	37.15
(iii) Refund of custom duty	1.20
<b>TOTAL</b>	<u>94.08</u>

Sd/-  
(B.M. OZA)  
Member, Audit Board & Ex-Officer  
Director of Commercial Audit - II  
Bombay, Dated the 27th September 1986

Sd/-  
(S.L. KHOSLA)  
Chairman  
For and on behalf of the Board of Directors  
Bombay, 29th September 1986



**INDIAN OIL BLENDING LIMITED**

**A Wholly Owned Subsidiary of Indian Oil Corporation Limited**

**Annual Report**  
**1985-86**

# BOARD OF DIRECTORS

**M.S. Rana**  
Chairman-cum-Managing Director

**Dr. P.K. Mukhopadhyay**  
Director

**R.M. Basrur**  
Director

**G.S. Pandya**  
Financial Director (upto 07.04.1986)

**Indu Vira**  
Director

**S.S. Saxena**  
Director (from 27.11.1985)

**K.K. Misra**  
Director (from 16.04.1986)

**T. Pitchaiah**  
Financial Director (from 16.04.1986)

**G.S. Savor**  
Director (upto 30.09.1985)

**R.K. Narang**  
Director (upto 13.03.1986)

**Secretary**  
J.K. Wadhwa

**BANKERS**  
State Bank of India.  
Bombay and Calcutta

**AUDITORS**  
M/s. M.M. Nissim & Co.  
Chartered Accountants,  
Causeway House, 2nd Floor,  
23, Shahid Bhagat Singh Road,  
Bombay-400 039

**REGISTERED OFFICE**  
Pir Pau, Trombay,  
Bombay-400 074

**HEAD OFFICE**  
254-C, Dr. Annie Besant Road,  
Prabhadevi, Bombay-400 025

**PLANTS**  
Bombay and Calcutta

# NOTICE

NOTICE is hereby given that the Twenty-third Annual General Meeting of the Shareholders of INDIAN OIL BLENDING LIMITED will be held at the Company's Head Office, situated at 254-C, Dr. Annie Besant Road Prabhadevi, Bombay - 400 025, at 0900 hours on Monday, the 29th September, 1986, instead of 19th September, 1986, notified earlier to transact the following business :

**ORDINARY BUSINESS :**

1. To receive consider and adopt the Balance Sheet, Profit & Loss Account, reports of the Directors and Auditors thereon for the financial year ended 31st March, 1986;
2. To declare a dividend;
3. To appoint Director in place of Dr. P.K. Mukhopadhyay, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
4. To appoint Director in place of Shri R.M. Basrur, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
5. To appoint Director in place of Shri Indu Vira, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
6. To appoint Director in place of Shri S.S. Saxena, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
7. To appoint Director in place of Shri K.K. Misra, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
8. To appoint Director and Financial Director in place of Shri T. Pitchaiah, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.

BY ORDER OF THE BOARD,

(J.K. WADHWA)  
(SECRETARY)

Note : A member of the company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself. A proxy need not be a member.

To:

**ALL MEMBERS OF IOBL:**

Cc: M/s M.M. Nissim & Co., Chartered Accountants, Bombay.

Cc: Director of Commercial Audit, Commercial Audit Wing, 254-C, Dr. Annie Besant Road, Prabhadevi, Bombay - 400 025

BOMBAY,

Dated the 19th September, 1986



# DIRECTORS' REPORT TO THE SHAREHOLDERS

Gentlemen:

I have great pleasure in placing before you the 23rd Annual Report on the working of the company for the financial year 1985-86 along with the Audited Statement of Accounts, prepared as per the statutory requirements.

## Financial Results

During the year, the Company has made a gross profit of Rs 1,19,32,637, as against Rs 1,05,14,788 during 1984-85. The comparative figures of gross profit, depreciation, provision for taxation, provision for investment allowance, etc. are as under:-

	1985-86 Rs	1984-85 Rs
(a) Gross profit before depreciation and investment allowance	1,19,32,637	1,05,14,788
(b) Depreciation	43,12,825	30,13,541
(c) Expenses of prior years	13,69,534	80,454
(d) Provision for taxation	28,09,681	42,00,000
(e) Net profit after tax	34,40,597	32,20,793
(f) Prior year adjustments	25,469	1,26,385
(g) Disposable profit	34,66,066	33,47,178
(h) Provision for dividend	4,00,000	4,00,000
(i) Investment allowance	11,78,000	2,85,000
(j) Appropriated to General Reserve	18,80,000	26,50,000
(k) Balance carried to Balance Sheet	8,066	12,178

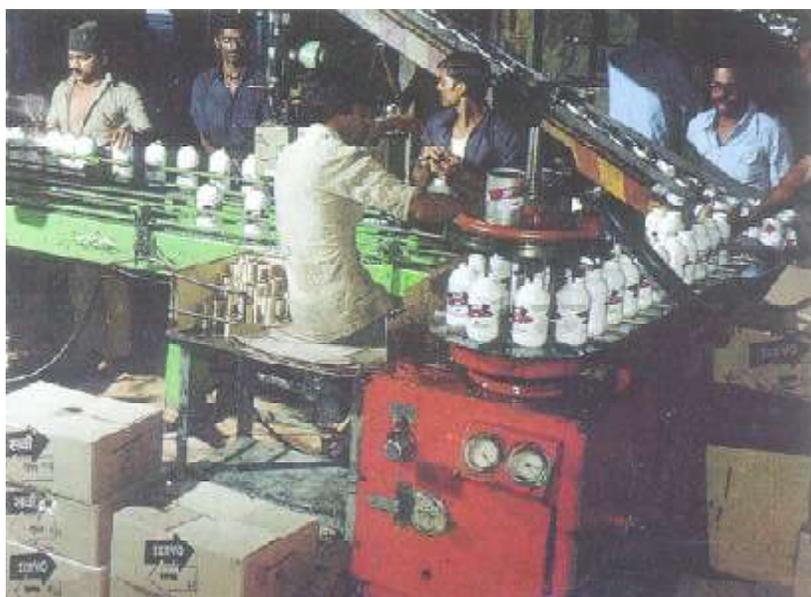
## Dividend and Reserves

Your Directors recommend a dividend of Rs 50 per equity share, aggregating to Rs 4 lakhs, being 10% of the paid up capital, for which provision, as also appropriation, has been made in the accounts, as per statutory requirements. The balance available from the net surplus, after making the aforesaid provision for

