

**Top:** *Indianoil's marketing of over 10,000 dealers and distributors extends from the heights of Leh to the backwaters of Kerala. It reaches out to people in the hinterland, even in remote hamlets, to improve their quality of life. The petrol/diesel station at Leh has been listed by the Guinness Book of World Records, 1988, as one operating at the highest altitude in the world.*

**Left:** *Pipelines are lifelines; like arteries they move crude oil and petroleum products silently, continuously, without pollution in a cost effective manner. Indianoil has the largest pipeline network in the country.*

**Right:** *The Corporation owns and operates six of the country's twelve refineries with 45% of national refining capacity. They have achieved over 100% capacity utilisation during the past four years. These energy efficient furnaces at the Gujarat refinery result in recurring fuel savings.*

**Bottom:** *Inside the Chemical Engineering Laboratory of Indianoil's Research & Development Centre at Faridabad.*

# CONTENTS

Board of Directors	9
Principal Executives	11
Directors' Report	13
— Financial Results	14
— Operations	16
Refineries	
Pipelines	
Marketing	
International Trade	
— R & D	27
— Assam Oil	29
— Projects	30
Joint Venture	
Energy Conservation	
Safety	
Environmental Protection	
Technology Development and Upgradation	
Import Substitution	
Measures for Higher Productivity	
Corporate Planning	
— Personnel	38
— A Corporate Citizen	41
How Funds Generated & Utilised	44
Statement of Added Value	45
A Ten-Year Profile	46
Review of Accounts by CAG	48
Report of the Auditors	53
Statement of Accounting Policies	56
Balance Sheet	58
Profit & Loss Account	60
Note on the Accounts	83
Statement relating to Subsidiary Companies	91
Assets - Township	92
Income and Expenditure- Township etc.	94
Comments on the Accounts	95
Annual Report of IOBL	97

## Indian Oil Corporation Limited

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

## 29th Annual Report

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



# Objectives and Obligations

## Objectives

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

minimise/eliminate their imports, if any, and

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

## Obligations

### Towards customers and dealers

- To provide prompt, courteous and efficient

service and quality products at fair and reasonable prices.

### Towards suppliers

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

### Towards employees

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

Scheduled Castes/ Scheduled Tribes in pursuance of national policies.

- To help acceleration of all round development of villages by providing assistance to educated unemployed to earn a living etc.

### **Financial Objectives**

- To ensure adequate return on the capital employed and maintain a reasonable annual dividend on its equity capital.
- To ensure maximum economy in expenditure.
- To generate sufficient internal resources for financing partly/wholly expenditure on new capital projects.

- To develop long-term corporate plans to provide adequate growth of the activities of the Corporation.
- To continue to make an effort in bringing a reduction in the cost of production of petroleum products manufactured by means of systematic cost control measures.
- To endeavour to complete all planned projects within the stipulated time and within the stipulated cost estimates.



# Mission

## Marketing

- To achieve excellence in consumer satisfaction through the marketing of hydrocarbons, derivatives, energy substitutes, automotive and other mass distribution products and services.
- To be a market leader in the industry and meet public and Government expectations on product mix, availability, safety, conservation, ecology and self-reliance.
- To be a bank of expertise in hydrocarbon product marketing and advise the Corporation and Government on perspective plans and policies for the industry.
- To provide scope for professional growth and self-actualisation for all employees by giving them opportunities for meaningful contributions.
- To manage the interface with the market environment so as to facilitate the optimum utilisation of Refineries,

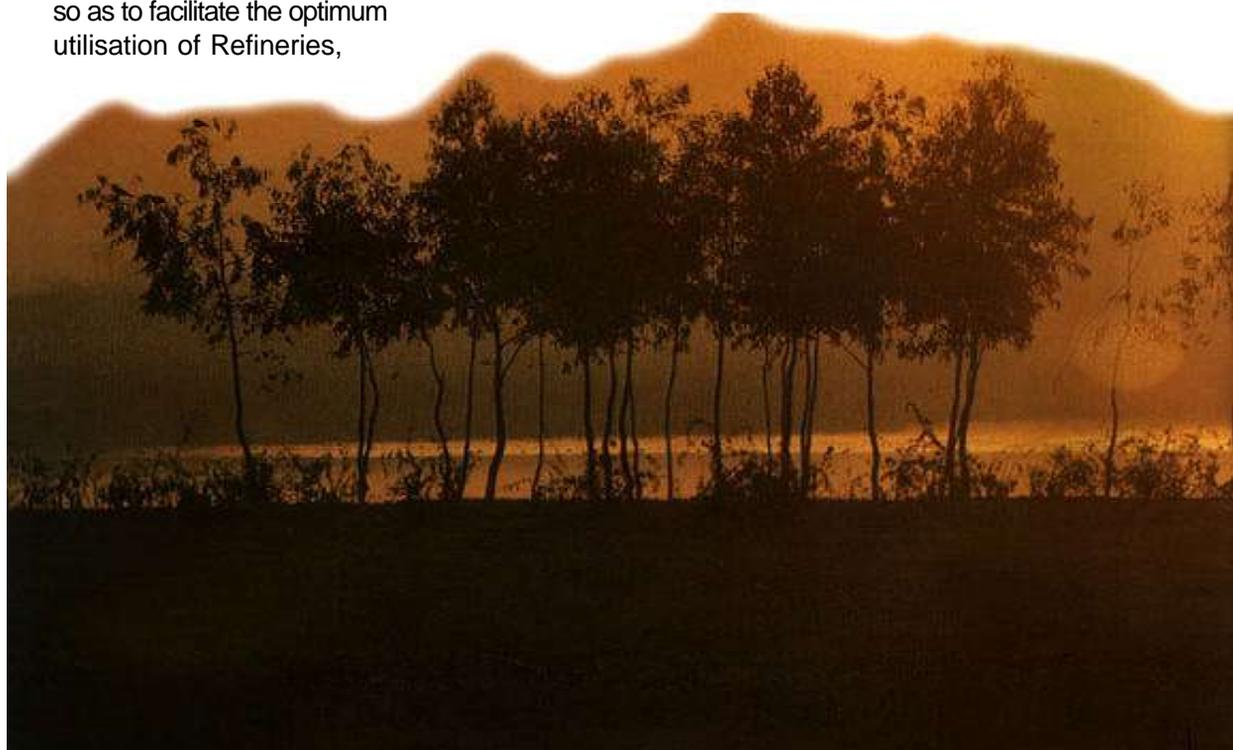
Pipelines and Corporate functional capabilities.

## Refineries & Pipelines

- To achieve excellence in product range, ensure timely availability of petroleum products.
- To contribute towards achievement of self sufficiency within the country in hydrocarbon processing at optimum costs and in accordance with Government policies.
- To be a leader in the hydrocarbon processing & pipeline transportation sector in Operations, Maintenance Management System, Project Formulation/Execution, Energy Conservation, Ecology, Safety and provide expertise in the related Indian and International markets.

- To achieve excellence in various areas of Pipeline transportation for crude oil/products such as in Design, Construction, Operation and Maintenance by acquisition of latest technology.
- Formulation of pipeline grid system on all-India basis for products for ensuring maximum utilisation of pipeline mode of transport to achieve flexibility and uninterrupted supply of products to various demand centres.

Index



## Research & Development

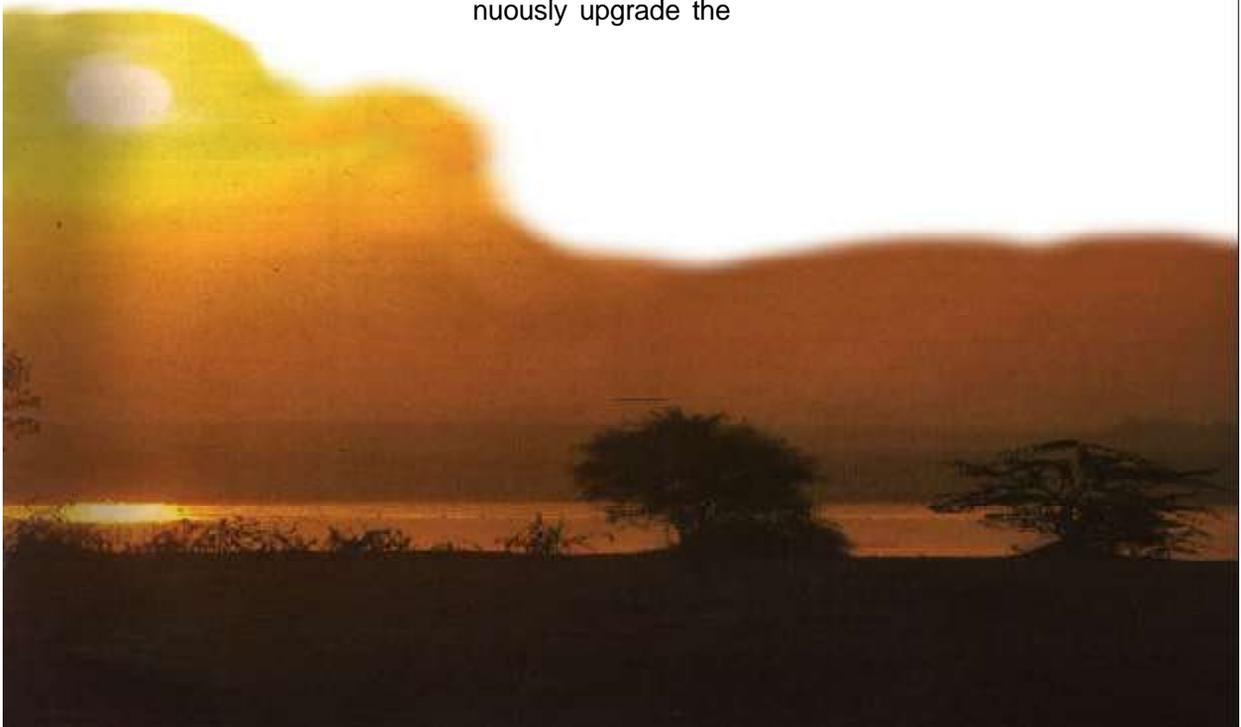
- To develop formulations for lubricating oils and greases using latest technology and obtain national/international equipment builder's approvals for these products and assist the Marketing Division to sell high quality lubricants.
- To develop lubricant formulations based on component approach in preference to additive packages and to synthesise and evaluate new additive systems.
- To achieve petroleum/energy conservation through the development of efficient and long life lubricants and to take the country into the era of synthetic lubricants.
- To develop indigenous refinery process technology with a view to assist the Refineries Division in the production of quality products while maximising the yields as specific to Indian

requirements and to pursue optimum utilisation of these products to achieve conservation.

