

INDIAN OIL CORPORATION LIMITED



**ANNUAL REPORT
1986-87**

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.

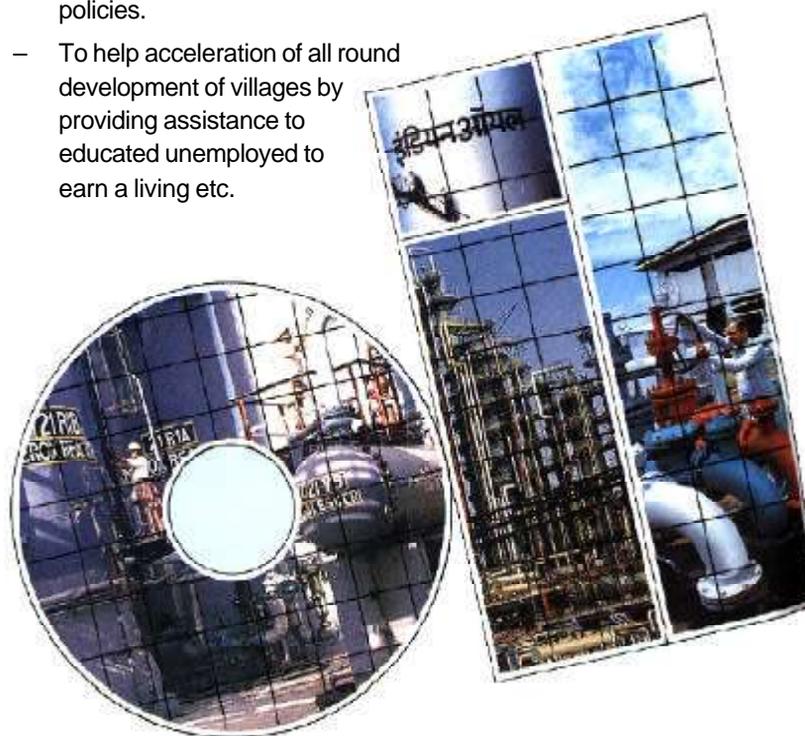
Towards Community

- 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 to 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.

Index



CONTENTS

| | |
|--|----|
| Board of Directors | 5 |
| Principal Executives | 7 |
| Director's Report | 9 |
| – Financial Results | 9 |
| – Operations | |
| Refineries | |
| Pipelines | |
| Marketing | |
| International Trade | |
| – R & D | 21 |
| – Assam Oil | 23 |
| – Projects | 23 |
| Joint Venture | |
| Energy Conservation | |
| Safety | |
| Environmental Protection | |
| Computerisation | |
| Import Substitution | |
| Efficiency Improvement | |
| Corporate Planning | |
| – Personnel | 34 |
| – Awards | 36 |
| How Funds Generated & Utilised | 38 |
| Statement of Added Value | 39 |
| A Ten - Year Profile | 40 |
| Review of Accounts by CAG | 43 |
| Report of the Auditors | 47 |
| Statement of Accounting Policies | 50 |
| Balance Sheet | 52 |
| Profit & Loss Account | 54 |
| Notes on the Accounts | 75 |
| Statement relating to Subsidiary Companies | 83 |
| Assets – Township | 84 |
| Income and Expenditure – Township etc. | 86 |
| Comments on the Accounts | 87 |
| Annual Report of IOBL | 89 |

Indian Oil Corporation Limited

REGISTERED OFFICE

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

28th Annual Report

Left

Mercox unit at Mathura refinery for improving petrol quality.

Centre (Top)

Huge tanks provide about 40 days sales cover.

Centre (Bottom)

Crude distillation unit AU-III of Gujarat refinery has been revamped to increase processing capacity.

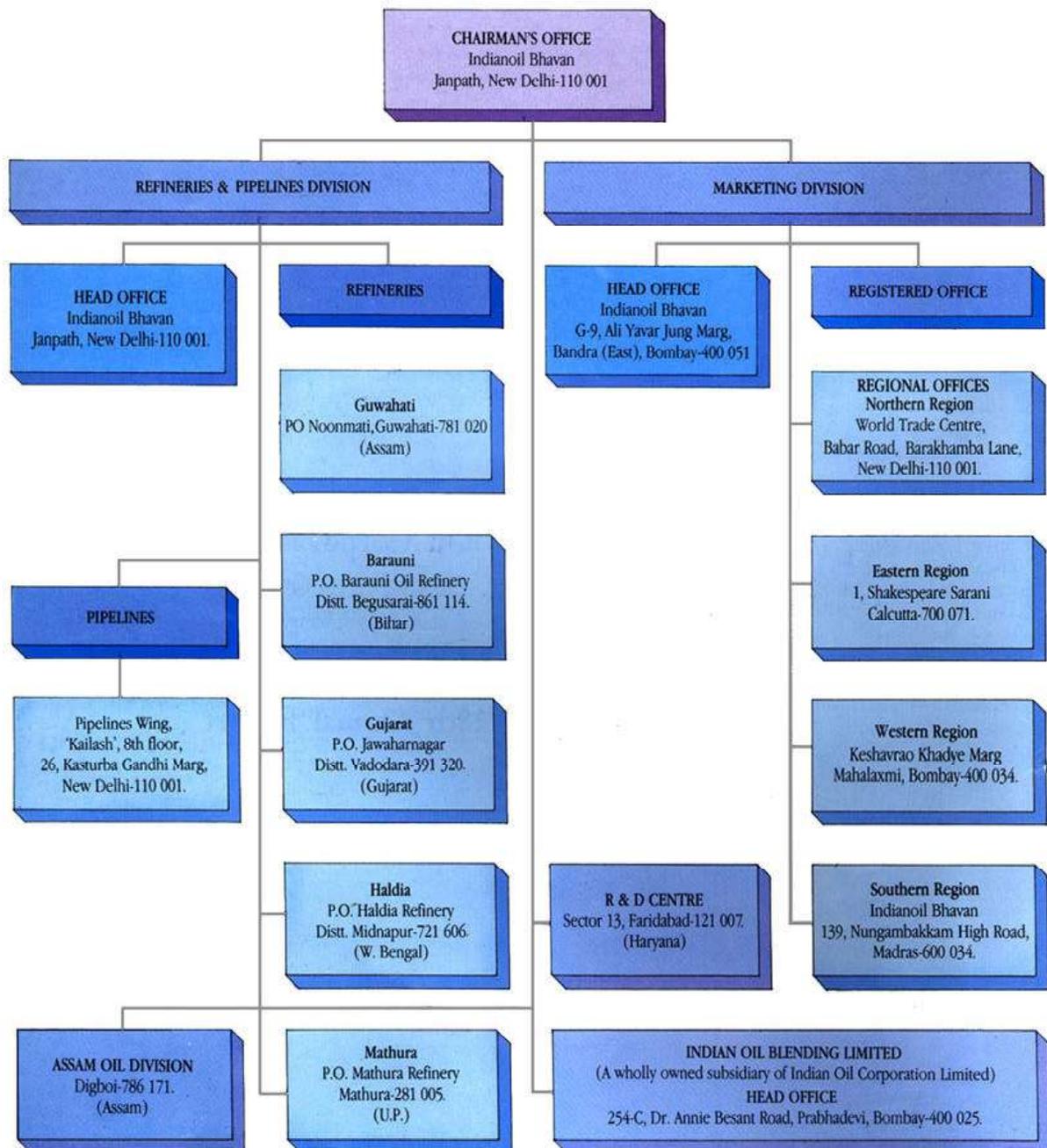
Right

3850km of pipelines transported 18.6 million tonnes crude and products during the year.

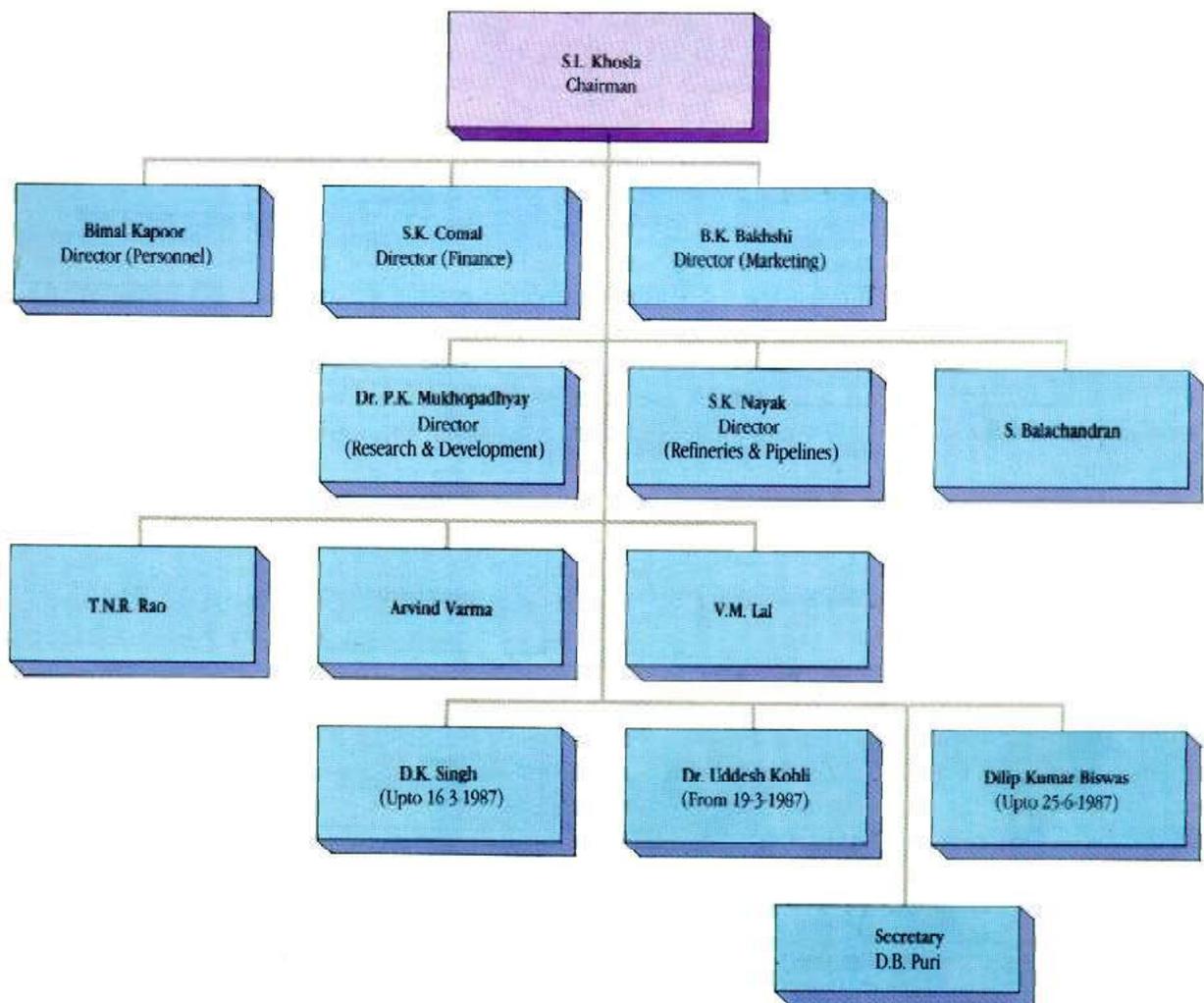
In this Report one lakh corresponds to 0.1 million and one crore to ten million



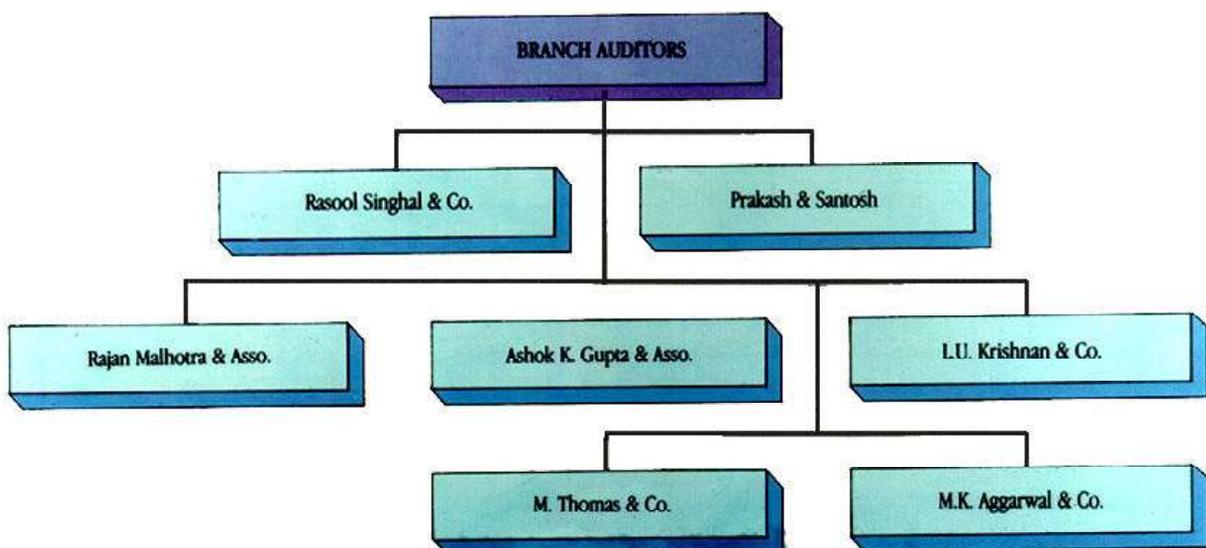
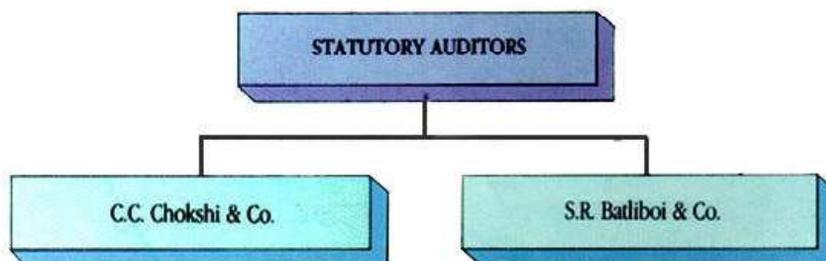
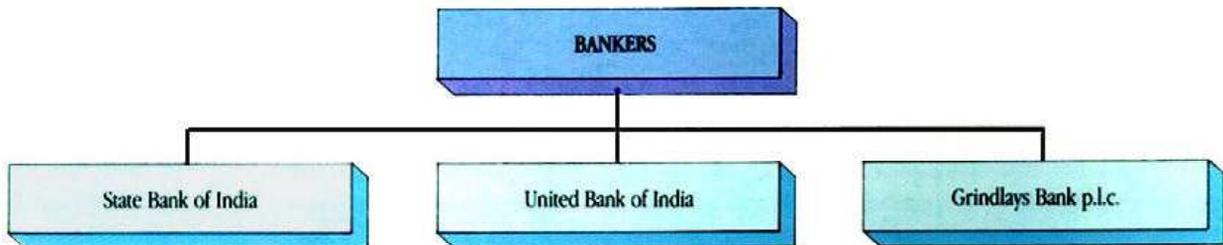
Major Units



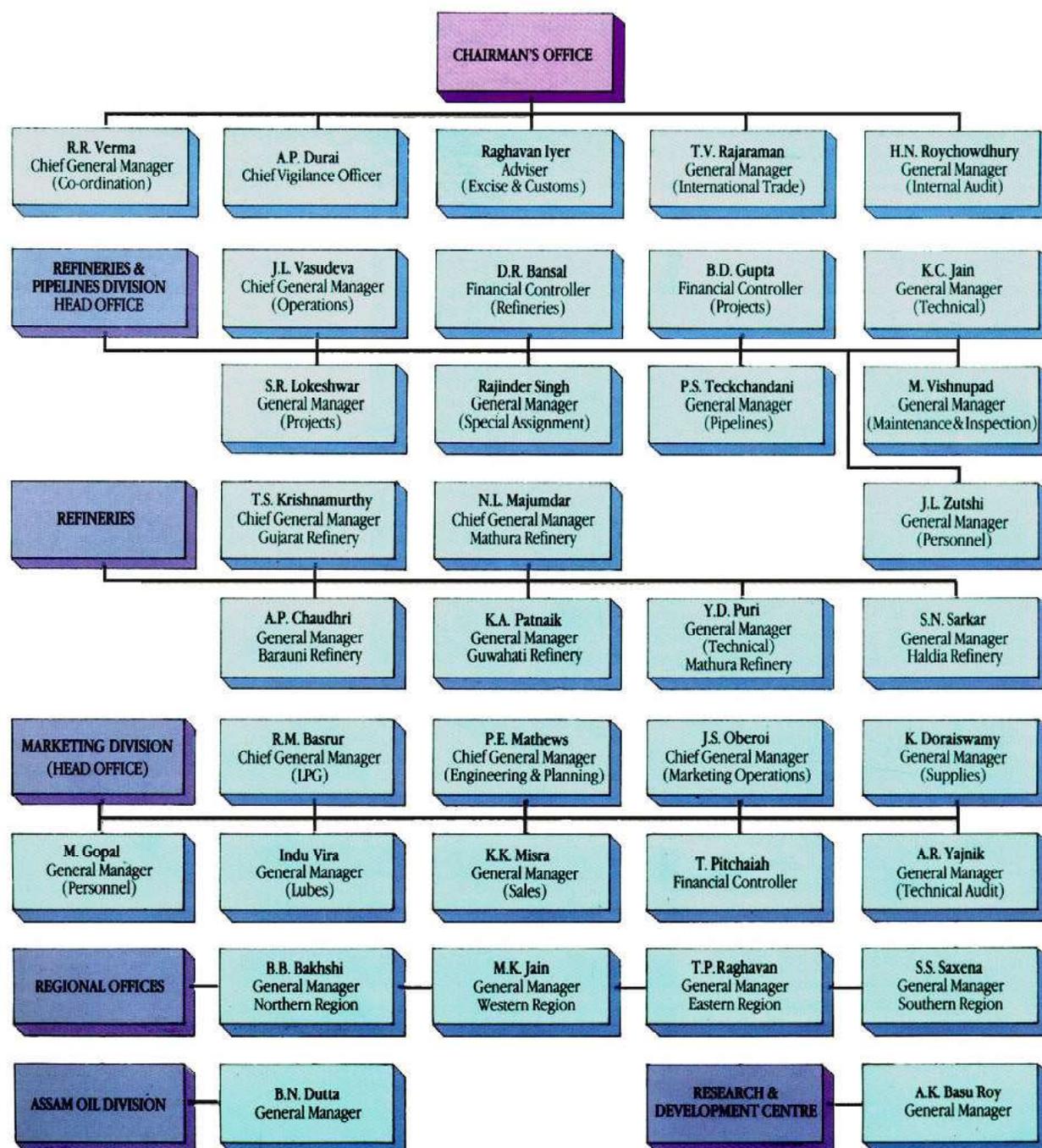
Board of Directors



Bankers and Auditors



Principal Executives



Notice

NOTICE is hereby given that the 28th Annual Meeting of Indian Oil Corporation Limited will be held on Monday, the 31st August, 1987, at 1400 hours at indianoil Bhavan, Janpath, New Delhi, instead of 14th August, 1987 at the Company's Registered Office at Bombay, notified earlier, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet, Profit & Loss Account and Report of the Auditors and Directors thereon for the financial year ended 31st March, 1987.
2. To declare dividend.

By Order of the Board

Sd/-

(D.B. PURI)
Secretary

Bombay, Dated : 13th August, 1987

Note 1 : 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.

Note 2 : Approval for change of venue of the meeting has been obtained from the Government of India, Ministry of Industry, Department of Company Affairs, Company Law Board, New Delhi.

Directors' Report 1986-87

To

The Shareholders of Indian Oil Corporation Limited

Gentlemen,

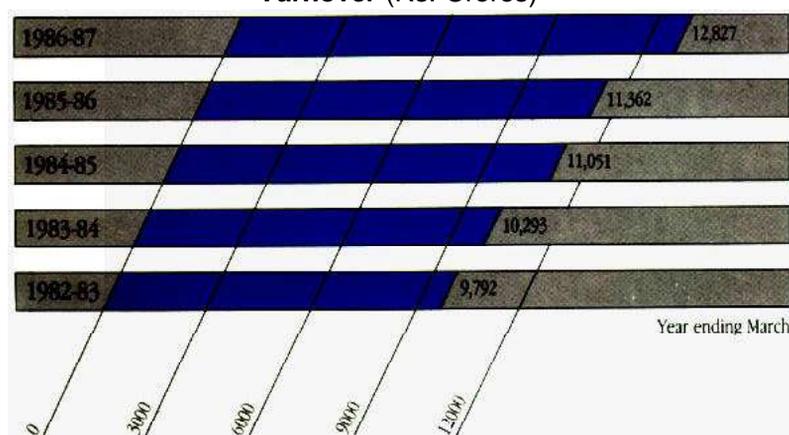
On behalf of the Board of Directors, I have great pleasure in placing before you the 28th Annual Report on the working of the Corporation for the financial year ended 31st March, 1987 alongwith the audited statement of accounts.

The financial results of the year are summarised below:

Financial Results

| | (Rs in crores) | |
|------------------------------|----------------|-----------|
| | 1986-87 | 1985-86 |
| Turnover | 12,827.20 | 11,362.24 |
| Profit | | |
| Profit before Interest, | | |
| Depreciation and Tax | 930.46 | 492.70 |
| Interest | 56.27 | 71.53 |
| Depreciation | 202.97 | 227.02 |
| Profit before Tax | 671.22 | 194.15 |
| Tax provision | 243.00 | 65.18 |
| Profit after Tax | 428.22 | 128.97 |
| Appropriations | | |
| Proposed Dividend | 19.72 | 17.26 |
| Investment Allowance Reserve | — | 19.00 |
| Insurance Reserve Account | 0.30 | 0.70 |
| Export Profit Reserve | 29.30 | — |
| General Reserve | 378.90 | 92.01 |

Turnover (Rs. Crores)



Dividend

The Corporation has progressively been increasing the rate of dividend from 6% in 1966-67 to 14% since 1980-81. For 1986-87 your Directors have recommended payment of dividend at 16% which will absorb an amount of Rs 19.72 crores out of the disposable profit of Rs 428.22 crores. This is the 21st consecutive year of dividend payment by the Corporation. The total dividend declared so far is Rs 201.37 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's contribution to the central exchequer in the form of duties and income tax alone during the year was Rs 2217.91 crores. This is Rs 263.32 crores more than the contribution in 1985-86.

Value Added

Value added for 1986-87 in the operations of the Corporation amounted to Rs 1168 crores. This reflects an increase of Rs 438 crores over 1985-86.

Working Capital

Due to better management of funds the working capital at close of the year decreased by Rs 210.47 crores over the previous year. Consequently bank overdraft on 31st March, 1987 came down to Rs 121.44 crores from Rs 344.24 crores on 31st March, 1986.

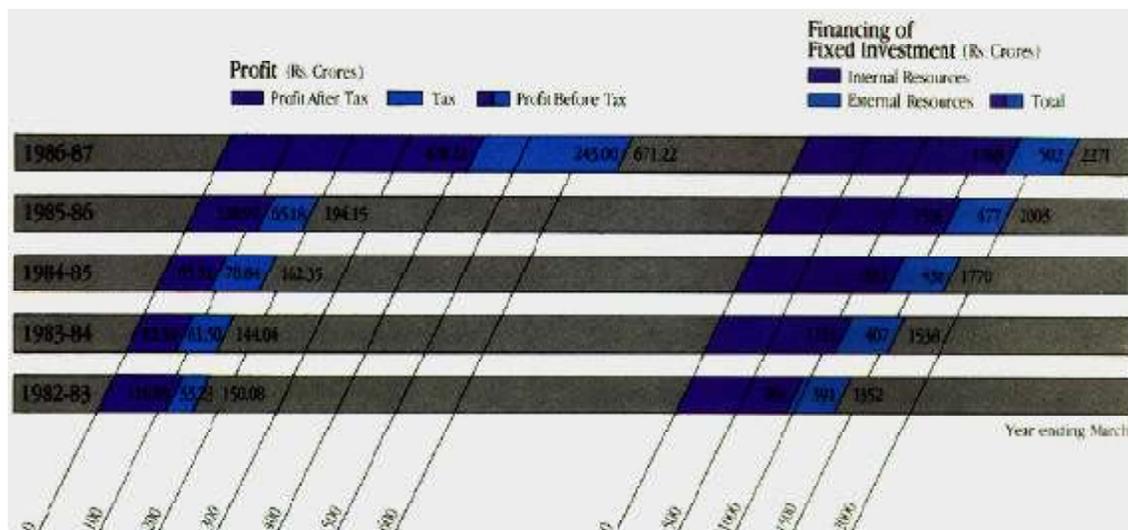
Financing of Investment

A capital expenditure of Rs 267.98 crores was incurred during the year. This was financed entirely from internally generated resources comprising retained profit and depreciation.

Public Deposit Scheme

The amount received under the Public

Directors' Report *Contd...*

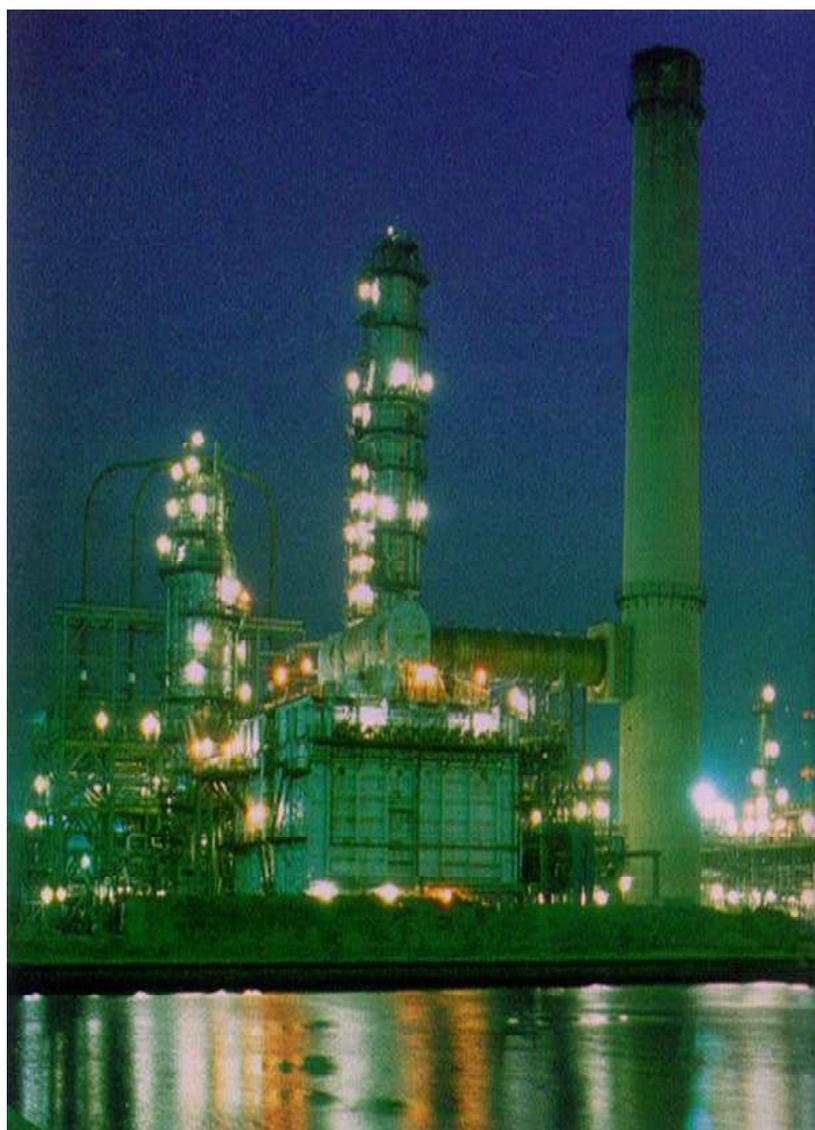


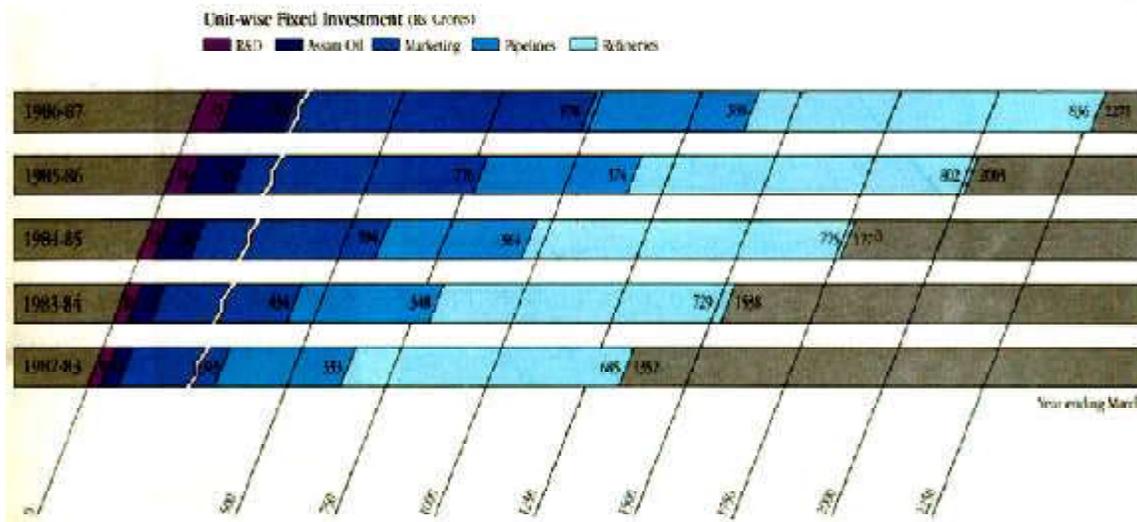
Deposit Scheme, introduced in 1980-81, reached a peak of Rs 206 crores with 99,331 depositors on 30th September, 1986. Due to better internal resource position, the acceptance of fresh deposits was suspended from October, 1986. The total amount on 31st March, 1987 was Rs 193.35 crores from 89,404 depositors.