dividend, is Rs 18,88,066. Out of the surplus amount, a sum of Rs 1,88,000 is transferred to the General Reserve, thereby leaving a balance of Rs 8,066 in the Profit & Loss Account. The balance of General Reserve at the beginning of the year was Rs 1,98,41,000 and, after the current year's transfer of Rs 18,80,000 as above, the balance in the General Reserve Account amounts to Rs 2,17,21,000 as on 31st March, 1986. The balance in the Development Rebate Reserve Account at the beginning and at the end of the year was Rs 500. The balance in the Investment Allowance Account at the beginning of the year was Rs 24,05,000. After this year's transfer of Rs 11,78,000, the balance in this account as on 31st March, 1986 amounts to Rs 35,83,000.

## Profitability

The profit before taxes and investment allowance is Rs 76,19,812 as against the previous year's figures of Rs 75,01,247. The increase in profitability is on account of revision in the blending fees of lube oils effective 1st April, 1985, as also higher throughput of both lubes and greases, and exercise of vigilant control on operating expenses. The blending and manufacturing fees received by your Company (net of stock losses) was Rs 4,80,06,637 during the year, compared to Rs 4,08,44,802 in 1984-85. Despite concerted efforts made to control the operating expenses, the operating



Lubricants being filled in small packs

expenses, including interest, increased by 20.95% from Rs 3,14,09,794 in 1984-85 to Rs 3,79,91,022 during the year, due to inflationary trends. The liability of IOBL for interest on fixed loan taken from its Holding Company alone amounted to Rs 10.28 lakhs, during the year. It may, however, be stated that increase in operating expenses was unavoidable and was mainly on account of increased salaries, wages, utilities, printing of manuals and interest.

### PRODUCTION

- (a) LUBES: The total production of lubes at Bombay and Calcutta Plants recorded an all-time high of 2,91,209 kl, compared to 2,80,686 kl in 1984-85, showing an increase of approx. 3.7%. Whereas the Bombay Plant had a throughput of 1,65,993 kl, as against 1,65,647 kl of Lubes, the Calcutta Plant had a throughput of 1,25,216 kl, as against 1,15,039 kl of Lubes in the previous year.
- (b) GREASES: The production of grease at Bombay Plant during the year was 6,908 MTs, as compared to 6,821 MTs in 1984-85, thus registering an increase of 1.3% over the last year.

#### Capacity Utilisation

The Bombay and Calcutta Lube Plants of your Company have, during the year, achieved capacity utilisation of 110.66% and 125.22%, respectively.

#### Comparative Production

The comparative figures of production of both lubes and greases during the last three years are given below:

#### Resitement of Grease Plant

Your Company has taken

possession of the 10 acres of land at Trans-Thane Creek (Bombay) allotted by the Maharashtra Industrial Development Corporation. Topographical survey and soil investigation have been carried out and technical quotation for engaging consultant for design and implementation of the project is under study, pending receipt of formal approval for the project from the IOC Board.

#### Shifting of Small Filling Facilities to IOC, Trombay

It is proposed to shift the small filling facilities from Bombay Plant to IOC, Trombay, as a part of decongesting and modernising programme of Bombay Plant.

#### Resitement of Calcutta Plant

Calcutta Port Trust have agreed, in principle, to extend the lease period for part of the land, which expires in 1987 upto 1993, thereby making the lease period of the entire land at IOBL Calcutta Plant uniformly valid upto 1993. The original plan of shifting to Haldia has been deferred, in view of heavy expenditure involved and other administrative problems.

### PROJECTS

- (a) **Bombay Plant:** To augment the facilities for meeting the growing demand of IOC, one storage tank has been converted into blending tank. One homogenizer at a cost of Rs 18.36 lakhs and one forklift truck have been procured to replace the old units. Provision has also been made to replace two more forklift trucks during 1986-87. To improve communication between jetty and Plant, walkie talkie sets have been procured during the year and will be put to use during 1986-

87.

#### (b) Calcutta Plant:

Facilities have been provided for blending operations in finished product tanks and a stock transfer pump has been provided, besides augmenting additive decanting facilities. A high speed rotary filler with end feed drive arrangement has been procured to improve filling capacity of small containers. One forklift truck has been procured for replacement of the old one and one additional forklift truck has been provided for the next year. A 500 CFM air compressor has been commissioned during 1985-86 and order has been placed for one 5 tonne boiler. This is expected to be received and commissioned during 1986-87. The boiler and compressor will greatly help the Plant in dehydration of wet base oils. Walkie Talkie set is being procured to improve the communication between jetty and the Plant.