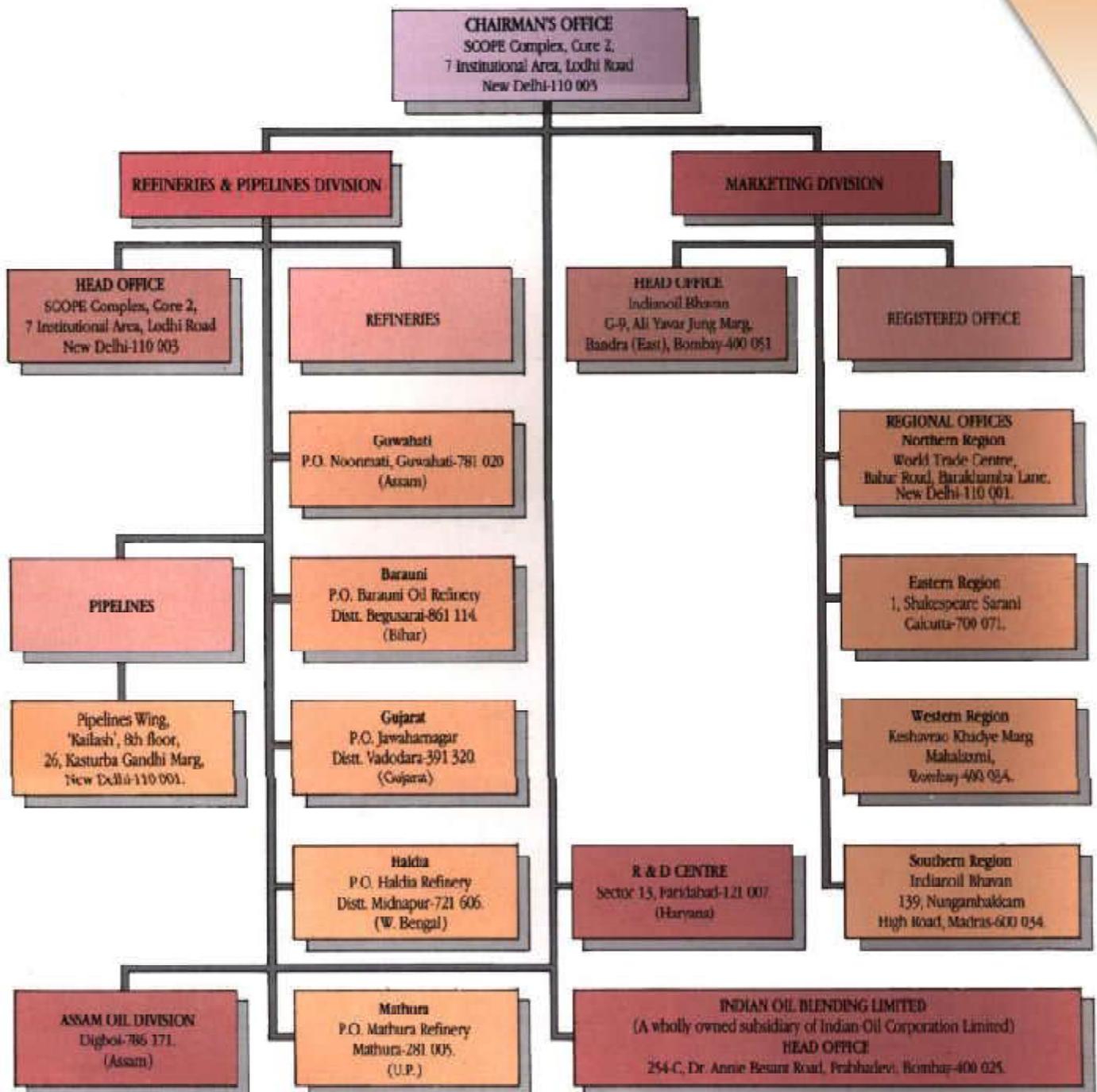
- To study and solve the problem of waxy crude transportation and assist the Pipeline Division in this area.
- To provide regular training to Marketing/R&P Blending Plant personnel in order to update their knowledge about the state of art and technological developments in the field of petroleum products and assist them in establishing their own laboratory facilities for routine testing.
- To act as an interface between the Government, Industry, allied institutions and the oil companies in order to define the changing fuel/lubricant requirements in view of the continuous upgradation of automotive and industrial machinery.
- To establish modern and sophisticated test facilities particularly a fully computerised engines laboratory and continuously upgrade the

knowledge of personnel through regular in-house and external training.

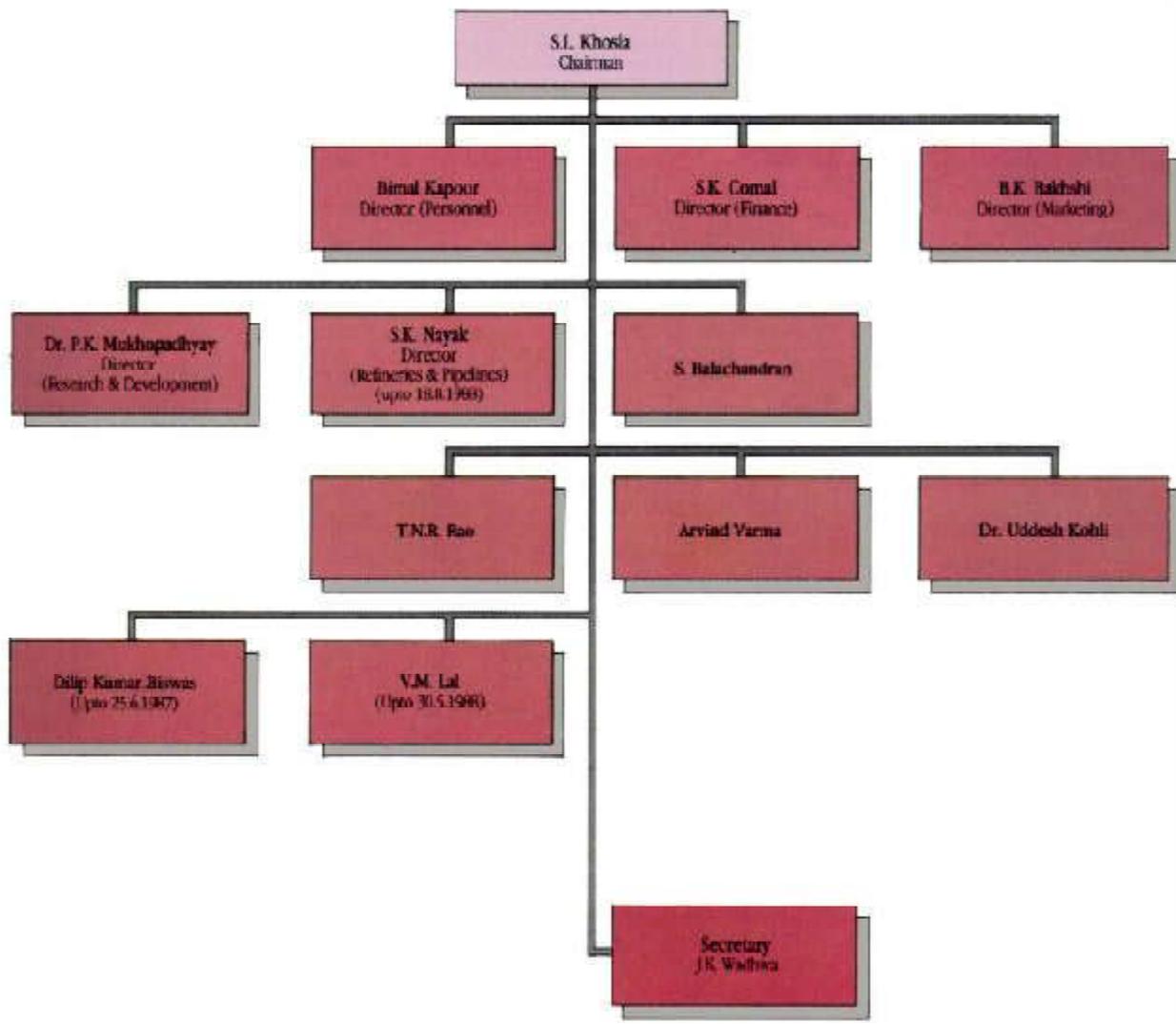
- To become a Research and Development Centre of international repute in the above areas.



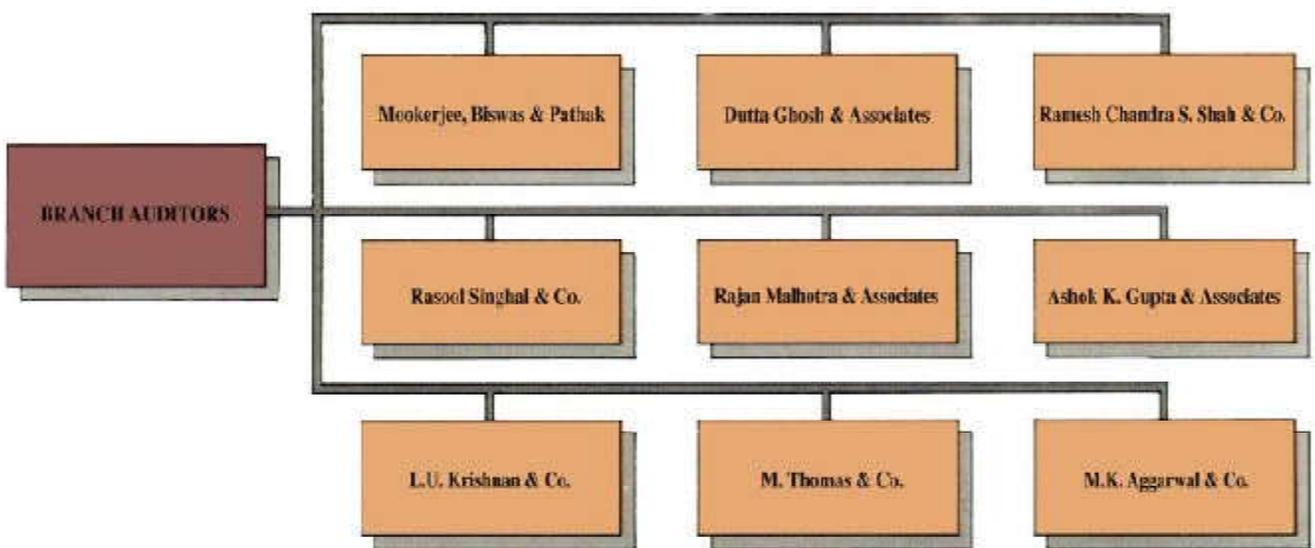
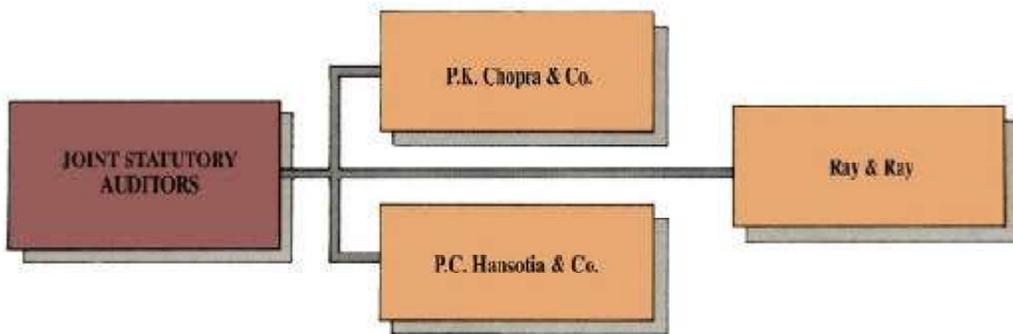
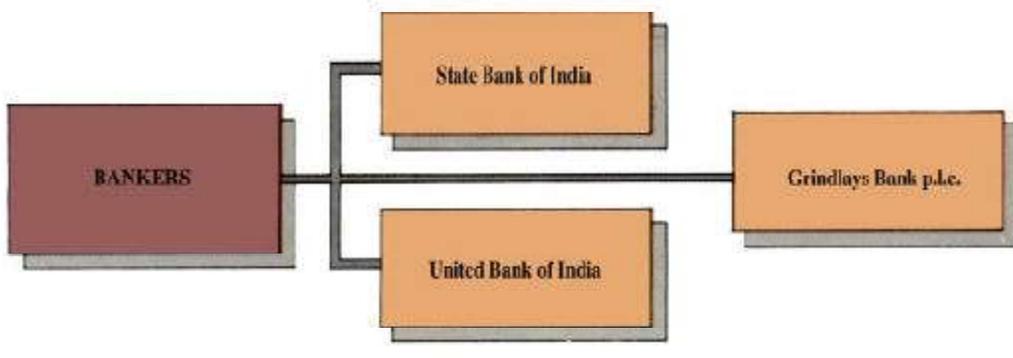
# Major Units