SEVENTH FIVE YEAR PLAN

Out of the Seventh Plan outlay of Rs 12,628 crores for the Petroleum sector in the country, the Refining & Marketing outlay is Rs 1975 crores. The Government has approved an outlay of Rs 1063.20 crores for the Corporation. This includes Rs 8.33 crores for our wholly owned subsidiary Indian Oil Blending Limited and Rs 25.20 crores for petrochemical schemes.

The net outlay, excluding LPG consumer deposits amounting to Rs 80 crores, is Rs 983.20 crores. The entire outlay would be financed from internally generated resources. The Plan expenditure in 1985-86 & 1986-87 was Rs 119.82 crores and Rs 112.14 crores respectively. For 1987-88 the Plan outlay fixed for the Corporation is Rs 177.29 crores.





OPERATIONS

REFINERIES

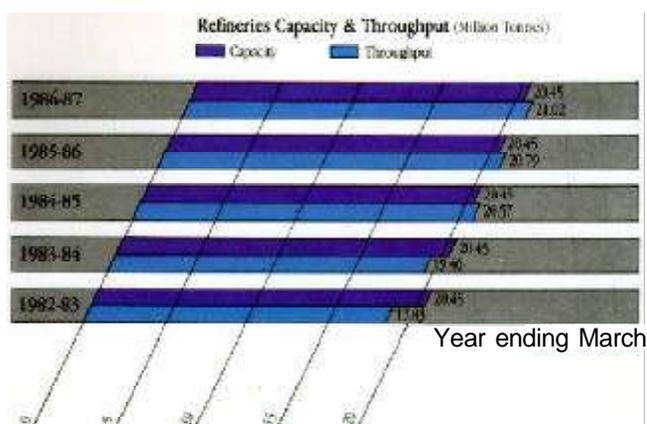
For the third successive year our refineries achieved over 100% capacity utilisation. During 1986-87, the six operating refineries at Guwahati, Barauni, Gujarat, haldia, mathura and Digboi processed 21.02 million tonnes of crude oil attaining a capacity utilisation of 102.8% as compared to a throughput of 20.79 million tonnes and capacity utilisation of 101.6% last year. In 1984-85 the capacity utilisation was 100.6%.

The modern Mathura refinery has been achieving over 100% capacity utilisation in the past three years.



Directors' Report *Contd...*

Index



The throughput during the year under review could have been higher but for restricted availability of crude oil to Barauni and Guwahati refineries from Assam oil fields. The other salient features of the year's operations were:

- Gujarat, Mathura and Digboi refineries achieved the highest ever throughputs.
- Overall processing of indigenous crude oil (Assam, Gujarat and Bombay High) was 13.82 million tonnes which was 2.6% higher than the previous year.
- Fluid Catalytic Cracking Units at Gujarat and Mathura attained record throughputs of 116% and 112% respectively of their designed capacity of one million tonnes each leading to higher distillate production.
- LPG production at 434,000 tonnes recorded an increase of 6% over 1985-86.

A comparative picture of the installed capacities and actual throughputs in the last three years is as under:

| Refinery | Capacity* | Throughput | | | %Capacity Utilisation in 1986-87 |
|----------|-----------|------------|---------|---------|----------------------------------|
| | | 1984-85 | 1985-86 | 1986-87 | |
| Guwahati | 0.850 | 0.761 | 0.766 | 0.802 | 94.4@ |
| Barauni | 3.300 | 2.896 | 2.765 | 2.860 | 86.7@ |
| Gujarat | 7.300 | 7.777 | 7.830 | 7.835 | 107.3 |
| Haldia | 2.500 | 2.365 | 2.822 | 2.623 | 104.9 |
| Mathura | 6.000 | 6.239 | 6.075 | 6.353 | 105.9 |
| Digboi | 0.500 | 0.531 | 0.529 | 0.551 | 110.2 |
| | 20.450 | 20.569 | 20.787 | 21.024 | |

Capacity Utilisation

100.6% 101.6% 102.8%

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

@ Due to lower availability of crude oil.

Maintenance & Inspection in Refineries

For better utilisation of resources emphasis was laid on improving service factor and reducing plant downtime. Efforts were also made to conceptualise technically and administratively sound maintenance management systems for uniform application. Inspection

Manuals were updated during the year on Tankages, Pressure Vessels, Piping, Boilers and Fired Heaters.

Detailed inspection audit of electrical installations at all refineries was carried out and corrective actions taken. 'Insurance levels' of stores and spares of both static and rotary equipment at



all our refineries were assessed and revised levels fixed. This would also result in reduction of inventory holding in due course.

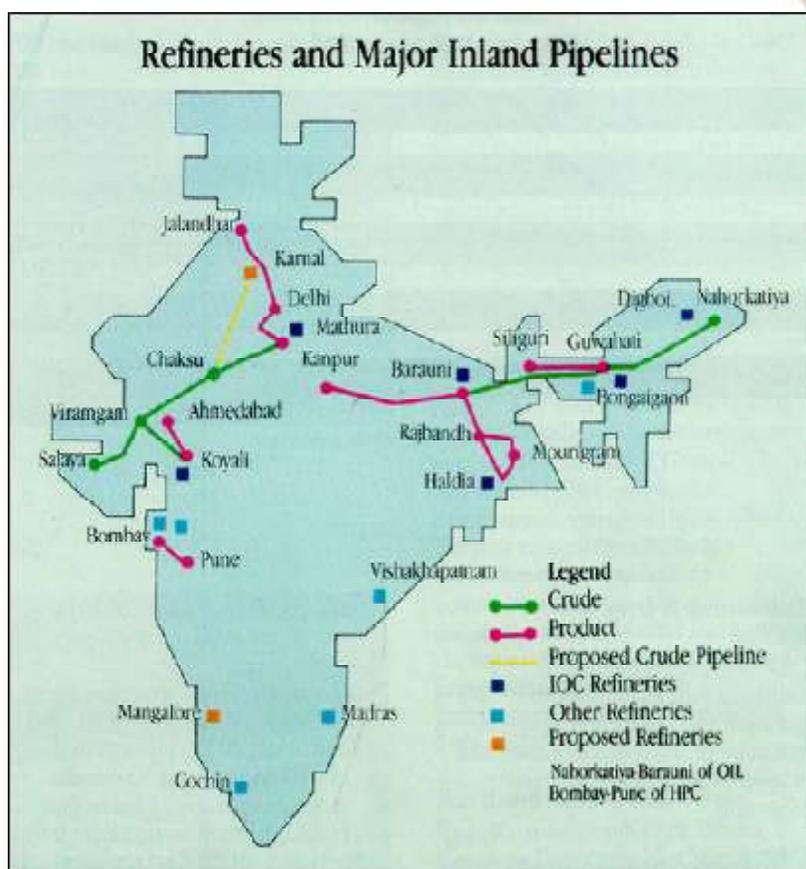
A special study was conducted to identify areas to modernise and further improve maintenance practices. The action plan drawn up is expected to improve "plant reliability" and would lead to optimisation of maintenance costs.

PIPELINES

The Corporations network of 1219 km of crude oil pipeline and 2631 km of product pipelines transported 18.60 million tonnes of crude oil and petroleum products during 1986-87. The product pipelines alone transported 8.89 million tonnes as against 8.63 million tonnes in the previous year, registering an increase of 3%.

The Koyali-Ahmedabad and Mathura Jalandhar product pipelines achieved the highest ever throughput.

The actual throughput of pipelines during the last three years is as under:



(‘000 tonnes)

| Pipeline | Design Capacity | Throughput | | |
|-------------------------------------|-----------------|--------------|--------------|--------------|
| | | 1984-85 | 1985-86 | 1986-87 |
| Product | | | | |
| Koyali-Ahmedabad | 1110 | 1215 | 1210 | 1218 |
| Guwahati-Siliguri | 818 | 517 | 514 | 579* |
| Barauni-Kanpur | 1800 | 1629 | 1718 | 1760 |
| Haldia-Barauni and Haldia-Mourigram | | | | |
| Rajbandh | 2650 | 1793 | 2211 | 2125* |
| Mathura-Jalandhar | 3700 | 2138 | 2528 | 2760* |
| Digboi-Tinsukia | 485 | 420 | 447 | 450 |
| | 10553 | 7712 | 8628 | 8892 |
| Crude Oil | | | | |
| Salaya-Viramgam | | | | |
| Koyali-Mathura | 1000 | 10187 | 9984 | 9704 |
| Total | 20553 | 17899 | 18612 | 18596 |

* Operated to the extent of product availability during the year.

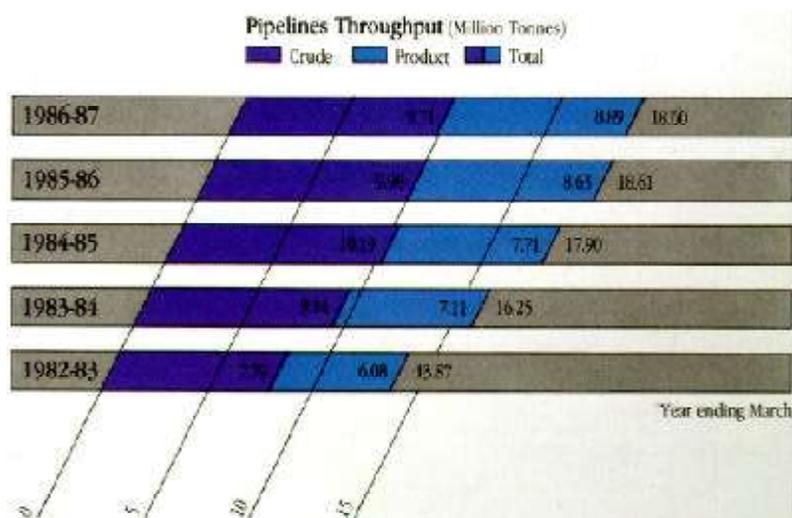
Top left

Better preventive and predictive maintenance has led to higher capacity utilisation – tube sheet reduce drilling at Gujarat refinery.



Directors' Report *Contd...*

Index



Maintenance & Inspection of Pipelines

Concerted efforts continued during the year to improve the operation and health of the pipeline system by utilising modern tools and techniques for maintenance and inspection.

- To assess external corrosion Computerised Potential Logging Survey was commenced in Allahabad-Barauni section of Barauni-Kanpur pipeline and 50 km section of Haldia-Barauni line going through coal-belt area. This will also determine effectiveness of the Cathodic Protection System and the condition of the coating.
- On the basis of studies undertaken in 1985-86, 52 km of defective coat & wrap of mainline in various pipelines were replaced during the year.
- Additional Cathodic Protection units have been installed in the Barauni-Kanpur and Salaya Mathura pipelines to improve the level of protection against external corrosion. Major overhaul of existing cathodic

protection units and ground beds has also been completed in all our pipelines.

- Based on the Instrumented Pig Survey for assessment of internal corrosion, 30 km pipeline in the Haldia-Mourigram-Rajbandh section and about 21 km in the Haldia-Barauni section have been replaced. Additional replacement of about 19 km has been taken up in the Haldia-Mourigram-Rajbandh pipeline.
- Corrosion coupon was inserted for the first time in the offshore pipeline at Vadinar of the Salaya Mathura pipeline by hot tapping to monitor the internal corrosion in the pipeline. Corrosion coupons inserted in all the onshore pipelines during 1985-86 have shown low to moderate rate of internal corrosion indicating effectiveness of corrosion inhibitor.
- For optimising the product interface quantity, an automatic detector to monitor the interface was commissioned at Kanpur terminal. Other terminals will

also be equipped with such detectors during the course of this year.

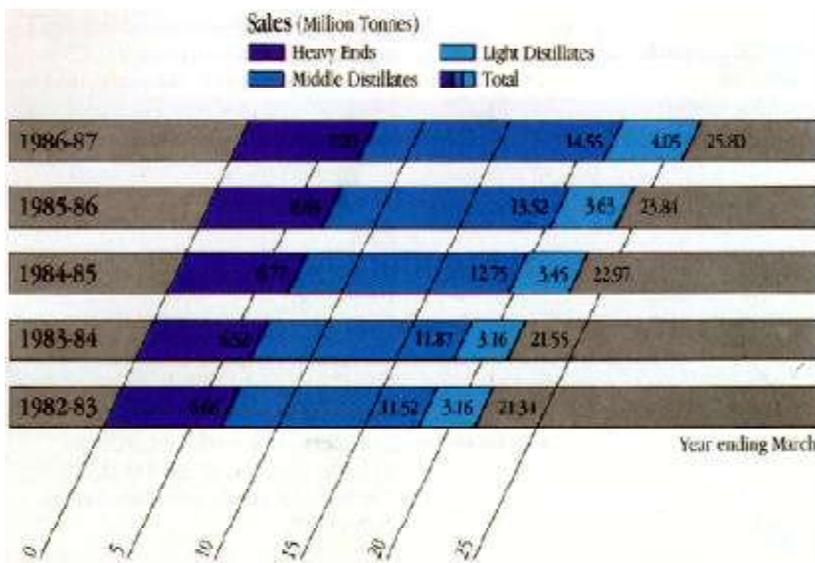
MARKETING

Sales

The Corporation sold 25.80 million tonnes of petroleum products during the year achieving a market participation of 59.2%. The sales, which include 0.731 million tonnes of Assam Oil Division, were 8.2% higher than the 23.84 million tonnes attained in 1985-86.

The national demand materialisation of petroleum products during 1986-87 was 43.59 million tonnes as compared to 40.88 million tonnes in the previous year, a growth rate of 6.6%.





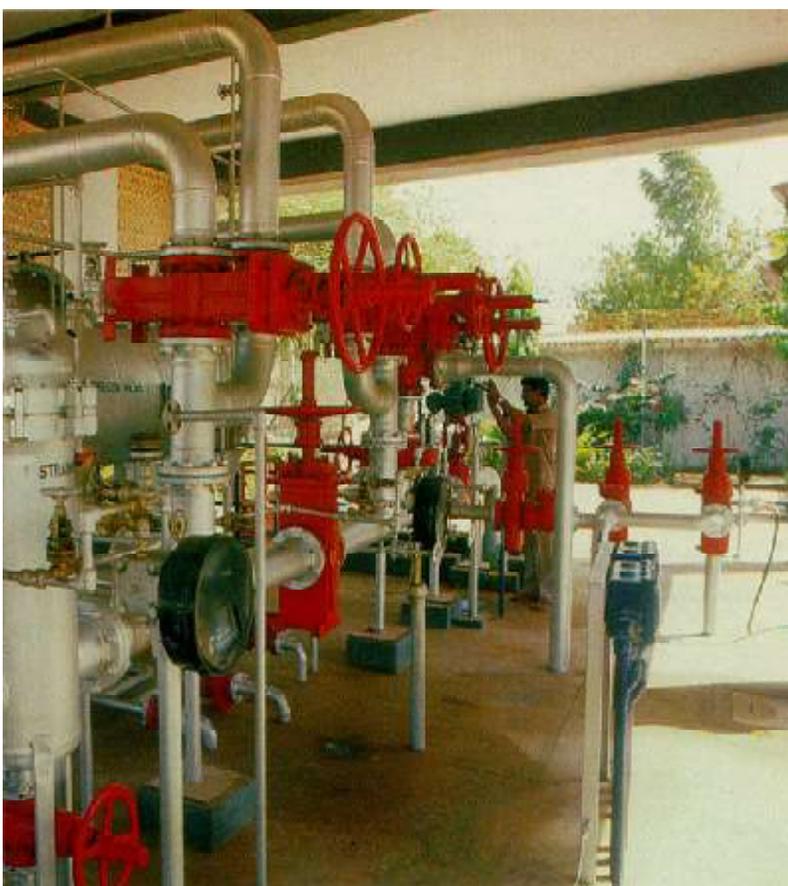
Retail Distribution

For taking petroleum products closer to customers, the retail distribution system continued to receive special attention. During 1986-87, 225 new Retail Outlets were set up (180 in 1985-86) bringing the total number in operation at the end of the year to 5382. During the year, 111 new SKOI LDO dealerships were commissioned (94 in 1985-86) raising their total number in operation at the end of the year to 2857.

In line with the Government's social objectives policy 45% dealerships are reserved for Scheduled Castes Scheduled Tribes, physically handicapped, freedom fighters, and Defence categories. Of the 518 dealerships/distributorships commissioned by the Corporation during the year, 364 were from among the social objectives categories. This brings the total number of dealerships distributorships under the policy to 2428.

Rural and Agricultural Sector

Your Corporation had 26 Taluka Kerosene Depots on 31st March, 1987 all over the country to ensure adequate and equitable availability of kerosene. There were also 231 multi-purpose distribution centres operating to cater to the needs of the rural sector, not only of petroleum products but also of fertilizers, pesticides, seeds, tractor spare parts, non-scheduled drugs, etc.

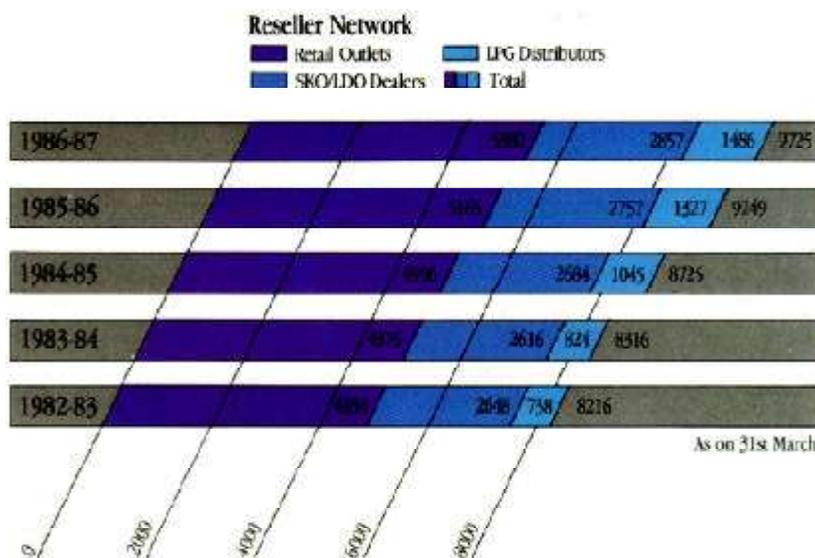


Constant monitoring by modern techniques is undertaken for the health and efficient operations of the 3850km crude oil and product pipelines network-a view of Koyali-Ahmedabad pipeline station.



Directors' Report *Contd...*

Index



Cooking Gas

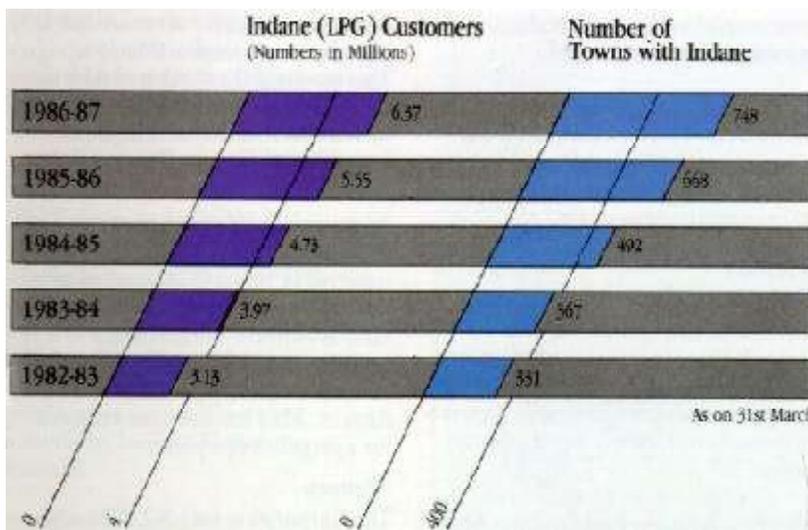
The Indane customer population of the Corporation has gone up from 1.8 million on 31st March, 1981 to 6.37 million on 31st March, 1987, registering a growth of over 250%. During 1986-87 alone 815,000 customers were added resulting in an increase of 14.7% over the previous year. It is planned to enrol about 850,000 customers during 1987-88. In the next three years the Indane customer population is expected to go up to 8.7 million.

For better customer service and management of rapid expansion the LPG department in the Corporation has been reorganised. The process begun in 1984, with the functions of LPG operations, transportation and materials being integrated, has culminated in the LPG department being made a cost/profit centre. There would be 30 LPG Area Offices, as distinct from the Divisional Offices which will handle marketing of all other products.

The LPG department is now self-sufficient in all marketing functions including engineering, finance, equipment development etc. It is now a composite department for more effective functioning.

Indane customers are served through a network of 1486 distributors (1327 in 1985-86) spread over 748 towns (668 in 1985-86). For user convenience second cylinders were released to about 514,000 customers in 1986-87. Now 1.89 million or 29.7% of our customers have been given a second cylinder. With the conversion of 327,000 customers from 'F' type to the safer 'Pin' type 'self closing' equipment during the year, all domestic customers are now using the new equipment. To serve customers in hill areas it is proposed to introduce 5 kg mini cylinders. Test marketing of these cylinders has commenced in the Garhwal hills of North India during July, 1987.





During the year a mini-LPG plant at Sawai Madhopur was commissioned with a capacity of 10,000 tonnes per annum. As on 31st March, 1987 the Corporation owned and operated 16 bottling plants with a capacity of 593,000 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 769,000 tonnes per annum. It is proposed to achieve by 1988-89 a total capacity of

about 1.14 million tonnes per annum by setting up new plants at Varanasi, Karnal, Tikrikalan, Balasore, Bhopal, Hazira, Jamshedpur and four micro-plants at Dehradun, Ajmer, Haldwani and Parwanoo.

Technology Transfer for LPG Valves and Pressure Regulators

To standardise LPG equipment, technology for Pressure Regulators obtained by your Corporation from Kosan Teknova, Denmark, has been passed on to indigenous manufacturers. Production of the 'click-on' Pressure Regulators as per Kosan Teknova design is expected to commence shortly. This is in addition to technology for 'self-closing' valves transferred to indigenous manufacturers in 1985-86. To ensure maintenance of high quality control standards by LPG equipment manufacturers it is proposed to set up a centralized quality assurance laboratory.



The effective bottling capacity of Indane has more than doubled from 361,000 tonnes per annum in 1982-83 to 769,000 tonnes per annum in 1986-87. The 5 kg mini-cylinders filled at Kanpur are being test marketed in the Garhwal hills.



Directors' Report *Contd...*

Index

Storage and Distribution

A new Foreshore Terminal at Madras and a new storage depot at Vairangate (Mizoram) were commissioned during the year. As on 31st March, 1987 the Corporation had 36 installations (18 port, 12 pipeline and 6 inland) and 116 bulk depots. A tankage of 223,000 kl was added during the year at various installations and depots. This brings the total tankage at the end of the year to 3.16 million kl as against 2.94 million kl on 31st March, 1986. The throughput of all products handled during 1986-87 from these installations and depots was 35.68 million kl as compared to 34.33 million kl during the previous year.

The existing product tankage with the Corporation provides a cover of about 40 days sales. It is proposed to extend the cover to 45 days on the basis of 1989-90 estimated sales during the next three to four years.

For transportation of petroleum products the Corporation has a fleet of 438 tank trucks. During the year, the kl x km/month of each truck, on an average, depicted an improvement of 150% over the previous year.

There are, in addition, special tank trucks for aviation turbine fuel and product transportation in hilly areas.

To meet the requirement of bulk customers, 211 consumer pumps were commissioned during the year raising the total number of consumer pumps to 4279 as on 31st March, 1987.

Aviation

The Corporation sold 1.4 million kl aviation turbine fuel during 1986-87 and continued to be the market leader with a business share of 68%. Several important and strategic refuellings were organised satisfactorily at very short notice.

Two new Aviation Fuel Stations (AFS) were commissioned during the year at Indira Gandhi International Airport,

New Delhi and Imphal (Manipur).

This increased the number of AFS to 77. It is also planned to extend the hydrant refuelling system at Sahar International Airport, Bombay (Sahar Phase-III).

Assistance under technical cooperation agreement continued to be rendered to Nepal Oil Corporation for maintaining quality standards at their various airfields. The assistance programme to Maldives Government for their staff at Hulule International Airport, Male has also been extended for a period of two years.

Bitumen

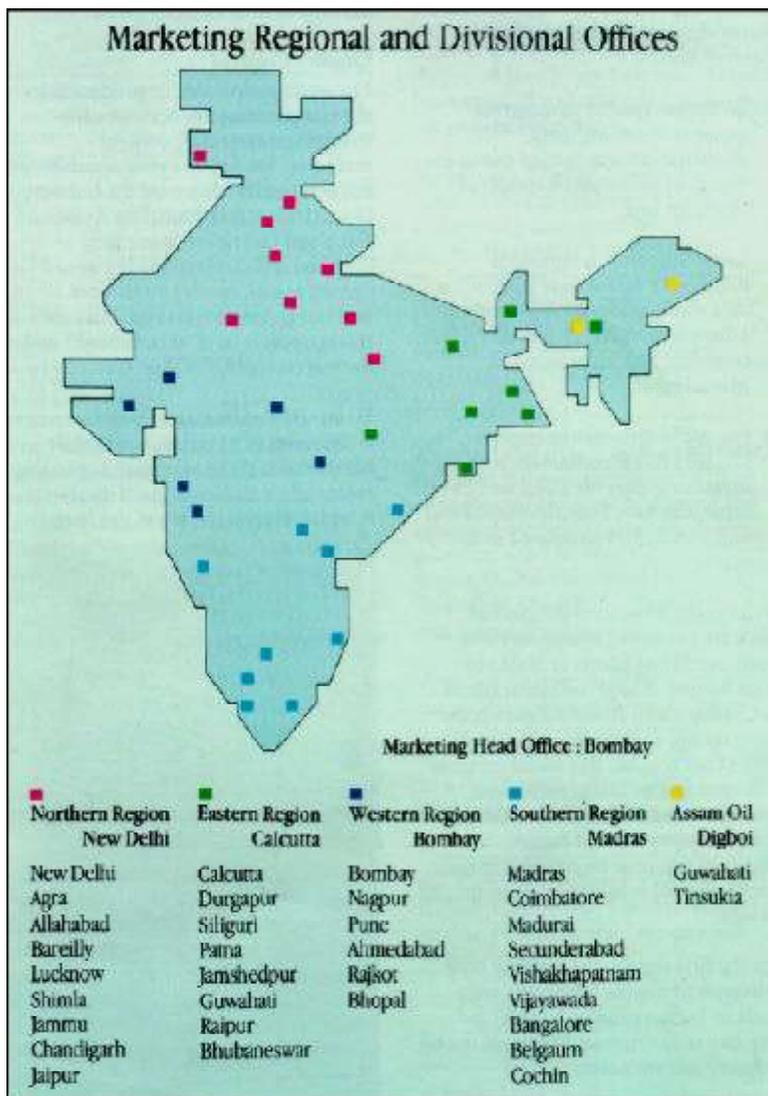
The Corporation sold 262,000 tonnes of bulk bitumen during the year



(188,000 tonnes in 1985-86) against the target of 208,000 tonnes registering an achievement of 126%. This constituted over 43% of the total bitumen sales of the Corporation.

Lubricants

The Corporation sold 377,000 tonnes of lubricants in 1986-87 achieving a market participation of over 50%. Of these, 150,000 tonnes were produced at our Lube Blending Plant, Madras. In addition 291,000 tonnes of lubricants and 7,273 tonnes of greases were produced at our wholly owned subsidiary, Indian Oil Blending Limited.



Top left
Besides pipelines, railway tank wagons are a major mode of petroleum product transportation.

Top right
The new foreshore terminal at Madras will help avoid double banking operation and lead to reduction in demurrage and savings in foreign exchange.

Bottom
With a business share of 68% the Aviation Service refuels not only national and international airlines but aircraft of the nation's Defence forces also.



Directors' Report *Contd...*

Index

Several innovative steps were initiated during the year to meet consumer requirements:

- To ensure quality and correct quantity for consumers, modification was carried out in the design of pilfer-proof spouts of lubricant tins.
- Servo Superior, a high-tech multigrade oil for new generation cars was introduced in 5-litre and 1-litre containers. A special 2.5 litre container was introduced for Maruti cars.
- For use in two-stroke engines 500 ml HDPE containers with measuring caps for 20 ml and 25 ml capacities have been developed and will shortly be introduced in the market.

To meet the increasing demand of lubricants in small containers three small-can filling plants at Malda in West Bengal, Khapri in Maharashtra and Tadepalle in Andhra Pradesh are being set up, each with a capacity of 1400 kl per month. For additives three bulk tankages of 200 kl each were commissioned during the year at our Lube Blending Plant, Madras. Additives can now be received in bulk from Lubrizol resulting in considerable savings.

For the first time in the country bulk deliveries of marine lubricants were made to Indian ships at Madras and Bombay to the mutual benefit of the oil industry and the users.

A National Conference on Industrial Tribology was organised in December 1986 at Bombay to promote the science of Tribology and disseminate technological information.

A workshop was also organised at New Delhi on lubricants for new generation Japanese automotive equipment in India to foster efforts in the development of better lubricants.

Quality Control

For quality assurance in product sales the Corporation has been steadily strengthening quality control measures. During the year mandatory inspections laid down by the Industry Quality Control Manual on Aviation Fuels and Lubricants were fully achieved. All the inspections were carried out on quality audit lines without prior information. All aviation storage points have been brought under the purview of DGCA.

To ensure product quality to customers at the point of purchase five mobile

laboratories are in operation for testing motor spirit and high speed diesel samples at retail outlets in the four regions of the Marketing Division and the Assam Oil Division. The laboratories, which are fully equipped for testing samples on the spot, are based at Delhi, Bombay, Calcutta, Madras and Digboi.

A revised manual on quality control for non-aviation products was prepared incorporating the latest technical data and is being implemented.