#### Quality Control & Development

High quality standards of the products of your Company were maintained as in the past. Efforts were made to keep pace with the latest development in technology and industrial fields. New products like Servo Synco 270, Servo RR 408, Servo Premium Multi-grade 20 W-40, Servo Gear Super 85W-40, Servo Steerol 9, IOC Process Oil Medium and Heavy were introduced during the year. Greases like CIATIM 201 and 203, XG 285, Grease YCCA, etc, have been offered to Air Force/Army for the first time. Attempts are being made to obtain ISI marking for our Hydraulic -Brake Fluid Super HD.

As a step towards fuel economy, work was done in formulating and establishing multi-grade oils of different performance levels. Efforts in the direction of utilising cost effective formulations and import

Year	BOMBAY		CALCUTTA	TOTAL	
	Lubes (kl)	Greases (MT)	Lubes (kl)	Lubes (kl)	Greases (MT)
1983-84	1,50,307	5,852	1,08,457	2,66,764	5,852
1984-85	1,65,647	6,821	1,15,039	2,80,686	6,821
1985-86	1,65,993	6,908	1,25,216	2,91,209	6,908



substitution continued as per programme.

Bombay and Calcutta Laboratories have been equipped with Cold Cranking Simulator to test apparent viscosity at low temperature of multigrade oils. Both these laboratories have been equipped with the latest model of microprocessor based on Infra-Red Spectrophotometer, which will facilitate easy identification of the additives and also detailed study of both qualitative and quantitative formulations used in the blend.

#### **FUTURE ROLE OF IOBL**

As reported last year, certain proposals were made in consultation with the Holding Company to broadbase the activities of your Company and redefine its future role.

#### **Safety:**

Concerted efforts were made to strengthen safety procedures. Each Plant has been provided with a Safety Officer to take care of safety

measures. Safety Committees hold periodical meetings and also arrange fire drills. National Safety Week was observed in the Plant and eminent persons of different disciplines from outside agencies participated in the discussions. Valuable guidance/advice was received. Besides workers' representatives, Plants' Officers also took part in the discussion.

#### **PERSONNEL**

The total number of employees as on 31st March, 1986 stood at 595 (122 Officers including Officer Trainees and 473 Workmen), as compared to 545 as on 31st March, 1985.

#### **Employee Relations/Labour Situation**

Industrial relations at both the Plants were cordial during the year. However, employees could not reach the Bombay Plant on 26.2.1986, due to Bharat

Bandh, and the Calcutta Plant for two days on 12.9.1985 and 12.2.1986, due to West Bengal Bandh.

#### **Human Resource Development & Training**

HRD programmes have been initiated and HRD training programmes were organised at both the Plants with the assistance of bC. Formulating Role Analysis of senior positions at both the plants is in process and will be finalised soon. Quality Circle programme has also been initiated.

#### **Welfare of Employees**

Various welfare oriented programmes such as loans for house building and conveyance, subsidised transport and canteen facilities, medical facilities, provision of uniforms, incentive to family planning and special medical leave facilities were continued.



Quality control is given high priority.

**Sports**

Your Company continued to be a member of Petroleum Sports Control Board. Steps are being initiated for active participation of IOBL employees in sports activities.

**Workers' Participation in Management**

Workers' participation in management was encouraged by having regular meetings of Canteen Committee, Safety Committee, Works Committee, Sports Committee, Provident Fund Trustees, etc.

During the year, your Company obtained relaxation order from Regional Provident Fund Commissioner to operate its own PF Trust. However, the total exemption is expected to be secured from Central Public PF Commissioner shortly.

**Welfare of Weaker Sections**

Government directives of recruitment of candidates belonging to SC/ST, Exservicemen and physically handicapped category were implemented. During the year, the Company recruited 65 employees, out of which 10 belong to SC/ST category, 2 physically handicapped and 8 were Ex-servicemen.

**Hindi Implementation**

During the year, efforts were intensified for the use of Hindi in official work by making various forms and documents bilingual. Quarterly meetings of Hindi Implementation Committee were held to review the progress made.

**Foreign Tours**

During the year, no foreign tours were undertaken on Company account either by the Chief Executive or other executives of the Company.

**Entertainment Expenses**

During the year, the entertainment expenses incurred by your Company amounted to Rs 11,490.

**DIRECTORS:**

The term of appointment of Shri M.S. Rana, Chairman-cum-Managing Director, was valid upto 31st January, 1986, and was extended for a period of three years.

During the year, Shri G.S. Savor ceased to be the Director of the Company with effect from 1st October, 1985 and, in his place, Shri S.S. Saxena was appointed Director with effect from 27th November, 1985. Similarly, Shri R.K. Narang ceased to be the Director of the Company with effect from 14th March, 1986 and, in his place, Shri K.K. Misra was appointed Director with effect from 16th April, 1986. Shri G.S. Pandya also ceased to be the Financial Director of the Company with effect from the afternoon of 7th April, 1986 and, in his place, Shri T. Pitchaiah was appointed as Financial Director effective from 16th April, 1986.

All the following Directors are liable to retire at the conclusion of the next Annual General Meeting and are eligible for re-election:

- 1) Dr. P.K. Mukhopadhyay,
- 2) Shri R.M. Basrur,
- 3) Shri Indu Vira,
- 4) Shri S.S. Saxena,
- 5) Shri K.K. Misra, &
- 6) Shri T. Pitchaiah.

**PARTICULARS OF EMPLOYEES**

A statement showing the particulars of employees, pursuant to Section 217 (2A) of the Companies Act, 1956, and the Companies

(Particulars of Employees) Rules, 1975, is annexed hereto.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their sincere appreciation for the excellent work done by the employees of the Company. Your Company could not have achieved such good results, but for the devotion, loyalty and hard work of the employees. At the same time the Directors are confident that the results would be better in the years to come. The Directors also wish to acknowledge gratefully the guidance and support received by your Company from the Government of India and your Holding Company, the Indian Oil Corporation Ltd., during the year.