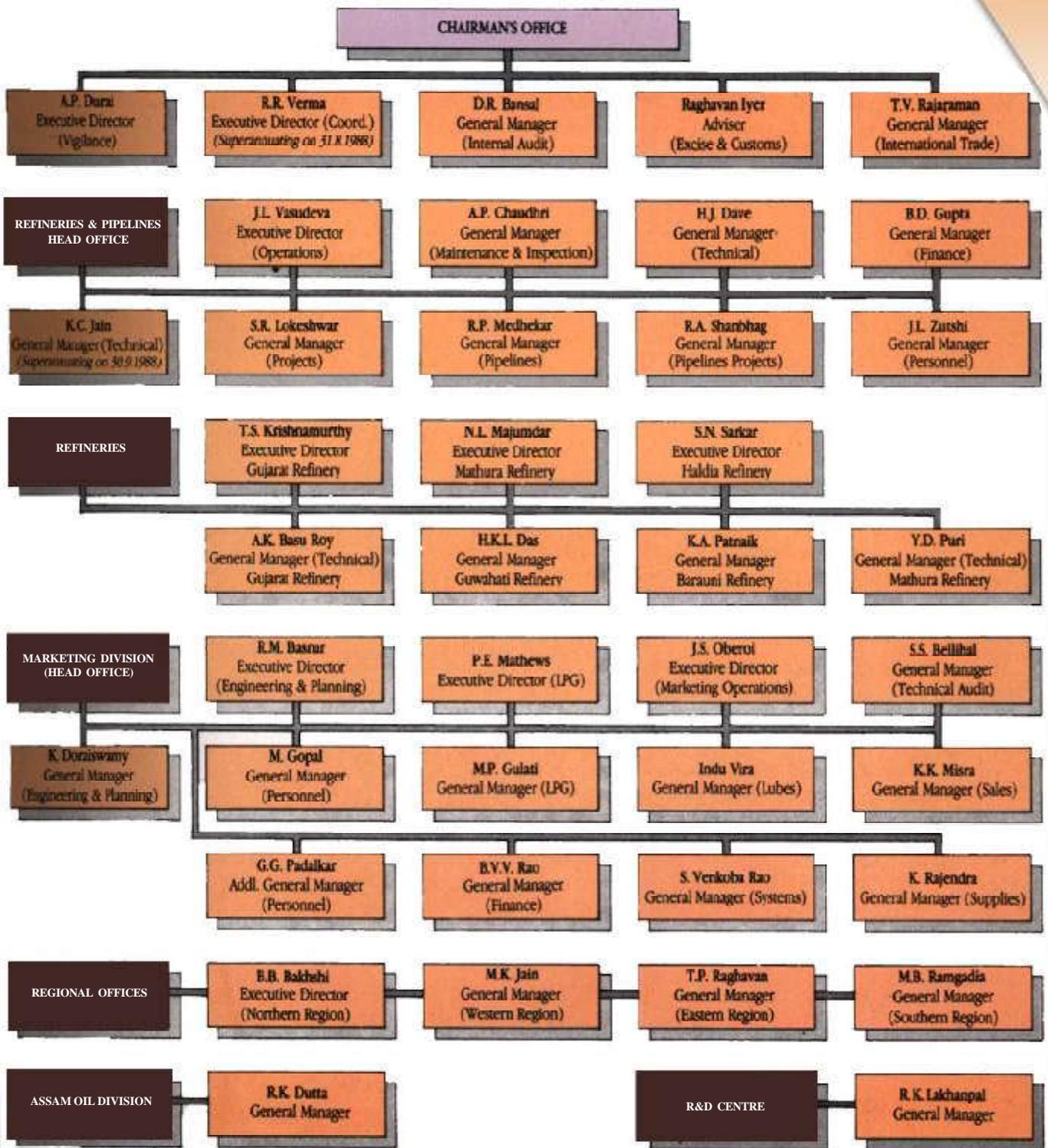
# Board of Directors



# Bankers and Auditors



# Principal Executives



# Notice

NOTICE is hereby given that the 29th Annual General Meeting of Indian Oil Corporation will be held on Friday the 9th September, 1988 at 1200 hrs. at the Company's Registered Office at Indianoil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Bombay-400 051 to transact the following business.

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account and Report of the Auditors and Directors thereon for the financial year ended 31st March, 1988.

2. To declare dividend.

By Order of the Board

Sd/-  
(J.K. WADHWA)  
Secretary

Bombay, Dated: 18th August, 1988

### NOTE:

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

### Change of Venue

The venue of the meeting is shifted to Scope Complex, Core 2, 7-Institutional Area, Lodhi Road, New Delhi, after obtaining the approval of the Govt. of India, Department of Company Affairs and the Meeting will be held on 9th September, 1988 at 1200 hrs.

*The Atmospheric Unit-II of the Gujarat refinery whose processing capacity has been augmented by debottlenecking. The capacity of this refinery, the country's biggest, has been increased from 7.3 to 8.1 million tonnes per annum and is being further augmented to 9.5 million tonnes per annum.*



# Directors' Report



# Directors' Report 1987-88

To

The Shareholders of  
Indian Oil Corporation Limited  
Gentlemen,

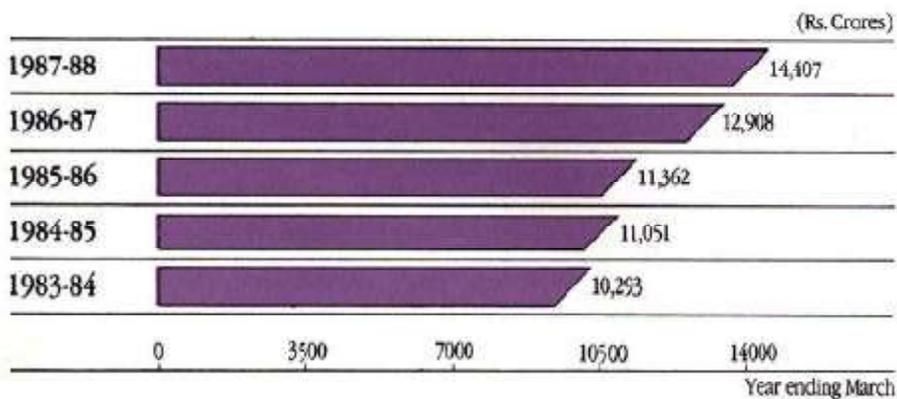
On behalf of the Board of Directors, I have great pleasure in presenting the 29th Annual Report on the working of the Corporation for the financial year ended 31st March, 1988, alongwith the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.

During the year the Corporation's six refineries achieved more than 100% capacity utilisation for the fourth successive year and our product sales were over 100% of the Sales Plan Entitlement. The challenge of unprecedented growth in product demand, particularly in the north and north-west, because of severe drought was adequately met and product supplies maintained satisfactorily. Several measures were initiated for better cost control, improvement in efficiency, higher productivity and employees' welfare as well as social security.

The financial results for the year are summarised below:

## Financial Results

	(Rs in Crores)	
	1987-88	1986-87
<b>Turnover</b>	14,406.54	12,907.80
<b>Profit</b>		
Profit Before Interest, Depreciation & Tax	857.89	930.48
Interest Payment	88.36	56.27
Depreciation	197.77	202.99
Profit Before Tax	571.76	671.22
Tax Provision	162.00	243.00
Profit After Tax	409.76	428.22
<b>Appropriations</b>		
Dividend	22.19	19.72
Insurance Reserve	0.30	0.30
Export Profit Reserve	30.11	29.30
General Reserve	357.16	378.90
<b>Turnover</b>		

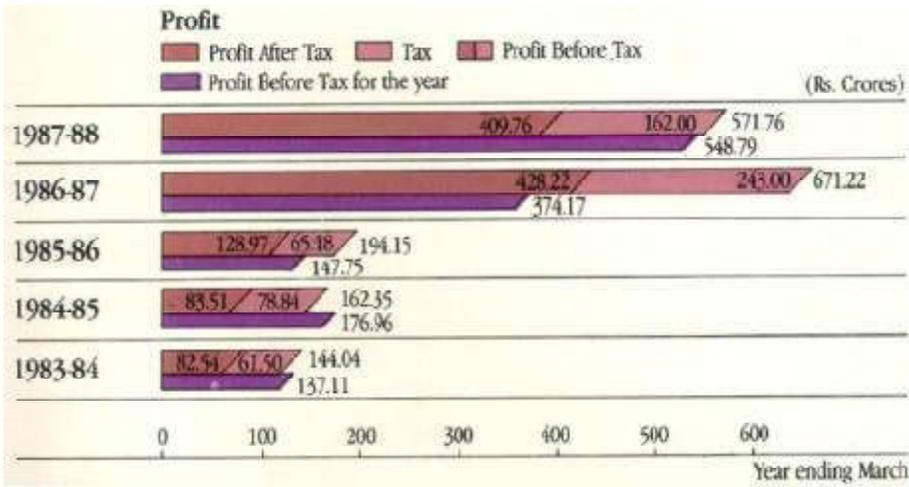


## Profit

The profit before tax earned by the Corporation during 1987-88 and 1986-87 includes income relating to previous years. Eliminating the effect of these transactions, the profit for the current year's operations amounts to Rs. 548.79 crores as compared to Rs 374.17 crores for 1986-87. This is the highest profit recorded by the Corporation. It depicts an increase of 46.7% over the profit (before tax) earned during 1986-87.

## Index





**Dividend**

For the second year in succession your Directors have recommended an increase in the rate of dividend. During 1986-87 the dividend was raised to 16% from 14% in 1985-86. For 1987-88 dividend has been proposed at 18% which will absorb an amount of

*The coking unit of Barauni refinery for increasing distillate yield. A catalytic reforming unit is proposed at the refinery to improve quality of motor spirit.*

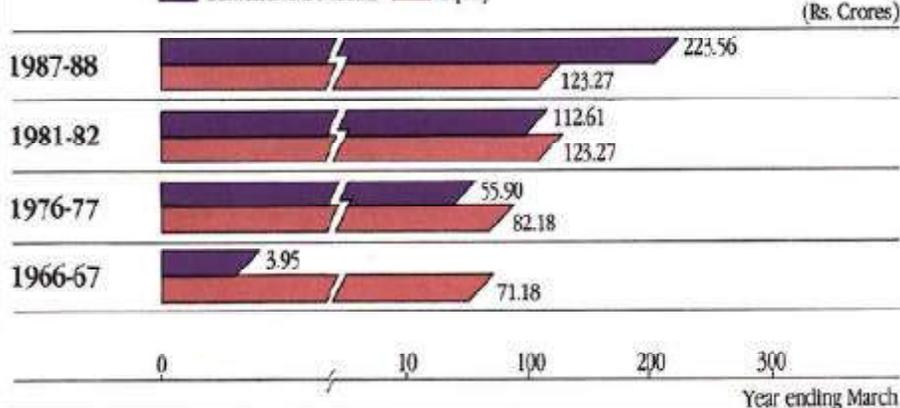


# Directors' Report *Contd...*

Index

## Equity and Cumulative Dividend

■ Cumulative Dividend ■ Equity



Rs. 22.19 crores out of the disposable profit of Rs. 409.76 crores. The rate of dividend has been progressively increased from 6% in 1966-67 to 14% in 1980-81 and maintained at that level till 1985-86. This is the 22nd consecutive year of dividend declaration by the Corporation. The total dividend declared so far is Rs. 223.56 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 on Exchequer

The Corporation's contribution to the central exchequer in the form of duties and income tax alone during the year was Rs 2634.04 crores. This is Rs 416.13 crores more than the contribution in 1986-87.

### Value Added

Value added for 1987-88 in the

operations of the Corporation amounted to Rs 1028 crores as against Rs 864 crores in 1986-87.

### Working Capital

The working capital of the Corporation on 31st March, 1988 increased by Rs 101.31 crores over the previous year. This includes Rs 145 crores advanced to Public Sector Companies as interest bearing temporary loans as compared to Rs 33 crores on 31st March, 1987. If the temporary loans to other Public Sector Companies are excluded the working capital has decreased by Rs 10.69 crores as compared to the previous year.