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 comparative picture of imports and exports by the Corporation) during the past three years is as follows:

| | 1984-85 | | 1985-86 | | 1986-87 | |
|----------------|---------------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|--------------------------|
| | Quantity (million tonnes) | Value (Rs. Crores) | Quantity (million tonnes) | Value (Rs. Crores) | Quantity (million tonnes) | Value (Rs. Crores) |
| Imports | | | | | | |
| Crude | 11.810 | 2919.00 | 15.240 | 349.00 | 15.812 | 2029.92 |
| Fuel Products | 5.134 | 1593.67 | 3.540 | 105.04 | 2.302 | 458.16 |
| Lubricants | 0.135 | 74.90 | 0.195 | 10.43 | 0.225 | 84.56 |
| Exports | | | | | | |
| Crude Oil | 5.630 | 1363.05 | 0.428 | 11.03 | – | – |
| Fuel Products | 0.797 | 205.31 | 1.801 | 44.58 | 2.303 | 355.13 |

No crude oil was imported by any other oil company during the year, though 0.512 million tonnes valued at Rs 131.31 crores had been imported directly by Madras Refineries Limited in 1985-86.

Of the imports during 1986-87, crude oil on rupee payment amounted to Rs 560.36 crores, while products amounted to Rs 277.06 crores. In addition, imports of fuel products worth Rs 48.25 crores arranged by Nepal Oil Corporation were received in Indian ports to cover the value of exports of petroleum products to Nepal. The Corporation also realised

Rs 55.79 crores from sales proceeds of various petroleum products exported to Nepal Oil Corporation. During the year the following amounts were also realised/earned in foreign exchange:

Your Corporation has 16

tankers (14 for product and 2 for crude) out of 30 under Time Charter with the oil industry. Export of larger parcels of Naphtha by ship-to-ship transfer was successfully experimented to overcome the draught limitation of Bombay port.

RESEARCH & DEVELOPMENT

During the year, Rs 9.94 crores were spent by the Corporation on Research & Development activities covering products, processes, waxy crude transportation and material failure studies.

In the product development area, 65 lubricant formulations were developed covering a range of automotive engine, gear and transmission oils, industrial oils, metal working oils, greases and speciality products. As many as 24

products are undergoing long duration field trials with major users like the Railways, Defence and Steel plants. Approval for 15 products was obtained from reputed national and international equipment builders.

Multigrade railroad diesel engine oil formulations developed by the Centre successfully completed the stationary locomotive engine test bed trials conducted jointly with Railways and their fuel efficiency potential has been confirmed. Three candidate formulations are now proposed for extensive field trials in ALCO locomotives.

Marine diesel engine oil formulations based on indigenously manufactured additive systems were developed and clearance for field trials of these products was obtained from major engine builders like SEMT Pielstick, France, MAN-B&W, West Germany and Sulzer, Switzerland.

A synthetic ester-based compressor oil for rotary screw compressors was developed as a potential energy efficient long life product and offered to K.G. Khosla Compressors Ltd. for field trials.

Other new products developed include the Radiator Coolant for Maruti cars, Rolling Compound for cold rolling of steel and grinding fluid for cast iron piston rings.

| Activity | Amount in Rs. Crores |
|---|-------------------------|
| Supplies of aviation fuel to international airlines | 100.02 |
| Supplies of bunker fuel and marine lubricants to foreign flag vessels at Indian ports | 5.62 |
| Upliftment of bunker fuel/marine lubricants by Indian flag vessels on foreign run at Indian ports | 17.21 |
| Commission for supplies of marine lubricants to Indian shipping companies at foreign ports. | 0.02 |
| Total | 122.87 |

Indianoil is the nation's canalising agency for import and export of crude oil and petroleum products-ship to ship transfer in operation at Sikka, off-Gujarat coast.



Directors' Report *Contd...*

Index

In fuels, studies were carried out to produce jet fuel in our eastern refineries with the available facilities. The criteria of operation and certain changes in processing schemes to ensure consistent quality were suggested.

Stability of motor gasoline with large amount of cracked stock was investigated in the laboratory and engine evaluations and certain steps were recommended to bridge the gap between the national and international fuel qualities. Field trials were carried out with additive treated diesel fuels with +60 C pour and sustained vehicle operations were obtained at sub-zero temperatures. During next winter, experimental

introduction of additive doped diesel fuel in an area would be taken up.

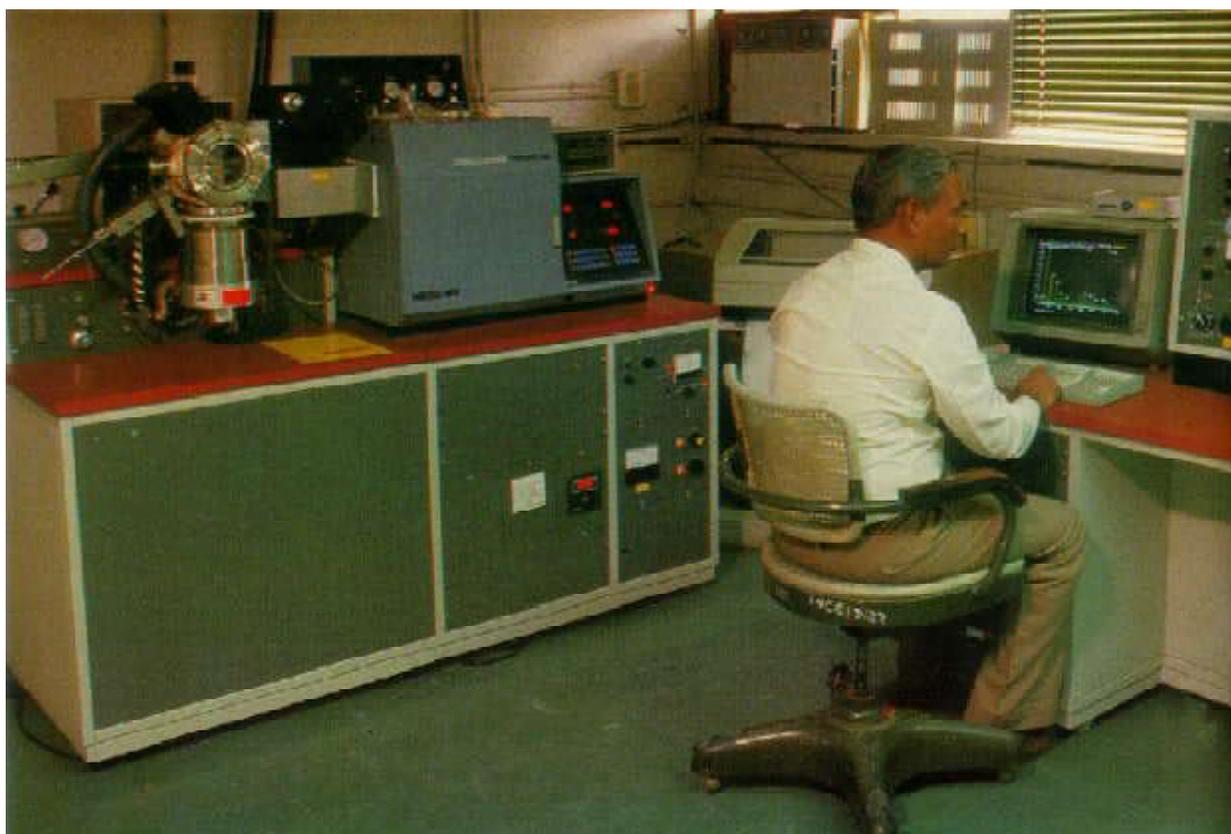
Certain studies with crude mix containing Ratna-Heera and North Gujarat crude blends were carried out to establish the suitability of the crudes for transportation in our existing pipelines.

In the field of Fluid Catalytic Cracking, the Micro Activity Test Unit and other catalyst evaluation facilities have been set up. In material failure analysis, a number of studies were taken up to give support to the refinery failure cases. A Mass Spectrometer interfaced with GC has been procured. Installation is currently in progress.

A collaborative programme with the Indian Institute of Petroleum for development of a superior two stroke engine oil for new generation two wheelers has been initiated.

In the immediate future attention will be focused on:

- development of capabilities for screening FCC catalyst in laboratory and bench scale units.
- development of engine tests for fuels and lubricants based on indigenous engines.
- studies on fuel quality for improving fuel economy.



- development of next generation lubricants for improved performance.
- acquisition of an All Weather Chassis Dynamometer to carry out simulated tests on vehicles in the laboratory.

ASSAM OIL DIVISION

Since its formation on 14th October, 1981 the Assam Oil Division of the Corporation has made significant progress. The crude throughput of Digboi refinery which was 0.496 million tonnes in 1981-82 has gone upto 0.551 million tonnes in 1986-87. The refinery has been achieving over 100% capacity utilisation consistently during the past five years.

AOD sales of 0.430 million tonnes in 1981-82 went up to 0.731 million tonnes during 1986-87 - a growth of 70% in 5 years. It has maintained market leadership in North-East region. This has been possible through expansion of network comprising 232 retail outlets, 345 SKO/LDO dealers and 34 consumer pumps as on 31st March, 1987. These are fed by 8 depots and one inland installation of AOD besides those of the Marketing Division. The tankage at AOD depots, which was 3,800 kl in 1981-82, has progressively increased nine fold to 34,700 kl as on 31st March, 1987.

The Division commenced marketing of LPG in August, 1982 and during the past five years has developed an infrastructure of 68 distributors in the North-East, in addition to the network of the Marketing Division of the Corporation. As on 31st March, 1987 it had over 130,000 LPG customers.

PROJECTS

The Corporation incurred a capital expenditure of Rs 267.98 crores during the year on various projects.

Completed Projects

The following major Plan Projects were completed:

- Unit revamp and replacement of furnaces at a cost of Rs 8.49 crores in crude distillation unit-AU III of Gujarat refinery resulting in increase in unit capacity by 0.5 million tonnes per annum and fuel saving of about 12,600 tonnes per year.
- Modern high thermal efficiency furnaces at a cost of Rs 9.86 crores to replace old design low thermal efficiency furnaces in two crude distillation units at Barauni refinery which is expected to result in fuel saving of about 15,600 tonnes per year.
- Modernisation of crude distillation unit at Guwahati refinery at a cost of Rs 6.87 crores for improving the product mix and fuel saving of about 5,600 tonnes per year.
- Revamping of crude distillation unit-AU IV of Gujarat refinery at a cost of Rs 1.40 crores for increasing processing capacity by 0.3 million tonnes per annum.



Left
Mass Spectrometer interfaced with Gas Chromatograph at the R&D Centre is a highly sophisticated instrument for product analysis.

Right
Crude distillation unit of Digboi refinery of Assam Oil Division which is sought to be modernised



Directors' Report *Cont..*

Index

- Telemetry and telesupervisory control system in the Haldia-Barauni pipeline at a cost of Rs 2.7 crores.
- A new Foreshore Terminal at Madras with a tankage of 116,000 k at a cost of about Rs 8.30 crores.
- LPG mini-bottling plant at Sawai Madhopur.
- Completion of Additional Product Tankage Phase I and II A of the Marketing Division by setting up remaining 228,800 kl tankage.

ONGOING PROJECTS

In addition, the following major Plan Projects are under implementation:

| Project | Estimated Cost (Rs. Crores) | Completion Schedule |
|---|--------------------------------|------------------------|
| 1. Additional secondary processing facilities at Gujarat refinery in the form of Hydrocracker for conversion of heavy ends into light/middle distillates. | 635.00 | February, 1992 |
| 2. Viramgam-Chaksu-Karnal pipeline for transportation of crude oil to Karnal refinery. | 234.00 | March, 1991 |
| 3. Modification of Salaya-Mathura pipeline for pumping BH crude in unlimited parcel size during winter. | 19.25 | December, 1987 |





Top
Indane bullet at the new LPG bottling plant at Sawai Madhopur in Rajasthan.

Bottom
Gujarat refinery expansion facilities with recently revamped crude distillation unit - AU IV in foreground. The refinery is being further expanded to process 2.2 million tonnes more crude oil per year.



| Project | Estimated Cost (Rs. Crores) | Completion Schedule |
|--|-----------------------------|-------------------------|
| 4. Revamping of crude distillation units-AU I and II of Gujarat refinery for increasing processing capacity by 1.4 million tonnes per annum and fuel saving by approximately 17,600 tonnes per year. | 17.80 | July, 1988 (In phases) |
| 5. Revamping (heat exchanger optimisation) of crude distillation units-AVU I & II of Barauni refinery for a fuel saving of approximately 29,000 tonnes per year. | 11.00 | February; 1990 |
| 6. Efficiency improvement of atmospheric and vacuum distillation units at Mathura refinery for fuel saving of about 17,500 tonnes per year. | 9.30 | March, 1988 (In phases) |
| 7. Low cost revamp of solvent dewaxing unit at Haldia refinery for increasing production of lube base stocks. | 5.85 | February, 1990 |
| 8. Efficiency improvement of heaters in crude & vacuum units at Haldia for fuel saving by about 8,650 tonnes per year. | 5.72 | December, 1987 |
| 9. Revamping of crude distillation unit at Mathura refinery for increasing processing capacity by 1.5 million tonnes per annum. | 5.50 | March, 1988 |
| 10. Bottling Plants under LPG Phase III programme. | 373.18 | 1988-89 |

NEW PROJECTS

Your Corporation has sought approval of the Government for the following major projects:

| Project | Estimated Cost (Rs. Crores) | Completion Schedule |
|---|-----------------------------|---------------------------------|
| 1. Kandla-Bhatinda product pipeline | 603.88 | 48 months from date of approval |
| 2. Second SBM at Salaya | 83.27 | 36 months from date of approval |
| 3. Modernisation of Digboi refinery | 168.34 | 48 months from date of approval |
| 4. Separafion of propylene at Mathura refinery. | 25.13 | 36 months from date of approval |

Directors' Report *Contd...*

Index

PARTICIPATION IN JOINT VENTURE REFINERY AT KARNAL

The Corporation has entered into a collaboration with Tata Chemicals Ltd. for setting up a 6 million tonnes grassroots refinery at village Baholi in Karnal district of Haryana. The estimated cost of the project is Rs 1233 crores (at 1985 prices). The financing of the project is based on debt equity ratio of 4:1. The ultimate equity participation in the Joint Venture Company will be IOC-26%, Tata Chemicals Ltd. - 26%, and the balance 48% to be issued to the public including NRI. IOC's contribution for equity is estimated to be Rs 64.22 crores. Work on the project

has commenced. The joint venture company will be incorporated as Tata Indianoil Refineries Limited.

ENERGY CONSERVATION

The Corporation maintained its thrust on energy conservation in various areas.

Efforts were continued implementing measures like

excess air control, optimisation of reflux ratios, stripping steam, cleaning of convection banks, heat exchangers, up-keep of equipment for energy conservation and loss reduction etc. Several schemes implemented at various refineries till 1985-86 had resulted in fuel savings of 53,100 tonnes per year.



Extreme left
The Prime Minister, Shri Rajiv Gandhi addressing the gathering at the launching of the Karnal refinery project.

Top
Memorandum of Understanding being signed on 22nd May, 1987 for formation of a joint venture company to erect and operate the Karnal refinery. Signatories from left to right: Shri Darbari Seth, Chairman TCL, Shri S.L. Khosla, Chairman Indianoil, and Shri TNR Rao, Joint secretary, Ministry of Petroleum & Natural Gas.

Right
Energy efficient new coking Unit of Barauni refinery the facilities for LPG recovery from coker gases.



During 1986-87, a number of energy conservation schemes were completed involving replacement of heaters, retro-fittings of air pre-heaters with process furnaces and heat exchanger train optimisation. The schemes completed during the year are expected to result in fuel savings of about 33,800 tonnes per year. This brings the total fuel savings in our refineries to 86,900 tonnes per year.

A number of schemes are at different stages of implementation and would be completed in phases by 1990. These would result in additional fuel savings of 72,750 tonnes per year.

The details of schemes completed during the year and those under implementation are as follows :



| Schemes Completed | Estimated fuel saving in tonnes/year | Completion Schedule |
|--|--------------------------------------|---------------------------|
| – Replacement of furnaces and unit revamp of crude distillation unit-AU III of Gujarat refinery | 12,600 | January, 1987 |
| – Replacement of old furnaces with modern high thermal efficiency furnaces in two crude distillation units of Barauni refinery | 15,600 | February, 1987 |
| – Heater replacement and modernisation of crude distillation unit of Guwahati refinery | 5,600 | December, 1986 |
| Ongoing Schemes | | |
| – Efficiency improvement in heaters of crude and vacuum units of Haldia refinery | 8,650 | December, 1987 |
| – Efficiency improvement in heaters of atmospheric and vacuum distillation units of Mathura refinery | 17,500 | March, 1988 |
| – Heat exchanger train optimisation and revamping of crude distillation units-AVU I & AU II of Barauni refinery | 29,000 | February, 1990 |
| – Heat exchanger train optimisation and unit revamp of AU I & AU II of Gujarat refinery | 17,600 | July, 1988 (In phases) |

Energy surveys are also planned at refineries for identification of heat recovery potential in the process furnaces in secondary units as well as from low grade heat sources from process streams. Suitable schemes will be developed in these areas for implementation after studying techno-economic feasibility.

The old power house and energy inefficient furnaces of Digboi refinery are planned for replacement as a part of Digboi Modernisation Scheme.

In addition, the following steps were also taken for energy conservation:

- For uninterrupted power supply to cathodic protection system, two solar-cum-battery banks are being installed in the Barauni-Kanpur and Salaya-Mathura pipelines.
- Promotion of non-conventional energy sources is also being done at IOC establishments and the retail network. In addition to solar hot water system already operating at IOC's guest houses at Bombay, Madras and Delhi, solar stills have been installed in its Antop Hill Laboratory, Bombay to produce



Directors' Report *Contd...*

Index

distilled water for laboratory use. Similarly, solar still has also been installed at one of the Corporation's retail outlets in Western Region.

- Pursuing with the Bureau of Indian Standards (earlier ISI) to upgrade thermal efficiency of LPG burners from 60% to 70%.
- High performance multigrade engine oil for passengers cars meeting international standards (API SF/CC) introduced in the market under the brand name "Servo Superior". This has an oil change period of 10,000 km as against 5,000 km normally adopted for earlier oils.
- To educate owners of 2/3 wheelers, a video film entitled "Lubrication of two-stroke engine" was produced.
- Emphasis on recycling of used oil by major consumers.
- A project to develop a fuel efficient kerosene lantern has been initiated with IIT, Kanpur.
- Energy audit was carried out at the Lube Blending Plant, Madras with the assistance of PCRA to identify areas for saving of electric power and fuel oils. The recommendations have already been implemented.
- The technical know-how of mini Nutan stove, developed by the R&D Centre, was given to six parties for possible manufacture. One of these is at an advanced stage of commercialisation.

SAFETY

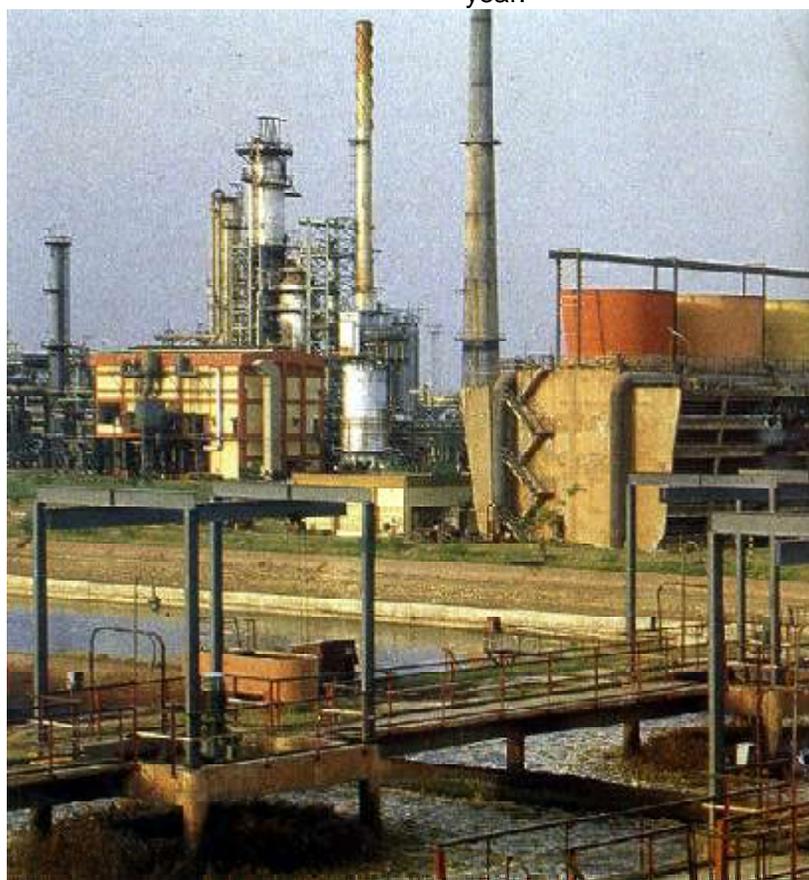
The Corporation is continuously strengthening its efforts in improving safety standards. The highlights of actions taken in this area

during the year are:

- "Risk Analysis Study" of Gujarat refinery was carried out with the assistance of TNO, a Netherlands' Central Organisation for Applied Scientific Research having worldwide experience on industrial safety studies. Risk analysis of complex industrial installations is a comparatively new technique and a useful mathematical tool to assess the potential dangers and the consequential risks both inside and outside the industry for developing a proper disaster management plan. Engineers from our refineries were also imparted training by TNO experts to develop in-house expertise in the field of Risk Analysis Studies. A similar training course was also arranged for the benefit of

other oil companies, Engineers India Limited and the Oil Industry Safety Directorate.

- LPG cylinder evacuation and fire water sprinkler systems were installed during the year at Guwahati, Barauni and Haldia refineries. The system already exists at Gujarat refinery and is under installation at Mathura refinery.
- Schemes have been undertaken to augment fire water storage pumping capacities to tackle the eventuality of two major fires occurring simultaneously in any refinery.
- In addition to periodical safety audit in refineries, electrical safety audit was also carried out during the year.



- Safety in LPG handling continued to be given high priority and coupled with updating of technology, supervisory checks and .. controls were further strengthened.

Safety Awards

Your Corporation has on the following safety awards during the year:

International

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

2. The National Safety Council, USA "Award of Honour" for maintaining good occupational safety record to Sabarmati terminal and the LPG bottling plant at Salem.
3. The British Safety Council Award for achieving zero factor accident rate at the terminals at Bangalore, Mangalore, Tondiarpet, Mourigram, Jalandhar, Sabarmati, Vishakhapatnam, Kandla, Korukkupet and Shakurbasti, and the LPG bottling plants at Salem, Shakurbasti, Rajkot and Bangalore.

National

1. The Koyali-Ahmedabad product pipeline received safety awards from the Baroda Productivity Council and the Gujarat Safety Council.

ENVIRONMENTAL PROTECTION

The Corporation has been continuously updating technology and improving facilities for environment protection. As a result of persistent efforts, during 1986-87:

- The Guwahati refinery was adjudged the "Environmentally Best Maintained Industry" by the Assam State Pollution Control Board.
- The Gujarat refinery was declared as "Zero Pollution Industry" by the Gujarat Industrial Development Corporation for its total compliance with the standards for discharging effluent into the common effluent channel.



A section of effluent treatment facilities at Mathura refinery where an experimental farming project using treated effluent is being launched.



Directors' Report *Contd...*

Ambient air quality was monitored regularly by all the refineries and the concentration levels were well within the national standards as can be seen from the following:

Ambient Air Quality in Refineries

| Parameters | Average Concentration Levels in Micrograms Cubic Metre | | | | | | Indian Standard* |
|---------------------------------------|--|---------|---------|--------|---------|--------|------------------|
| | Guwahati | Barauni | Gujarat | Haldia | Mathura | Digboi | |
| Sulphur dioxide (SO ₂) | 9 | 16 | 14 | 12 | 8 | 20 | 120 |
| Oxides of Nitrogen (NO _x) | 8 | 14 | 16 | 11 | 12 | 36 | 120 |
| Suspended Particulate Matter (SPM) | 60 | 65 | 60 | 90 | 90 | 30 | 500 |

*Quality requirement for industrial and mixed use area.

During the year the ambient air monitoring stations in the Agra Mathura-Bharatpur region continued to operate satisfactorily and the data indicated that there was no adverse impact on air quality due to the Mathura refinery. Portable stack monitoring kits have been procured by all the refineries to carry out emission surveys.

The quality of treated effluent from the refineries was monitored on day to day basis for better operational control. The effluent quality from Mathura refinery continued to be good and we are proceeding with the 'Experimental Farming' project for a scientific study of the

impact of effluent water on crops and land when used for irrigation. The assistance of consultants has been sought to develop an 'ecological park' in Mathura refinery.

The quality range of effluents discharged from various refineries is given below:

It is observed that effluent from Gujarat and Mathura fully meets the standards. In other refineries higher values are

occasionally obtained on some parameters due to fluctuations in load and limitations in certain sections of the treatment plants. To achieve total compliance in all parameters, actions have been taken and the projects are in various stages of completion.

At Digboi refinery the primary treatment facilities under Phase-I of the "Modernisation of Effluent Treatment and Collection System" have been commissioned.

At Gujarat refinery noise control measures like provision of silencers, acoustic installations etc. are being implemented in phases after the high noise areas were identified with the help of the Central Labour Institute, Bombay.

Since trees play a significant role in restoring ecological balance and improving environment, the corporation has been steadily stepping up this activity. During the year over 20,000 trees were planted in refinery townships and at work sites. So far, well over 100,000 trees have been planted and are being nurtured.

| Refinery | Oil mg/lit | Phenol mg/lit | Sulphides mg/lit | BOD mg/lit |
|----------|------------|---------------|------------------|------------|
| Digboi | 10-40* | 0.6-1.0 | Nil-0.2 | 20-50* |
| Guwahati | 8-15* | 0.2-1.0 | 0.1-0.4 | 6-15 |
| Barauni | 5-25* | Tr.-5.0* | Nil | 12-40* |
| Gujarat | 2-5 | 0.01-0.25 | Nil-0.9 | 15-25 |
| Haldia | 5-25* | 0.4-1.2* | 0.5-3.0* | 10-50* |
| Mathura | 2-5 | 0.01-0.03 | Nil | 2-4 |
| Standard | 10 | 1 | 2 | 30 |

* Occasional higher values

The occupational health monitoring of employees in Radiography, Tetra Ethyl Lead (TEL) and Benzene handling areas was continued.

Pollution control drives were organised at retail outlets in selected towns to enhance awareness among vehicle owners and help in reducing exhaust emissions in automobiles as well as conserving fuel.

The status of various projects undertaken at a cost of Rs 8.91 crores for improving environmental protection measures at refineries is as follows:



| Scheme | Cost (Rs lakhs) | Completion Schedule |
|--|-----------------|---------------------------------------|
| – Debottlenecking & augmentation of Effluent Treatment Plant at Haldia | 120 | Mechanically completed in April, 1987 |
| – Oil Water Separator Scheme at Virarngam pipeline station | 62 | Mechanically completed in May, 1987 |
| – Debottlenecking of existing Effluent Treatment Plant at Vadinar | 67 | Mechanically completed in May, 1987 |
| – Modernisation of Effluent Treatment & Collection system at Digboi | 315 | December, 1987 |
| – Modernisation of oil separators at Guwahati | 49 | December, 1987 |
| – Provision of guard pond at Guwahati | 29 | June, 1988 |
| – Installation of Bio-Treater at Barauni | 249 | December, 1988 |

been replaced with micro-processor based instruments. All these have been carried out at a cost of about Rs. 2.4 crores.

TECHNOLOGY DEVELOPMENT & UPGRADATION

As a progressive organisation your Corporation has been constantly modernising its operating systems and seeking to improve its equipment and technologies. Some significant steps during the year in this direction were:

- Initiated action to install “hydrocracker” at Gujarat

refinery, for the first time in the country, for conversion of heavy ends into valuable distillates.

- Provision of micro-processor based control instruments in the new furnaces of crude distillation unit at Guwahati refinery, AU-III of Gujarat and AVU-I/II of Barauni refinery. The pneumatic control room instrumentation of crude distillation units AVU-I and II of Barauni refinery have

- Distributed Digital Control systems are under installation in the crude distillation unit of Mathura refinery and the thermal power station of Haldia refinery at a cost of Rs. 335 lakhs and Rs. 72 lakhs respectively. Comprehensive plans are being developed for use of DDCs in all refineries.

- Agreeing signed with USSR for technology transfer for manufacture of Special Grade ATF.

- Collaboration with National Environmental Engineering Research Institute (NEERI) to develop indigenously a Flue Gas Desulphurisation Project.

Microprocessor based controls, like this one at gujarat refinery, are increasingly replacing pneumatic controls for better monitoring.



Directors' Report *Contd...*

Index

COMPUTERISATION

Increasing emphasis has been placed by Your Corporation in use of computers in not only instrumentation but other areas as well. During 1986-87 the computerisation of apex accounts (Balance Sheet and Profit and Loss Account) was completed. Computerisation has been extended to non-financial areas also.

It is planned to install four main-frame interconnected computers in the Marketing Division. These will be at the Head Office in Bombay and at three Regional Offices in Delhi, Calcutta and Madras. Microprocessors will be positioned at field locations which will ultimately be connected to the main-frame computers at the Regional Offices. This decision has been taken on the basis of a study

assigned to the Tata Consultancy Services. In line with the suggestion of TCS to create a separate Electronic Data Processing set up, action has been initiated to recruit qualified personnel.

During the year an organisational study for evolving an integrated computerisation plan for the Refineries and Pipelines Division was entrusted to the National Institute of Information Technology (NIIT).

Computer literacy programmes have been stepped up to enhance awareness, appreciation and knowledge.

Personal computers are increasingly being provided to managers.

IMPORT SUBSTITUTION

Your Corporation has been

making sustained efforts towards indigenisation of stores and equipment. As a result, a saving of Rs 1.92 crores was effected during the year by arranging indigenous procurement of equipment and stores.

DEVELOPMENT OF ANCILLARY AND SMALL-SCALE INDUSTRIES

Your Corporation has been playing a pivotal role in developing ancillary and small scale industries in the neighbourhood of its refineries. The refineries at Gujarat, Haldia and Mathura have encouraged establishment of drum plants for making bitumen drums from steel supplied by IOC, for which long term



contracts have been executed. These plants have been established as ancillary units to the refineries. It has been supplying Slack Wax and Raw Petroleum Coke to small scale units for further processing. During 1986-87 purchases worth Rs 4 crores were made by the Refineries and Pipelines Division from small-scale industries.