FOR AND ON BEHALF OF  
THE BOARD



(M.S. RANA)  
Chairman-cum-Managing Director

Bombay  
Dated the 24th July, 1986.

# AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1986 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1975, 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 & 5 of the said order.
2. Further to our comments in the annexure referred to in para 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 account as required by law, have been kept by the Company, so far as it appears from our examination of such books;
  - (c) The Balance Sheet and Profit and Loss Account, dealt with by this Report, are in agreement with the books of account.
  - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read with the Notes thereon, 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 the Balance Sheet, of the state of affairs, of the Company, as at 31st March, 1986; 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 M.M. NISSIM AND CO.,  
CHARTERED ACCOUNTANTS.

BOMBAY:

Dated: 24th July, 1986.

(P.B. DESAI)  
PARTNER



## ANNEXURE TO THE AUDITOR'S REPORT

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

1. The company is maintaining proper records to show full particulars, including quantitative details and a situation of Fixed Assets. These Fixed Assets have been physically verified by the Management during the year under review. No discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has stocks of maintenance stores and spare parts only, which have been physically verified at the end of the year. We are informed that no significant discrepancies were noticed on such verification as compared to book records, and the same have been properly dealt with in the books of account. In our opinion, the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
4. The Company has not taken any loans from companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
5. Loans and Advances in the nature of loans have been given to the employees and the same are being repaid as stipulated. The interest on vehicle loans given to employees is accounted for as and when realised. The accrued amount of interest for the year and the amount accumulated till the date of the Balance Sheet not provided for in the books of account are approximately Rs 45,000/- and Rs 84,000/- respectively.
6. In our opinion and according to the information and explanations given to us, 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, plant and machinery, equipment and other assets.
7. The Company has purchased at controlled prices fuel and oil exceeding Rs 10,000/- in value, during the year from Indian Oil Corporation Limited, the Holding Company.
8. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged goods.
9. The Company has not accepted any deposits from the public.
10. The Company does not have any by-products or scrap arising from its processing operations. Scrap of maintenance stores and components are accounted for only at the time of sale for which reasonable records have been maintained.
11. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
12. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
13. According to the records of the Company, provident fund dues have been regularly deposited during the year with the appropriate authorities.

FOR M.M. NISSIM AND CO.,  
CHARTERED ACCOUNTANTS.

(P.B. DESAI),  
PARTNER.

Bombay, 24th July, 1986



**BALANCE SHEET AS AT 31ST MARCH, 1986**

	Schedule	Rupees	As at 31st March, 1985 Rupees
<b>I. SOURCES OF FUNDS:</b>			
1. Shareholder's Funds:			
(a) Capital.	I	40,00,000	40,00,000
(b) Reserves and Surplus	II	<u>2,53,12,566</u>	<u>2,22,58,678</u>
		<u>2,93,12,566</u>	<u>2,62,58,678</u>
2. Loans Funds:			
(a) Unsecured Loans.	III	<u>1,42,09,456</u>	<u>23,27,574</u>
		<u>1,42,09,456</u>	<u>23,27,574</u>
TOTAL:		<u>4,35,22,022</u>	<u>2,85,86,252</u>
<b>II. APPLICATION OF FUNDS:</b>			
1. Fixed Assets:	IV		
(a) Gross Block		5,92,26,994	4,21,19,002
(b) Depreciation.		<u>2,99,64,099</u>	<u>2,62,64,174</u>
(c) Net Block		<u>2,92,62,895</u>	<u>1,58,54,828</u>
(d) Capital Work-in-Progress.		<u>36,08,618</u>	<u>23,84,032</u>
		<u>3,28,71,513</u>	<u>1,82,38,860</u>
2. Current Assets, Loans and Advances:	V		
(a) Inventories.		16,22,780	14,15,192
(b) Sundry Debtors.		33,26,923	31,21,245
(c) Cash and Bank Balances		7,21,405	3,21,017
(d) Loans and Advances.		<u>2,28,35,482</u>	<u>2,16,65,919</u>
		<u>2,85,06,590</u>	<u>2,65,23,373</u>
Less: Current Liabilities and Provisions:	VI		
(a) Current Liabilities.		83,31,081	43,33,981
(b) Provisions.		<u>95,25,000</u>	<u>1,18,42,000</u>
		<u>1,78,56,081</u>	<u>1,61,75,981</u>
Net Current Assets.		<u>1,06,50,509</u>	<u>1,03,47,392</u>
TOTAL:		<u>4,35,22,022</u>	<u>2,85,86,252</u>
NOTES ON BALANCE SHEET	IX		

(M.S. RANA)  
Chairman & Managing  
Director.

(T. PITCHAIAH)  
Financial Director

(R.M. BASRUR)  
Director

(J.K. WADHWA)  
Secretary

As per our Report of even date  
FOR M.M. NISSIM AND CO.,  
Chartered Accountants.