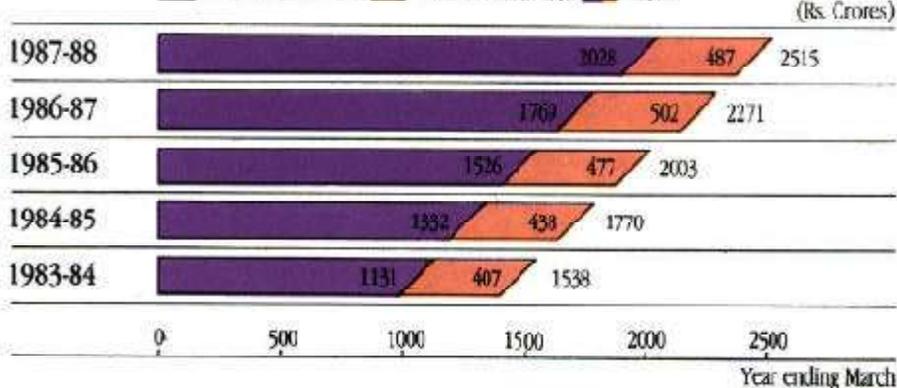
### Financing of Fixed Investment

The Corporation has so far made fixed investment of Rs 2515 crores in its various units.

Of these 80.6% have been financed from internally generated resources.

## Financing of Fixed Investment

■ Internal Resources ■ External Resources ■ Total



## Public Deposit Scheme

The Corporation had Rs 92.45 crores from 44,597 depositors on 31st March, 1988 under the Public Deposit Scheme launched in 1980-81. The amounts received under the Scheme had reached a peak of Rs 206 crores from 99,331 depositors on 30th September, 1986, when acceptance of fresh deposits was suspended. With further improvement in internal resource position during 1987-88 renewals of existing deposits were also suspended. Fresh deposits and renewals, however, continue to be accepted from the Corporation's employees and ex-employees.

## SEVENTH PLAN

During the first three years of the Seventh Five-Year Plan the Corporation's plan expenditure was Rs 362.78 crores. Of this Rs 131.33 crores was incurred during 1987-88. For 1988-89 the Plan outlay fixed for the Corporation is Rs 249.80 crores.

The Seventh Plan outlay of Rs 1063.20 crores for the Corporation is being financed from internally generated resources. This outlay includes Rs 8.33 crores for our wholly-owned subsidiary Indian Oil Blending Ltd. and Rs 25.20 crores for petrochemical schemes. The net outlay, excluding LPG consumer deposits of Rs. 80 crores, is Rs 983.20 crores. This forms a part of the Industry Refining and Marketing Seventh Plan outlay of Rs 1975 crores.

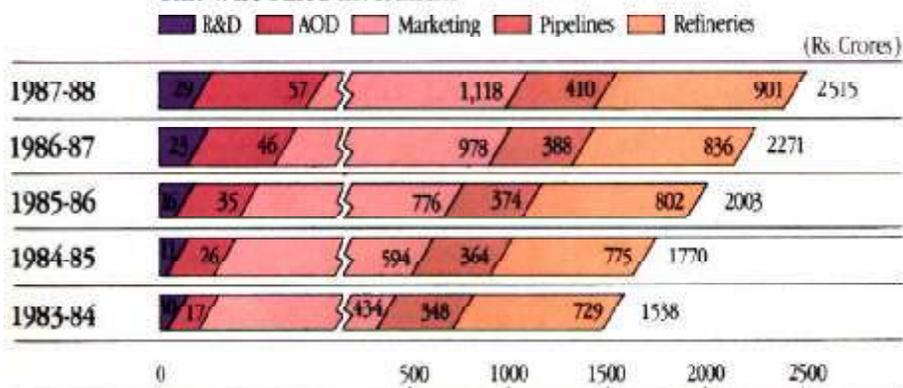
## OPERATIONS

### REFINERIES

During 1987-88, the Corporation's six refineries at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi attained not only a record crude oil throughput of 21.79 million tonnes, but also achieved for the fourth year over 100% utilisation of installed capacity. The quantity of crude oil processed was



**Unit-Wise Fixed Investment**



3.6% more than the previous year's 21.02 million tonnes. Crude oil throughput could have been still higher but for restricted availability of crude oil to Guwahati and Barauni refineries from Assam oil fields. The capacity utilisation, which was 95.2% in 1983-84, went up in succeeding years to 100.6%, 101.6%, 102.8% and in 1987-88 to 102.5% on the enhanced capacity of 21.25 million tonnes. Some other salient features of the year's operations were:

- Gujarat and Mathura refineries achieved the highest-ever crude oil throughputs.
- Increase in Middle Distillates yield to 50.2% on crude oil as compared to 49.7% in the previous year in spite of higher processing of heavy North Gujarat crude oil.
- Record production of LPG, motor spirit and bitumen. The LPG production of 447,000 tonnes was 2.9% more than in the previous year while the MS production of 1,434,000 tonnes registered an increase of 10.8% over the previous year's production. The bitumen production of 698,000 tonnes was 19.3% more than in the previous year.
- For the third successive year the Fluid Catalytic Cracking units at Gujarat and Mathura refineries achieved over 100% utilisation of their design capacity

each of one million tonnes per year.

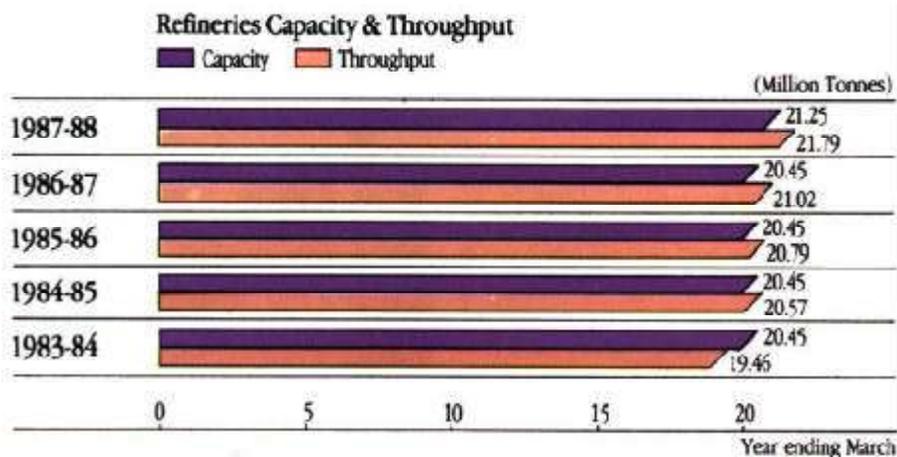
**Maintenance & Inspection in Refineries**

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

Refinery	Capacity on 1.4.1987	Throughput (million tonnes)			% Capacity Utilisation in 1987-88
		1985-86	1986-87	1987-88	
Guwahati	0.850	0.766	0.802	0.815	95.9*
Barauni	3.300	2.765	2.860	2.638	79.9*
Gujarat	8.100 @	7.830	7.835	8.444	104.2
Haldia	2.500	2.822	2.623	2.808	112.3
Mathura	6.000	6.075	6.353	6.535	108.9
Digboi	0.500	0.529	0.551	0.547	109.4
	21.250	20.787	21.024	21.787	102.5
Capacity Utilisation		101.6%	102.8%	102.5%	

@ Operating capacity of Gujarat refinery has been increased from 7.3 million tonnes to 8.1 million tonnes w.e.f. 1.4.1987 by debottlenecking.

\* Due to lower availability of crude oil



On-stream factor of the process units, Thermal Power Station and auxiliaries was closely monitored and efforts were made to reduce the plant down-time so as to improve resource utilisation. In order to maximise the on-stream days of primary and secondary units of all the refineries, trend of the failures was compiled and analysed for taking remedial measures and to avoid recurrence. Planning and monitoring of



## Directors' Report *Contd...*

the annual turnarounds of various process units and refineries were also kept in focus for controlling slippages which, in turn, reduce plant down-time.

Thrust was given to implement the new maintenance management system wherein:

- introduction of new work order system
- centralised planning system.
- improved preventive maintenance/ predictive maintenance checklists
- Zero-based Budgeting System

have been conceptualised for better cost control. Towards use of modern tools, tackles and inspection techniques, the following important jobs are worth mentioning:

- Computer-based Alignment System for Rotary Equipment has been adopted in the refineries.
- LPG Horton Spheres were inspected by Wet Fluorescent Magnetic Particle Detection Techniques.
- Inspection Techniques like Infra-red Thermography and In-situ Metallography were used.
- Vibration Analysers and Tan-Delta Measurement techniques were applied.

Inspection Standards have been updated and Manuals on Erection and Commissioning of Electrical Equipment, Civil Works Procedure, Visbreaker Unit Shutdown have been prepared.

### PIPELINES

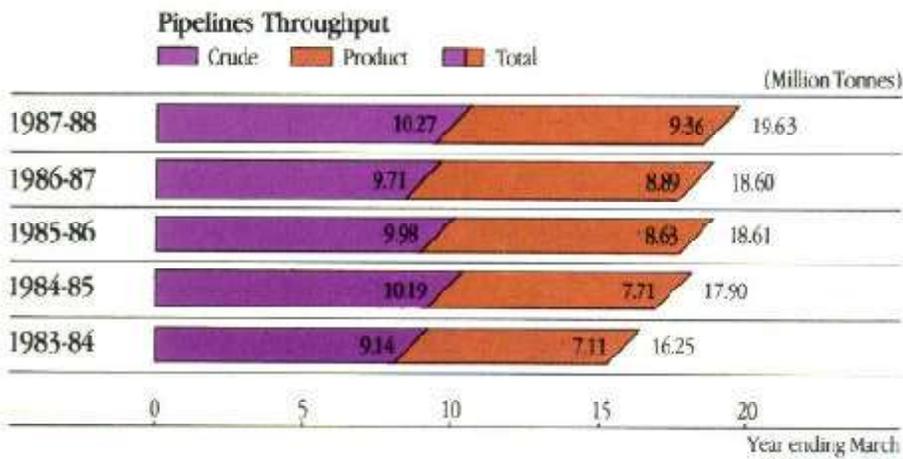
The 3850 km pipeline network of the Corporation transported 19.63 million tonnes of crude oil and petroleum products during 1987-88 registering an increase of 5.5% over 1986-87. The 1219 km crude oil pipelines alone transported 10.27 million tonnes which was 5.8% more than in the previous year.

A comparative picture of the design capacity and the actual throughput in the last three years is as under :

Pipeline	Design Capacity	Throughput ('000 tonnes)		
		1985-86	1986-87	1987-88
<b>Product</b>				
Koyali-Ahmedabad	1100	1210	1218	1228
Guwahati-Siliguri	818	514	579	638*
Barauni-Kanpur	1800	1718	1760	1737*
Haldia-Barauni and Haldia-Mourigram-Rajbandh	2650	2211	2125	2290*
Mathura-Jalandhar	3700	2528	2760	3002*
Digboi-Tinsukia	485	447	450	460
	10553	8628	8892	9355
<b>Crude Oil</b>				
Salaya-Viramgam-Koyali-Mathura	10000	9984	9704	10271
<b>Total</b>	<b>20553</b>	<b>18612</b>	<b>18596</b>	<b>19626</b>

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



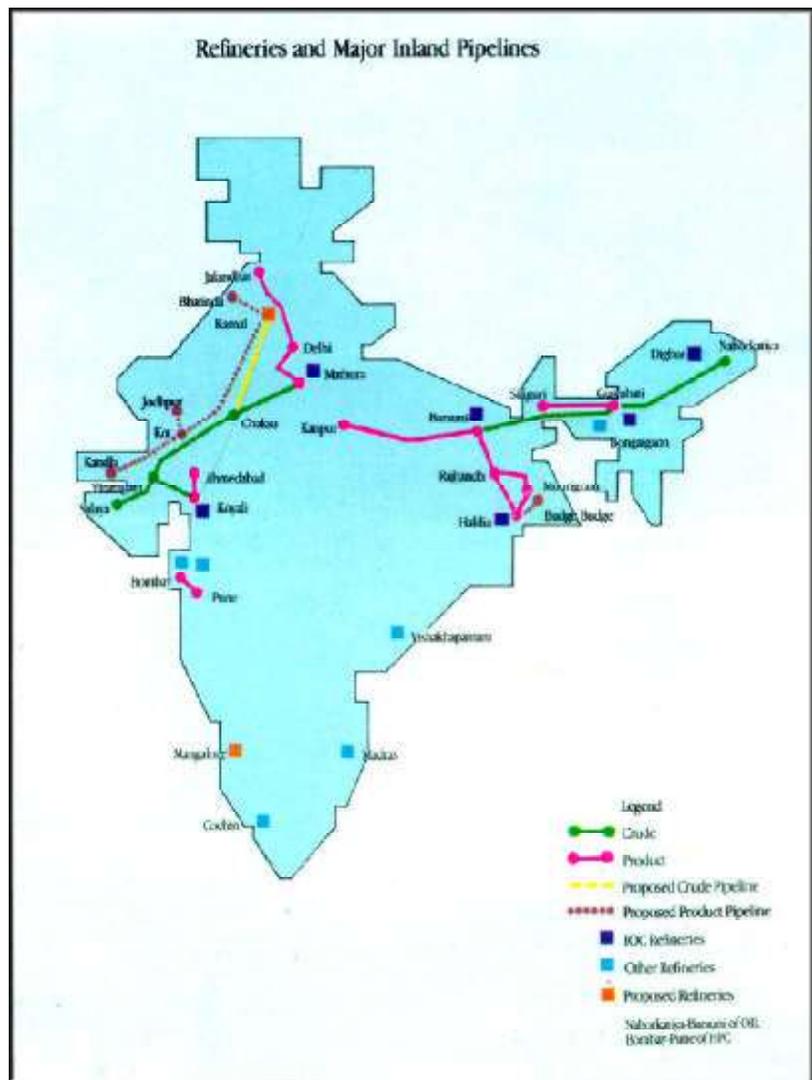


**Maintenance and Inspection of Pipelines**

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

- Major overhaul of three engines in Salaya-Mathura pipeline and five engines in Haldia-Mourigram - Rajbandh and Barauni-Kanpur pipelines.
- 120 metres new pipes laid across Sutlej-Yamuna canal in Mathura-Jalandhar pipeline.