EFFICIENCY IMPROVEMENT AND COST CONTROL

For higher productivity by improvements in efficiency and cost control, the following studies have been conducted or taken up during 1986-87:

- Management of Working Capital for improvement in Cash Management, better control over outstandings/claims and adoption of value-dating concept of charging bank interest covering all locations.
- Inventory management covering review of insurance items; minimum, maximum and re-order



levels and expeditious identification and disposal of surplus items.

- Zero Base Budgeting (ZBB) concept was introduced during the year to optimize utilisation of resources. The major areas for application of ZBB were identified and personnel at various levels exposed to the concept. Detailed guidelines and manuals are being framed for implementation.
- Productivity measures for various activities of the Corporation primarily based on value added concept and its important components by NITIE (National Institute for Training in Industrial Engineering). Based on the recommendations of NITIE, a Productivity Manual is being prepared.
- Action has been taken to set-up an Economic Cell for various economic evaluations and studies.
- While the LPG marketing set-up has been largely reorganised, the restructuring of Marketing Division is at an advanced stage of finalisation. This was undertaken on the basis of a study by reputed consultants.
- An action plan is under implementation to improve marketing profitability and productivity on the basis of recommendations of consultants.
- In view of the anticipated growth of the Corporation in the next decade, the Foundation For Organisational Research (FORE) has been engaged to review the corporate structure.
- A Costing Cell has been set up. A review of costing procedures and systems

for development of com-prehensive cost manual has been taken up.

- Streamlining of project monitoring and compilation of separate manual on Project Implementation has been undertaken by the Refineries and Pipelines Division.

CORPORATE PLANNING

Your Corporation embarked upon the path of formalised integrated Corporate Planning System in 1985 with the formulation of a ten year Perspective Plan, IOC-1995 and a five year Long Range Plan, LRP-1985-90.

During the year under review, the first update of LRP covering the period 1986-91 was brought out. This provided an opportunity to examine the changes in environment, increasing expectations of stakeholders, the strengths built up and the progress made during 1985-86 towards achieving corporate objectives. Updating of the Perspective Plan, which is being extended upto 2000 A.D., is on hand.

The emphasis of the Corporate Plan will continue to be on effective customer satisfaction through quality products and technical services, productivity, safety, technology upgradation, human resource development and social obligations, especially environment protection and energy conservation.

Left
Modern medical facilities are available in all townships

Right
Training programmes are regularly organised to enhance computer literacy and appreciation.



Directors' Report *Contd...*

PERSONNEL

The Corporation had a manpower of 32,004 including 7,167 officers as on 31st March, 1987.

Welfare of Employees

The Corporation continued to vigorously pursue during the year policies and programmes aimed at promoting employee welfare. These included medical facilities, uniforms, concessional loans for house building and conveyance, facilities of transport and canteen, classes for workers' education, leave travel concession, facility of holiday homes, sports and recreational facilities, assistance to employees' clubs, cooperative credit and consumer societies, incentives for family planning, medical leave and special medical leave facilities for employees suffering from serious ailments. A group savings-linked insurance scheme, backed by LIC and administered by the Corporation, has been introduced to provide the twin benefits of life insurance and savings. During the year the Corporation has also formed an Employees' Group Gratuity Trust through

the Life Insurance Corporation for regulating gratuity payment to employees.

Employees' Participation in Management

Greater emphasis was placed by the Corporation during the year to accelerate the process of employees' participation in management in accordance with the Government scheme. Progress in varying degrees has been achieved at the refineries at Guwahati, Gujarat, Mathura and the establishments of the Marketing Division and the Pipelines Wing.

With continuing efforts, it is expected that the participatory base will widen significantly in future.

Welfare of Weaker Sections

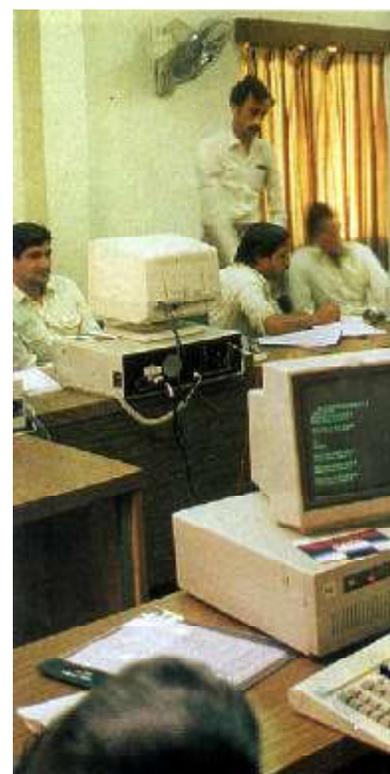
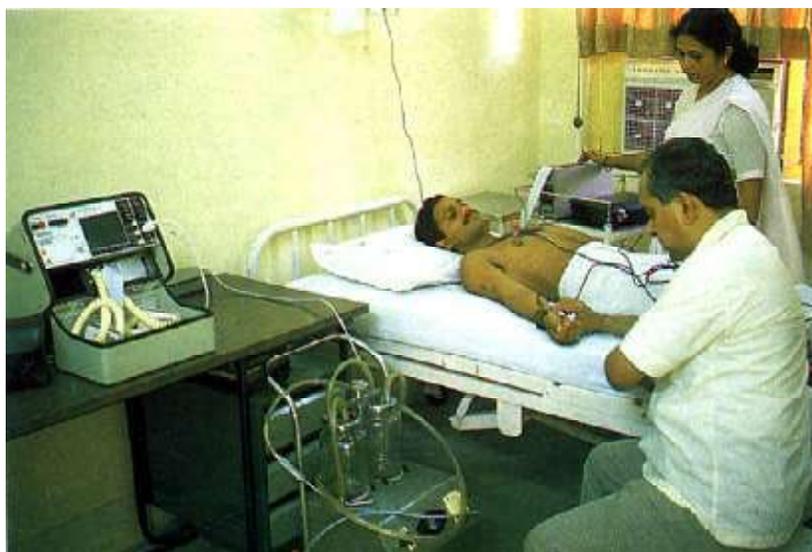
The Presidential Directives and instructions received from the Government of India from time to time regarding employment and promotions of candidates belonging to Scheduled Castes, Scheduled Tribes, physically handicapped and ex-servicemen are being implemented. Since March 1971, when the Directive for

reservation for SC/ST candidates was received, the Corporation has recruited over 24% employees from the SC/ST category against the all-India average requirement to recruit 22.5%.

During 1986-87, the Corporation recruited 1278 employees, out of which 297 belonged to the SC/ST communities, 23 are physically handicapped persons and 45 ex-servicemen. Under the Indianoil Scholarship Scheme for SC/ST Graduate Engineering Students, 62 students are currently availing scholarships of Rs 500 per month each.

Industrial Relations

During the year, except for a 13-day strike at Guwahati refinery, industrial relations have been generally cordial and harmonious at all units of the Corporation.



Training

The Corporation continued to give high priority to employees' training in line with the~organisational needs. Training institutes have been developed in each refinery and training centres in the Marketing Regions and headquarters for providing technical training and conducting management development programmes besides supervisory and functional training programmes for employees to impart the required knowledge and skills. ~Your Corporation is also planning a Management Development Centre at Gurgaon and an Industry Technical Training Institute for trade apprentices'. During the year 6251 officers and 7668 workmen attended in-house and external training programmes. Training programmes were conducted on LPG plant operations, LPG marketing, computer strategy and applications,

communication, risk analysis/ disaster management, safety, mission and excellence etc. Several training programmes specially organised for workers included training on Basic Operations, Safety and Fire Protection, Safe Driving, Maintenance, Safety in LPG Bottling Plants, Tank Truck Maintenance, Quality Control, Office Services, Flow Meter Maintenance, Productivity Appreciation. The Corporation continued to provide training on 'Petroleum Storage, Handling and Distribution' to Army officers. During the year 88 Army officers (including one each from Bangladesh, Nepal and Nigeria) were trained. "Aviation Operations and Quality Control" training was also imparted to 50 Air Force personnel during the year. Two managers of NIOC, Iran participated in our Marketing Management programme. Conscious efforts were made

to share the training expertise developed by the Corporation with other developing countries and encourage their participation in the Corporation's training programmes. A review of in-company training activities was initiated during 1986-87. A task force has been set up to carry out this review in collaboration with Tata Management Training Centre.

Human Resource Development

Under the ambit of the Human Resource Development activity begun by your Corporation in 1983 the career planning system was formally introduced during the year under review. Another highlight was the initiation of Human Resource Development for workmen. The Role Analysis and Goal Setting activity has made good progress and the coverage of roles is substantial. All the major functional departments have been taken up for Role Analysis. The centralised recruitment and selection process has stabilised. Other systems like Succession Planning, Manpower Planning and Forecasting in the personnel function have been developed and tested and are ready for implementation. A company-wide diagnostic survey has been carried out to obtain feedback on the health of the organisation. This would facilitate extending HRD to workmen.

Left

Modern medical facilities are available in all townships

Right

Training programmes are regularly organised to enhance computer literacy and appreciation.



Directors' Report *Contd.*

Index

CORPORATE CITIZEN

Donations

As part of community relations and to encourage developmental efforts, particularly in the fields of education and management, the Corporation donated about Rs 29 lakhs during the year to various reputed educational, management development, medical institutions and Chief Ministers' Relief Funds.

Social Obligations and Rural Development

To help accelerate all-round development of villages in close proximity to its refineries the Corporation has been extending financial and other assistance to various community development programmes. These include:

- Health and medical camps for immunisation programmes, diagnosis and treatment, nutrition drive, mother and child care etc.
- Family welfare and eye camps.
- Village cleanliness drives including maintenance of wells, provision for drinking water, sanitation and other health measures.
- Literacy drive for primary/preprimary school level children.
- Financial assistance to institutions civic bodies engaged in welfare measures.
- Forty five families who had no source of income have been identified in three villages in the vicinity of Mathura refinery and they are being provided with source of income to improve their means of livelihood.

Gujarat Governor Shri R.K. Trivedi presenting the Rajbhasha Trophy to Shri. Gopal, GM (Personnel), Marketing Division, for Indiaoil's role in implementing the official language policy in the Western Region.

HINDI

IMPLEMENTATION

Efforts were intensified for progressive use of Hindi in official work in compliance with the provisions of the Official Languages Act, 1963 and Official Languages Rules, 1976. Incentives in the form of cash awards were given to employees for learning Hindi and several employees passed various Hindi examinations during the year. Regular meetings of the Hindi Implementation Committees were held in our various units. By 31st March, 1987 the Corporation had conducted 203 Hindi workshops and 1053 forms were made bilingual. Various rules, agreements, manuals have been translated into Hindi. Our offices have been provided with 244 Hindi typewriters to facilitate correspondence in Hindi. Facilities have also been provided for imparting training in Hindi typewriting and Hindi stenography to our employees. During the year a special Rajbhasha Trophy and a commendation certificate were awarded to the Marketing Division of the Corporation (Western Region) by the Ministry of Home Affairs (Department of Official Language) for the best Hindi implementation work done in western India.

INDIAN OIL BLENDING LIMITED

The Annual Accounts and Directors' Report of Indian Oil Blending Limited (IOBL), a wholly owned subsidiary of the Corporation are annexed. IOBL has earned a net profit of Rs 55 lakhs as against Rs 34 lakhs in the previous year after providing for depreciation of Rs 50 lakhs and taxation provision of Rs 35 lakhs. A dividend of 10% has been declared for the year 1986-87.

The lube blending plants at Bombay and Calcutta achieved a record production of 322,330 kl attaining capacity utilisation of over 128% and 130% respectively. Grease production at the Bombay plant at 7,273 tonnes was 5.3% more than the previous year. Steps are being taken to modernise the lube plant operations and introduce automation at the resisted grease plant.

AWARDS

Annual Report

For the third year in succession the Annual Report and Accounts of the Corporation for 1985-86 have been selected for an award by the Institute of Chartered Accountants of India from amongst entries received from



companies and non-financial statutory corporations. While the last two years' Annual Reports secured plaques for 'highly commended accounts', the 1983-84 Report was awarded the Silver-Shield for 'best presented accounts'.

Exhibitions

Our Corporation's stall at the Gwalior Trade Fair during 1986-87 was awarded the First Prize by the organisers in the category of Public Sector Undertakings. The Fair was organised by the Gwalior Trade Fair Authority of the Madhya Pradesh government in association with the Trade Fair Authority of India.

Publications

The Corporation's House Journal-Indianoil News-was awarded during the year the First Prize in the Special Features category of the annual competition of the Association of Business Communicators of India.

The Hindi House Journal-

Indianoil Samachar-was awarded a Certificate of Commendation in the Indian Language publication category at the same competition.

FOREIGN TOURS

Out of the 108 tours undertaken by officers during 1986-87, 31 were for attending training programmes. The total expenditure on foreign tours during the year was Rs 30.71 lakhs out of which Rs 9.49 lakhs was on training courses.

ENTERTAINMENT EXPENSES

The entertainment expenses of the Corporation for the year 1986-87 were Rs 7.45 lakhs.

BOARD OF DIRECTORS

Consequent to his transfer Shri D. K. Singh resigned from the Directorship of the Corporation with effect from 17th March, 1987 and Dr. Uddesh Kohli was appointed Director on the Board of Directors of the Corporation with effect from 19th March, 1987. There is no other change in the Board of Directors of the Corporation.

PARTICULARS OF EMPLOYEES

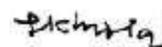
The particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 are annexed.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their highest appreciation for the results achieved by the members of the Indianoil family through their sincere efforts and hard work. The Directors are confident that their efforts will be continued for attainment of still better results in future.

The Board of Directors also wish to express their deep gratitude for the support and guidance received from the Government of India and State Governments.

For and on behalf of the Board



New Delhi Chairman
Date: 23rd July, 1987

How Funds Generated and Utilised

(Rs. in Crores)

| Description | For the Year ended 31st March | | | | | |
|--|-------------------------------|-------|-------|------|-------|-------|
| | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 |
| A. SOURCE OF FUNDS: | | | | | | |
| 1. Internal Resources: | | | | | | |
| Retained Profit | 408 | 112 | 66 | 65 | 10 | 89 |
| Depreciation | 194 | 218 | 160 | 178 | 104 | 71 |
| | 602 | 330 | 226 | 243 | 204 | 160 |
| 2. External Resources: | | | | | | |
| Borrowings from Govt./Others | 218 | (121) | 14 | 188 | 24 | 89 |
| Borrowings from Bank | (222) | 343 | (236) | (29) | (167) | (94) |
| | (4) | 222 | (222) | 159 | (143) | (74) |
| Total Funds | 598 | 552 | 4 | 402 | 61 | 86 |
| B. UTILISATION OF FUNDS: | | | | | | |
| Increase in Fixed Assets (Net) | 268 | 234 | 231 | 186 | 146 | 188 |
| Investments | 540 | - | - | - | - | - |
| Net increase/decrease in working capital | (210) | 318 | (227) | 216 | (85) | (102) |
| | 598 | 552 | 4 | 402 | 61 | 86 |
| CHANGES IN WORKING CAPITAL: | | | | | | |
| A. Current Assets: | | | | | | |
| 1. Inventories | (255) | 612 | 144 | 247 | 51 | 46 |
| 2. Book Debts | 56 | (83) | 50 | (52) | (39) | 152 |
| 3. Cash & Bank Balance | (12) | (17) | 76 | (5) | - | (9) |
| 4. Loans & Advances | 11 | 158 | (128) | (30) | 134 | (276) |
| 5. Interest accrued on Investments | 8 | - | - | - | - | - |
| | (192) | 670 | 142 | 160 | 146 | (87) |
| Less: | | | | | | |
| B. Current Liabilities & Provisions | 18 | 352 | 369 | (56) | 231 | 15 |
| C. Working Capital (A-B) | (210) | 318 | (227) | 216 | (85) | (102) |

NOTE: Figures in bracket denote minus.



Statement of Added Value—1986-87

| | Rs. in Crores | Percentage |
|---|---------------|--------------|
| Value of Production (Refineries) | 4635 | |
| Less: Cost of Direct Materials | <u>4081</u> | |
| | 554 | |
| Marketing Operations | 534 | |
| Pipelines Operations | 76 | |
| Research & Development | <u>4</u> | |
| | <u>1168</u> | |
| SHARED TOWARDS: | | |
| I. Operations: | | |
| Employee's Benefits (Salaries, Wages & Other benefits) | 143 | 12.3 |
| Other costs | <u>95</u> | 8.1 |
| | 238 | |
| II. Financing: | | |
| Interest | 56 | 4.8 |
| Dividend | <u>20</u> | 1.7 |
| | 76 | |
| III. Taxation | | 243 20.8 |
| IV. Expansion & Growth: | | |
| Depreciation | 203 | 17.4 |
| Retained Profit | <u>408</u> | 34.9 |
| | 611 | |
| | <u>1168</u> | <u>100.0</u> |

A Ten-Year Profile

| | | (Rupees in crores) | | |
|--------------------------|--|--------------------|---------|---------|
| | | 1986-87 | 1985-86 | 1984-85 |
| WHAT WE OWE: | Share Capital | 123 | 123 | 123 |
| | Reserves | 1,223 | 815 | 703 |
| | Net Worth | 1,346 | 938 | 826 |
| | Borrowings | 717 | 721 | 499 |
| | | 2,063 | 1,659 | 1,325 |
| WHAT WE OWN: | Fixed Assets | 2,271 | 2,003 | 1,769 |
| | Less: Depreciation | 1,245 | 1,051 | 833 |
| | | 1,026 | 952 | 936 |
| | Investments | 540 | - | - |
| | Working Capital | 497 | 707 | 389 |
| | | 2,063 | 1,659 | 1,325 |
| INCOME: | Sales | 12,827 | 11,362 | 11,051 |
| | Accretion/Decorations in Stock | 133 | 239 | (19) |
| | Other | 117 | 80 | 71 |
| | | 13,077 | 11,681 | 11,103 |
| EXPENDITURE: | Purchase & Manufacturing Expenses | 11,909 | 10,979 | 10,509 |
| | Establishment, Admn. & Selling Expenses | 238 | 210 | 189 |
| | Depreciation | 203 | 227 | 164 |
| | Interest | 56 | 71 | 79 |
| | | 12,406 | 11,487 | 10,941 |
| PROFIT BEFORE TAX | | 671 | 194 | 162 |
| PROFIT AFTER TAX | | 428 | 129 | 83 |
| DIVIDEND | | 20 | 17 | 17 |
| RETAINED EARNINGS | | 408 | 112 | 66 |
| RATIOS: | Profit after tax as % to average net worth | 37.5 | 14.6 | 10.5 |
| | Earnings per Equity Share (Rupees) | 3,474 | 1,046 | 677 |
| | Net worth/Equity Share (Rupees) | 10,925 | 7,611 | 6,704 |

NOTE: Figures in bracket denote minus.



(Rupees in crores)

| 1983-84 | 1982-83 | 1981-82 | 1980-81 | 1979-80 | 1978-79 | 1977-78 |
|---------|---------|---------|---------|---------|---------|---------|
| 123 | 123 | 123 | 82 | 82 | 82 | 82 |
| 637 | 572 | 472 | 424 | 355 | 291 | 232 |
| 760 | 695 | 595 | 506 | 437 | 373 | 314 |
| 721 | 562 | 705 | 778 | 380 | 112 | 76 |
| 1,481 | 1,257 | 1,300 | 1,284 | 817 | 485 | 390 |
| 1,538 | 1,352 | 1,206 | 1,018 | 855 | 705 | 585 |
| 673 | 495 | 391 | 320 | 262 | 210 | 180 |
| 865 | 857 | 815 | 698 | 593 | 495 | 405 |
| 616 | 400 | 485 | 586 | 224 | (10) | (15) |
| 1,481 | 1,257 | 1,300 | 1,284 | 817 | 485 | 390 |
| 10,293 | 9,792 | 7,958 | 5,719 | 4,502 | 3,567 | 3,001 |
| 42 | 205 | 98 | 51 | 155 | 9 | 31 |
| 61 | 62 | 62 | 85 | 27 | 20 | 21 |
| 10,396 | 10,059 | 8,118 | 5,855 | 4,684 | 3,596 | 3,053 |
| 9,820 | 9,597 | 7,742 | 5,544 | 4,435 | 3,406 | 2,873 |
| 160 | 133 | 93 | 73 | 64 | 55 | 53 |
| 183 | 106 | 74 | 57 | 52 | 31 | 19 |
| 89 | 73 | 95 | 73 | 5 | 4 | 8 |
| 10,252 | 9,909 | 8,004 | 5,747 | 4,556 | 3,496 | 2,953 |
| 144 | 150 | 114 | 108 | 128 | 100 | 100 |
| 82 | 117 | 106 | 81 | 74 | 69 | 49 |
| 17 | 17 | 17 | 12 | 10 | 10 | 8 |
| 65 | 100 | 89 | 69 | 64 | 59 | 41 |
| 11.3 | 18.1 | 19.3 | 17.2 | 18.3 | 20.1 | 16.7 |
| 670 | 948 | 864 | 981 | 894 | 842 | 599 |
| 6,167 | 5,637 | 4,829 | 6,156 | 5,314 | 4,541 | 3,819 |

Performance at a Glance

| | 1986-87 | 1985-86 | 1984-85 | 1983-84 | 1982-83 |
|---|----------------|-----------|-----------|-----------|----------|
| REFINERIES THROUGHPUT (in million tonnes) | 21.02 | 20.79 | 20.57 | 19.46 | 17.83 |
| PERCENTAGE UTILIZATION OF CAPACITY* | 102.8 | 101.6 | 100.6 | 95.2 | 87.2 |
| PIWELINES THROUGHPUT (in million tonnes) | 18.60 | 18.61 | 17.90 | 16.25 | 13.87 |
| PRODUCT SALES (in million tonnes) | 25.80 | 23.84 | 22.97 | 21.55 | 21.34 |
| | (Rs.in Crores) | | | | |
| TURNOVER | 12,827.20 | 11,362.24 | 11,051.03 | 10,293.18 | 9,791.60 |
| PROFIT - before depreciation, interest payment and tax provision | 930.46 | 492.70 | 404.90 | 416.11 | 328.25 |
| PROFIT - before depreciation and tax provision | 874.19 | 421.17 | 326.38 | 326.70 | 255.69 |
| PROFIT - after depreciation, interest but before tax provision | 671.22 | 194.15 | 162.35 | 144.04 | 150.08 |
| PROFIT - after depreciation, interest and tax provision | 428.22 | 128.97 | 83.51 | 82.54 | 116.85 |
| LOANS REPAYED-from internal resources | 32.77 | 34.65 | 36.89 | 34.87 | 32.45 |
| DIVIDEND | 19.72 | 17.26 | 17.26 | 17.26 | 17.26 |
| RESERVES & SURPLUS-cumulative | 1,223.36 | 814.86 | 703.15 | 636.89 | 571.61 |

* Design capacity of 18.75 million tonnes has been progressively increased to 20.45 million tonnes through debottlenecking processes.

NOTE: Figures include prior year adjustments.

Review of Accounts

Review of the Accounts of Indian Oil Corporation for the year ended 31st March 1987 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) | | |
|---|------------------------------------|------------------|--------------------|
| | 1985 | 1986 | 1987 |
| Assets: | | | |
| i) Net Fixed Assets | 65,840.78 | 70,654.13 | 72,841.17 |
| ii) Capital Work-in-Progress | 27,737.64 | 24,469.14 | 29,714.67 |
| iii) Investments | 45.17 | 46.14 | 54,046.03* |
| | <u>93,623.59</u> | <u>95,169.41</u> | <u>1,56,601.87</u> |
| iv) Working Capital: | | | |
| a) Current Assets, Loans & Advances | 2,06,378.55 | 2,73,470.77 | 2,54,218.34 |
| b) Less: Current Liabilities (including provisions) | 1,67,469.92 | 2,02,696.10 | 2,04,490.85 |
| | <u>38,908.63</u> | <u>70,774.67</u> | <u>49,727.49</u> |
| Total Assets | 1,32,532.22 | 1,65,944.08 | 2,06,329.36 |
| Less: | | | |
| Long term loans | 26,831.94 | 18,394.64 | 9,838.70 |
| Short term loans | 4,239.97 | 34,423.73 | 42,493.24 |
| Public Deposits | 18,819.06 | 19,313.51 | 19,335.26 |
| Net Worth | <u>82,641.25</u> | <u>93,812.20</u> | <u>1,34,662.16</u> |
| Net Worth as shown above is represented by: | | | |
| Paid up Capital | 12,326.58 | 12,326.58 | 12,326.58 |
| Reserves & Surplus | 70,314.67 | 81,485.62 | 1,22,335.58 |
| | <u>82,641.25</u> | <u>93,812.20</u> | <u>1,34,662.16</u> |

* Includes Rs. 10,000.00 lakhs towards Bonds.

- 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 4.04:1 in 1984-85, 3.05 :1 in 1985-86 and 2.37:1 in 1986-87.
- d) The Company had declared dividends on the Equity Capital at the rate of 14% during 1984-85 and 1985-86 and has proposed dividends at the rate of 16% for 1986-87 accounting for Rs. 1,972.25 lakhs.

2. Capital Work-in-Progress:

The Company has a number of capital works in hand. The expenditure on these as on 31st March, 1987 amounted to Rs. 29,714.67 lakhs.

3. Working Capital:

a) The Working Capital of the Company for the year ended 31st March, 1985, 1986 and 1987 was Rs. 38,909 lakhs, Rs. 70,775 lakhs and Rs. 49,727 lakhs respectively and had been financed by bank borrowings to the extent of Rs. 140 lakhs, Rs. 34,424 lakhs and Rs. 42,493 lakhs (including Rs. 30,349 lakhs from foreign branch of SBI) as on 31st March 1985, 1986 and 1987 respectively. The balance has been met by short term borrowings from others and internal sources.

Review of Accounts *Contd. . .*

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) | | |
|--|----------------|---------|----------|
| | 1984-85 | 1985-86 | 1986-87 |
| 1. Raw Materials (Crude, Lube base stock etc.) | 60,940 | 95,627 | 57,505 |
| 2. Stores & Spares, Catalysts and Chemicals | 13,527 | 16,158 | 15,528 |
| 3. Stock-in-Process | 7,071 | 6,536 | 6,888 |
| 4. Finished Goods | 64,760 | 89,179 | 1,02,143 |
| 5. Other Stores (stock of empty barrels) | 269 | 318 | 253 |

The stock of Raw Materials equivalent to about 1.62 months' consumption in 1986-87 as compared to 2.89 months' 1985-86 and 1.75 months' in 1984-85.

The Stores & Spares, Catalysts and Chemicals at the end of 1986-87 represented 13.03 months' consumption as against 15.16 months' in 1985-86 and 16.11 months' in 1984-85.

Included in this, are the Stores & Spares of the Pipeline Division amounting to Rs. 2,251 lakhs as on 31st March, 1987.

The stock in process at the end of 1986-87 represented about 0.067 months' value of business (at cost) as against 0.066 months' and 0.076 months' at the end of 1985-86 and 1984-85 respectively. The finished goods at the end of 1986-87 amounted to about 0.98 months' sale during 1986-87 as compared to 0.94 months' in 1985-86 and 0.70 months' in 1984-85.

ii) **Sundry Debtors**: The Sundry Debtors as on 31.3.1985, 31.3.1986 and 31.3.1987 amounted to Rs. 32,236.84 lakhs, Rs. 24,179.51 lakhs and Rs. 29,899.10 lakhs respectively of which Rs. 908.82 lakhs, Rs. 1,106.40 lakhs and Rs. 1,227.51 lakhs as on 31.3.1985, 31.3.1986 and 31.3.1987 were considered doubtful and provided for. The percentage of Debtors to Sales was 2.91%, 2.14% and 2.39% as on 31.3.1985, 31.3.1986 and 31.3.1987 respectively.

iii) **Cash and Bank Balances**: The balance under this head has decreased from Rs. 7,508.15 lakhs as on 31.3.1986 to Rs. 6,266.62 lakhs owing mainly to decrease in the value of cheques in hand as on 31.3.1987 compare to the previous year.

The reconciliation with bank accounts is yet to be completed in respect of 2017 remittances (Rs. 27,707 lakhs) into Bank and 1555 credits (Rs. 18,372 lakhs) afforded by Bank from the period prior to 1979 to end of 1986-87.

iv) **Loans & Advances**: The balance has gone up from Rs. 35,070.77 lakhs as on 31st March, 1986 to Rs. 36,206.86 lakhs as on 31st March, 1987. Of the amount of Rs. 5,041.92 lakhs shown as claims recoverable under this head as on 31st March, 1987, Rs. 38.91 lakhs is recoverable from Oil companies and Shipping companies (Under Marketing Division).