(P.B. DESAI)  
Partner



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986**

<b>INCOME:</b>	<b>Schedule</b>	<b>Rupees</b>	<b>Previous Year Rupees</b>
Throughput, Blending and Manufacturing Charges	VII	4,80,06,637	4,08,44,802
Other Income		<u>19,17,022</u>	<u>10,79,780</u>
		<u>4,99,23,659</u>	<u>4,19,24,58</u>
<b>EXPENDITURE:</b>			
Operating and Other Expenses.	VIII	3,65,77,442	3,11,06,734
Interest:			
On Fixed Loan	10,28,285		—
Others	<u>3,85,295</u>		<u>3,03,060</u>
		14,13,580	3,03,060
Depreciation		<u>43,12,825</u>	<u>30,13,541</u>
		<u>4,23,03,847</u>	<u>3,44,23,335</u>
Profit for the year before Tax		76,19,812	75,01,247
Expenses of prior years.		<u>13,69,534</u>	<u>80,454</u>
<b>PROFIT BEFORE TAX:</b>		<u>62,50,278</u>	<u>74,20,793</u>
Provision for Taxation.		<u>28,00,000</u>	<u>42,00,000</u>
<b>PROFIT AFTER TAX:</b>		<u>34,50,278</u>	<u>32,20,793</u>
Surplus brought forward from previous year		12,178	10,044
Development Rebate Reserve written back		—	48,700
Excess provision for expenses of prior year written back		<u>13,291</u>	<u>67,641</u>
<b>DISPOSABLE PROFIT:</b>		<u>34,75,747</u>	<u>33,47,178</u>
<b>APPROPRIATIONS:</b>			
Proposed Dividend (Subject to deduction of tax)		4,00,000	4,00,000
Short Provision for Taxation in respect of earlier year		9,681	—
Investment Allowance Reserve		11,78,000	2,85,000
General Reserve		18,80,000	26,50,000
Surplus carried to Balance Sheet		<u>8,066</u>	<u>12,178</u>
<b>TOTAL:</b>		<u>34,75,747</u>	<u>33,47,178</u>

**NOTES ON PROFIT AND LOSS ACCOUNT**

IX

(M.S. RANA)  
Chairman & Managing  
Director.

(T. PITCHAIAH)  
Financial Director

(R.M. BASRUR)  
Director

(J.K. WADHWA)  
Secretary

As per our Report of even date  
FOR M.M. NISSIM AND CO.,  
Chartered Accountants.

(P.B. DESAI)  
Partner

Bombay, 24th July, 1986



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1986

		<b>As at 31st March, 1985</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE-I</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised:</b>		
8,000 Equity Shares of Rs. 500/- each.	40,000,000	40,000,000
<b>Issued and Subscribed:</b>		
8,000 Equity Shares of Rs. 500/- each, fully paid-up. (The entire Share Capital is held by Indian Oil Corporation Limited, the Holding Company, and its nominees)	40,000,000	40,000,000
TOTAL:	<u>40,000,000</u>	<u>40,000,000</u>
<b>SCHEDULE-II</b>		
<b>RESERVES AND SURPLUS:</b>		
<b>1. General Reserve:</b>		
As per last Balance Sheet	1,98,41,000	1,71,91,000
Transferred from Profit and Loss Account	<u>18,80,000</u>	<u>26,50,000</u>
	2,17,21,000	
<b>2. Development Rebate Reserve:</b>		
As per last Balance Sheet	500	49,200
Transferred to Profit and Loss Account	<u>Nil</u>	<u>48,700</u>
	500	500
<b>3. Investment Allowance Reserve:</b>		
As per last Balance Sheet	24,05,000	21,20,000
Transferred from Profit and Loss Account	<u>11,78,000</u>	<u>2,85,000</u>
	35,83,000	24,05,000
<b>4. Profit and Loss Account</b>	<u>8,066</u>	<u>12,178</u>
TOTAL:	<u>2,53,12,566</u>	<u>2,22,58,678</u>
<b>SCHEDULE-III</b>		
<b>UNSECURED LOAN:</b>		
<b>Short-Term Loan:</b>		
Cash Credit from State Bank of India, guaranteed by-Indian Oil Corporation Limited, the Holding Company	27,03,456	23,27,574
Loan from Indian Oil Corporation Limited, the Holding Company	1,15,06,000	-
TOTAL:	<u>1,42,09,456</u>	<u>23,27,574</u>

**SCHEDULE—IV FIXED ASSETS:**

FIXED ASSETS	GROSS BLOCK			
	As on 1.4.85	Additions	Deductions	As on 31.3.86
	Rs.	Rs.	Rs.	Rs.
Land - Leasehold	-	80,06,000	-	80,06,000
Buildings (On Leasehold Land)	88,52,727	3,01,877	-	91,54,604
Railway Siding	2,73,039	-	-	2,73,039
Plant and Machinery	2,45,57,901	76,98,443	2,67,936	3,19,88,408
Furniture, Fixtures and Office Equipments	27,28,519	8,06,778	36,031	34,99,266
Forklift Trucks	37,31,573	7,47,935	3,26,241	41,53,267
Motor Vehicles	5,59,015	2,11,710	34,543	7,36,182
Research and Development:				
Building (On Leasehold Land)	26,483	-	-	26,483
Plant and Machinery	13,89,745	-	-	13,89,745
<b>TOTAL:</b>	<b>4,21,19,002</b>	<b>1,77,72,743</b>	<b>6,64,751</b>	<b>5,92,26,994</b>
Previous Year's Total:	3,94,11,807	29,00,855	1,93,660	4,21,19,002

NOTES: 1. Building includes Rs. 3,500/- towards value of 70 Share in Co-operative Housing Society for purchase of flat.