A section of the Fluid Catalytic Cracking Unit (FCCU) of the Mathura refinery which achieved over 100 per cent utilisation of designed capacity for the third successive year. The processing capacity of the refinery is being increased from 6 to 7.5 million tonnes per year.



# Directors' Report *Contd...*

- 75 km of defective coat and wrap was replaced in various pipelines
- Interface detectors based on digital technology have been commissioned in Koyali-Ahmedabad, Barauni-Kanpur, and Guwahati-Siliguri product pipelines to optimise the product interface quantity.
- Computerised Potential Logging (CPL) survey was completed for the 42" submarine and on-shore section of the Salaya-Mathura pipeline at Vadinar through EIL and HARCO, USA to assess

effectiveness of the cathodic protection system. CPL survey was also completed in the Allahabad-Barauni section of the Barauni-Kanpur pipeline and 50 km stretch of the Haldia-Barauni line passing through coal-belt area.

## MARKETING

### Sales

The Corporation sold 27.08 million tonnes of petroleum products during 1987-88 attaining a growth rate of 5% over last year's sales of 25.80 million tonnes. The sales, which include 0.803 million tonnes by

Assam Oil Division, represent a market participation of 58.4%.

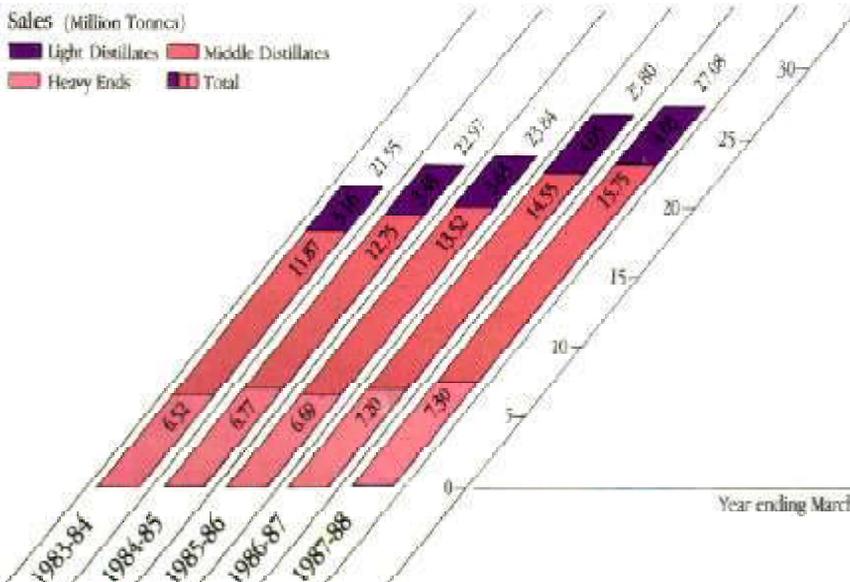
The national demand materialisation of petroleum products during the year was 46.38 million tonnes as compared to 43.59 million tonnes in 1986-87 registering a growth rate of 6.4%.

### Retail Distribution

Innovative marketing strategies have been adopted by the Corporation to take petroleum products closer to consumption centres. During 1987-88 the retail distribution system was augmented by 211 dealers. These include 126 new Retail Outlets which brings their total number in operation at the end of 1987-88 to 5493. Six retail outlets were commissioned in Madras and Bangalore on an experimental basis to exclusively meet the needs of two and three-wheeler vehicles.

In addition, 85 kerosene/light diesel oil dealerships were commissioned raising their total number in operation at the end of the year to 2932.

Pursuant to the Government's social objectives policy, 45% dealerships are reserved for Scheduled Castes and Scheduled Tribes, physically.



**Top:** Shri G.V. Ramakrishna, then Secretary, Ministry of Petroleum & Natural Gas, inaugurating the first retail outlet for two and three-wheelers.

**Left:** The 3850 km pipeline network transported 19.63 million tonnes of crude oil and petroleum products during 1987-88

**Right:** Adequate kerosene in the remote heights of Leh helps to improve the quality of life of people.

Index



handicapped, Freedom Fighters and Defence categories. Out of the 211 dealerships commissioned by the Corporation during the year, 105 were from amongst these categories.

**Rural and Agricultural Sector**

To improve availability of kerosene in rural and far-flung areas, six Taluka Kerosene Depots (TKD) were commissioned during 1987-88, raising their total number to 31. There were also 231 multipurpose distribution centres operating as on 31st March, 1988. These centres are primarily intended to cater to the rural sector, meeting not only the requirement of petroleum products but also of fertilisers, pesticides, seeds, tractor spare parts, non-scheduled drugs etc.

**Cooking Gas**

The Indane customer population of the Corporation increased by 11% when the number went up from 6.37 million to 7.07 million during 1987-88 by enrolment of 704,000 customers. It is planned to enroll about 500,000 customers during 1988-89.

For effective customer service, 122 Indane distributors were added during 1987-88 raising their number from 1486 to 1608. Cooking gas facility has now been

extended to 805 towns (748 in 1986-87). For user convenience a second cylinder was released to 201,700 customers during 1987-88 bringing their number to 2.09 million which represents 29.6% of the total Indane customers.

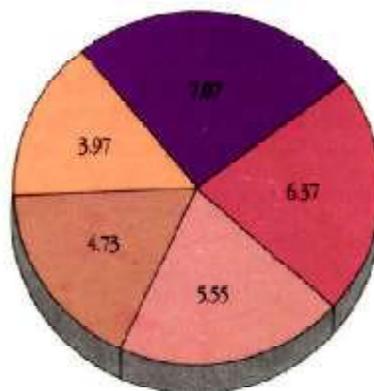
To adequately cater to increasing customer needs the Corporation added a new plant at Hazira (44,000 tonnes per annum) and augmented bottling capacity at Sawai Madhopur, Gangaganj and Durgapur. With this the bottling capacity of the Corporation at its 17 plants goes up by 105,000 tonnes per annum representing a 17.8% increase over the capacity of 593,000 tonnes per annum at 16 plants last year and totalling 698,500 tonnes per annum as on 31st March, 1988. In addition a bottling capacity of 168,000 tonnes per annum is also available to the Corporation to give an effective bottling capacity of 866,500 tonnes per annum to the Corporation. Nine additional bottling plants with a capacity of 218,000 tonnes per annum will be commissioned during 1988-89, thus increasing our bottling capacity by 31.2% during the current year. In order to facilitate the meeting of growing demand of LPG in the country from 1990-91, it is proposed to set up facilities for import at Hazira and Haldia.

By the turn of the century India is likely to attain the status of having the largest domestic LPG population in the world, at least 50% of which would be serviced by Indane. In order to meet this challenge, and render better customer service, your Corporation has taken several initiatives:

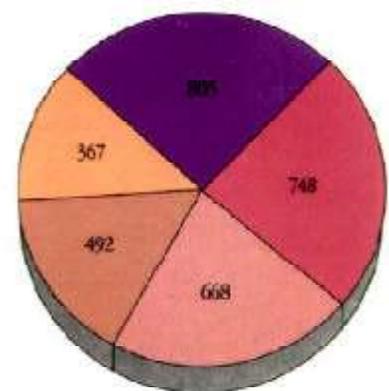
- After the LPG reorganisation, 30 new LPG Area Offices have been set up all over India exclusively for marketing Indane. Each of these Area Offices has a Customer Service Cell as distinct from the 34 Divisional Service Cells attached to each of our Divisional Offices for the benefit of consumers of other petroleum products.
- To attend to LPG consumer complaints after working hours (on week days) and on holidays, eight Emergency Service Cells were commissioned during 1987-88 raising their total number to 15.
- To enable the customer select a distributor of his choice inter company and intra-company delinking scheme was introduced at 16 more locations during the year.



**Indane (LPG) Customers**



**Number of Towns with Indane**



(Numbers in Million)

As on 31st March

1983-84 1984-85 1985-86 1986-87 1987-88



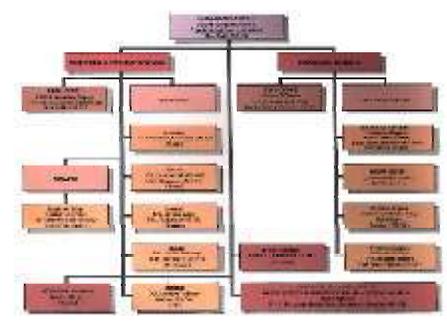
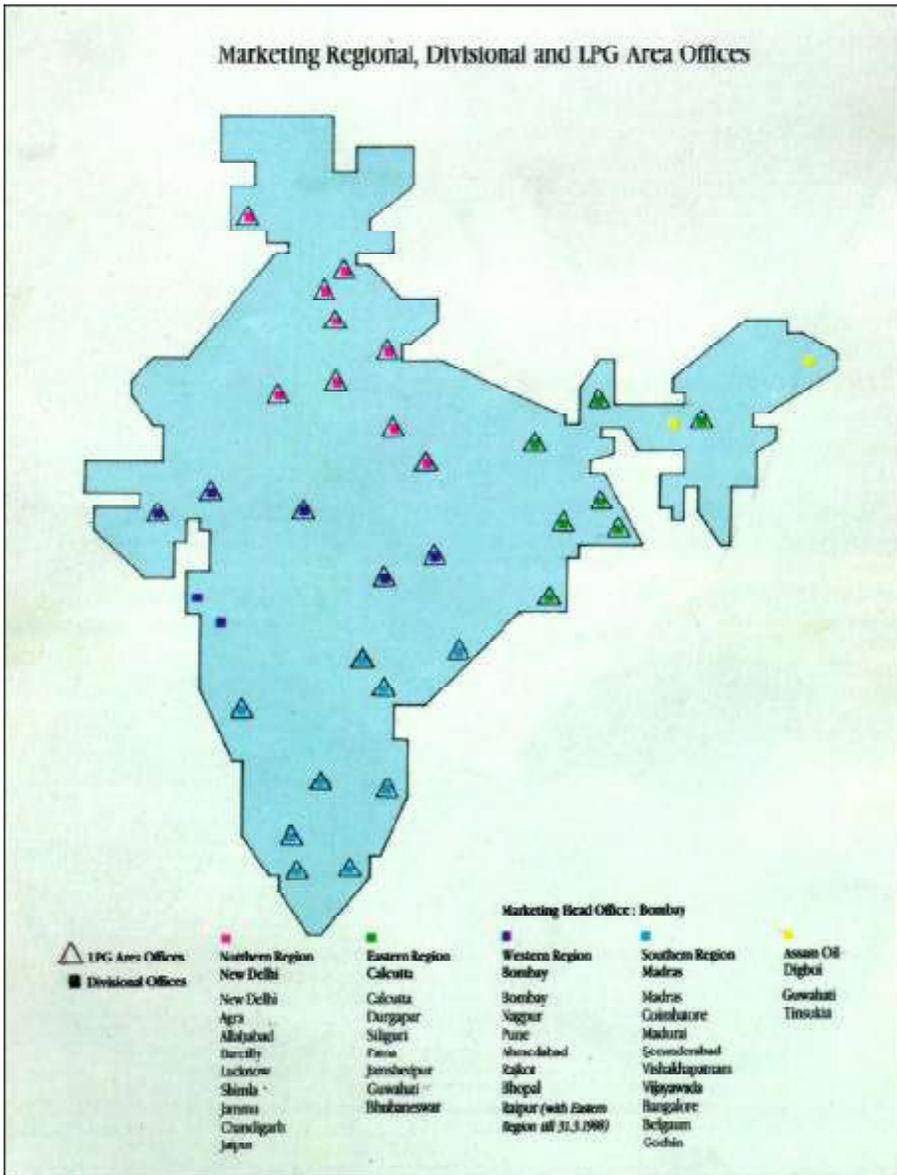
# Directors' Report *Contd...*