4. Working Results :

The Working results for the three years ended 31st March 1987 are given below :

| | (Rs. in lakhs) | | |
|--|------------------|------------------|------------------|
| | 1984-85 | 1985-86 | 1986-87 |
| a) Income: | | | |
| i) Sale of Products and crude including Company's use of own oil | 11,07,849 | 11,32,515 | 12,53,550 |
| ii) Recovery of main installation and other charges | 369 | 378 | 252 |
| iii) Increase/Decrease in finished goods | (1,882) | 23,926 | 13,316 |
| iv) Interest | 1,272 | 1,773 | 3,329 |
| v) Other Income | 1,989 | 2,042 | 2,296 |
| vi) Provision for Doubtful Debts written back | 281 | 410 | 546 |
| vii) Recovery under an Award | 815 | 846 | 654 |
| Total Income (a) | <u>11,10,693</u> | <u>11,61,890</u> | <u>12,73,943</u> |



| | (Rs. in lakhs) | | |
|--|------------------|------------------|------------------|
| | 1984-85 | 1985-86 | 1986-87 |
| b) Expenditure | | | |
| i) Purchase of Products and Crude for resale | 4,54,241 | 4,93,846 | 5,44,216 |
| ii) Raw Materials consumed | 4,18,620 | 3,97,299 | 4,26,630 |
| iii) Stores & Spares consumed | 10,073 | 12,794 | 14,305 |
| iv) Power & Fuel | 1,028 | 1,248 | 1,341 |
| v) Repairs & Maintenance | 5,699 | 6,674 | 7,814 |
| vi) Payments to Employees | 11,010 | 12,686 | 14,320 |
| vii) Office Admn., Selling & Other expenses | 7,800 | 8,435 | 9,715 |
| vii) Depreciation | 16,467 | 22,609 | 20,243 |
| ix) Duties | 1,26,265 | 1,47,372 | 1,52,735 |
| x) Interest | 8,508 | 7,393 | 5,574 |
| xi) Others | 33,889 | 37,378 | 42,271 |
| Less: Transfer to Capital Account | 603 | 619 | 488 |
| Total Expenditure (b) | <u>10,92,997</u> | <u>11,47,115</u> | <u>12,38,676</u> |
| c) Profit for the year (a-b) | 17,696 | 14,775 | 35,267 |
| d) Prior year Adjustment | (1,461) | 4,640 | 31,855 |
| e) Profit before Tax (c+d) | <u>16,235</u> | <u>19,415</u> | <u>67,122</u> |

With the provision for taxation of Rs. 24,300.00 lakhs and creation of Export profit Reserve Account for Rs. 2,930.00 lakhs the disposable profit for the year comes to Rs. 39,892.21 lakhs.

The Profit for the year constituted 1.59%, 1.27% and 2.77% of the total income for the years 1984-85, 1985-86 and 1986-87 respectively. The total income for 1986-87 has registered an increase of 9.64% over that of 1985-86, while the expenditure for 1986-87 rose by 7.98% over that of 1985-86. The increase in the total income is attributable to increased quantity of products sold and implementation of the OCRC Report.

5. Capacity utilisation of Refineries and sales performance of Marketing Division.

1. Capacity utilisation of Refineries:

(a) The thruput capacity utilisation of the six refineries of the company during 1985-86 and 1986-87 is indicated below:

| Refineries at | Capacity | Capacity adopted by OCC for pricing purpose | In Million MTs Actual thruput (% capacity) | |
|---------------|--------------|---|--|------------------------|
| | | | 1985-86 | 1986-87 |
| i) Guwahati | 0.85 | 0.80 | 0.77 (90%) | 0.80 (94%) |
| ii) Barauni | 3.30 | 3.00 | 2.77 (84%) | 2.86 (87%) |
| iii) Koyali | 7.30 | 6.80 | 7.83 (107%) | 7.84 (107%) |
| iv) Haldia | 2.50 | 2.35 | 2.82 (113%) | 2.62 (105%) |
| v) Mathura | 6.00 | 5.40 | 6.07 (101%) | 6.35 (106%) |
| vi) Digboi | 0.50 | 0.50 | 0.53 (106%) | 0.55 (110%) |
| | <u>20.45</u> | <u>18.85</u> | <u>20.79</u> (102%) | <u>21.02</u> (103%) |



Review of Accounts *Contd. . .*

Index

All the Refineries of the Corporation except Haldia recorded higher thrupt during 1986-87 over the previous year. Refineries at Koyali, Mathura and Digboi recorded the highest thrupt ever achieved so far. The capacity utilisation of these refineries was 107%, 106% and 110% respectively.

Thrupt at Haldia was lower than 1985-86 due to Plant Shutdown for maintenance and inspection in 1986-87. Thrupt at Barauni and Guwahati, though higher than last year, continue to be lower than the attainable capacity on account of restricted availability of crude oil from Eastern Oil Fields.

2. Sales Performance of Marketing Division :

Sales volume, Company's Share in the overall Market, Growth rates of sales of Indian Oil Corporation an Industry during the years ended 31st March, 1987 are given below:

| Year ended 31st March | Sales volume (in MT) | IOC's share in market (%) | IOC's growth rate of sales (%) | Industry growth (%) |
|--------------------------|----------------------------|------------------------------------|---|---------------------------|
| 1985 | 22.97 | 59.2 | 6.6 | 8.4 |
| 1986 | 23.84 | 58.3 | 3.8 | 4.3 |
| 1987 | 25.82 | 59.2 | 8.3 | 6.7 |

6. Fuel & Loss:

(i) Fuel & Loss percentage in the six refineries of the company during 1985-86 and 1986-87 are compared below with OCRC Norms.

| Refineries at | OCRC Norms (%) | | Actuals (%) | |
|---------------|----------------|---------|-------------|---------|
| | 1985-86 | 1986-87 | 1985-86 | 1986-87 |
| a) Guwahati | 9.00 | 9.00* | 9.00 | 8.04 |
| b) Barauni | 7.28 | 7.17* | 8.30 | 8.96 |
| c) Koyali | 7.50 | 7.50 | 6.29 | 5.77 |
| d) Haldia | 10.26 | 10.13 | 8.83 | 8.91 |
| e) Mathura | 6.61 | 6.61 | 5.81 | 5.47 |
| f) Digboi | 4.20 | 3.40 | 3.45 | 3.80 |

* Norms are under revision to 10.13% and 8.47% for Guwahati and Barauni respectively. Government orders awaited.

(ii) Reasons for variation in the actual Fuel & Loss during 1986-87 as compared to 1985-86 are as under :

Guwahati : Lower mainly due to divisor effect of higher thrupt and commissioning of high efficiency heater and heat exchanger optimisation.

Barauni : Higher mainly due to full ear operation of secondary processing facilities.

Koyali : Lower mainly due to actual lower loss and operation of new high e efficiency heater etc.

Haldia : Marginally higher due to lower crude oil thrupt.

Mathura : Lower mainly due to divisor effect of increased thrupt and actual lower loss.

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



Auditors' Report

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1987 and the Profit and Account of the Corporation annexed there to for the year ended on that date in which are incorporated the account 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 in 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 explanation 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 on 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 6th March, 1987 addressed to 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 while preparing our report;
 - e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said account with the Notes appearing on Schedule 'P', give the information required by the Companies Act, 1956 in the manner 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, 1987.
- 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

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

Sd/-
R.K. AGRAWAL
Partner

Sd/-
D.D. SHAH
Partner

New Delhi, 3rd July, 1987



Auditors' Report *Contd...*

Annexure to the Auditors' Report (Referred to in Paragraph I of Our Report of Even Date)

Index

1. The Corporation has generally maintained proper records to how 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 physical verified by the Management in a phased programme of three ears 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 fix 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 year. In our opinion, the above frequency of verification is reasonable. We have been informed that the discrepancies noticed verification between the physical stocks and the book records were not significant to the extent they were reconciled an the same have been properly dealt with in the books of account. In some cases, the reconciliation between physical and stock and Price Stores Ledger is pending and the discrepancy, if an , is not likely to be material according to the Management. In our opinion, the valuation of above stocks, subject to Not No.4 on Schedule 'P' regarding surplus/slow moving stores, is fair and proper in accordance with the normally accepted accounting principles and 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 from companies under the same management.
5. Loans and advances in the nature of loans have been given to he 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.
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 a d 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 explanation 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 or the determination of unserviceable, damage and / or surplus stores, packages and raw materials. However, loss, if any, on the above items has not been provide at certain units as on 31st March, 1987 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 he provision 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 (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 trade by the Corporation have been determined and loss there f has been provided.

S.R. BATLIBOI & CO.
Chartered Accountants

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

Sd/-
R.K. AGRAWAL
Partner

Sd/-
D.D. SHAH
Partner

New Delhi, 3rd July, 1987



Accounting Policies

Statement on Accounting Policies

Index

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 a 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 fixe assets other than above is charged on straight line method based on the assessed life of the assets at rates not lower than the corresponding rates prescribed under the Income Tax Act, retaining 5% 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 asset 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 Government 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.

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 Pre-paid expenses upto Rs. 10,000 in each case are charged to revenue.

Sd/-
S.L. KHOSLA
Chairman

Sd/-
S.K. NAYAK
Director (R & P)

Sd/-
S.K. COMAL
Director (Finance)

Sd/-
B.K. BAKHSHI
Director (Marketing)

Sd/-
D.B. PURI
Secretary

New Delhi, 3rd July, 1987



Balance Sheet

Balance Sheet As at 31st March, 1987

| | Schedule | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------|----------------------|----------------------|------------------------------|
| I. SOURCES OF FUNDS: | | | | |
| 1. Shareholders' Funds: | | | | |
| a) Share Capital | 'A' | 12,326.58 | | 12,326.58 |
| b) Reserves and Surplus | 'B' | 1,22,335.58 | | 81,485.62 |
| | | | 1,34,662.16 | 93,812.20 |
| 2. Loan Funds: | | | | |
| a) Secured | 'C' | 12,143.95 | | 34,423.73 |
| b) Unsecured | 'D' | 59,008.68 | | 37,008.61 |
| | | | 71,152.63 | 71,432.34 |
| 3. Deferred Payment Liabilities | | | 514.57 | 699.54 |
| TOTAL: | | | 2,06,329.36 | 1 65,944.08 |
| II. APPLICATION OF FUNDS: | | | | |
| 1. Fixed Assets: | | | | |
| a) Gross Block | 'E' | 1,97,359.97 | | 1 75,807.62 |
| b) Less: Depreciation | | 1,24,51.8.80 | | 1 05,153.49 |
| | | 72,841.17 | | 70,654.13 |
| c) Construction Work-in-Progress and Capital Goods in Stock | 'F' | 29,714.67 | | 24,469.14 |
| | | | 1,02,555.84 | 95,123.27 |
| 2. a) Investments | 'G' | 44,046.03 | | 46.14 |
| b) Application Monies for 10% Tax Free Redeemable Non-convertible Bonds | | 10,000.00 | | — |
| | | | 54,046.03 | 46.14 |
| 3. Current Assets, Loans and Advances: | | | | |
| A. Current Assets: | | | | |
| a) Interest accrued on Investments | | 754.98 | | 0.82 |
| b) Inventories | 'H' | 1,82,318.29 | | 2,07,817.92 |
| c) Book Debts | 'I' | 28,671.59 | | 23,073.11 |
| d) Cash Balances: | | | | |
| Cash including Imprest and Cheques in hand | | 5,456.96 | | 6,830.05 |
| C/F . . . | | 2,17,201.82 | | 2,37,721.90 |
| Carried Forward . . . | | | 1,56,601.87 | 95,169.41 |



| | Schedule | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------|----------------------|----------------------|------------------------------|
| Brought Forward.... | | | 1,56,601.87 | 95,169.41 |
| B/F.... | | 2,17,201.82 | | <u>2,37,721.90</u> |
| e) Bank Balances: | | | | |
| With Scheduled Banks: | | | | |
| i) On Current Account | | 198.68 | | 245.11 |
| ii) On Fixed Deposit Account (including Rs. 15.54 lakhs 1986: Rs. 15.54 lakhs lodged with outside parties) | | 573.74 | | 402.64 |
| iii) On Blocked Account (including on Fixed Deposit Account Rs. 33.47 lakhs 1986: Rs. 27.49 lakhs) | | 37.21 | | 30.30 |
| f) With Post Office: | | | | |
| In Savings Account | | 0.03 | | 0.05 |
| B. Loans and Advances | ‘J’ | 36,206.86 | | 35,070.77 |
| | | <u>2,54,218.34</u> | | <u>2,73,470.77</u> |
| Less: Current Liabilities and Provisions | ‘K’ | 2,04,490.85 | | 2,02,696.10 |
| Net Current Assets: (Working Capital) | | | 49,727.49 | 70,774.67 |
| TOTAL: | | | <u>2,06,329.36</u> | <u>1,65,944.08</u> |
| 4. Contingent Liabilities not provided for (Refer Schedule ‘P’ Note-1) | | | | |
| 5. Notes forming part of Accounts | ‘P’ | | | |

Sd/-
S.L. KHOSLA
Chairman

Sd/-
S.K. NAYAK
Director (R&P)

Sd/-
S.K. COMAL
Director (Finance)

Sd/-
B.K. BAKHSHI
Director (Marketing)

Sd/-
D.B. PURI
Secretary

As per our report attached

S.R. BATLIBOI & CO.
Chartered Accountants

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

Sd/-
R.K. AGRAWAL
Partner

Sd/-
D.D. SHAH
Partner

New Delhi, 3rd July, 1987



Profit & Loss Account

Profit & Loss Account For the year ended 31st March, 1987

Index

| | Rupes (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|---------------------|----------------------|------------------------------|
| INCOME: | | | |
| 1. i) Sale of Products and Crude and Transfers under Product Exchange | 12,51,468.91 | | 11,30,442.59 |
| ii) Less: Commission and Discounts | 712.4 | | 578.26 |
| | <u>12,50,756.42</u> | | <u>11,29,864.33</u> |
| 2. Company's use of own Oil | <u>2,793.56</u> | | <u>2,650.78</u> |
| | | 12,53,549.98 | <u>11,32,515.11</u> |
| 3. Recovery of Main Installation and Other Charges | | 252.11 | 377.88 |
| 4. Increase in Stocks: | | | |
| Closing Stock as on 31st March, 1987: | | | |
| Finished Products | 1,02,143.41 | | 89,179.42 |
| Stock-in-Process | 6,888.25 | | 6,536.13 |
| | <u>1,09,031.666</u> | | <u>95,715.55</u> |
| Less: Opening Stock as on 1st April, 1986: | | | |
| Finished Products | 89,179.42 | | 64,760.23 |
| Adjustments in respect of Opening Stock of Finished Products | — | | (41.31) |
| Stock-in-Process | 6,536.13 | | 7,070.70 |
| | <u>95,715.55</u> | | <u>71,789.62</u> |
| | | 13,316.11 | <u>23,925.93</u> |
| 5. Interest: | | | |
| i) On Loans and Advances | 629.67 | | 320.67 |
| ii) On Fixed Deposits with Banks | 70.22 | | 51.41 |
| iii) From Customers on Outstandings | 1,623.25 | | 1,401.35 |
| iv) On Fully paid Bonds (Tax Free) of Government Companies | 397.53 | | — |
| v) On Investment under Portfolio Management Scheme | 607.69 | | — |
| vi) On other Government Securities | <u>0.23</u> | | <u>0.27</u> |
| | | 3,328.59 | <u>1,773.70</u> |
| 6. Other Income (Schedule 'L') | | 2,296.49 | <u>2,042.49</u> |
| Carried Forward | | <u>12,72,743.28</u> | <u>11,60,635.11</u> |



| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|------------------------------|
| Brought Forward.... | | 12,72,743.28 | 11,60,635.11 |
| 7. Provision for Doubtful Debts, Advances, Claims and Stores written back | | 546.31 | 409.74 |
| 8. Recovery under an Award | | 654.04 | 845.72 |
| TOTAL INCOME: | | <u>12,73,943.63</u> | <u>11,61,890.57</u> |
| EXPENDITURE: | | | |
| 1. Purchase of Products and Crude for resale and Transfers under Product Exchange | | 5,44,216.10 | 4,93,845.77 |
| 2. Manufacturing, Administration, Selling and Other Expenses (Schedule 'M') | | 5,16,252.51 | 4,76,369.96 |
| 3. Duties | | 1,52,734.83 | 1,47,372.34 |
| 4. Depreciation and Amortisation | | 20,242.69 | 22,609.38 |
| 5. Main Installation charges paid to Other Oil Companies | | 143.51 | 143.55 |
| 6. Interest: | | | |
| i) On Government Loan for fixed period | 352.59 | | 513.91 |
| ii) On loan from Oil Industry Development Board | 634.74 | | 820.07 |
| iii) On loan from Oil Co-ordination Committee | 497.50 | | 1,219.86 |
| iv) On loan from Maruti Udyog Ltd. | - | | 131.42 |
| v) On Deferred Payments | 25.87 | | 28.86 |
| vi) On Public Deposits | 3,045.54 | | 2,852.60 |
| vii) Others | 1,017.95 | | 1,826.69 |
| | | <u>5,574.19</u> | <u>7,393.41</u> |
| | | 12,39,163.83 | 11,47,734.41 |
| 7. Less : | | | |
| i) Amount transferred to Construction period expenses pending allocation (Net of Recovery Rs. 12.61 lakhs -1986: Rs. 41.61 lakhs) | 350.16 | | 484.99 |
| ii) Expenses transferred to Manufacturing of drums | 137.35 | | 134.22 |
| | | <u>487.51</u> | <u>619.21</u> |
| TOTAL EXPENDITURE: | | <u>12,38,676.32</u> | <u>11,47,115.20</u> |
| 8. Profit for the year before tax | | 35,267.31 | 14,775.37 |
| 9. Add: Income relating to previous year (Net) (Schedule 'O') | | 31,854.90 | 4,640.01 |
| 10. PROFIT BEFORE TAX Carried Forward. . . | | <u>67,122.21</u> | <u>19,415.38</u> |



Profit & Loss Account *Contd...*

| | Rupee (in lakhs) | Rupees (in lakh) | 1986 Rupees (in lakhs) |
|--|---------------------|---------------------|------------------------------|
| 10. PROFIT BEFORE TAX Brought Forward. . . | | 67,122.21 | 19,415.38 |
| 11. Provision for taxation (including Rs. 2,413.00 lakhs-1986 Rs. Nil for Sur-tax) | 24,300.00 | | 7,600.00 |
| 12. Less : Excess provision for taxation in respect of previous years' completed assessment (Net) | — | | 1,081.29 |
| | | <u>24,300.00</u> | <u>6,518.71</u> |
| 13. PROFIT AFTER TAX | | 42,822.21 | 12,896.67 |
| 14. Balance brought forward from last year's Account | | 0.09 | 0.14 |
| 15. DISPOSABLE PROFIT | | <u>42,822.30</u> | <u>12,896.81</u> |
| APPROPRIATIONS: | | | |
| 16. Proposed Dividend | | 1,972.25 | 1,725.72 |
| 17. Investment Allowance Reserve | | — | 1,900.00 |
| 18. Export Profit Reserve Account: | | | |
| For 1986-87 | 2,361.00 | | — |
| For 1985-86 | 569.00 | | — |
| | | <u>2,930.00</u> | <u>—</u> |
| 19. Insurance Reserve Account | | 30.00 | 70.00 |
| 20. General Reserve | | 37,890.00 | 9,201.00 |
| 21. BALANCE CARRIED TO BALANCE SHEET | | <u>0.05</u> | <u>0.09</u> |
| TOTAL : | | <u>42,822.00</u> | <u>12,896.81</u> |

22. Notes forming part of Accounts (Schedule 'P')

| | | | | |
|-------------|------------------|--------------------|----------------------|-----------|
| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
| S.L. KHOSLA | S.K. NAYAK | S.K. COMAL | B.K. BAKHSHI | D.B.PURI |
| Chairman | Director (R & P) | Director (Finance) | Director (Marketing) | Secretary |

As per our report attached

S.R.BATLIBOI & CO.
Chartered Accountants

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

Sd/-
R.K. AGRAWAL
Partner

Sd/-
D.D. SHAH
Partner

New Delhi, 3rd July, 1987



Schedules

SCHEDULE 'A'—Share Capital

| | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|------------------------------|
| Authorised: | | |
| 15,00,000 Equity Shares of Rs. 1,000 each | <u>15,000.00</u> | <u>15,000.00</u> |
| Issued and Subscribed: | | |
| 12,32,658 Equity Shares of Rs. 1,000 each fully paid up | 12,326.58 | 12,326.58 |
| Of the above Shares : | | |
| 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: | <u>12,326.58</u> | <u>12,326.58</u> |

Schedules *Contd. . .*

SCHEDULE 'B'—Reserves and Surplus

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| Capital Reserve : | | | |
| As per last Account | — | | — |
| Add: Transferred from General Reserve | 15.82 | | |
| | | 15.82 | — |
| General Reserve : | | | |
| As per last Account | 64,295.53 | | 55,094.53 |
| Less : Transferred to Capital Reserve | 15.82 | | — |
| | 64,279.71 | | 55,094.53 |
| Add : Transferred from Profit and Loss Account | 37,890.00 | | 9,201.00 |
| | | 1,02,169.71 | 64,295.53 |
| Insurance Reserve : | | | |
| As per last Account | 160.00 | | 90.00 |
| Add : Transferred from Profit and Loss Account | 30.00 | | 70.00 |
| | | 190.00 | 160.00 |
| Investment Allowance Reserve : | | | |
| As per last Account | 1,900.00 | | 1,250.00 |
| Less : Utilised for purchase of Machinery transferred to Investment Allowance (Utilised) Reserve | 1,900.00 | | 1,250.00 |
| | — | | — |
| Add : Transferred from Profit and Loss Account | — | | 1,900.00 |
| | | — | 1,900.00 |
| Investment Allowance (Utilised) Reserve : | | | |
| As per last account | 15,130.00 | | 13,880.00 |
| Add : Transferred from Investment Allowance Reserve | 1,900.00 | | 1,250.00 |
| | | 17,030.00 | 15,130.00 |
| Export Profit Reserve : | | | |
| Transferred from Profit and Loss Account | | 2,930.00 | — |
| Profit and Loss Account : | | | |
| Balance as per Annexed Account | | 0.05 | 0.09 |
| TOTAL: | | 1,22,335.58 | 81,485.62 |



SCHEDULE 'C'—Secured Loans

| | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|------------------------------|
| Loans and Advances from Banks: | | |
| (Secured by hypothecation of raw materials, stock-in-trade, book debts, outstanding monies, receivables, claims, contracts, engagements, etc.) | 12,027.68 | 33,849.79 |
| Interest accrued and due on above | 116.27 | 573.94 |
| TOTAL : | <u>12,143.95</u> | <u>34,423.73</u> |

SCHEDULE 'D'- Unsecured Loans

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| 1. Short-Term Loans and Advances from Bank : | | | |
| (due for payment within one year) | | 30,349.29 | — |
| 2. Other Loans and Advances: | | | |
| i) From the Government of India (including Rs. 1,057.62 lakhs -1986: Rs. 1,495.12 lakhs due for payment within one year) | 2,422.88 | | 3,918.00 |
| ii) From Oil Industry Development Board (including Rs. 1,789.04 lakhs -1986: Rs. 1,792.52 lakhs due for payment within one year) | 4,771.45 | | 6,562.10 |
| iii) From Oil Co-ordination Committee (including Rs. 170.38 lakhs -1986: Rs. 84.90 lakhs due for payment within one year) | 2,130.10 | | 7,215.00 |
| iv) Public Deposits (including Rs.10,253.32 lakhs —1986: 5,370.89 lakhs due for payment within one year) | <u>19,335.26</u> | | <u>19,313.51</u> |
| | | <u>28,659.39</u> | <u>37,008.61</u> |
| TOTAL : | | <u>59,008.68</u> | <u>37,000.61</u> |

Schedules *Contd. . .*

SCHEDULE 'E'—Fixed Assets

Index

| | Gross Block as at 31st March, 1986 | Additions during the year | Transfers from construction work- in-progress |
|---|--|------------------------------|--|
| | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) |
| LAND – Freehold | 1,821.82 | 400.63 | 6.89 |
| – Leasehold | 892.57 | 407.55 | — |
| – Right of Way | 86.73 | — | — |
| BUILDINGS, ROADS ETC.** | 14,740.56 | 278.83 | 2,661.86 |
| ENABLING ASSETS*** | — | — | 2.28 |
| PLANT AND MACHINERY | 1,46,240.03 | 9,330.60 | 8,578.60 |
| TRANSPORT EQUIPMENTS | 3,959.74 | 250.41 | 46.32 |
| FURNITURE AND FIXTURES | 1,027.57 | 106.29 | 372.28 |
| RAILWAY SIDINGS | 1,621.82 | 138.54 | 46.15 |
| DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM | 5,398.17 | 2.60 | 98.37 |
| SUNDRY ASSETS | 18.61 | 11.31 | — |
| TOTAL: | <u>1,75,807.62</u> | <u>10,926.76</u> | <u>11,812.75</u> |
| PREVIOUS YEAR'S TOTAL: | <u>1,49,180.94</u> | <u>14,218.15</u> | <u>13,486.83</u> |

* Includes **Rs. 57.21 lakhs** (1986: Rs. 106.57 lakhs) in respect of previous years.

** Buildings include:

- (i) **Rs. 34,550** (1986: Rs. 33,800) towards value of **686** (1986: 671) Shares in Co-operative Housing Societies for purchase of flats.
- (ii) **Rs. 42.67 lakhs** (1986: Rs. 42.67 lakhs) on account of Leasehold premises

*** Represents Capital Expenditure on Assets like Railway Sidings, Electricity transmission lines etc., the ownership of which is not with the Corporation.



SCHEDULE 'E'—Fixed Assets (Contd...)

| Transfers, deductions and reclassification (Net) | Gross Block as as 31st March, 1987 | Depreciation and Amortisation upto 31st this year* | Total Depreciation and Amortisation upto 31st March, 1987 | Net Deprciated Block | |
|--|------------------------------------|--|---|------------------------|------------------------|
| | | | | As at 31st March, 1987 | As at 31st March, 1986 |
| Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) |
| (-) 75.20 | 2,154.14 | — | — | 2,154.14 | 1,821.82 |
| (-) 0.78 | 1,299.34 | 23.63 | 98.78 | 1,200.56 | 817.43 |
| — | 86.73 | — | 0.03 | 86.70 | 86.70 |
| (-) 13.49 | 17,667.76 | 536.81 | 3,288.92 | 14,378.84 | 11,991.66 |
| (+) 2.53 | 4.81 | 1.24 | 1.47 | 3.34 | — |
| (-) 1,049.09 | 1,63,100.14 | 18,547.50 | 1,13,225.58 | 49,874.56 | 50,671.39 |
| (-) 29.89 | 4,226.58 | 402.38 | 2,610.13 | 1,616.45 | 1,714.95 |
| (-) 20.26 | 1,485.88 | 130.40 | 567.69 | 918.19 | 580.78 |
| (-) 0.08 | 1,806.43 | 105.21 | 690.83 | 1,115.60 | 1,036.17 |
| (-) — | 5,499.14 | 547.85 | 4,018.74 | 1,480.40 | 1,927.27 |
| (-) 0.90 | 29.02 | 4.88 | 16.63 | 12.39 | 5.96 |
| (-) <u>1,187.16</u> | <u>1,97,359.97</u> | <u>20,299.90</u> | <u>1,24,518.80</u> | <u>72,841.17</u> | <u>70,654.13</u> |
| (-) <u>1,078.30</u> | <u>1,75,807.62</u> | <u>22,715.95</u> | <u>1,05,153.49</u> | <u>70,654.13</u> | |

Schedules *Contd. . .*

SCHEDULE 'F'—Construction Work-In-Progress and Capital Goods in Stock

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| 1. Work-in-Progress (at cost) (including unallocated capital expenditure, materials at site and advances for capital expenditure) | | 18,446.68 | 16,712.94 |
| 2. Capital Stores (at cost) (including materials worth Rs. 509.87 lakhs lying with Contractors 1986: Rs. 285.75 lakhs) | 8,848.81 | | 5,869.49 |
| Less : Provision for Obsolescence/Losses | — | | 112.75 |
| | | 8,848.81 | 5,756.74 |
| 3. Miscellaneous Capital Stores (at or under cost) | | 55.24 | 45.46 |
| 4. Capital Goods-in-Transit (at cost) | | 1,906.41 | 1,365.14 |
| 5. Construction period expenses pending allocation: | | | |
| Balance as at 1st April, 1986 | 588.86 | | 1,342.64 |
| Less: Adjustments pertaining to previous years | 33.38 | | 9.60 |
| | 555.48 | | 1,333.04 |
| Add : Expenditure during the year: | | | |
| Establishment Charges | 90.20 | | 105.74 |
| Interest | 0.03 | | 85.70 |
| Depreciation | 3.04 | | 13.47 |
| Others | 269.50 | | 321.69 |
| | 918.25 | | 1,859.64 |
| Less : Recoveries | 12.61 | | 41.61 |
| | 905.64 | | 1,818.03 |
| Less : Allocated to Assets/Construction work-in-progress during the year | 347.19 | | 1,229.17 |
| | 558.45 | | 588.86 |
| Less : Transferred to Loans and Advances | 100.92 | | — |
| | | 457.53 | 588.86 |
| TOTAL: | | 29,714.67 | 24,469.14 |



SCHEDULE 'G'—Investments

| | No. and Particulars of Shares/Bond | | Face Value per share/ bond | Rupees | | 1986 |
|--|---|---|----------------------------------|------------------|------------|----------------------|
| | | | | (in lakhs) | (in lakhs) | Rupees (in lakhs) |
| At Cost | | | | | | |
| 1. In fully paid bonds of Government Companies (Unquoted): | | | | | | |
| A. National Thermal Power Corporation Limited | 12,00,000, 10% Redeemable | Secured(Tax-Free) Bonds(Second-Series) | Rs.1000/- | 12,000.00 | | — |
| B. Mahanagar Telephone Nigam Limited | 5,00,000, 10% Redeemable | Secured(Tax-Free) Bonds (1st Series) | Rs.1000/- | <u>5,000.00</u> | | — |
| | | | | | 17,000.00 | <u>—</u> |
| 2. Under Portfolio Management Scheme through Scheduled Banks: | | | | | | |
| A. In Government Securities (Quoted-Market Value not indicated, since these are realisable at par) | | | | <u>20,300.00</u> | | <u>—</u> |
| B. In fully paid Bonds of Government Companies (Unquoted) | | | | | | |
| i) Mahanagar Telephone Nigam Limited | 3,25,000, 14% | Secured Redeemable Bonds | Rs. 1000/- | 3,250.00 | | — |
| ii) Indian Petro-Chemicals Limited | 1,00,000, 14% | Secured Redeemable Bonds | Rs. 1000/- | 1,000.00 | | — |
| iii) National Thermal Power Corporation Limited | 1,28,500, 14% | Secured Redeemable Bonds | Rs. 1000/- | 1,285.00 | | — |
| iv) Indian Telephone Industries Limited | 41,500, 14% | Secured Redeemable Bonds | Rs. 1000/- | 415.00 | | — |
| v) Rural Electrification Corporation Limited | 10,000, 10% | Secured Redeemable Bonds | Rs. 1000/- | 100.00 | | — |
| vi) National Hydro-Power Corporation Limited | 5,000, 14% | Secured Redeemable Bonds | Rs. 1000/- | <u>50.00</u> | | — |
| | | | | <u>6,100.00</u> | | <u>—</u> |
| C. Balance with Schedule Banks | | | | <u>600.00</u> | | <u>—</u> |
| | | | | | 27,000.00 | <u>—</u> |
| 3. Other Investments (Unquoted): | | | | | | |
| A. In Government Securities (deposited with various bodies) | | | | | 3.65 | <u>3.78</u> |
| B. i) International Co-operative Petroleum Association | 350 Shares fully paid and part paid common stock of \$ 72.31 | | \$100 | <u>2.12</u> | | <u>2.12</u> |
| | C/F | | | <u>2.12</u> | | <u>2.12</u> |
| | Carried forward | | | | 44,003.65 | <u>3.78</u> |