2. Lease Agreement in respect of Leasehold Land acquired at Thane is yet to be executed.

**SCHEDULE—IV FIXED ASSETS: (Contd...)**

DEPRECIATION			NET BLOCK		
Upto 31.3.86	Deductions/ Adj. for earlier years	For the year	Upto 31.3.86	As on 31.3.86	As on 31.3.86
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
—	—	84,274	84,274	79,21,726	—
40,20,020	—	5,19,863	45,39,883	46,14,721	48,32,707
2,39,650	—	5,009	2,44,659	28,380	33,389
1,69,36,302	2,41,482	27,03,932	1,93,98,752	1,25,89,656	76,21,599
13,83,946	32,865	2,72,181	16,23,262	18,76,004	13,44,573
27,34,882	3,08,646	5,18,108	29,44,344	12,08,923	9,96,691
2,39,589	29,907	1,05,300	3,14,982	4,21,200	3,19,426
8,391	—	905	9,296	17,187	18,092
7,01,394	—	1,03,253	8,04,647	5,85,098	6,88,351
2,62,64,174	6,12,900	43,12,825	2,99,64,099	2,92,62,895	1,58,54,828
2,34,22,540	1,71,907	30,13,541	2,62,64,174		
		Capital Work-in-Progress :		36,08,618	23,84,032
		TOTAL :		3,28,71,513	1,82,38,860

<b>SCHEDULE-V</b>	<b>Rupees</b>	<b>Rupees</b>	<b>As at 31st March,1985 Rupees</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
<b>1. CURRENT ASSETS:</b>			
(a) Inventories:			
(As taken, valued and certified by the Management]			
Stores and Spare Parts (As Cost)		16,22,780	14,15,192
TOTAL:		<u>16,22,780</u>	<u>14,15,192</u>
(b) Sundry Debtors:			
(Unsecured, considered Good]			
Other Debts		33,26,923	31,21,245
Due from Indian Oil Corporation Limited the Holding Company			
(c) Cash and Bank Balances:			
(i) Cash & Cheques on hand		60,250	60,250
(ii) Balance with a Schedule Bank			
Current Account		6,61,155	2,60,767
TOTAL:		<u>7,21,405</u>	<u>3,21,017</u>
<b>2. LOANS AND ADVANCES:</b>			
Advances recoverable in cash or in kind or for value to be received, considered good.			
(a) Secured.	90,36,167		30,21,484
(b) Unsecured:			
(i) Due from Indian Oil corporation Limited, the Holding Company.	3,49,854		2,10,895
(ii) Others.	<u>55,04,308</u>		<u>94,59,771</u>
		1,48,90,329	1,26,92,150
3. Advance Payment of Income-Tax		77,67,428	88,76,769
4. Deposit with Industrial Development Bank of India, in lieu of Surcharge on Income-Tax with accrued interest		1,77,725	97,000
TOTAL:		<u>2,28,35,482</u>	<u>2,16,65,919</u>
<b>SCHEDULE—VI</b>			
<b>CURRENT LIABILITIES AND PROVISION:</b>			
<b>1. CURRENT LIABILITIES:</b>			
(a) Sundry Creditors		60,63,612	38,50,418
(b) Due to Indian Oil Corporation Ltd., the Holding Company		19,21,013	1,36,193
(c) Other Liabilities		3,46,456	3,47,370
TOTAL:		<u>83,31,081</u>	<u>43,33,981</u>
<b>2. PROVISION:</b>			
Taxation		91,25,000	1,14,42,000
Proposed Dividend		4,00,000	4,00,000
TOTAL:		<u>95,25,000</u>	<u>1,18,42,000</u>



## SCHEDULES—ANNEXED TO AND FORMING PART OF THE; PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986

For the Year  
ended 31st  
March 1985  
Rupees

SCHEDULE—VII	Rupees	Rupees	Rupees
<b>OTHER INCOME:</b>			
Interest:			
On Staff Loans	5,17,398		3,87,293
On Others	<u>40,038</u>		<u>8,522</u>
		5,57,436	3,95,815
Profit on sale of Assets		2,46,883	35,241
Pipeline User Charges		9,30,663	5,74,366
Miscellaneous		1,82,040	74,358
		<u>19,17,022</u>	<u>10,79,780</u>
TOTAL:			
<b>SCHEDULE—VIII</b>			
<b>OPERATING AND OTHER EXPENSES :</b>			
Salaries, Wages, Allowance and Bonus		1,98,76,705	1,65,15,593
Contribution to Employees' Provident Fund and Other Funds		10,04,545	9,06,474
Gratuity .		51,465	2,88,767
Staff Welfare Expenses		35,75,056	35,07,710
Fuel, Power and Water Charges		41,03,133	33,60,041
Stores & Spare Parts Consumed		8,10,064	5,40,036
Rent		8,32,459	8,57,420
Rates, Taxes and Licences		3,46,720	2,57,229
Material Handling Expenses		6,81,750	6,39,401
Repairs and Maintenance to:			
Buildings	9,42,096		9,65,105
Plant and Machinery	15,66,968		12,66,816
Railway Siding	1,27,825		1,22,974
Others	<u>3,33,710</u>		<u>2,61,740</u>
		29,70,599	26,16,635
Insurance		92,397	57,262
Travelling and Conveyance		4,18,667	2,77,212
Motor Vehicle Expenses		1,99,409	1,43,844
Printing and Stationery		4,42,548	2,38,843
Postage, Telegrams and Telephones		3,49,960	2,37,137
Legal and Professional Charges		18,112	12,605
Loss on sale of Assets		—	7,319
Auditor's Remuneration:			
Audit Fees	12,000		12,000
Tax Audit Fees .	3,000		3,000
Out-of-pocket Expenses	<u>11,759</u>		<u>1,551</u>
		26,759	16,551
General Expenses		7,77,094	6,26,655
		<u>3,65,77,442</u>	<u>3,11,06,734</u>
TOTAL:			



**For the Year  
ended 31st  
March, 1985**

**Rupees      Rupees**

**SCHEDULE—IX**

## 1. CONTINGENT LIABILITIES:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for :	15,41,423	11,48,654
(b) Claims against the Company, not acknowledged as debts:	25,000	25,000
(c) Gurantee given to Government of Kerala, on behalf of the Holding Company, Indian Oil Corporation Limited, in respect of Sales-Tax demands:	38,80,892	38,80,892