- 1911 Customer Education Programmes and Safety Clinics were conducted during the year for consumer guidance. Thirty training programmes (including refresher courses) were conducted for Indane distributors by the LPG Area Offices. Since refill delivery boys and mechanics of Indane distributors are an important link in the chain leading to cooking gas in the kitchen, 133 training programmes and 1526 refresher courses were conducted for them to upgrade their skills and develop a better appreciation of safety and service.
- Test marketing of 5 kg LPG cylinders, begun in 1986-87 in the Garhwal hills of North India, was extended to Dehradun, Nainital and other markets in Garhwal and Kumaon.
- In keeping with our concern for the customer and reaching petroleum products even in remote and inaccessible areas, the Corporation introduced Indane in Port Blair during 1987-88.
- During the year innovations were successfully carried out and indigenization of several new equipments undertaken. Thus an

indigenous Compact Valve Tester (CVT) has been developed. Similarly, a 'Verifier' for the CVT and an On-line Evacuation Unit have been developed.

- An Industry LPG R&D Centre is being set up by the Corporation at Karnal at a cost of Rs. one crore for testing and development of LPG equipments. The project is scheduled for completion in 1989.
- Paper seals on cylinders have been replaced by pilfer proof seals. At refinery bottling plants where steam is available, PVC shrink-proof seals are being provided and at others aluminium foil seals with polypropylene plugs have been introduced.

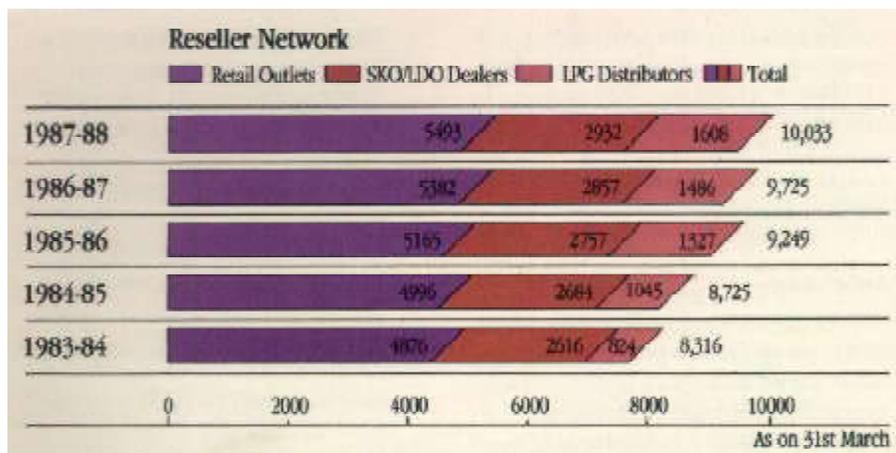
## Index



**Top:**  
The retail outlet network is being constantly expanded to meet the growing needs of vehicular traffic.

**Bottom:**  
Non-space dispensing pump at a Bombay retail outlet for customer convenience.





**Storage & Distribution**

Four new Depots at Dimapur, Bhatinda, Cinnemara and Doimukh were commissioned during the year. As on 31st March, 1988, the Corporation had 36 installations (18 Port, 12 Pipeline and 6 Inland) and 114 bulk depots.

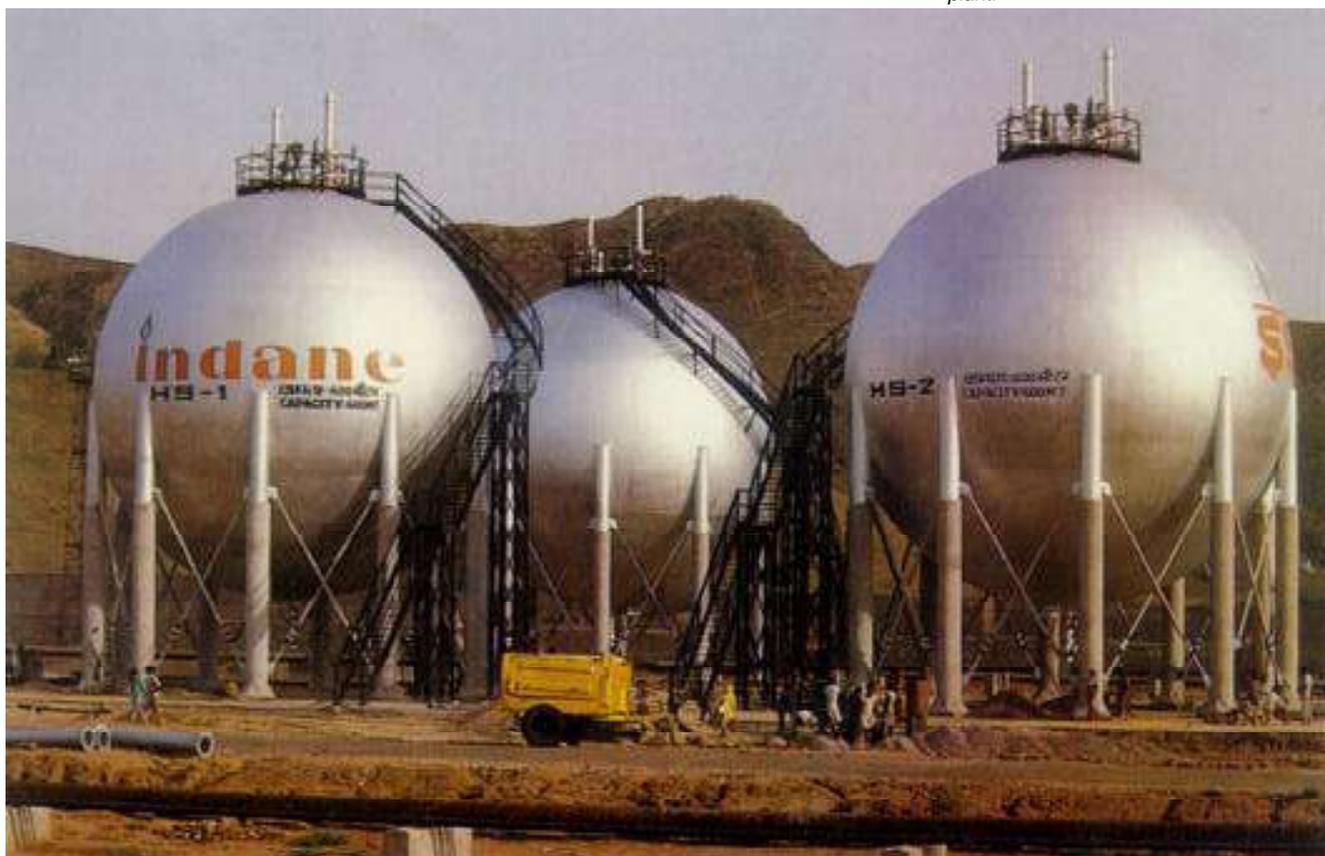
Additional tankage of 25,000 kl was constructed during the year at various installations and depots.

The throughput of all products during 1987-88 from these installations and depots was 38.83 million kl as compared to 35.68 million kl during 1986-87 representing an increase of 8.8%

For improving performance and cost effectiveness, several steps were initiated by the Corporation during the year:

- Introduction of measuring devices at port locations for assessment of density, temperature etc. and of semi-automatic meter filling at selected locations.
- Improvements in loading and discharge facilities including introduction of positive segregation arrangements at terminals and provision of dedicated pipelines for tanker operations.
- Introduction of foam seals for floating-roof tanks in place of conventional seals and improved maintenance standards for better stock loss performance.

*Indane cooking gas is stored in giant horton spheres before being filled in cylinders for domestic use. A view of the Sawai Madhopur plant.*



# Directors' Report *Contd...*

Index

## Bitumen

A record Bitumen sale of 672,600 tonnes was achieved by the Corporation during the year. Of this, 326,300 tonnes or over 48% was sold in bulk leading to lower costs to the customer and saving of valuable steel sheets at the same time.

## Aviation

The Corporation sold 1.15 million tonnes aviation turbine fuel during the year and continued to be the market leader with a business share of 69.7%. Several important and strategic refuellings were organised at short notice.

Two new Aviation Fuel Stations were commissioned during the year at Jaisalmer and Utterlai in Rajasthan. This increased the number of AFS to 79. It is planned to extend the hydrant refuelling system at Sahar International Airport, Bombay (Sahar Phase III) and put up a modern hydrant refuelling system at Goa and Arakonam. The other projects are provision of hydrant refuelling system at Santa Cruz Domestic Airport, Bombay and at the proposed International Complex at Calcutta. The Corporation continued to

render assistance to Nepal Oil Corporation for maintaining quality standards at their various air fields. Assistance was also continued in aviation operations to the Government of Male at Hulule International Airport.

## Lubricants

The Corporation sold 394,000 tonnes of lubricants (377,000 tonnes in 1986-87) achieving a market participation of nearly 50%. Its Lube Blending Plant, Madras, produced 146,000 tonnes. In addition 287,000 tonnes of lubricants and 7,000 tonnes of greases were produced at our wholly-owned subsidiary, Indian Oil Blending Limited.

Several steps were taken during the year to improve marketing and meet consumer requirements:

- Introduced rake loading of finished lubes in bulk for the first time in the country. Four rakes were successfully loaded to Allahabad and Shakurbasti Ex Bombay in February and March, 1988 with recurring annual savings of over Rs 35 lakhs on freight differential.
- Introduced filling of 207

litres in a barrel instead of 205 litres earlier resulting in savings of Rs 55 lakhs per annum.

- Commissioned five Railway Lube Bulk Depots at Jhansi, Watwa, Kurla, Golden Rock and Waltair. Five more such Depots at Tughlakabad, Ludhiana, Patratu, Bondamunda and Gooty are under construction. These will result in substantial financial savings for the railways as well as national savings in the form of steel sheets for drums.
- Optimised 23 product formulations which will help in improving performance due to adoption of alternative additive system.
- Introduced Shredding-cum-Solublising unit for the first time in the country at Lube Blending Plant, Madras to use solid viscosity index (VI) improvers in multigrade engine oils of various performance levels. This will obviate the need for using imported liquid VI improvers and result in foreign exchange savings of Rs 20 lakhs per annum.



— The multigrade crankcase oils developed by the Corporation have potential to save fuel oil to the extent of one to four per cent. The Multigrade Railroad Oils undergoing track trials can save the Indian Railways two to four per cent HSD per annum.

Customer satisfaction through customer service continued to be a mission of the Corporation. The production and marketing thrust, as well as research and development effort are directed towards this end. Not only have lubes and packages been developed for customer convenience but the retail, kerosene and Indane marketing strengthened. Pilfer-proof seals have been perfected and innovative marketing strategies adopted to reach products to customers at minimum cost. Continued availability of all products at all locations is sought to be ensured. High efficiency, long-drain engine oils have been introduced all over the country which also result in fuel

efficiency and better engine life.