Schedules *Contd. . .*

SCHEDULE 'G' *Contd. . .*

Index

| | Face Value per share/ Bond | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|--|----------------------|------------------------------|
| Brought Forward . . . | | 44,003.65 | 3.78 |
| B/F . . . | 2.12 | | 2.12 |
| ii) In Consumers' Co-operative Societies: | | | |
| a) Barauni | 250 Equity Shares fully paid in cash Rs.10/- | | |
| b) Guwahati | 250 Equity Shares fully paid in cash Rs.10/- | | |
| c) Mathura | 200 Equity Shares fully paid in cash Rs. 10/- | | |
| d) Haldia | 669 Equity Shares fully paid in cash Rs.10/- | | |
| e) Indian Oil Employees' Consumers Co-operative Society Limited, Bombay | 170 Equity Shares fully paid in cash Rs.10/- | | |
| f) Indian Oil Employees' Co-operative Consumer Stores Limited, Madras | 700 Equity Shares fully paid in cash Rs.10/- | | |
| g) Indian Oil Employees' Co-operative Consumer Stores Limited, Delhi | 375 Equity Shares fully paid in cash Rs.10/- | 0.26 | 0.24 |
| | | 2.38 | 2.36 |
| 4. In a Subsidiary Company (Unquoted): | | | |
| Indian Oil Blending Limited | 8000 Equity Shares fully paid in cash Rs.500/- | 40.00 | 40.00 |
| | TOTAL: | 44,046.03 | 46.14 |

During the year, the following Debentures, Bonds and Units were purchased and sold under the Portfolio Management Scheme:

| | Number of Debenture, Bonds and Units Purchased & Sold |
|--|---|
| A. Non-Convertible Redeemable Debentures: | |
| i) 14% National Thermal Power Corporation Limited | 1,52,290 |
| ii) 15% Gwalior Rayon Silk Manufacturing (Weaving) Company Limited | 5,26,843 |
| iii) 15% Birla Jute Manufacturing Company Limited | 1,14,339 |
| iv) 15% Hindustan Aluminium Corporation Limited | 7,35,920 |
| v) 15% Baroda Rayon Corporation Limited | 1,00,000 |
| B. Bonds: | |
| i) 14% Secured, Redeemable, Non-Convertible (B-Series) Bonds of Indian Telephone Industries Limited | 1,50,000 |
| ii) 10% Secured (Tax-Free) Redeemable Bonds of National Thermal Power Corporation Limited | 1,96,000 |
| C. Units: | |
| Unit Trust of India | 7,02,44,000 |



SCHEDULE 'H'—Inventories

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| 1. Stores, Spares etc. (including in-transit Rs. 629.96 lakhs 1986 : Rs. 850.28 lakhs) (at or under cost) | 15,537.69 * | | 16,208.63 * |
| Less: Provision for obsolescence/Losses | 9.82 | | 50.60 |
| | | 15,527.87 | 16,158.03 |
| 2. Raw Materials (including in-transit Rs. 13,384.27 lakhs 1986: Rs. 7,819.39 lakhs) (at cost) | | 57,505.40 ** | 95,626.55 ** |
| 3. Stock-in-Trade: | | | |
| a) Oil Stock (at cost @ or net realisable value whichever is lower) (including in-transit Rs. 7,352.21 lakhs 1986: Rs. 9,960.20 lakhs) | 1,02,143.41 *** | | 89,179.42 *** |
| b) Stock-in-Process (at raw material cost) | 6,888.25 | | 6,536.13 |
| | | 1,09,031.66 | 95,715.55 |
| 4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower) | | 253.36 **** | 317.79 **** |
| TOTAL: | | 1,82,318.29 | 2,07,817.92 |

* Includes stock lying with contractors **Rs. 338.85 lakhs** (1986: Rs. 753.41 lakhs)

** Includes stock lying with Other Oil Companies on loan **Rs. 3,734.89 lakhs** (1986: Rs. 50,805.39 lakhs)
and with others **Rs. 3,330.83 lakhs** (1986: Rs. 2,214.57 lakhs)

*** Includes stock lying with Other Oil Companies on loan **Rs. 11,921.04 lakhs** (1986: Rs. 10,681.80 lakhs)
and with others **Rs. 1,788.85 lakhs** (1986: Rs. 1,928.03 lakhs).

**** Includes stock lying with Others **Rs. 58.81 lakhs** (1986: Rs. 26.95 lakhs)

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



Schedules *Contd. . .*

SCHEDULE 'I'—Book Debts

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|------------------------------------|----------------------|-------------------------|------------------------------|
| Over Six Months: | | | |
| a) Secured, Considered Good | 5.06 | | 6.63 |
| b) Unsecured, Considered Good | 8,291.26 | | 2,866.62 |
| c) Unsecured, Considered Doubtful | <u>1,169.24</u> | | <u>1,004.68</u> |
| | | 9,465.56 | <u>3,877.93</u> |
| Other Debts: | | | |
| a) Secured, Considered Good | 3.10 | | 2.77 |
| b) Unsecured, Considered Good | 20,372.17 | | 20,197.09 |
| c) Unsecured, Considered Doubtful | <u>58.27</u> | | <u>101.72</u> |
| | | <u>20,433.54</u> | <u>20,301.58</u> |
| | | 29,899.10 | 24,179.51 |
| Less: Provision for Doubtful Debts | | <u>1,227.51</u> | <u>1,106.40</u> |
| TOTAL: | | <u><u>28,671.59</u></u> | <u><u>23,073.11</u></u> |



SCHEDULE 'J'—Loans and Advances

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|------------------------------|
| 1. Loans-Unsecured, Considered Good: | | | |
| (i) To Indian Oil Blending Limited (A Subsidiary) including interest accrued Rs. 4.25 lakhs (1986: Rs. 10.28 lakhs) | 119.32 | | 125.34 |
| (ii) To Others (including Interest accrued Rs. 12.97 lakhs (1986: Rs. Nil)) | 3,355.22 | | — |
| | | 3,474.54 | 125.34 |
| 2. Advances recoverable in cash or in kind or for value to be received: | | | |
| a) Secured, Considered Good | 3,642.92 | | 3,164.51 |
| b) Unsecured, Considered Good | 5,712.62 | | 4,154.69 |
| c) Unsecured, Considered Doubtful | 45.98 | | 49.56 |
| | 9,401.52 | | 7,368.76 |
| d) Less: Provision for Doubtful Advances | 45.98 | | 49.56 |
| | | 9,355.54 | 7,319.20 |
| 3. Amount Recoverable from Pool Accounts: — Unsecured, Considered Good | | — | 12,839.54 |
| 4. Claims Recoverable: | | | |
| a) Secured, Considered Good | 20.61 | | 6.44 |
| b) Unsecured, Considered Good | 5,021.31 | | 5,734.86 |
| c) Unsecured, Considered Doubtful | 1,750.22 | | 1,682.25 |
| | 6,792.14 | | 7,423.55 |
| d) Less: Provision for Doubtful Claims | 1,750.22 | | 1,682.25 |
| | | 5,041.92 | 5,741.30 |
| 5. Materials on Loan: | | | |
| a) Secured, Considered Good | 66.31 | | 34.96 |
| b) Unsecured, Considered Good | 3.22 | | 5.60 |
| | | 69.53 | 40.56 |
| 6. Balance with Customs, Port Trust and Excise Authorities : — Unsecured, Considered Good | | 816.75 | 1,221.80 |
| Carried Forward... | | 18,758.28 | 27,287.74 |



Schedules *Contd. . .*

SCHEDULE 'J' *Contd. . .*

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| Brought Forward. . . | | 18,758.28 | <u>27,287.74</u> |
| 7. Sundry Deposits (including amounts adjustable on receipt of final bills) : | | | |
| a) Secured, Considered Good | 16,522.43 | | 6,999.08 |
| b) Unsecured, Considered Good | 605.23 | | 463.03 |
| c) Unsecured, Considered Doubtful | 0.39 | | 0.39 |
| | <u>17,128.05</u> | | <u>7,462.50</u> |
| d) Less: Provision for Doubtful Deposits | 0.39 | | 0.39 |
| | | 17,127.66 | <u>7,462.11</u> |
| 8. Deposit under Companies Deposits (Surcharge on Income Tax) Scheme, 1983: | | | |
| — Unsecured, Considered Good | | 320.92 | 320.92 |
| TOTAL: | | <u>36,206.86</u> | <u>35,070.77</u> |

* Includes:

1. **Rs. 4,47,149** (1986: Rs. 4,27,369) due from Directors (**Maximum Rs. 4,81,138**—1986 : Rs. 4,50,369)
2. **Rs. 20,31,272** (1986: Rs. 17,81,192) due from Other Officers (**Maximum Rs. 22,61,604**—1986 : Rs. 20,63,795)



SCHEDULE 'K'—Current Liabilities and Provisions

| | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|----------------------|------------------------------|
| CURRENT LIABILITIES: | | | | |
| 1. Sundry Creditors | | 1,12,676.73 | | 96,412.19 |
| 2. Due to Indian Oil Blending Limited (Subsidiary Company) | | 52.32 | | 28.41 |
| 3. Security Deposits | 59,025.04 | | | 92,414.08 |
| Less: Investments & Deposits with Banks lodged by outside parties | <u>50.14</u> | | | <u>52.48</u> |
| | | 58,974.90 | | <u>92,361.60</u> |
| 4. Interest accrued but not due on Loans | | 2,369.36 | | 1,912.78 |
| 5. Pool Account Balance | | <u>20,243.68</u> | | <u>—</u> |
| | | | 1,94,316.99 | <u>1,90,714.98</u> |
| PROVISIONS: | | | | |
| 6. Provision for Taxation | 40,499.92 | | | 22,236.13 |
| Less: Advance payments | <u>32,299.25</u> | | | <u>15,626.92</u> |
| | | 8,200.67 | | <u>6,609.21</u> |
| 7. Provision for Gratuity | | — | | 3,592.32 |
| 8. Provision for Pension | | 0.94 | | 53.87 |
| 9. Proposed Dividend | | <u>1,972.25</u> | | <u>1,725.72</u> |
| | | | 10,173.86 | <u>11,981.12</u> |
| TOTAL: | | | <u>2,04,490.85</u> | <u>2,02,696.10</u> |

Schedules *Contd...*

SCHEDULE 'L'—Other Income

Index

| | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|------------------------------|
| 1. Sale of Power and Water | 167.15 | 171.98 |
| 2. Profit on sale and disposal of Assets | 203.78 | 137.41 |
| 3. Dividend received from a Subsidiary-Gross (Tax deducted at source Rs. 0.86 lakhs (1986: Rs. 0.90 lakhs) | 4.00 | 4.00 |
| 4. Royalty and Technical know-how fees | — | 4.29 |
| 5. Unclaimed/Unspent Liabilities Written Back | 142.54 | 211.35 |
| 6. Miscellaneous Income | 1,779.02 | 1,513.46 |
| TOTAL: | <u>2,296.49</u> | <u>2,042.49</u> |

SCHEDULE 'M'-Manufacturing, Administration, Selling and Other Expenses

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|------------------------------|
| 1. Raw Materials Consumed: | | | |
| Opening Balance as on 1st April, 1986 | 95,626.55 | | 60,939.96 |
| Add: Purchases | 3,88,508.86 | | 4,31,985.71 |
| | <u>4,84,135.41</u> | | <u>4,92,925.67</u> |
| Less: Closing Stock | 57,505.40 | | 95,626.55 |
| | | <u>4,26,630.01</u> | <u>3,97,299.12</u> |
| 2. Consumption: | | | |
| i) Stores and Spares (including Consumables) | 4,180.99 | | 3,682.65 |
| ii) Packages | 10,123.68 | | 9,111.42 |
| | | <u>14,304.67</u> | <u>12,794.07</u> |
| 3. Power and Fuel | 19,320.46 | | 18,410.44 |
| Less: Fuel of own production | 17,979.52 | | 17,162.87 |
| | | <u>1,340.94</u> | <u>1,247.57</u> |
| 4. Processing Fees, Blending Fees, Royalty and Other Charges | | 929.03 | 740.62 |
| Carried Forward... | | <u>4,43,204.65</u> | <u>4,12,081.38</u> |



SCHEDULE 'M' Contd...

| | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|----------------------|------------------------------|
| Brought Forward. . . | | | 4,43,204.65 | 4,12,081.38 |
| 5. Repairs and Maintenance: | | | | |
| a) Plant and Machinery | | 5,891.24 | | 5,055.76 |
| b) Buildings | | 1,144.67 | | 901.45 |
| c) Others | | 777.84 | | 716.88 |
| | | | 7,813.75 | 6,674.09 |
| 6. Freight and Transportation Charges (net of recoveries from Industry Pool Account) | | | 40,231.07 | 36,044.08 |
| 7. Irrecoverable Sales Tax | | | 968.40 | 449.08 |
| 8. Payments to and Provisions for Employees: | | | | |
| a) Salaries, Wages, Bonus etc. | | 11,461.44 | | 10,245.55 |
| b) Contribution to Provident and Other Funds | | 595.91 | | 539.96 |
| c) Staff Welfare Expenses | | 1,530.45 | | 1,445.48 |
| d) Contribution to Gratuity Fund: | | | | |
| i) For current year | 716.02 | | | — |
| ii) For earlier years | 1,700.75 | | | — |
| | 2,416.77 | | | — |
| iii) Less: Adjusted against Provision | 1,700.75 | | | — |
| e) Gratuity and Ex-Gratia | | 716.02* | | — |
| | | 15.86 | | 455.37 |
| | | | 14,319.68 | 12,686.36 |
| 9. Office Administration, Selling and Other Expenses (Schedule 'N') | | | 9,714.96 | 8,434.97 |
| TOTAL: | | | 5,16,252.51 | 4,76,369.96 |

* Includes **Rs. 178.59 lakhs** (1986 : Rs. Nil) being the amount remaining unpaid to the Gratuity Fund as on 31.3.87.



Schedules *Contd. . .*

SCHEDULE 'N'—Office Administration, Selling and Other Expenses

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|------------------------------|
| 1. Rent | | 1,200.22 | 1,120.63 |
| 2. Insurance | | 647.44 | 579.38 |
| 3. Rates and Taxes | | 365.14 | 329.71 |
| 4. Donations | | 28.28 | 35.22 |
| 5. Payment to Auditors: | | | |
| a) Audit Fees | 6.00 | | 4.00 |
| b) Tax Audit Fees | 1.25 | | 1.25 |
| c) Taxation Matters | 0.20 | | 0.60 |
| d) Other Services (for issuing certificates etc.) | 0.56 | | 0.27 |
| e) Out of Pocket Expenses | 4.41 | | 4.64 |
| | | 12.42 | 10.76 |
| 6. Travelling and Conveyance | | 1,400.63 | 1,236.72 |
| 7. Communication Expenses | | 629.84 | 522.71 |
| 8. Printing and Stationery | | 370.00 | 386.64 |
| 9. Electricity and Water | | 607.48 | 415.08 |
| 10. Other Expenses | | 3,020.42 | 2,475.33 |
| 11. Bad Debts, Advances, Claims and Stores written off | | 63.74 | 30.49 |
| 12. Loss on Assets sold, lost or written off | | 189.93 | 46.12 |
| 13. Technical Assistance fees | | 109.41 | 126.87 |
| 14. Exchange Fluctuations (Net) | | 1.57 | 7.16 |
| 15. Provision for: | | | |
| a) Doubtful Debts, Advances and Claims | 578.53 | | 646.00 |
| b) Obsolescence/Losses of Stores and Spares | 2.62 | | 133.09 |
| | | 581.15 | 779.09 |
| 16. Security Force Expenses | | 476.36 | 325.79 |
| 17. Pollution Control Expenses | | 10.93 | 7.27 |
| TOTAL: | | 9,714.96 | 8,434.97 |

* Includes-Bank Charges **Rs. 265.13 lakhs** (1986: Rs. 210.44 lakhs) and contribution for Rural Development Programme **Rs. 2.31 lakhs** (1986: Rs. 1.23 lakhs)



SCHEDULE 'O'—Income/Expenses Pertaining to Previous Years

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|----------------------|------------------------------|
| INCOME: | | | |
| 1. Sale of Products and Crude and Transfers under Product Exchange | 31,963.57 | | 6,359.32 |
| 2. Company's use of own oil | (7.28) | | 2.35 |
| | | 31,956.29 | 6,361.67 |
| 3. Adjustments in respect of Closing Stock of Finished Products | | — | (41.31) |
| 4. Recovery of Main Installation and Other Charges | | (221.41) | 6.48 |
| 5. Interest: | | | |
| On Advances | 97.89 | | (12.81) |
| From Customers on outstandings | 176.11 | | — |
| | | 274.00 | (12.81) |
| 6. Sale of Power and Water | | 0.91 | 36.09 |
| 7. Profit on Sale and Disposal of Assets | | 5.54 | — |
| 8. Miscellaneous Income | | (29.14) | (46.65) |
| TOTAL INCOME: | | <u>31,986.19</u> | <u>6,303.47</u> |
| EXPENSES: | | | |
| 1. Purchases of Products and Crude for resale and transfers under product exchange | | 1,314.60 | 186.44 |
| 2. Raw Materials consumed | | (439.16) | 27.46 |
| 3. Consumption: | | | |
| i) Stores and Spares (including consumables) | 10.56 | | 52.88 |
| ii) Packages | 28.06 | | 7.48 |
| | | 38.62 | 60.36 |
| 4. Repairs and Maintenance: | | | |
| i) Plant and Machinery | 17.69 | | 85.63 |
| ii) Buildings | (3.35) | | (3.38) |
| iii) Others | 6.76 | | (40.11) |
| | | 21.10 | 42.14 |
| 5. Freight and Transportation charges (net of recoveries from Industry Pool Account) | | 455.07 | 999.06 |
| Carried Forward . . . | | <u>1,390.23</u> | <u>1,315.46</u> |



Schedules *Contd. . .*

SCHEDULE 'O' *Contd. . .*

Index

| | Rupees (in lakhs) | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|----------------------|------------------------------|
| Brought Forward. . . | | 1,390.23 | 1,315.46 |
| 6. Payments to and Provisions for Employees: | | | |
| i) Salaries, Wages, Bonus etc. | 22.61 | | 566.98 |
| ii) Contribution to Provident and Other Funds | — | | (0.44) |
| iii) Gratuity, Ex-Gratia & Pension | (1,818.29) | | (14.35) |
| | | (1,795.68) | 552.19 |
| 7. Rent | | 18.22 | (302.40) |
| 8. Insurance | | (43.82) | (10.58) |
| 9. Main Installation Charges paid to Other Oil Companies | | 29.12 | 7.82 |
| 10. Other Expenses | | 72.58 | 33.81 |
| 11. Communication Expenses | | — | 1.19 |
| 12. Duties | | 235.15 | 73.23 |
| 13. Depreciation and Amortisation | | 57.21 | 106.57 |
| 14. Interest: Others | | 53.19 | (154.40) |
| 15. Security Force Expenses | | 49.79 | — |
| 16. Rates and Taxes | | 13.97 | 18.55 |
| 17. Power and Fuel | | 17.95 | 12.42 |
| | | 97.91 | 1,653.86 |
| 18. Less: Amount transferred to construction period expenses pending allocation | | (33.38) | (9.60) |
| TOTAL EXPENSES: | | 131.29 | 1,663.46 |
| NET INCOME/(EXPENSES): | | 31,854.90 | 4,640.01 |



SCHEDULE 'P'-Notes on the Accounts for the Year Ended 31st March, 1987

1. Contingent Liabilities not provided for in respect of:
 - a) Claims against the Corporation not acknowledged as debts **Rs. 13288.27 lakhs** (1986: Rs. 7224.01 lakhs). These include:
 - i) **Rs. 2030.47 lakhs** (1986 : Rs. 2863.16 lakhs) being the demands raised by Central Excise Authorities.
 - ii) **Rs. 6834.60 lakhs** (1986 : Rs. 754.02 lakhs) in respect of Sales Tax demands.
 - iii) **Rs. 1203.49 lakhs** (1986 : Rs. 1265.15 lakhs) for which suits have been filed in the Courts or cases are lying with arbitrators
 - iv) **Rs. 4549.57 lakhs** (1986 : Rs. 492.19 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. 2949.20 lakhs** (1986: Rs. 2163.85 lakhs).
 - c) Income Tax, if any, reimbursible to foreign contractors.
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 9677.76 lakhs** (1986: Rs. 9875.90 lakhs).
3. a) Title Deeds for Land and Residential Apartments of the book value of **Rs. 2122.17 lakhs** (1986 : Rs. 1732.09 la also; Lease and other agreements in respect of certain other lands/buildings are pending execution or renewal a 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 made in the Accounts towards loss, if any, on their disposal, as the extent thereof cannot be determined.
5. The stock of High Volatile Raw Petroleum Coke at Digboi Refinery has been valued at the retention price fixed by Government of India less adjustment for the quality of volatile contents therein, although the exact realisable value these stocks is not readily ascertainable.
6. a) Under an award given for the price of RFO/LSHS supplied to Gujarat Electricity Board, the Corporation has received and accounted for all the **40 instalments** (upto 31st March, 1986-37 instalments) totalling to **Rs. 7328.36 lakhs** (upto 31st March 1986 **Rs. 6674.31 lakhs**) which accrued, became due and receivable upto this year.
 b) No credit has been taken in respect of claims for price increase for LSHS supplied to Gujarat Electricity Board extent remaining disputed and unsettled, except for supplies beyond contractual quantity.
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 It No. R-44024/7/81-MC dated 17th August, 1982 for which the Corporation has approached the Government for is notification under Section 9(1) of Burmah Oil Company (Acquisition of Shares of Oil India Ltd. and of the undertakings in India of Assam Oil Co. Ltd. and the Burmah Oil Company (India Trading) Ltd. Act, 1981).



Schedules *Contd...*

SCHEDULE 'P' *Contd. . .*

Index

9. Unlike the practice followed upto the previous year (except for Assam Oil Division), the Corporation has constituted a Gratuity Fund during the year and has contributed a total sum of **Rs. 2389.69 lakhs** to the Fund which includes **Rs. 716.02 lakhs** for the current year. Due to the above change, the profit of the Corporation for the year has increased by Rs. 10.78 lakhs. Further, gratuity provision in excess of the liability determined by the Actuary for the period upto 31.3.86 amounting to Rs. 1818.29 lakhs, has been transferred to Profit and Loss Account as prior year income.

| 10. Remuneration paid or payable to whole-time Directors: | (Figures in Rupees) | |
|---|---------------------|-----------------|
| | 1986-87 | 1985-86 |
| i) Salaries and Allowances | 6,45,352 | 4,22,002 |
| ii) Contribution to Provident Fund | 47,667 | 30,882 |
| iii) Contribution to Gratuity Fund | 11,264 | 43,654 |
| iv) Other Benefits and Perquisites | 83,846 | 96,373 |
| | 7,88,129* | 5,92,911 |

* Includes payment of adhoc relief for the period January 1986 to March 1986.

In addition, whole-time Directors are also allowed the use of Corporation's car for private purpose upto 12,000 KMs per annum on a payment of Rs. 250/- per month.

11. Pending finalisation of Long Term Settlements with the employees, no liability has been provided in respect of revision of emoluments as the amount thereof is not ascertainable. However, the impact of such settlement is subject to claim from Pool Account as per pricing mechanism.

12. Loans and Advances include **Rs. 908.26 lakhs** (1986 : Rs. Nil) recoverable from the proposed joint venture company in respect of Karnal Refinery Project of which the Corporation is a co-promotor.

13. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to **Rs. 169.18 lakhs** (1986 : Rs. 140.49 lakhs) which is inclusive of **Rs. 38.89 lakhs** (1986 : Rs. 30.08 lakhs) on account of staff and establishment and **Rs. 130.29 lakhs** (1986 : Rs. 110.41 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00014 :1**(1986 : 0.00012 :1).

b) Entertainment Expenses **Rs. 7.45 lakhs** (1986 : Rs. 7.75 lakhs).

14. Deferred payment liabilities represented by acceptances are secured by Bank Guarantees and include **Rs. 181.48 lakhs** (1986 : Rs. 182.70 lakhs) due for payment within one year.

15. Considering the uncertainty of realisation, a claim of Rs. 158.00 lakhs arising out of a court decree in favour of the Corporation has been accounted for.

16. Statement on Accounting Policies and Schedules 'A' to 'X' to the Balance Sheet and Profit & Loss Account form part of these Accounts.

17. Figures in brackets indicate deductions.

18. Previous year's comparative figures have been regrouped to the extent practicable wherever necessary.

| | | | | |
|---------------------------------|--|--|--|-------------------------------|
| Sd/- S.L. KHOSLA Chairman | Sd/- S.K. NAYAK Director (R & P) | Sd/- S.K. COMAL Director (Finance) | Sd/- B.K. BAKHSHI Director (Marketing) | Sd/ D.B. PURI Secretary |
|---------------------------------|--|--|--|-------------------------------|

New Delhi, 3rd July, 1987



SCHEDULE 'Q'-Licensed Capacity, Installed Capacity and Actual Production

| | Crude Thruput | | Lubricating Oils | | Wax/Bitumen/ Asphalt/Lube Oil Drums | | Oxygen Plant | |
|--|------------------------|------------------------|------------------------|------------------------|---|-------------------------|-------------------------|-------------------------|
| | 1987 MTs (lakhs) | 1986 MTs (lakhs) | 1987 MTs (lakhs) | 1986 MTs (lakhs) | 1987 Nos. (lakhs) | 1986 Nos. (lakhs) | 1987 CUM. (lakhs) | 1986 CUM. (lakhs) |
| 1. Licensed Capacity | 182.50 | 182.50 | 1.70 | 1.70 | 15.00 0.04 MTs | 15.00 0.04 MTs | Not Specified | |
| 2. Installed Capacity | 204.50 | 187.50 | 1.40** | 1.40** | 15.00** | 15.00** | 0.84 | 0.84 |
| 3. Actual Thruput | 210.23 | 207.87 | — | — | — | — | — | — |
| 4. Actual Production@ (in own Refineries) | 197.01 | 193.51 | 1.54 | 1.38 | 10.03 | 9.47 | 0.42 | 0.41 |
| 5. Product Processed/Manufactured by Others | — | 1.49 | 1.32 1.86 KLS | 1.24 1.58 KLS | 17.50 | 19.28 | — | — |

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.