## 2. Value of the Tax Credit Certificates applied for under Section 280 ZB of the Income-Tax Act, 1961, pending before the Income-Tax Authorities:

	1,91,715	1,91,715
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## 3. During the year, the Group Gratuity Scheme with Life Insurance Corporation of India has been discontinued and Gratuity is being accounted for on a cash basis. The present liability for future payment of Gratuity as calculated by the Comapny, assuming employees retired as of the date of Balance Sheet amounts to Rs. 74,88,257/-. A sum of Rs. 19,24,185/ is receivable from Life Insurance Corporation of India towards surrender value of the policy

## 4. Additional information pursuant to Paragraphs 3, 4, 4C and 4D of Par! II, to Schedule VI of the Companies Act, 1956:

## (A) Turnover (Processing Fees)

Lube Blending :	- Kilo Ltrs.	2,91,209	2,80,686
	- Rupees.	**4,07,53,304	3,36,82,277
Grease :	- Metric Tonnes.	6,908	6,821
	- Rupees.	72,53,333	71,62,525

Note : The Company has not purchased or consumed any raw materials during the year. There are no Opening 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 operations.

\*\* Throughput and Blending Fees are net after deducting operational losses amounting to Rs. 14,72,005/- - (Previous Year-Rs. NIL).



**For the year  
ended  
31st March 1985**

(B) Break-up of expenditure incurred during the year on employees in respect of remuneration aggregating to Rs. 36,000/- or more, per year or Rs. 3,000/- per month, when employed for a part of the year.			
(i) Employed throughout the year			
Number of employees	Nos	156	106
Salaries, Wages & Bonus	: Rupees	71,43,624	47 32,823
Contribution to Provident Fund and Other Funds	: Rupees	3,87 374	2 77,154
(ii) Employed for part of the year:			
Number of employees	: Nos.	4	None
Salaries, Wages & Bonus	: Rupees	50,856	—
Contribution to Provident Fund and Other Funds	: Rupees	3,522	—
(C) Remuneration to Chairman and Managing Director:			
(a) Salary	: Rupees	63,827	66,188
(b) Provident Fund and Other Funds	: Rupees	5,240	5,013
(c) Other Perquisites	: Rupees	983	1,331
TOTAL	: Rupees	<u>70,050</u>	<u>72,532</u>

Note: No separate provision for gratuity payable to Chairman and Managing Director has been made in the Accounts and it will be accounted on cash basis when paid.

In addition, the Chairman and Managing Director is also allowed the use of Company's car for private purposes upto 12,000 Kms. per annum, on a payment of Rs. 1,800/per annum, to be recovered in instalments of Rs. 150/- per mensem.

	<b>Lubes (KL.)</b>	<b>Grease (MT.)</b>	<b>Lube (KL.)</b>	<b>Greases (MT.)</b>
(D) Capacity and Production:				
(a) Licensed Capacity	2,50,000	4,536	2,50,000	4,536
(b) installed Capacity £	2,50,000	8,500	2,50,000	8,500
(c) Actual Production*	2,91,209	6,908	2,80 686	6,821

Application for increase in installed Capacity of Grease Production is under process with appropriate authorities.

£ As certified by the Management and accepted by the Auditors without verification Includes 5,111 Kls. (Previous Year-10,941 Kls.)

\* not blended but back-loaded.

	<b>Rupees</b>	<b>Rupees</b>
(E) CIF Value of imports :		
Spare Parts and Components	75,939	81,946
Capital Goods	25,16,310	99,770
(F) Expenditure in Foreign Currency:		
(a) Subscription to journals	13,185	311
(b) Consumable Stores:	7,448	—



**For the Year  
ended  
31st March, 1985**

	<b>Value</b>	<b>Percentage</b>	<b>Value</b>	<b>Percentage</b>
	<b>Rupees</b>		<b>Rupees</b>	
(G) Consumption of Spare Parts during the Year:				
Imported:	2,16,697	28.68	72,796	28,356
Indigenous:	5,39,000	71.32	1,83,895	71,664

5. Previous Year's figures have been regrouped wherever necessary.

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**SIGNATURES TO SCHEDULE I TO IX**

(M.S. RANA)  
Chairman & Managing  
Director

(T. PITCHAIAH)  
Financial Director

(R.M. BASRUR)  
Director

(I.K. WADHWA)  
Secretary

Vide Our Report of even date  
FOR M.M. NISSIM AND CO.,  
Chartered Accountants

(P.B. DESAI)  
Partner.

Bombay, 24th July, 1986



# REVIEW OF THE ACCOUNTS OF INDIAN OIL BLENDING LIMITED FOR THE YEAR ENDED 31ST MARCH 1986, BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA.

## 1. Financial Position

- (i) The financial position of the company as at end of the three years ended 31st March, 1986 is given below:—

	1984 Rs.	1985 Rs.	1986 Rs.
<b>Assets</b>			
1. Net Fixed Assets	1,59,89,267	1,58,54,828	2,92,62,895
2. Capital Work in progress	2,91,716	23,84,032	36,08,618
	1,62,80,983	1,82,38,860	3,28,71,513
3. Working Capital			
(a) Current Assets, Loans and Advances	2,19,34,581	2,65,23,373.	2,85,06,590
(b) Less: Current Liabilities including provision	1,25,41,323	1,61,75,981	1,78,56,081
	93,93,258	1,03,47,392	1,06,50,509
4. Total Assets	2,56,74,241	2,85,86,252	4,35,22,022
5. Less: Long term loans	—	—	1,15,06,000
Short term loans	23,03,997	23,27,574	27,03,456
Net Worth	2,33,70,244	2,62,58,678	2,93,12,566
Net Worth as shown above is represented by			
6. Paid up Capital	40,00,000	40,00,000	40,00,000
7. Reserves & Surplus	1,93,70,244	2,22,58,678	2,53,12,566
Total:	2,33,70,244	2,62,58,678	2,93,12,566

(ii) The paid up capital of the company is wholly contributed by IOC, and there is no increase or decrease during the year.