In Indane, second cylinders are increasingly being offered to customers to progressively obviate the need for an alternative cooking fuel.

**Quality Control**

Quality assurance is an essential aspect of the Corporation's marketing philosophy and checks and controls have been steadily strengthened for the protection and promotion of the interests of customers. Besides the refineries, the Marketing Division's quality assurance group has an Inspection Wing and a Laboratory Wing. The inspection wing carries out Quality Audit Inspections at storage points to ensure implementation of laid down procedures in Aviation and Non-Aviation Quality Control Manuals. The quality of products is checked at 28 laboratories all over the country. Of these 12 are approved for aviation products by DGCA. These Laboratories

tested about 61,500 product samples during the year.

There are, in addition, five mobile laboratories in operation in the four regions of the Marketing Division and the Assam Oil Division. To ensure product quality to customers at the point of purchase they visit retail outlets without prior intimation and test samples on the spot to ascertain the quality. These mobile laboratories visited 1370 retail outlets and tested 2518 MS and HSD samples during 1987-88. To enhance quality consciousness and awareness amongst employees in the field, 54 workshops and training programmes were also conducted.

**Left:**  
*Tank trucks are an important mode of transportation for distribution of petroleum products.*

**Bottom:**  
*With a business share of 69.7%, Indianoil's aviation service refuels national and international airlines all over the country through its 79 aviation fuelling stations.*



# Directors' Report *Contd...*

Index

## 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:

Value	1985-86		1986-87		1987-88	
	Quantity (million tonnes)	Value (Rs Crores)	Quantity (million tonnes)	Value (Rs Crores)	Quantity (million tonnes)	Value (Rs Crores)
<b>Imports</b>						
Crude	15.240	3494.00	15.812	2029.92	18.361	2958.45
Fuel Products	3.540	1056.04	2.302	458.16	3.729	861.84
Lubricants	0.195	104.43	0.225	84.56	0.220	87.65
<b>Exports</b>						
Crude Oil	0.428	110.03	—	—	—	—
Fuel Products	1.801	449.58	2.303	355.13	3.208	594.79

**Bottom:**

Indianoil is the canalising agency for import and export of crude oil and petroleum products for the nation.

**Right:**

Shri, S.L. Khosla, Chairman, Indianoil and Mr. Vladimir A. Arutunian, Chairman & Managing Director, SNF (The Soviet Foreign Trade Organisation) shaking hands after signing the trade agreement. Looking on from left are Shri M.S. Ramachandran, Dy. General Manager, Shri T.v. Rajaraman, GM, International Trade.



Of the imports during 1987-88, crude oil on rupee payment amounted to Rs 762 crores, while products amounted to Rs 487.57 crores. In addition, imports of fuel products worth Rs 46.78 crores arranged by Nepal Oil Corporation were received in Indian Ports to cover the value of exports of petroleum products of Rs 53.92 crores to Nepal. During the year the following amounts were also earned in foreign exchange:

Activity	Amount in Rs Crores
Supplies of Aviation Fuel to International Airlines	100.00
Supplies of bunkker fuel and marine lubricants to foreign flage vessels at Indian ports	8.40
Upliftment of bunker fuel/marine lubricants by Indian flag vessels on foreign run at Indian ports	23.88
Commission for supplies of marine lubricants to Indian shipping companies at foreign ports	0.04
<b>Total</b>	<b>132.32</b>



**RESEARCH & DEVELOPMENT**

The Corporation spent about Rs. 11 crores during 1987-88 on research and development activities covering product and refinery process development, indigenous engine test benches, waxy crude oil transportation, material failure analysis and development of fuel efficient appliances. During the year 119 lubricant formulations were developed for a wide variety of applications. Some of the major products are engine oil (SAE IOW-30) for Defence, long life turnbine oils, improved heat transfer oil, panel dressing compound, rolling and system oils for steel plants, spark erosion fluid, glass mould oil and honing oils. Field trials were organised





BÜCHI 190

032

033

with major users (Railways, Defence, Steel Plants and Shipping Companies) on 26 products during the year, while 19 products were approved by national and international equipment builders and users.

In the area of fuels, several studies were conducted on gasoline stability and action plans drawn up to improve the same. Large scale fleet trials were conducted to establish operability of +6°C pour diesel at sub-zero temperatures by incorporating a middle distillate flow improver additive package developed by our R&D Centre. These trials, conducted in association with Himachal Road Transport Corporation, have proved the efficacy of the doped fuel at sub-zero temperature (-4°C).

As a part of the refinery process development

**Left:**

*Indianoil is the only oil refining and marketing company in the country with a full-fledged Research and Development Centre.*

**Bottom:**

*FCC pilot plant at the R & D Centre for refinery process studies.*

programme, condition monitoring of FCC catalysts from our refineries has been undertaken on a regular basis.

Evaluation of indigenous crudes like Bombay High, North Gujarat blends and Panna were carried out for rheological behaviour to determine suitability of these crudes for transportation in our existing pipelines. Several material failure analysis studies were undertaken on failure samples received from the refineries.

For evaluation of lubricants and fuels, work has been initiated to develop test methods based on various indigenous engines. Among them a test method using an Ambassador engine to study the intake system deposits of gasoline has been developed.

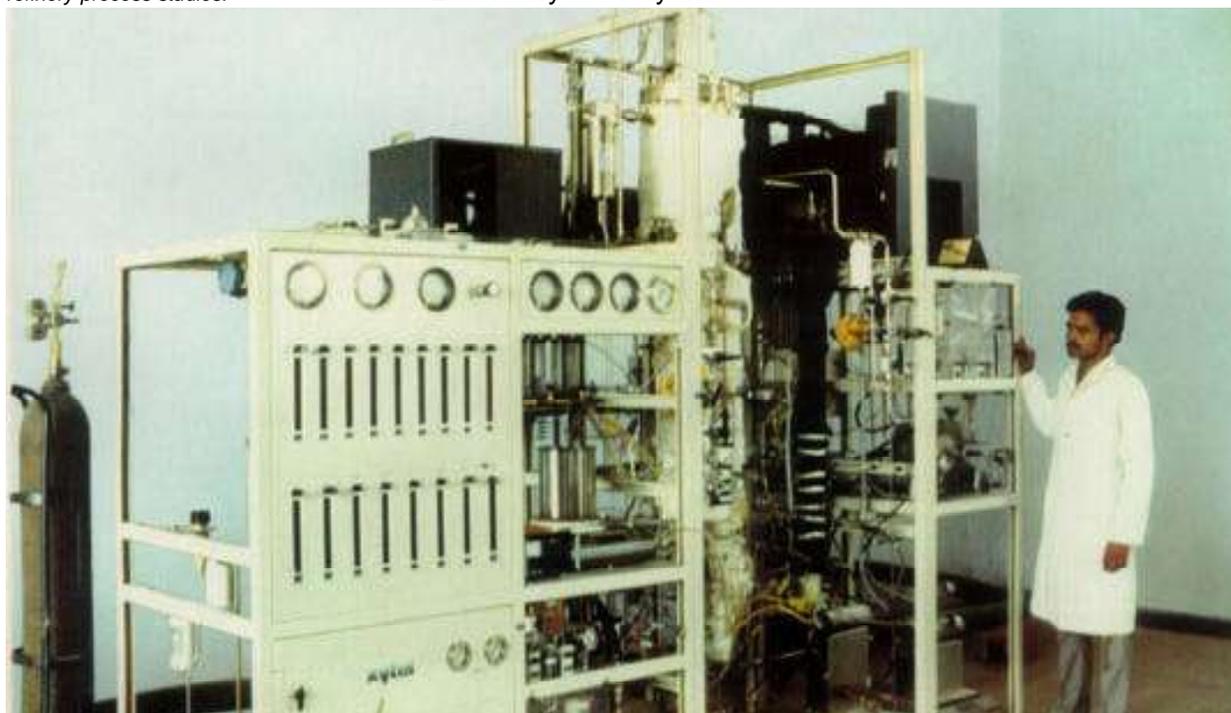
The laboratory facilities at our R&D Centre were further augmented by installing new equipment. A Variable Compression Ratio Engine has been added to the Engines Laboratory to study the

combustion characteristics of fuels. A computer-controlled two-wheeler chassis dynamometer has been installed in the Test Car Laboratory to study the performance of fuels and lubricants for two stroke engines under simulated road conditions.

### ASSAM OIL DIVISION

Significant progress has been made by the Assam Oil Division since its formation on 14th October, 1981. The Digboi refinery has been achieving over 100% capacity utilisation consistently during the past six years. Its crude oil throughput has gone up from 0.496 million tonnes in 1981-82 to 0.547 million tonnes in 1987-88.

Product sales of AOD have gone up from 0.430 million tonnes in 1981-82 to 0.803 million tonnes during 1987-88, a growth of 86% in six years. It maintains its market leadership in the north-east



# Directors' Report *Contd...*

## Index

through a marketing infrastructure comprising 243 retail outlets, 355 SKO/LDO dealers and 40 consumer pumps. These are backed for supplies by 9 depots and one installation of AOD, besides those of the Marketing Division. There has been a ten-fold increase in tankage at AOD depots, from 3,800 kl in 1981-82 to 39,154 kl on 31st March, 1988.

The Division began LPG marketing in August, 1982 and on 31st March, 1988 had over 151,000 customers. In addition to the network of the Marketing Division, it has 75 LPG distributors in 56 towns of the North-East.

## PROJECTS

The Corporation incurred a capital expenditure of Rs 244.26 crores during the year on various projects.

### Completed Projects

The following major projects were completed:

- Efficiency improvement of heaters in crude and vacuum units of Haldia refinery at a cost of Rs 5.72 crores. This will result in fuel saving of about 8,650 tonnes per annum.
- Efficiency improvement of heaters in atmospheric and vacuum distillation units of Mathura refinery at a cost of Rs 8.50 crores which will result in fuel saving of 17,500 tonnes per year.
- Telecommunication system for Mathura-Jalandhar pipeline at a cost of Rs 6.80 crores.
- Additional Product Tankage (AOD) Phase I & II at a cost of Rs 9.52 crores.
- Completion of 4 bottling plants at Sawai Madhopur, Gangaganj, Durgapur and Hazira under LPG Phase III.

## ONGOING PROJECTS

The following major 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.	283.86	October, 1992 (linked with Karnal refinery)
3. Modification of Salaya-Mathura Pipeline for pumping BH crude in unlimited parcel size during winter.	19.25	December, 1988 (in phases)
4. Revamping of crude distillation unit at Mathura refinery for increasing processing capacity by 1.5 million tonnes per year.	5.50	August, 1988
5. Low cost revamp of solvent dewaxing unit at Haldia refinery for increasing production of lube base stocks by 26,000 tonnes per year.	5.85	February, 1990
6. Revamping of vacuum distillation unit at Mathura refinery for increasing capacity.	3.80	December, 1989
7. Revamping of crude distillation units (AU I & II) and heat exchanger train optimisation at Gujarat refinery for increasing processing capacity by 1.4 million tonnes per year and fuel saving of 17,600 tonnes per year.	17.80	October, 1988 (in phases)
8. Heat exchanger train optimisation and unit revamp of crude distillation units AVU-I & II of Barauni refinery.	11.00	February, 1990
9. Railway siding facility at Madras and Rajbandh.	7.63	1988-99
10. LSHS Facilities at Mangalore and Vasco.	4.68	1988-89



Project tion	Estimated cost (Rs. Crores)	Comple- Schedule
11. Tankage Scheme at Mourigram and Barauni.	6.15	May, 1989 (in phases)
12. Completion of remaining Bottling Plants under LPG Phase III Programme.	373.18 (Total cost of Phase III)	1988-89

*Heat exchanger train in atomospheric vacuum unit of Mathura refinery.*



# Directors' Report *Contd...*

## NEW PROJECTS

The following projects are planned by the Corporation and approval of the Government has been sought.