Schedules *Contd...*

SCHEDULE 'R'- Finished Products-Quantity and Value Particulars

Index

| | Opening Stock | | | Purchases Including Duties | | |
|------------------------------|----------------|----------------|-------------------|----------------------------|----------------|-------------------|
| | Quantity | | Value | Quantity | | Value |
| | MTs (lakhs) | KLs (lakhs) | Rupees (lakhs) | MTs (lakhs) | KLs (lakhs) | Rupees (lakhs) |
| 1. Petroleum Products: | | | | | | |
| Year ended 31st March, 1987 | 13.11 | 24.77 | 81,977.58 | 48.81 | 167.82 | 5,32,266.04 |
| Year ended 31st March, 1986 | 10.87 | 19.79 | 58,873.40 | 40.63 | 165.59 | 4,59,035.05 |
| 2. Lubricants and Greases: | | | | | | |
| Year ended 31st March, 1987 | 0.06 | 0.65 | 7,201.78 | 0.11 | 0.02 | 5,799.71 |
| Year ended 31st March, 1986 | 0.07 | 0.58 | 5,886.76 | 0.03 | 0.02 | 1,203.60 |
| 3. Oxygen Gas: | | | | | | |
| Year ended 31st March, 1987 | 001@ | — | 0.06 | — | — | — |
| Year ended 31st March, 1986 | 001@ | — | 0.07 | — | — | — |
| 4. Crude Oil: | | | | | | |
| Year ended 31st March, 1987 | — | — | — | 92.06 | — | 1,11,610.54 |
| Year ended 31st March, 1986 | — | — | — | 57.65 | — | 1,33,796.48 |
| 5. Base Oils and Additives: | | | | | | |
| Year ended 31st March, 1987 | — | — | — | — | 1.89 | 9,281.98 |
| Year ended 31st March, 1986 | — | — | — | — | 1.57 | 5,971.38 |
| 6. Additional Ad-hoc Relief: | | | | | | |
| Year ended 31st March, 1987 | — | — | — | — | — | — |
| Year ended 31st March, 1986 | — | — | — | — | — | — |
| TOTAL: | | | | | | |
| Year ended 31st March, 1987 | 0.01@ 13.17 | 25.42 | 89,179.42 | 140.98 | 169.73 | 6,58,958.27 |
| Year ended 31st March, 1986 | 0.01@ 10.94 | 20.37 | 64,760.23 | 98.31 | 167.18 | 6,00,006.51 |

NOTES

@ Cubic Metres

- Purchases and Sales exclude value adjustments shown under items pertaining to previous years.
- 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, the adhoc relief received from Oil Cost Review Committee has been shown as a separate item.



| Sales | | | Closing Stock | | |
|----------------|----------------|-------------------|----------------|----------------|-------------------|
| Quantity | | Value | Quantity | | Value |
| MTs (lakhs) | KLs (lakhs) | Rupees (lakhs) | MTs (lakhs) | KLs (lakhs) | Rupees (lakhs) |
| 103.45 | 344.51 | 10,67,657.13 | 13.32 | 23.36 | 92,864.51 |
| 92.78 | 324.59 | 9,38,771.55 | 13.11 | 24.77 | 81,977.58 |
| 0.88 | 4.22 | 62,513.86 | 0.12 | 0.65 | 9,278.83 |
| 0.77 | 3.80 | 49,839.42 | 0.06 | 0.65 | 7,201.79 |
| 0.19 @ | — | 2.68 | 0.01 @ | — | 0.07 |
| 0.19 @ | — | 2.60 | 0.01 @ | — | 0.05 |
| 92.05 | — | 1,11,610.54 | — | — | — |
| 57.65 | — | 1,33,802.68 | — | — | — |
| — | 1.89 | 9,684.70 | — | — | — |
| — | 1.56 | 6,095.37 | — | — | — |
| — | — | 1,930.97 * | — | — | — |
| 0.01 ® | | | 0.19 @ | | |
| 196.38 | 350.62 | 12,51,468.91 | 13.44 | 24.01 | 1,02,143.41 |
| 0.19 @ | | | 0.01 @ | | |
| 151.20 | 329.95 | 11,30,442.59 | 13.17 | 25.42 | 89,179.42 |

Schedules *Contd...*

SCHEDULE 'S'—Consumption Particulars of Raw Materials

Index

| | 1987 | | | 1986 | | |
|------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
| | Quantity | | Value | Quantity | | Value |
| | MTs (in lakhs) | KLs (in lakhs) | Rupees (in lakhs) | MTs (in lakhs) | KLs (in lakhs) | Rupees (in lakhs) |
| Crude Oil | 210.24 | - | 3,92,044.93 | 209.37 | - | 3,66,766.96 |
| Base Oils | 1.15 | 2.95 | 24,894.05 | 1.03 | 1.90 | 21,782.37 |
| Additives | 0.14 | 0.09 | 9,691.03 | 0.13 | 0.08 | 8,749.79 |
| Steel Coils and Sheets | 54.89 | - | 3,440.39 | 0.35 | - | 3,200.18 |
| TOTAL: | 266.42 | 3.04 | 430,070.40 | 210.88 | 1.98 | 400,499.30 |

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) | 1986 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: | 16139 | | 10779 |
| (a) Salaries, Wages, Bonus etc. | | 7,053.85 | 4,522.36 |
| (b) Contribution to Provident and Other Funds | | 621.34 | 247.34 |
| TOTAL: | | 7,675.19 | 4,769.70 |
| 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: | 257 | | 279 |
| (a) Salaries, Wages, Bonus etc. | | 65.19 | 65.04 |
| (b) Gratuity Paid | | 49.25 | 50.19 |
| (c) Contribution to Provident and Other Funds | | 4.84 | 3.35 |
| TOTAL: | | 119.28 | 118.58 |

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



SCHEDULE 'U'—Expenditure in Foreign Currency

| | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|---|----------------------|------------------------------|
| 1. Royalty (Gross) and Technical Service Fee | 44.82 | 0.16 |
| 2. Processing Fees | — | 84.85 |
| 3. Professional consultation fees including Legal expenses | 26.70 | 41.44 |
| 4. Interest | 152.09 | 37.38 |
| 5. Others | 34.92 | 56.49 |
| TOTAL: | <u>258.53</u> | <u>220.32</u> |

SCHEDULE 'V'—Earnings in Foreign Exchange

| | | |
|--|------------------|------------------|
| 1. Export of Goods calculated on FOB basis | | |
| Export of Crude Oil and Petroleum Products | 51,548.02 * | 88,349.04 * |
| 2. Interest | 4.04 | — |
| 3. Other Income including penalty, inventory carrying cost etc. | 95.51 | 80.85 |
| TOTAL: | <u>51,647.57</u> | <u>88,429.89</u> |

* Includes **Rs. 13,906.08** (1986: Rs. 16,136.41 lakhs) received in Indian Currency out of repatriable funds of foreign customers and other export sales through canalising agencies.



Schedules *Contd...*

SCHEDULE 'W'—CIF Value of Imports

Index

| Particulars | 1986 | |
|--|----------------------|----------------------|
| | Rupees (in lakhs) | Rupees (in lakhs) |
| Crude Oil | 80,418.14 | 2,27,181.91 |
| Base Oils | 6,069.72 | 7,289.16 |
| Additives | 770.22 | 890.67 |
| Capital Goods | 1,206.37 | 2,125.42 |
| Revenue Stores, Components, Spare Parts and Chemicals | 938.93 | 1,097.20 |
| TOTAL: | <u>89,403.38</u> | <u>2,38,584.36</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

| | 1987 | | | | 1986 | | | |
|---|-------------------------------|--|-------------------------------|--|-------------------------------|--|-------------------------------|--|
| | Imported | | Indigenous | | Imported | | Indigenous | |
| | Value Rupees (in lakhs) | % to total Con- sump- tion |
| 1. Crude Oil | 1,41,545.15 | 36 | 2,50,499.78 | 64 | 1,29,006.88 | 35 | 2,37,760.08 | 65 |
| 2. Base Oils & Additives | 14,212.97 | 41 | 20,372.11 | 59 | 10,594.86 | 35 | 19,937.30 | 65 |
| 3. Steel Coils/Sheets*/ Stores/Spare Parts and Components | 2,462.47 | 30 | 5,650.28 | 70 | 2,222.50 | 29 | 5,334.67 | 71 |
| TOTAL: | <u>1,58,220.59</u> | | <u>2,76,522.17</u> | | <u>1,41,824.24</u> | | <u>2,63,032.05</u> | |

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

* Shown under packages consumer in the Profit and Loss Account.



Statement - Section 212(1)(e)

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 As at 31st March, 1987 Indian Oil Blending Limited | 8000 | 40,00,000 |
| | For the Financial year ended 31st March, 1987 Rupees (in lakhs) | Previous Finan- cial year Cumu- lative Total Rupees (in lakhs) |
| 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: | 54.81 | 221.29 |
| 3. Net aggregate amount of the profit of the Subsidiary Company as far as its profit are dealt with in the Company's Accounts i : | 4.00 | 43.11 |

Sd/-
S.L. KHOSLA
Chairman

Sd/-
S.K. NAYAK
Director (R & P)

Sd/-
S.K. COMAL
Director (Finance)

Sd/-
B.K. BAKHSHI
Director (Marketing)

Sd/-
D.B. PURI
Secretary

New Delhi, 3rd July, 1987



Schedules *Contd...*

Schedule of Fixed Assets (Township)

Index

| | Gross Block as at 31st March, 1986 at cost | Additions during the year at cost | Transfers from Construction Work in-Progress at cost | Transfers, Deduction & Reclassification at cost |
|---|--|-----------------------------------|--|---|
| | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) |
| 1. LAND -Freehold | 124.65 | 74.91 | — | — |
| Leasehold | 158.37 | 15.95 | — | — |
| 2. BUILDINGS, ROADS ETC. | 5,373.39 | 93.14 | 431.16 | 1.38 |
| 3. PLANT AND MACHINERY | 264.14 | 18.87 | 37.61 | (1.50) |
| 4. DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM | 440.13 | 30.59 | 33.98 | — |
| 5.. EQUIPMENT AND APPLIANCES | 112.34 | 20.68 | 0.04 | (1.11) |
| 6. FURNITURE AND FIXTURES | 62.60 | 9.71 | — | (0.90) |
| 7. VEHICLES | 84.83 | 12.24 | — | — |
| 8. SUNDRY ASSETS | 2.39 | 0.16 | — | — |
| TOTAL: | 6,622.84 | 276.25 | 502.79 | (2.13) |
| PREVIOUS YEAR: | 5,333.98 | 506.68 | 781.06 | 1.12 |



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

| Gross Block as at 31st March, 1987 at cost | Depreciation and Amortisation provided during the year | Total Depreciation and Amortisation upto 31st March, 1987 | Net Depreciated Block | |
|---|---|--|---------------------------|---------------------------|
| | | | As at 31st March, 1987 | As at 31st March, 1986 |
| Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) | Rupees (in lakhs) |
| 199.56 | — | — | 199.56 | 124.65 |
| 174.32 | 2.91 | 13.83 | 160.49 | 147.45 |
| 5,899.07 | 132.58 | 877.99 | 5,021.08 | 4,627.97 |
| 319.12 | 22.00 | 129.89 | 189.23 | 156.64 |
| 504.70 | 42.78 | 277.19 | 227.51 | 205.45 |
| 131.95 | 15.87 | 78.64 | 53.31 | 49.18 |
| 71.41 | 7.13 | 33.10 | 38.31 | 36.54 |
| 97.07 | 11.38 | 59.06 | 38.01 | 34.65 |
| 2.55 | 0.40 | 1.80 | 0.75 | 0.97 |
| 7,399.75 | 235.05 | 1,471.50 | 5,928.25 | 5,383.50 |
| 6,622.84 | 219.52 | 1,239.34 | 5,383.50 | |



Income and Expenditure Account

Income and Expenditure Account for the year ended 31st March, 1987 on Provision of Township, Education, Medical and other facilities

| | Rupees (in lakhs) | 1986 Rupees (in lakhs) |
|--|----------------------|------------------------------|
| INCOME: | | |
| 1. Recovery of House Rent | 120.33 | 99.94 |
| 2. Recovery of Utilities: Power and Water | 13.36 | 16.81 |
| 3. Recovery of Transport Charges | 5.74 | 5.70 |
| 4. Other. Recoveries | 115.57 | 96.94 |
| 5. Excess of Expenditure over Income | 2,765.51 | 2,372.76 |
| TOTAL: | 3,020.51 | 2,592.15 |
| EXPENDITURE: | | |
| 1. Salaries, Wages and PF Contribution | 648.04 | 559.01 |
| 2. Consumable Stores and Medicines | 219.27 | 172.27 |
| 3. Subsidies for Social and Cultural Activities | 67.67 | 55.90 |
| 4. Repairs and Maintenance | 534.83 | 524.66 |
| 5. Interest | 483.69 | 436.38 |
| 6. Depreciation | 235.05 | 219.52 |
| 7. Miscellaneous Expenses: Taxes, Licence Fees, Insurance | 168.58 | 142.42 |
| 8. Utilities: Power and Gas | 639.45 | 465.49 |
| 9. Land Rent | 6.32 | 5.43 |
| 10. Welfare (School) | 2.29 | 1.21 |
| 11. Bus Hire Charges | 5.13 | 3.75 |
| 12. Club and Recreation | 10.19 | 6.03 |
| TOTAL: | 3,020.51 | 2,592.15 |



CAG Comments

Comments of the Comptroller & Auditor General of India on the Accounts of Indian Oil Corporation Limited under Section 619 (4) of the Companies Act for the year 1986-87 and Replies of the Board of Directors.

| Sl. No. | Comments of the Comptroller and Auditor-General of India | Replies of the Board of Directors |
|-----------|---|---|
| 1. | <p>APPLICATION OF FUNDS Construction Work-in-Progress and Capital Goods in Stock : Schedule 'F'-Rs. 29,714.67 lakhs</p> <p>Capital stores (at cost) (including materials worth Rs. 509.87 lakhs lying with contractors 1986:- Rs. 285.75 lakhs). Rs. 8,848.81 lakhs. This includes LPG steel worth Rs. 7.74 lakhs which has not been confirmed by parties.</p> | <p>This represents:</p> <p>- subsequent confirmation received Rs. 0.27 lakhs, confirmation awaited from Govt. Undertaking i.e. M/s. Bharat Pumps & Compressors Ltd., Rs. 5.62 lakhs, and balance relating to 7 parties is awaited. Matter being pursued with them.</p> |
| 2. | <p>CURRENT ASSETS, LOANS AND ADVANCES:</p> <p>B. LOANS AND ADVANCES-Schedule 'J' Rs. 36,206.86 lakhs</p> <p>7. SUNDRY DEPOSITS (including amounts adjustable on receipt of final bills)</p> <p>(a) Secured-Considered Good-Rs. 16,522.43 lakhs Includes an interest free deposit of Rs.899.50 lakhs paid to M/s. Bharat Hotels Pvt. Ltd., towards acquisition of 70,000 Sq. Ft. of office space in World Trade Centre, New Delhi for 97 years, which should have been appropriately classified under Fixed Assets with suitable disclosure.</p> | <p>The amount paid is fully refundable to the Corporation upon termination of sub-licences and therefore classified as deposit. However this matter is being further examined.</p> |
| 3. | <p>CURRENT LIABILITIES AND PROVISIONS Schedule 'K'-Rs. 2,02,518.60 lakhs</p> <p>(a) 1. SUNDRY CREDITORS: Rs. 1,12,676.73 lakhs</p> <p>(i) Does not include Rs.137.57 lakhs being the sales tax differential on LPG sales from Cochin Refineries Limited from December 1986 to March 1987, for which payment has been made only at 4% of Central Sales Tax as against 18% of Kerala Sales Tax payable on these sales.</p> <p>(ii) This is understated by Rs. 95.68 lakhs due to non-provision of liability towards customs duty on LPG Steel in respect of which Bills of entry has been filed with and passed for payment by Customs Authorities before 31st March, 1987. As a result capital work-in-progress is also understated by a like amount.</p> <p>(iii) Does not include Rs. 6.34 lakhs towards technical service rendered by foreign parties.</p> <p>(b) 5. POOL ACCOUNT BALANCES Rs. 20,243.68 lakhs</p> <p>(i) The Balance has been computed after adjusting a claim of Rs. 65.43 lakhs on account of Ocean losses (on imports of Petroleum Products) not sustainable as the full cost of imports is reimbursed through Pool Account (C&F Adjustment account) without making any deduction for Ocean losses. The profit of the year is over stated by like amount.</p> <p>(ii) Does not include the following amounts surrenderable to Pool Account:</p> <p>(1) Rs.6.83 lakhs being the pipeline charges recovered from customers from 1.10.1986 to 31.3.1987.</p> <p>(2) Rs. 35.62 lakhs being the adventitious gain on LSHS (Rs. 1.67 lakhs) price controlled lubes (Rs. 7.47 lakhs) excess claim on SK due to adoption of incorrect quantities (Rs. 24.47 lakhs) and variation in additive cost (Rs.2.01 lakhs).</p> <p>(3) Rs. 3.00 lakhs due to non-provision of liability on over-recoveries in respect of compositing of sales tax for the year 1984-85.</p> | <p>During this period, transactions being of inter-state sale nature, Central Sales Tax at 4% is only leviable.</p> <p>As steel was delivered in April 1987, liability for customs duty arose only after 31st March, 1987.</p> <p>Noted.</p> <p>Claim in respect of ocean losses is in accordance with Government instructions vide their letter No. P-20029142/77-Pp dated 20th June, 1979.</p> <p>Not surrenderable as per existing instructions from Government.</p> <p>Adjustments carried out during 1987-88.</p> <p>Adjustments will be carried out during 1987-88.</p> |
| 4. | <p>PROFIT AND LOSS ACCOUNT</p> <p>INCOME</p> <p>4. Increase in Stocks: Opening stock in process-Rs. 6,536.13 lakhs Does not include a sum of Rs. 117.90 lakhs being the differential in royalty rates to be charged on the opening stock in process, resulting in overstatement of this year's profit and corresponding understatement of profit for the previous year.</p> | <p>Noted.</p> |

CAG Comments *Contd. . .*

| Sl. No. | Comments of the Comptroller and Auditor-General of India | Replies of the Board of Directors |
|------------|--|---|
| 5. | OTHER INCOME Schedule 'L' Rs. 2,296.49 lakhs | |
| | (a) Includes the following amounts surrenderable to Pool Account: | |
| | (i) Rs. 56.00 lakhs received from a defaulter foreign party as penalty for non-fulfilment of contract for the supply of crude. | No liability exists to the Pool Account. |
| | ii) An amount of Rs. 47.00 lakhs adventitious gains due to revision of Railway Freight effective 12.1986. | No liability exists to the Pool Account. from 1 |
| | (b) Includes Rs. 142.54 lakhs on account of unclaimed/unspent liabilities created in the past but written back during the year. | No comments. |
| 6. | PROVISION FOR DOUBTFUL DEBTS, ADVANCES, CLAIMS AND STORES WRITTEN BACK-Rs. 546.31 lakhs. | |
| | Represents written back amount of Rs. 546.31 lakhs provided for in earlier years. | No comments. |
| 7. | EXPENDITURE | |
| | Office Administration, Selling and Other Expenses (Schedule 'N') Rs. 9,714.96 lakhs | |
| | Other Expenses-Rs. 3,020.42 lakhs | |
| | Does not include a provision for bank commission amounting to Rs. 24.00 lakhs relating to Stock-in-Trade (in transit). | Accounting treatment given to the bank charges is in line with Corporation's accounting practices. |
| 8. | INCOME/EXPENSES PERTAINING TO PREVIOUS YEARS | |
| | (Schedule 'O')-Rs. 31,986.19 lakhs | |
| | EXPENSES | |
| | (a) 5. Freight and Transportation charges (net of recoveries from Industry Pool Account) Rs. 455.07 lakhs | |
| | Includes Rs. 15.15 lakhs on account of charter hire in respect of Voyage NV-4 erroneously credited twice, correspondingly debiting current year expenses Account. The cumulative effect of the above error is that prior year income has been inflated by Rs. 30.30 lakhs and current year expenses account has been inflated by a similar amount. | Noted. |
| | (b) 10. Other Expenses-Rs. 72.50 lakhs | |
| | Includes an item of Rs. 2.54 lakhs comprising two items of dissimilar nature consisting of: | |
| | (a) Rs. 8.66 lakhs representing reversal of over provision of bank interest, which should have been exhibited distinctly; | Noted. |
| | (b) Rs. 11.20 lakhs being bank charges classifiable as claims recoverable from other oil companies, resulting in understatement of profit to that extent. | As a matter of policy, this amount is not recovered from other oil companies. |
| 9. | CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF: (Schedule 'P' Note I) | |
| | (a) Claims against the Corporation not acknowledged as debts-Rs. 13,288.27 lakhs. | |
| | (i) Does not include the contingent liabilities amounting to Rs. 4,634.88 lakhs being the claims on account of show-cause notices received from Customs/Excise Authorities. | As on 31.3.87, these show - cause notices have not been converted to demand which can be acknowledged as debt by the Corporation. |
| | (ii) Includes Rs. 65.28 lakhs on account of exchange charges by SBI correctly chargeable to Profit and Loss Account. | The claim made by State Bank of India is disputed by the Corporation and hence included in the contingent liability. |
| 10. | EXPENDITURE IN FOREIGN CURRENCY (Schedule 'U') Rs. 258.53 lakhs | |
| | Royalty (Gross) and Technical Services Fees-Rs. 44.82 lakhs | |
| | Does not include Rs. 9.41 lakhs expenditure in foreign currency on account of technical service fees. | Noted |

Sd/-
(B.M. OZA)
Member, Audit Board & Ex-Officio
Director of Commercial Audit-II
Bombay, Dated 26th August, 1987

Sd/-
(S.L. KHOSLA)
Chairman
For and on behalf of the Board of Director.
New Delhi, Dated 31st August, 1987



Indian Oil Blending Limited

A Wholly Owned Subsidiary of Indian Oil Corporation Limited

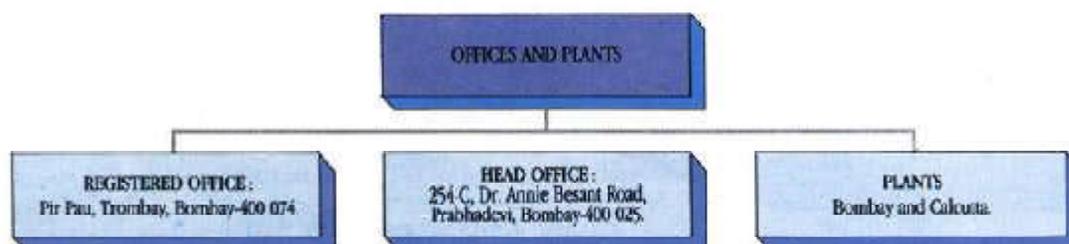
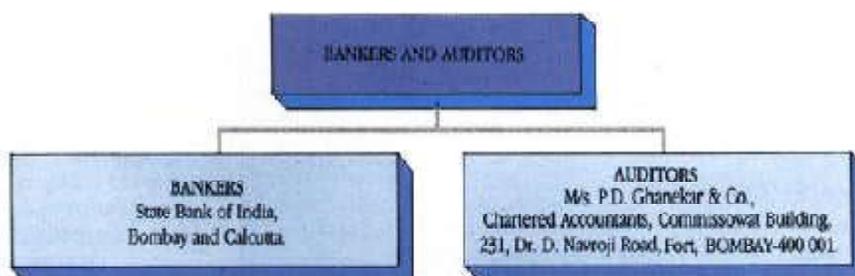
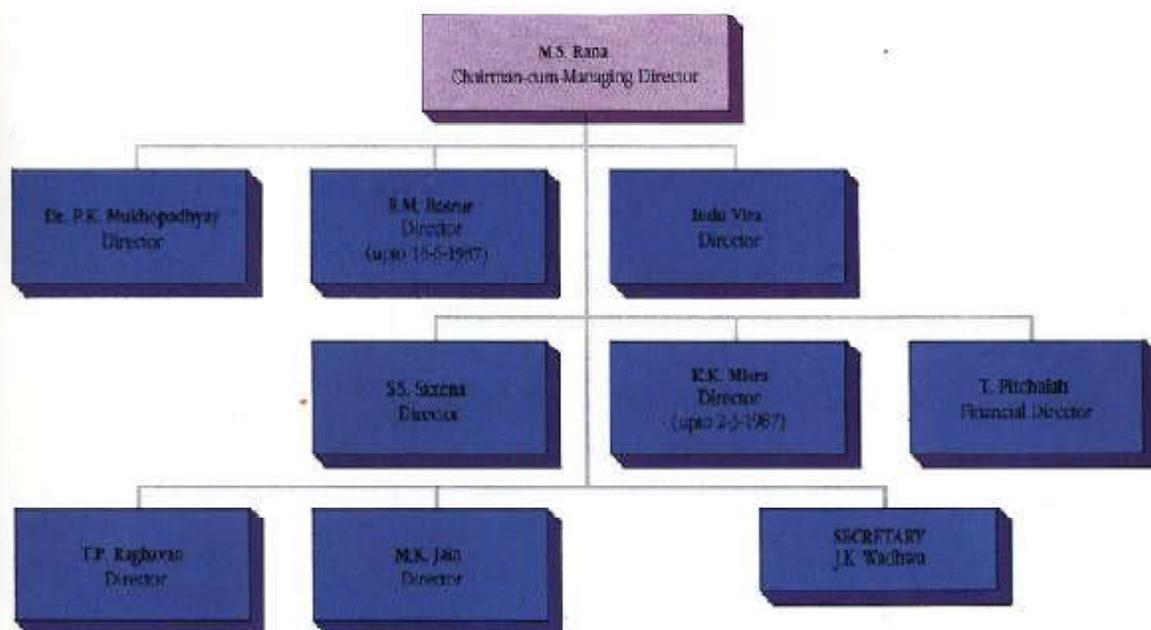
Annual Report 1986-87



Cover :

*High-tech multigrade Servo Superior engine oil
being filed in special 2.5 litre containers
developed for Maruti vehicle*

Board of Directors



Notice

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the Shareholders of INDIAN OIL BLENDING LIMITED will be held on Wednesday, the 5th August, 1987, at 1100 hours at the Head Office of the Company, situated at 254-C, Dr. Annie Besant Road, Prabhadevi, Bombay-400 025, 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, 1987;
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 Indu Vira, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
5. 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.
6. 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;
7. To appoint Director in place of Shri T. P. Raghavan, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
8. To appoint Director in place of Shri M. K. Jam, who retires at the conclusion of the Annual General Meeting and is eligible for re- appointment.

By Order of the Board

Sd/-
(J. K. WADHWA)
Secretary

Bombay, Dated: 29th June, 1987.

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. P.D. Ghanekar & Co.,
Chartered Accountants, Bombay.
- cc : Director of Commercial Audit,
Commercial Audit Wing, do.
IOC (HO), Bandra, Bombay-50.

Directors' Report to the Shareholders

Gentlemen :

I have great pleasure in placing before you, on behalf of the Board of Directors, the 24th Annual Report on the working of the Company for the financial year 1986-87 alongwith the Audited Statement of Accounts.

FINANCIAL RESULTS

During the year, the Company has made a gross profit of Rs 1,41,58,705, as against Rs 1,19,32,637 during 1985-86. The comparative figures of gross profit, depreciation, provision for investment allowance, etc. are as under:-

| | 1986-87 Rs. | 1985-86 Rs |
|---|----------------|---------------|
| (a) Gross Profit before depreciation and investment allowance | 1,41,58,705 | 1,19,32,637 |
| (b) Depreciation | 50,07,022 | 43,12,825 |
| (c) Expenses of prior years | 1,85,055 | 13,69,534 |
| (d) Provision for taxation | 35,00,000 | 28,09,681 |
| (e) Net Profit after tax | 54,66,628 | 34,40,597 |
| (f) Prior year adjustments | 1,05,289 | 25,469 |
| (g) Development Rebate Reserve written back | 500 | — |
| (h) Investment Allowance Reserve written back | 67,000 | — |
| (i) Disposable Profit | 56,39,417 | 34,66,066 |
| (j) Provision for dividend | 4,00,000 | 4,00,000 |
| (k) Investment Allowance: | | |
| (i) For this year | — | 11,78,000 |
| (ii) For earlier years | 1,50,000 | — |
| (l) Appropriated to General Reserve | 50,80,000 | 18,80,000 |
| (m) Balance carried to Balance Sheet | 9,417 | 8,066 |

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 52,39,417. Out of the surplus amount, a sum of Rs 50,80,000 is transferred to General Reserve, and Rs 1,50,000 to Investment Allowance Reserve of earlier year, thereby leaving a balance of Rs 9,417 in the Profit and Loss Account. The balance of General Reserve at the beginning of the year was Rs 2,17,21,000 and, after the current year's transfer of Rs 50,80,000 to the General Reserve Account amounts to Rs 2,68,01,000 as on

31st March, 1987. The balance in the Development Rebate Reserve Account at the beginning of the year amounting to Rs 500 has been written back and transferred to Profit and Loss Account.

The balance in the Investment Allowance Account at the beginning of the year was Rs 35,83,000. An amount of Rs 1,50,000, representing reserve of earlier years, has been transferred to this account and an amount of Rs 67,000 has been written back and transferred to Profit and Loss Account. The net balance under this head of account is, therefore, Rs 36,66,000 as on 31st March, 1987.

Profitability

The profit before taxes and investment allowance is Rs 91,51,683 as against the previous

year's figure of Rs 76,19,812. The increase in profitability is on account of higher throughput of both lubes and greases, and exercise of vigilant control on operating expenses as also revision in the blending fees of lube oils effective 1st April, 1986. The blending and manufacturing fees received by your Company was Rs 5,65,08,518 during the year (including Rs 4,63,899 received from IOC, being the refund of excess product loss recovered for 1985-86), compared to Rs 4,80,06,637 in 1985-86. Despite concerted efforts made to control the operating costs, the operating expenses, including interest, increased by 14.65% from Rs 3,79,91,022 in 1985-86 to Rs 4,35,56,595 during the year. The liability of IOBL for interest on fixed loan taken from the Holding Company alone amounted to Rs 17.26 lakhs. The increase in operating expenses was mainly on account of increased salaries, wages, utilities, interest, and due to inflationary trend and therefore unavoidable.

PRODUCTION

- (a) LUBES: The total production of lubes at Bombay and Calcutta Plants recorded an aJl time high of 3,22,330 kl, representing an increase of 10.69% over the previous highest production of 2,91,209 kl achieved in 1985-86. Bombay Plant had a throughput of 1,92,308 kl against 1,65,993 kl during previous year and Calcutta Plant a throughput of 1,30,022 kl against 1,25,216 kl in the previous year.
- (b) GREASES: The grease production during the year was 7,273 MT which is also more than the previous highest of 6,908 MT during the previous year representing a rise of 5.28% over the last year.



Directors' Report *Contd...*

Index

Capacity Utilisation

The Bombay and Calcutta Plants of the Company during the year achieved capacity utilisation of 128.21% and 130.02% respectively.

Comparative Production

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

| Year | BOMBAY | | CALCUTTA | TOTAL | |
|---------|-------------|---------------|-------------|-------------|---------------|
| | Lubes kl | Greases MT | Lubes kl | Lubes kl | Greases MT |
| 1984-85 | 165,647 | 6,821 | 115,039 | 280,686 | 6,821 |
| 1985-86 | 165,993 | 6,908 | 125,216 | 291,209 | 6,908 |
| 1986-87 | 192,308 | 7,273 | 130,022 | 322,330 | 7,273 |

Resitement of Grease Plant

Your Company has taken possession of the 10 acres plot of land allotted by Maharashtra Industrial Development Corporation at TTC Industrial Area, Thane. Topographical Survey and Soil Investigation have been carried out. M/s. Kinetics Technology India Limited have been appointed as Consultant for execution/

implementation of the resitement project. A contract for construction of compound wall has already been awarded and the job is under progress.

Shifting of Small Filling Facilities to IOC-Trombay

As a part of decongestion of Bombay Plant, it has been decided by your parent company to shift the small filling facilities from Bombay Plant to Trombay Installation by September, 1987.

Resitement of Calcutta Plant

Calcutta Port Trust has agreed to extend the lease expiring in 1987 for part of land till 1993 and therefore the lease of the entire plot of land at IOBL Calcutta Plant is valid upto 1993.



Efforts are being made to persuade Calcutta Port Trust to withdraw the eviction notice served on us. Simultaneously, the proposal for Resitement of Calcutta Plant to IOC' existing Paharpur installation/lube field and acquiring adjacent jheel area is under consideration.

PROJECTS

Steps are being taken to modernise the two lube plant operations and detailed specifications are being drawn up in this regard. Efforts are also being made for automation at the resited Grease Plant.

Bombay Plant

Various projects have been undertaken with a view to augmenting the existing facility to meet the growing demand of your parent company. Jobs like providing Steam Coils in additive tank and in storage tank-S-20, procurement of 2 Nos. Forklift trucks, procurement of IR Spectrophotometer, Nitrogen Analyser, etc. have been taken up. To improve the communication system between plant and Pirpau Jetty, walkie talkie facility has been commissioned during the year.