(iii) The Company had declared dividend @ 10% during 1983-84 and 1984-85 and has proposed dividend at the same rate for 1985-86 also accounting for Rs.4 lakhs.

## 2. Capital work in progress

The Company has number of capital works in hand. The expenditure on these projects, as on 31st March, 1986, amounted to Rs.36,08,618 as against Rs.23,84,032 on the same date in 1985.

## 3. Working Capital

The Working capital of the Company for the year ended 31st March, 1984, 1985 and 1986 was Rs.93,93,258, Rs.1,03,47,392 and Rs.1,06,50,509 respectively and had been financed by bank borrowings and internal resources.

Details of Current Assets, Loans and Advances which form part of the working capital for the last three years are given below:—

	1984 Rs.	1985 Rs.	As on 31st March, 1986 Rs.
(a) Inventories	12,76,621	14,15,192	16,22,780
(b) Sundry debtors	33,94,098	31,21,245	33,26,923
(c) Cash and bank balances	86,250	3,21,017	7,21,405
(d) Loans and Advances	1,71,77,612	2,16,65,919	2,28,35,482

### (a) Inventories:

Inventories comprises of only stores and spare parts (At cost).

### (b) Sundry debtors:

The sundry debtors as on 31st March represented 1.21 months sales in 1983-84; 0.92 months sales in 1984-85 and 0.83 months sales in 1985-86.



#### 4. Working Results

The working results for the three years ended 31st March 1986, are given below:—

	1983-84 Rs.	1984-85 Rs.	1985-86 Rs.
<b>Income:</b>			
(a) Throughput, Blending and Manufacturing charges	3,36,34,872	4,08,44,802	4,80,06,637
(b) Other Income	4,25,081	10,79,780	19,17,022
Total:	3,40,59,953	4,19,24,582	4,99,23,659
<b>(c) Expenditure:</b>			
(i) Operating and other expenses	2,71,90,173	3,11,06,734	3,65,77,442
(ii) Interest	51,655	3,03,060	14,13,580
(iii) Depreciation	30,46,651	30,13,541	43,12,825
Total:	3,02,88,479	3,44,23,335	4,23,03,847
(d) Profit for the year	37,71,474	75,01,247	76,19,812
(e) Prior period adjustment	6,576	80,454	13,69,534
(f) Profit before tax	37,64,898	74,20,793	62,50,278

With the provision for taxation for Rs.28,00,000 and investment allowance reserve for Rs. 11,78,000 and also ringing forward the surplus from previous year amounting to Rs.12,176 and writing back the excess provision of expenses of the prior year amounting to Rs.13,291 the disposable profit for the year 1985-86 comes to Rs.22,97,747.

The Profit for the year constitutes 11.07% , 17.89% and 15.26% of the total income for the year 1983-84; 1984-85; 1985-86, respectively.

The total income for 1985-86 has registered an increase of 19.08% over that of 1984-85,; while the expenditure for 1985-86 rose by 22.89%.

#### 5. Capacity Utilisation

The throughput capacity utilisation of Bombay and Calcutta Plant during the year 1984-85, 1985-86 is indicated below:—

Plants	Product	Capacity	Actual Throughput			
			1984-85		1985-86	
			Actual Production	% to Capacity	Actual Production	% to Capacity
Bombay	Lubes (KL)	1,50,000	165647	110.43	165993	110.66
	Grease (MT)	8,500	6821	80.25	6908	81.27
Calcutta	Lubes (KL)	1,00,000	115039	115.04	125216	125.22

#### 6. Contribution to the Exchequer

	1983-84	1984-85	1985-86
Customs Duty	1.27	1.05	20.90
Income Tax	46.00	15.25	40.00

#### 7. Generation of Employment

The number of employees on the roll of the Company as on 31st March during the last three years ending 31st March, 1986 was as under:—

Year	No. of Employees
1983-84	523
1984-85	529
1985-86	578

The work force increased by 55 persons during these three years.

Sd/  
(B.M OZA)  
Member, Audit Board and  
Ex-officio, Director of Commercial  
Audit—II, Bombay.



**COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF INDIAN OIL BLENDING LIMITED, BOMBAY FOR THE YEAR ENDED 31ST MARCH, 1986 UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956.**

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Comment of the Comptroller and Auditor-General of India

Replies of the Board of Directors

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**PROFIT AND LOSS ACCOUNT:**

**Expenditure:**

Interest:

On Fixed Loan: Rs. 10,28,285/-

The above represents interest paid to Indian Oil Corporation upto 31.3.1986 on the loan amount of Rs. 1,15,06,000/- taken charged for the exclusive purpose of resitment of grease plant and its modernisation which should have been exhibited under the head 'Capital Work-in-Progress'. As a result, profit is understated by a like amount of Rs. 10,28,285/-.

The Company considers that amount has been correctly off to Profit & Loss Account.

Sd/-  
(B.M OZA)  
Member, Audit Board and Ex-Officio  
Director of Commercial Audit-II,  
Directors Bombay, 26th September, 1986

Sd/-  
(M.S. RANA)  
Chairman & Managing Director  
For and on behalf of the Board of  
Bombay, 29th September, 1986