Calcutta Plant

To meet the increasing requirement of IOC and to augment various facilities, projects such as pressure controlling device for blending kettles have been carried out during the year. Also 1 No 5 ton Boiler, 1 No. 500 CFM Air Compressor and High Speed Rotary Filler for small containers have been commissioned during the year. The height of the compound wall has been raised for better security.

Lube Blending Plant in Northern Region

Suitable action has been initiated for preparation of detailed Feasibility Report to set up Lube Blending Plant in Northern Region.

Quality Control & Development

Quality control and development continue to receive the utmost attention to keep pace with the latest developments in technological and industrial fields. For effective quality control test microprocessor controlled CNS-Analyser has been imported for Bombay laboratory for testing carbon, nitrogen and sulphur content of lube oils and additives and for Calcutta laboratory Atomic Absorption Spectrophotometer has been arranged for elemental testing of lubricants and wear metal analysis in used oils in ppm level. Various new grades like Servoconmould, Servoconval 46, Servo Marine Gear CEP 100, Servoplex LC, Servo Superior 20W 40, Servomartemp, Servo Marine C-805, Servoshocarm have been introduced this year. Similarly many cost effective formulations have also been introduced.

Safety

Various directives issued by Oil Industry Safety Directorate are being strictly followed in both the plants. In fact, each plant has been provided with a Safety Officer exclusively to comply with the safety requirements. Periodical safety audit, and fire drills are being conducted. A safety week was celebrated during the year and eminent persons of different disciplines from outside agencies participated.

FUTURE OUTLOOK

Your parent company has decided that IOBL should set up and operate Lube Blending Plants as well as Grease Plants in Northern Region. In fact, it has also been decided by IOC that the functions pertaining to procurement of barrels and small containers for IOBL and S&D functions of Lubes/Greases Ex IOBL plants should also be taken over by IOBL. It has been further decided that IOBL should take over in due course Lube' Blending Plant at

Madras belonging to IOC.

PERSONNEL

The total number of employees as on 31.3.87 stood at 600 (125 officers including Officer Trainees and 475 workmen) as compared to 595 as on 31.3.1986.

Employee Relations/Labour Situation

Industrial relations at both the plants were cordial in general during the year. The workmen of Calcutta Plant observed bandh on 21.1.1987 in response to the call given by all Trade Unions in the country excluding . INTUC. The Bombay Plant operations were normal.

Human Resource Development and Training

Good progress was made in creating HRD climate and developing subsystems. Role analysis of senior officers was duly completed. Various seminars and workshops were conducted to consolidate HRD system. Most of the officers attended the Management, Functional and Supervision Development Training Programmes during the year. Likewise, staff/ workmen were also sent for functional training programme. Several officers and workmen attended Quality Circle Programme.

Welfare of Employees

Various welfare oriented programmes such as house building loans, vehicle loans, subsidised transport and canteen facilities, medical facilities and provision of uniforms etc. were continued during the year. Special attention was paid to the family planning programmes and the incentives to employees in this regard were further liberalised.

Lube barrel filling at the Bombay Plant.



Directors' Report *Contd...*

Pursuant to the relaxation order from Regional Provident Fund Commissioner for operating our own Provident Fund Trust, the Company is operating the same quite satisfactorily. However, final exemption from P.F. Commissioner is still awaited.

Workers' Participation in Management

Workers' Participation in Management is being encouraged by the Company. Canteen Committee, Safety Committee, Workers Committee and Sports Committee at both the plants held regular meetings and functioned satisfactorily.

Welfare of Weaker Sections

The Presidential Directives and instructions received from the Government from time to time regarding recruitment of candidates belonging to SC/ST communities, ex-servicemen and physically handicapped were implemented. Twelve employees were recruited by your company during the year, out of which one belongs to SC/ST, one is physically handicapped and two are exservicemen.

HINDI IMPLEMENTATION

During the year, various steps were taken for the use of Hindi in official work which, inter alia, included making of various forms and documents bi-lingual. Quarterly meetings of Hindi Implementation Committees were held to review the progress made during the year, and to intensify efforts in that direction.

SPORTS

The management of both the plants encouraged employees to take active part in sports and also took steps for arranging local

annual sports. Your Company continued to be a member of Petroleum Sports Control Board.

FOREIGN TOURS

During the year, three officers of the Company had undertaken foreign tours. Of these, two officers were provided free on-the-job training by foreign suppliers of sophisticated laboratory equipment under the purchase contract and one officer was delegated to attend NLGI conference at San Diego, Los Angeles and to visit other grease plants overseas. The total expenses incurred on foreign tours was Rs 85,051.

ENTERTAINMENT EXPENSES

During the year the entertainment expenses incurred by your Company amounted to Rs 10,511.

DIRECTORS

Shri M.S. Rana continues to be the Chairman-cum-Managing Director and his tenure was extended for a period of three years from 1st February, 1986.

During the year, Shri K. K. Misra ceased to be the Director of the Company with effect from 2nd March, 1987 and, in his place, Shri T.P. Raghavan was appointed Director with effect from 2nd April, 1987. Similarly, Shri R.M. Basrur ceased to be the Director of the Company with effect from afternoon of 18th June, 1987 and, in his place, Shri M.K. Jain was appointed Director with effect from the afternoon of 18th June, 1987.

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 Indu Vira,
- 3) Shri S.S. Saxena,
- 4) Shri T. Pitchaiah,
- 5) Shri T.P. Raghavan, and
- 6) Shri M.K. Jain.

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 acknowledge the sincere efforts of the employees, but for whose hard work and devotion to duty, the attainment of the excellent results by the Company during the year, would not have been possible. At the same time, the Directors wish to record that increase in the productivity is essential for the prosperity of the country at large and the Directors are sure that our employees will strive in that direction. The Directors are also grateful for the assistance and support received from the Government and Indian Oil Corporation Ltd., the Holding Company.

For and on behalf of the Board,



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

Encl: Statement
Bombay,
Dated the 18th June, 1987

Auditors' Report

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1987, 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, subject to para 3 of notes forming part of the Accounts the Company has shown the amount of Gratuity on the basis of actual calculation as given by the Management. As the amount of Gratuity is not calculated on the basis of actuarial valuation, the effect of non-provision of Gratuity on the profits is not ascertainable; 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, 1987;

 - 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 P.D. GHANEKAR & CO.
Chartered Accountants

BOMBAY
Dated: 18th June, 1987.

Sd/-
(S.P. GHANEKAR)
PARTNER



Auditors' Report *Contd...*

Annexure to the Auditors' Report

Index

(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 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. 46,000/- and Rs. 1,18,000/- respectively.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure 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 P.D. GHANEKAR & CO.
Chartered Accountants

Sd/-
(S.P. GHANEKAR)
PARTNER

BOMBAY
Dated: 18th June, 1987.



Balance Sheet

Balance Sheet As at 31st March, 1987

| | Schedule | Rupees | As at 31st March, 1986 Rupees |
|--|---------------------|--------------------|-------------------------------------|
| I. SOURCES OF FUNDS: | | | |
| 1. Shareholder's Funds: | | | |
| (a) Capital | I | 40,00,000 | 40,00,000 |
| (b) Reserves and Surplus | II | 3,04,76,417 | 2,53,12,566 |
| | | <u>3,44,76,417</u> | <u>2,93,12,566</u> |
| 2. Loans Funds: | | | |
| (a) Unsecured Loans | III | 1,44,45,300 | 1,42,09,456 |
| | | <u>1,44,45,300</u> | <u>1,42,09,456</u> |
| | | <u>4,89,21,717</u> | <u>4,35,22,022</u> |
| | TOTAL : | | |
| II. APPLICATION OF FUNDS: | | | |
| 1. Fixed Assets: | | | |
| (a) Gross Block | IV | 6,55,84,270 | 5,92,26,994 |
| (b) Depreciation | | 3,41,73,558 | 2,99,64,099 |
| (c) Net Block | | 3,14,10,712 | 2,92,62,895 |
| (d) Capital Work-in-Progress | | 9,50,334 | 36,08,618 |
| | | <u>3,23,61,046</u> | <u>3,28,71,513</u> |
| 2. Current Assets., Loans and Advances | | | |
| (a) Inventories | V | 12,66,946 | 16,22,780 |
| (b) Sundry Debtors | | 56,52,014 | 33,26,923 |
| (c) Cash and Bank Balances | | 7,62,822 | 7,21,405 |
| (d) Loans and Advances | | 2,96,22,881 | 2,28,35,482 |
| | | <u>3,73,04,663</u> | <u>2,85,06,590</u> |
| | C/F..... | | |
| | Carried Forward.... | <u>3,23,61,046</u> | <u>3,28,71,513</u> |

Balance Sheet *Contd...*

| | Schedule | Rupees | As at 31st March, 1986 Rupees |
|--|----------|-------------|-------------------------------------|
| Brought Forward | | 3,23,61,046 | 3,28,71,513 |
| B/F | | 3,73,04,663 | 2,85,06,590 |
| Less : Current Liabilities and Provisions: | VI | | |
| (a) Current Liabilities | | 77,18,992 | 83,31,081 |
| (b) Provision | | 1,30,25,000 | 95,25,000 |
| | | 2,07,43,992 | 1,78,56,081 |
| | | 1,65,60,671 | 1,06,50,509 |
| Net Current Assets | | | |
| | TOTAL: | 4,89,21,717 | 4,35,22,022 |
| Notes on Balance Sheet | IX | | |

Sd/-
(M.S. RANA)
Chairman and Managing Director

Sd/-
(T. PITCHAIAH)
Financial Director

Sd/-
(INDU VIRA)
Director

Sd/-
(J.K. WADHWA)
Secretary

As per our report of even date
For P.D. GHANEKAR & CO.
Chartered Accountants

BOMBAY
Dated: 18th June, 1987

Sd/-
(Partner)

Profit and Loss Account

Profit and Loss Account For the Year Ended 31st March, 1987

| | Schedule | Rupees | Rupees | Previous Year Rupees |
|--|----------|-----------------|--------------------|-------------------------|
| INCOME: | | | | |
| Blending and Manufacturing charges | | | 5,65,08,518 | 4,80,06,637 |
| Other Income | VII | | 12,06,782 | 19,17,022 |
| | | | <u>5,77,15,300</u> | <u>4,99,23,659</u> |
| EXPENDITURE: | | | | |
| Operating and other expenses | VIII | | 4,15,85,474 | 3,65,77,442 |
| Interest: | | | | |
| On Fixed Loan | | 17,25,900 | | 10,28,285 |
| Others | | <u>2,45,221</u> | | <u>3,85,295</u> |
| | | | 19,71,121 | 14,13,580 |
| Depreciation | | | <u>50,07,022</u> | <u>43,12,825</u> |
| | | | <u>4,85,63,617</u> | <u>4,23,03,847</u> |
| Profit for the year before tax | | | 91,51,683 | 76,19,812' |
| Expenses of prior years | | | <u>1,85,055</u> | <u>13,69,534</u> |
| PROFIT BEFORE TAX: | | | 89,66,628 | 62,50,278 |
| Provision for Taxation | | | <u>35,00,000</u> | <u>28,00,000'</u> |
| PROFIT AFTER TAX: | | | 54,66,628 | 34,50,278 |
| Surplus brought forward from previous year | | | 8,066 | 12,178 |
| Development Rebate Reserve written back | | | 500 | — |
| Investment Allowance Reserve written back | | | 67,000 | — |
| Excess provision for expenses of prior year written back | | | <u>97,223</u> | <u>13,291</u> |
| DISPOSABLE PROFIT: | | | <u>56,39,417</u> | <u>34,75,747</u> |
| APPROPRIATIONS: | | | | |
| 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 |
| Investment Allowance Reserve for earlier Year | | | 1,50,000 | — |
| General Reserve | | | 50,80,000 | 18,80,000 |
| Surplus carried to Balance Sheet | | | <u>9,417</u> | <u>8,066</u> |
| | | | <u>56,39,417</u> | <u>34,75,747</u> |
| NOTES ON PROFIT AND LOSS ACCOUNT | IX | | | |

Sd/-
(M.S. RANA)
Chairman and Managing Director

Sd/-
(T. PITCHAI AH)
Financial Director

Sd/-
(INDU VIRA)
Director

(J.K. WADHWA)
Secretary

As per our report of even date
For P.D. GHANEKAR & CO.
Chartered Accountants

BOMBAY
Dated: 18th June, 1987

Sd/-
(Partner)



Schedules

Schedules Annexed to and Forming Part of the Balance Sheet As at 31st March, 1987

| | Rupees | Rupees | As at 31st March, 1986 Rupees |
|--|-------------|-------------|-------------------------------------|
| SCHEDULE- I | | | |
| SHARE CAPITAL: | | | |
| Authorised: | | | |
| 8,000 Equity Shares of Rs. 500/-each | | 40,00,000 | 40,00,000 |
| Issued and Subscribed: | | | |
| 8,000 Equity Shares of Rs. 500/- each, fully paid-up, (The entire Share Capital is held by Indian Oil Corporation Limited, the Holding Company, and its nominees). | | 40,00,000 | 40,00,000 |
| TOTAL: | | 40,00,000 | 40,00,000 |
| SCHEDULE- II | | | |
| RESERVES AND SURPLUS: | | | |
| 1) General Reserve: | | | |
| As per last Balance Sheet | 2,17,21,000 | | 1,98,41,000 |
| Transferred from Profit and Loss Account | 50,80,000 | | 18,80,000 |
| | | 2,68,01,000 | 2,17,21,000 |
| 2) Development Rebate Reserve: | | | |
| As per last Balance Sheet | 500 | | 500 |
| Transferred to Profit and Loss Account | 500 | | NIL |
| | | NIL | 500 |
| 3) Investment Allowance Reserve: | | | |
| As per last Balance Sheet | 35,83,000 | | 24,05,000 |
| Transferred from Profit and Loss Account | 1,50,000 | | 11,78,000 |
| | 37,33,000 | | 35,83,000 |
| Less: Transferred to Profit and Loss Account | 67,000 | | - |
| | | 36,66,000 | 35,83,000 |
| 4) Profit and Loss Account | | | |
| | | 9,417 | 8,066 |
| TOTAL: | | 3,04,76,417 | 2,53,12,566 |

As at 31st
March, 1986
Rupees

SCHEDULE- III

UNSECURED LOAN:

Short Term Loan:

Cash Credit from State Bank of India,
Guaranteed by-Indian Oil Corporation
Guaranteed by – Indian Oil Corporation Limited
the Holding Company.

25,13,735 27,03,456

Long Term Loan:

Loan from Indian Oil Corporation Limited Company 1,15,06,000

1,15,06,000

Interest accrued 4,25,565

–

1,19,31,565 1,15,06,000

TOTAL:

1,44,45,300 1,42,09,456

Schedules *Contd...*

Index

SCHEDULE – IV

FIXED ASSETS:

| | GROSS BLOCK | | | |
|---|--------------------|------------------|-----------------|--------------------|
| | As on | Additions | Deductions | As on |
| | 1.4.86 | | | 31.3.87 |
| | Rs. | Rs. | Rs. | Rs. |
| Land-Leasehold | 80,06,000 | – | – | 80,06,000 |
| Buildings (On leasehold land) | 91,54,604 | 2,14,355 | – | 93,68,959 |
| Railway Siding | 2,73,039 | – | – | 2,73,039 |
| Plant and Machinery | 3,19,88,408 | 52,76,309 | 2,53,475 | 3,70,11,242 |
| Furniture, Fixtures and office equipments | 34,99,266 | 4,61,850 | 1,13,318 | 38,47,798 |
| Forklift Trucks | 41,53,267 | 12,33,910 | 5,38,104 | 48,49,073 |
| Motor Vehicles | 7,36,182 | 1,40,261 | 64,512 | 8,11,931 |
| Research and Development: | | | | |
| Building (On Leasehold Land) | 26,483 | – | – | 26,483 |
| Plant and Machinery | 13,89,745 | – | – | 13,89,745 |
| TOTAL: | 5,92,26,994 | 73,26,685 | 9,69,409 | 6,55,84,270 |
| Previous Year's Total: | 4,21,19,002 | 1,77,72,743 | 6,64,751 | 5,92,26,994 |

- NOTES: (1) Building includes Rs. 3,500/- towards share value of 70 Shares in Co-op. Housing Society for purchase of flat.
- (2) Lease Agreement in respect of Leasehold land acquired at Thane is yet to be executed.



SCHEDULE – IV (Contd...)

| DEPRECIATION NET BLOCK | | | | | | |
|------------------------|--|----------------------------|-----------------|------------------|------------------|--|
| Upto 31.3.86 | Deductions/ Adjustment for earlier years | For the year | Upto 31.3.87 | As on 31.3.87 | As on 31:3.86 | |
| Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 84,274 | – | 84,274 | 1,68,548 | 78,37,452 | 79,21,726 | |
| 45,39,883 | – | 4,68,415 | 50,08,298 | 43,60,661 | 46,14,721 | |
| 2,44,659 | – | 4,257 | 2,48,916 | 24,123 | 28,380 | |
| 1,93,98,752 | 2,17,788 | 32,44,315 | 2,24,25,279 | 1,45,85,963 | 1,25,89,656 | |
| 16,23,262 | 53,441 | 2,93,188 | 18,63,009 | 19,84,789 | 18,76,004 | |
| 29,44,344 | 4,78,733 | 7,15,039 | 31,80,650 | 16,68,423 | 12,08,923 | |
| 3,14,982 | 47,601 | 1,08,910 | 3,76,291 | 4 35,640 | 4,21,200 | |
| 9,296 | – | 859 | 10,155 | 16,328 | 17,187 | |
| 8,04,647 | – | 87,765 | 8,92,412 | 4,97,333 | 5,85,098 | |
| 2,99,64,099 | 7,97,563 | 50,07,022 | 3,41,73,558 | 3,14,10,712 | 2,92,62,895 | |
| 2,62,64,174 | 6,12,900 | 43,12,825 | 2,99,64,099 | | | |
| | | Capital Work-in-Progress : | | 9,50,334 | 36,08,618 | |
| | | TOTAL : | | 3,23,61,046 | 3,28,71,513 | |

As at 31st
March, 1986
Rupees

Rupees

SCHEDULE – V

CURRENT ASSETS, LOANS & ADVANCES:

1) CURRENT ASSETS:

(a) Inventories:

(as taken, valued and certified
by the Management).

Stores and Spare Parts:

(At Cost)

| | | |
|--------|------------------|------------------|
| | 12,66,946 | 16,22,780 |
| TOTAL: | <u>12,66,946</u> | <u>16,22,780</u> |

(b) Sundry Debtors:

(Unsecured, considered good).

(i) Other Debts

Due from Indian Oil Corporation Limited,
the Holding Company.

| | | |
|--|-----------|-----------|
| | 56,52,014 | 33,26,923 |
|--|-----------|-----------|

| | | |
|--------|------------------|------------------|
| TOTAL: | <u>56,52,014</u> | <u>33,26,923</u> |
|--------|------------------|------------------|

(c) Cash and Bank Balances:

(i) Cash & Cheques on hand

(ii) Balance with a Schedule Bank in Current Account

| | | |
|--|--------|--------|
| | 65,250 | 60,250 |
|--|--------|--------|

| | | |
|--|----------|----------|
| | 6,97,572 | 6,61,155 |
|--|----------|----------|

| | | |
|--------|-----------------|-----------------|
| TOTAL: | <u>7,62,822</u> | <u>7,21,405</u> |
|--------|-----------------|-----------------|

2) LOANS AND ADVANCES:

Advances recoverable in cash or in kind or for value
to be received considered good.

(a) Secured

| | | |
|--|-------------|-----------|
| | 1,11,59,278 | 90,36,167 |
|--|-------------|-----------|

(b) Unsecured

(i) Due from Indian Oil Corporation Limited,
the Holding Company

(ii) Others

| | | |
|--|----------|----------|
| | 1,89,414 | 3,49,854 |
|--|----------|----------|

| | | |
|--|-----------|-----------|
| | 54,32,093 | 55,04,308 |
|--|-----------|-----------|

| | | |
|--|--------------------|--------------------|
| | <u>1,67,80,785</u> | <u>1,48,90,329</u> |
|--|--------------------|--------------------|

Advance payment of Income-Tax

| | | |
|--|-------------|-----------|
| | 1,26,51,846 | 77,67,428 |
|--|-------------|-----------|

Deposit with Industrial Development Bank of India,

in lieu of Surcharge on Income-Tax with accrued interest

| | | |
|--|----------|----------|
| | 1,90,250 | 1,77,725 |
|--|----------|----------|

| | | |
|--------|--------------------|--------------------|
| TOTAL: | <u>2,96,22,881</u> | <u>2,28,35,482</u> |
|--------|--------------------|--------------------|



| | Rupees | Rupees | As at 31st March, 1986 Rupees |
|--|-----------|---------------------------|-------------------------------------|
| SCHEDULE- VI | | | |
| CURRENT LIABILITIES AND PROVISIONS: | | | |
| 1) CURRENT LIABILITIES: | | | |
| (a) Creditors for Capital Goods | | 1,98,867 | 7,73,573 |
| (b) Security Deposits | | 2,48,769 | 2,52,477 |
| (c) Earnest Money Deposits | | 1,09,900 | 56,700 |
| (d) Sundry Creditors for expenses: | | | |
| Due to Indian Oil Corporation Ltd. | 7,81,305 | | 19,21,013 |
| Due to others | 62,39,732 | | 49,80,862 |
| | | <u>70,21,037</u> | <u>69,01,875</u> |
| (e) Other Liabilities | | 1,40,419 | 3,46,456 |
| TOTAL: | | <u><u>77,18,992</u></u> | <u><u>83,31,081</u></u> |
| 2) PROVISIONS: | | | |
| Taxation | | 1,26,25,000 | 91,25,000 |
| Proposed Dividend | | 4,00,000 | 4,00,000 |
| TOTAL: | | <u><u>1,30,25,000</u></u> | <u><u>95,25,000</u></u> |

| | For the Year Ended 31st March, 1986 | |
|---|--|-------------|
| | Rupees | Rupees |
| SCHEDULE– VIII | | |
| OPERATING AND OTHER EXPENSES. | | |
| Salaries, Wages, Allowances and Bonus | 2,30,55,223 | 1,98,76,705 |
| Contribution to Employees' Provident Fund and Other Funds | 11,99,898 | 10,04,545 |
| Gratuity | 62,739 | 51,465 |
| Staff Welfare Expenses | 46,95,117 | 35,75,056 |
| Fuel Power and Water Charges | 54,84,895 | 41,03,133 |
| Stores & Spare Parts Consumed | 6,46,164 | 8,10,064 |
| Rent | 6,17,414 | 8,32,459 |
| Rates, Taxes and Licences | 2,76,627 | 3,46,720 |
| Material Handling Expenses | 6,86,153 | 6,81,750 |
| Repairs and Maintenance to: | | |
| Buildings | 3,69,917 | 9,42,096 |
| Plant and Machinery | 11,86,621 | 15,66,968 |
| Railway Siding | 1,58,758 | 1,27,825 |
| Others | 3,80,250 | 3,33,710 |
| | <hr/> | <hr/> |
| | 20,95,546 | 29,70,599 |
| Insurance | 1,17,261 | 92,397 |
| Travelling and Conveyance | 5,21,718 | 4,18,667 |
| Motor Vehicle Expenses | 2,20,458 | 1,99,409 |
| Printing and Stationery | 2,95,913 | 4,42,548 |
| Postage, Telegrams and Telephones | 4,17,859 | 3,49,969 |
| | <hr/> | <hr/> |
| Carried Forward..... | 4,03,92,985 | 3,57,55,477 |

| | Rupees | For the Year Ended 31st March, 1986 | |
|---------------------------------------|--------|--|--------------------|
| | | Rupees | Rupees |
| SCHEDULE- VIII <i>Contd...</i> | | | |
| Brought Forward..... | | 4,03,92,985 | 3,57,55,477 |
| Legal and Professional Charges | | 24,650 | 18,112 |
| . Donation | | 5,000 | — |
| Loss on sale of Assets | | 86,148 | — |
| Inventory written off | | 30,233 | — |
| Auditor's Remuneration: | | | |
| Audit Fees | 12,000 | | 12,000 |
| Tax Audit Fees | 3,000 | | 3,000 |
| Out of Pocket Expenses | 2,002 | | 11,759 |
| | | 17,002 | 26,759 |
| General Expenses | | 10,29,456 | 7,77,094 |
| TOTAL: | | <u>4,15,85,474</u> | <u>3,65,77,442</u> |

SCHEDULE IX**NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1987****(1) CONTINGENT LIABILITIES:**

| | | |
|---|----------|-----------|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for. | 9,34,981 | 15,41,423 |
| (b) Claims against the Company, not acknowledged as debts. | 25,000 | 25,000 |
| (c) Guarantee given to Govt. of Kerala, on behalf of the Holding Company, Indian Oil Corporation Ltd., in respect of Sales-Tax demands. | Nil | 38,80,892 |
| (2) Value of Tax Credit certificates applied for under Section 280 ZB of the Income Tax Act, 1961, pending before the Income Tax Authorities. | Nil | 1,91,715 |
| (3) The liability not provided in the Accounts for future payment of gratuity as per Departmental calculations made by the Company, by assuming that employees retired as of the date of Balance Sheet amounts to Rs. 88,01,154.00 (Previous Year Rs. 74,88,257.00). Towards this, a sum of approximately Rs. 19,65,000.00 (Previous Year Rs. 19,24,185.00) is receivable from the Life Insurance Corporation of India as the surrender value of Group Gratuity Scheme Policy that had been discontinued during the year 1985-86. | | |

For the year ended
31st March, 1986

SCHEDULE-IX *Contd...*

(4) Additional information pursuant to Paragraphs 3,4,4C and 4D of Part II, to Schedule VI of the Companies Act, 1956:

(A) Turnover (Processing Fees):

| | | | |
|---------------|---------------|-------------|-------------|
| Lube Blending | Kilo Liters | 3,22,330 | 2,91,209 |
| | Rupees | 4,88,72,074 | 4,07,53,304 |
| Grease | Metric Tonnes | 7,273 | 6,908 |
| | Rupees | 76,36,444 | 72,53,333 |

NOTE: The Company has not purchased or consumed any raw materials during the year. There are no opening or closing stock of Finished goods. The Company processes materials received by it from Indian Oil Corporation Limited, the Holding Company. Quantities mentioned above, relate to such processing operations. Throughput and Blending Fees include Rs. 4,63,899/- received from Indian Oil Corporation Ltd. being the refund of excess Product Loss recovered for 1985-86.

(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. | 253 | 156 |
| Salaries, Wages & Bonus | : Rupees | 1,20,91,565 | 71,43,624 |
| Contribution to Provident Fund and Other Funds. | : Rupees | 6,42,199 | 3,87,374 |

(ii) Employed for part of the Year:

| | | | |
|---|----------|--------|--------|
| Number of employees | : Nos. | 3 | 4 |
| Salaries, Wages & Bonus | : Rupees | 82,771 | 50,856 |
| Contribution to Provident Fund and Other Funds. | : Rupees | 4,160 | 3,522 |

(C) Remuneration to Chairman and Managing Director:

| | | | |
|----------------------------------|----------|--------|--------|
| (a) Salary | : Rupees | 96,449 | 63,827 |
| (b) Provident Fund & other Funds | : Rupees | 7,341 | 5,240 |
| (c) Other perquisites | : Rupees | 33,952 | 983 |

| | | | |
|--------|--|----------|--------|
| TOTAL: | | 1,37,742 | 70,050 |
|--------|--|----------|--------|

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

In addition, the Chairman & 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. 3,000/- per annum, to be recovered in instalments of Rs. 250/- per mensem.



Schedules *Contd. . .*

For the year ended
31st March, 1986

SCHEDULE IX *Contd. . .*

(D) Capacity and Production:

| | Lubes (KL) | Grease (MT) | Lubes (KL) | Grease (MT) |
|--------------------------|---------------|----------------|---------------|----------------|
| (a) Licensed Capacity* | 250000 | 4536 | 250000 | 4536 |
| (b) Installed Capacity** | 250000 | 8500 | 250000 | 8500 |
| (c) Actual Production** | 322330 | 7273 | 291209 | 6908 |

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 6,408 KLs not blended but back-loaded. (Previous year 5,111 KLs.).

| | Rupees | Rupees |
|--------------------------------------|----------|-----------|
| (E) C.I.F. Value of Imports: | | |
| Spare Parts and Components | 22,904 | 75,939 |
| Capital Goods | 4,12,025 | 25,16,310 |
| (F) Expenditure in Foreign Currency: | | |
| (a) Subscription to Journals | 9,587 | 13,185 |
| (b) Consumable Stores | — | 7,448 |
| (c) Foreign Travel | 54,820 | — |

(G) Consumption of Spare Parts during the year:

| | Value Rupees | Percentage | Value Rupees | Percentage |
|------------|-----------------|------------|-----------------|------------|
| Imported | 69,328 | 4.55 | 2,16,697 | 28.68 |
| Indigenous | 14,54,093 | 95.45 | 5,39,000 | 71.32 |

(5) Previous year's figures have been regrouped wherever necessary.

SIGNATURE TO SCHEDULE I TO IX

Sd/-
(M.S. RANA)
Chairman and Managing
Director

Sd/-
(T. PITCHAI AH)
Financial Director

Sd/-
(INDU VIRA)
Director

Sd/-
(J.K. WADHWA)
Secretary

As per our report of even date
For P.D. GHANEKAR & CO.,
Chartered Accountants

BOMBAY
Dated: 18th June, 1987

Sd/-
(Partner)



C.A.G. Comment

Comments of the Comptroller & Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Blending Limited, Bombay for the year ended 31st March, 1987

The Comptroller & Auditor General of India has decided not to Review the Report of the Auditors for the year ended 31st March, 1987 on the Accounts of Indian Oil Blending Ltd., Bombay and as such he has no comments to make under Section 619(4) of the Companies Act, 1956.

Sd/-
(B.M. OZA)

Member, Audit Board & Ex-Office
Director of commercial Audit-II
Bombay

BOMBAY

Dated: 18th June, 1987