Projects	Estimated Cost (Rs. Crores)	Completion Schedule
1. Modernisation of Digboi refinery.	172.07	48 months from date of approval.
2. Separation of propylene at Mathura refinery.	37.50	34 months from date of approval
3. Catalytic Reforming Unit at Barauni refinery to improve quality of motor spirit.	79.29	42 months from date of approval
4. Catalytic Reforming Unit at Digboi refinery to improve MS quality.	30.50	42 months from date of approval
5. Full-scale revamp of Lube Block at Haldia refinery.	26.50	36 months from date of approval.
6. Kandla-Bhatinda pipeline and tap-off points.	686.54	33 months from date of approval.
7. Installation of second primary SBM facilities at Salaya and Salaya-Viramgam pipeline augmentation.	96.10	36 months from date of approval
8. Haldia-Budge Budge product pipeline.	27.93	36 months from date of approval

*Shri Brahm Dutt, Minister for Petroleum and Natural Gas going round the exhibition put up on the occasion of foundation laying ceremony of LPG bottling plant at Hardwar.*



### New Office Building at Delhi

In February 1988, the Corporate Office and headquarters of the Refineries and Pipelines Division shifted to the Corporation's building constructed by the Standing Conference of Public Enterprises at a cost of Rs. 15 crores.

## PARTICIPATION IN JOINT VENTURE REFINERY AT KARNAL

The Detailed Project (DPR) for

setting up a 6.0 million tonnes grassroots refinery at Baholi village in Karnal district of Haryana was submitted to the Government on 10th May, 1988. According to the DPR the project will cost Rs 1400 crores with a foreign exchange component of Rs 450.50 crores. A supplementary report was also submitted for provision of a catalytic reformer and facilities for bitumen production to meet the growing demand of motor spirit and bitumen.

These reports were submitted within one year of signing of a Memorandum of Understanding (MOU) between the Corporation and Tata Chemicals Ltd. for formation of a joint venture company under the name of Tata-Indiaoil Refineries Ltd. for setting up the refinery. The equity participation in the Joint Venture will be IOC-26%. Tata Chemicals Ltd.-26% and the balance 48% to be issued to the public, including NRIs.

Land for the refinery has already been acquired and action is one hand for acquisition of land for the township. Detailed discussions have been held during the year with a team from USSR, regarding basis of design, division of scope of work, equipment supplies. etc.

## ENERGY CONSERVATION

The Corporation has been assiduously working towards not only reduction of hydrocarbon losses in its plants and units but also assisting its customers in this area. The efficient use of energy has been an integral part of our operating philosophy and amongst the measures being implemented at our refineries are control of excess air in process heaters, optimisation of reflux/solvent ratios in distillation/extraction towers, stripping steam optimisation, soot blowing of convection banks of furnaces, cleaning of heat exchangers etc. Several energy conservation schemes implemented at our refineries till 1986-87 had resulted in a saving of 86,900 tonnes of fuel per year.

During 1987-88, two major schemes of energy conservation involving retrofitting of air-preheaters in process furnaces of crude/vacuum units of Haldia and Mathura refineries were mechanically completed. These schemes are expected to result in fuel saving of the order of 26,150 tonnes per year. Further, a number of energy conservation schemes are presently at different stages of implementation and would be completed in phases by 1990.

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

Index



	Estimated Fuel Saving in tonnes/year	Completion schedule
<b>Schemes completed</b>		
– 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 at Mathura refinery.	17,500	March, 1988
<b>Ongoing Schemes</b>		
– Heat Exchanger train optimisation and revamping of crude distillation units, AVU-I&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	October, 1988 (in phases)

Work has also been initiated on a comprehensive yield/energy optimisation survey at Mathura refinery with the help of K.B.C. Process Consultants, U.K. to identify areas for further improvement. Suitable schemes will be developed on the basis of the findings. The Digboi refinery modernisation proposal submitted to Government includes replacement of the CDU/VDU, Coker and the Power Plant. This will yield 6.2% reduction in energy consumption.

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

- Trials conducted in use of 5% emulsion of water in fuel oil (LSHS) blended with special additive using emulsifying equipment demonstrated a saving of 5.2% in fuel oil. Large volume consumers are being offered the technical expertise and encouraged to adopt this practice for fuel savings.
- Trials are in progress at Delhi Transport Corporation to use Methanol as part replacement of diesel in buses. We are also actively associated with ONGC and GAIL in assessing technical feasibility of using Compressed

Natural Gas (CNG) as an alternative fuel in diesel vehicles.

- Tests on fuel efficient multigrade rail-road oil with Indian Railways have shown potential for fuel savings in stationary locomotive tests. Candidate products are currently under field trials.
- By consistent persuasion the minimum thermal efficiency value of domestic LPG burner stipulated in Bureau of Indian Standards was raised from 60 to 62 per cent. Efforts continue to increase it further.
- Promotion of non-conventional energy sources by solar hot water systems and photo-voltaic applications. During the year solar hot water systems were installed at the Marketing Division Head Office, Haldia terminal canteen, Southern Region office and the NOIDA Housing Complex near Delhi. Photo-voltaic application is in progress at a retail outlet in Madras to energise the dispensing pumps and bay lights.

### SAFETY

Safety is of prime concern to the corporation and we are constantly

upgrading safety standards and operating practices.

During 1987-88 our refineries at Guwahati, Barauni and Gujarat set the longest lost time accident-free operation records of 5.7, 7.2 and 4.0 million man-hours respectively.

For LPG plants, 1987-88 was an accident-free year.

Some of the important steps taken in this area during the year are:

- A multi-disciplinary safety audit team consisting of experts from various technical disciplines has been formed at corporate level for periodic review and audit of the systems, procedures and practices in the refineries to identify areas for further improvement.
- Disaster Preparedness Plans have been developed by the refineries for tackling major emergency and to minimise its impact on the environment.
- Augmentation of fire water storage and pumping facilities to tackle two major fires occurring simultaneously has been completed at Guwahati refinery. Such facilities already exist at Gujarat refinery. Similar schemes are under implementation at Barauni and Mathura refineries and are under study at Haldia refinery.
- Safety in LPG handling continued to be given high priority. Scheme for provision of additional remote-operated-shut-off valves is under implementation at Barauni refinery. The fire water spinkler system in LPG bottling shed at Mathura refinery is under installation. Such facilities already exist at other refineries.



# Directors' Report *Contd...*

- Standardised safety information sheets for various hazardous chemicals and additives have been prepared for ready use by operating personnel.
- Special emphasis was placed by the Marketing Division on safety in LPG Marketing. The approach was to not only upgrade equipment but to educate and create greater awareness among all those who handle the product—distributors, their mechanics and the customers themselves. An apron was specially designed for housewives using cooking gas. Disaster plans were prepared for bottling plants and automatic sensors, heats detectors, fire hydrant systems and sprinklers installed.

## Safety Awards

Your Corporation won 19 International and 15 National Safety Awards declared during the year.

### International

1. The National Safety Council, USA, "Award of Honour" to Sabarmati terminal for achieving the longest accident-free period and the "Award of Merit" to Korukkupet terminal and the LPG bottling plant at Salem.
2. The National Safety Council, Chicago "Award of Honour" for outstanding safety records for

the period May, 1972 to December, 1987 to the Koyali-Ahmedabad product pipeline.

3. The British Safety Council Award for achieving zero factor accident rate to the terminals at Kandla, Sabarmati, Tuticorin, Madras Foreshore, Ambala, Shakurbasti, Mourigram, Vishakhapatnam, Korukkupet; the depot at West Hill; Aviation Fuel Station at Begumpet, and LPG bottling plants at Rajkot, Jalandhar, Salem and Shakurbasti.

### National

1. National Safety Winner Award by Guwahati refinery for Lowest Average Frequency rate of Accident and Longest Accident-Free period in 1985.
2. National Safety Runner-Up Award by Barauni refinery for Longest Accident-Free period in 1985.
3. The first Oil Industry Safety Directorate (OISD) award for safety in pipelines (during 1986-87) was won by the Pipelines Wing of the Corporation.
4. National Safety Awards instituted under various schemes by the Directorate General, Factory Advice Service and Labour Institutes, Ministry of Labour have been won by 15 plants and

units of the Marketing Division:

- i) Runner-up Award to Tadepalli Depot under the category for working the largest number of man-hours without fatal or non-fatal accident.
- ii) Special commendation certificates for working more than one lakh man-hours 'Accident-Free' by the terminals at Ambala, Mangalore and Royapuram; the depot at Manmad and LPG bottling plant at Shakurbasti.
- iii) Special commendation certificates for working more than one quarter million man-hours 'Accident-Free' by the terminals at Sabarmati, Vizag, Jalandhar, Kanpur, Korukkupet, Bangalore, Kandla; LPG Bottling plant at Jalandhar and the Drum Plant at Madras.

## ENVIRONMENTAL PROTECTION

Your Corporation has demonstrated its deep concern for environmental protection by not only augmenting and modernising pollution control measures



**Left:**

Shri P.S. Tekchandani (then G.M., Pipelines) receiving the first Oil Industry Safety Directorate (OISD) Award for safety in pipelines from Shri Vasant Sathe, Minister for Energy.

**Top:**

Safety drills are regularly conducted at various units to develop a culture of safety.

Index

at its refineries and other units but undertaking massive tree plantation and helping to create public awareness on this important subject. Even the marketing policies of taking cooking gas and kerosene deeper into the hill areas, as well as the plains, are designed to conserve forest wealth and tree-cover.

In the refineries, pollution control cells monitor performance of facilities on a day to day basis. With updation in technology, efforts are made to modernise equipment and techniques. In pursuance of this objective the following major projects were commissioned during the year:

	Cost (Rs Lakhs)
— Modernisation of oil separator at Guwahati.	49
— Oil-water-separator scheme at Viramgam pipeline station.	62
— Debottlenecking of existing Effluent Treatment Plant at Vadinar	67

### Air Pollution Control

Ambient air quality was monitored regularly by all the refineries and the concentration levels were well within the National Standards.

In the Agra-Mathura-Bharatpur region, data collected from the ambient air monitoring stations during the year indicated no adverse impact on air quality due to the refinery at Mathura.

Emission surveys are conducted by all refineries through portable stack monitoring kits.

Periodic air sampling is also undertaken in LPG plants and storage terminals having naphtha storage to ensure that mercaptan sulphur is within permissible limits. Mercaptan is added to LPG to give it an odour for easy detection since the product by itself is odourless.

### Water Pollution Control

The quality of treated effluent at all refineries was monitored on daily basis for better operational control. The effluent is specially treated to remove free oil, phenols

and sulphides in particular, and reduce the Biochemical Oxygen Demand (BOD) and make it fit for discharge into rivers or canals. The treated effluent from our Gujarat and Mathura refineries not only fully meets the prevailing standards but is profitably used by farmers in the vicinity for irrigation. At Mathura refinery an experimental farming project has been started for a scientific study of the long term effect of using treated effluent for irrigation.

In refineries where there are fluctuats in compliance with certain parameters due to variations in load and limitations in some sections of the treatment plants, actions have already been initiated to improve by augmentation and modernisation of facilities. The status of major schemes undertaken in this connection at a cost of Rs 10.20 crores is as follows:

*An inside view of the mobile air pollution monitoring van of Mathura refinery.*



# Directors' Report *Contd...*

Scheme	Estimated cost (Rs in lakhs)	Completion Schedule
— Debottlenecking & augmentation of Effluent Treatment Plant at Haldia	120	Commissioned in April, 1988
— Modernisation of Effluent Treatment and Collection System at Digboi	622	Phase-I completed in August, 1986. Balance in December, 1988
— Provision of Guard Pond at Guwahati	29	September, 1988
— Installation of Biotreater at Barauni	249	December, 1988

With the implementation of these projects, the treated effluent from all refineries is expected to meet the current standards set by the State Pollution Control Boards.

In the bulk storage terminals of the Marketing Division also the effluent is tested before discharge to ensure that free oil and grease are within the permissible limits of less than ten parts per million.

### Tree Planting

To help restore ecological balance by increasing tree-cover, the Corporation launched a special drive during 1987-88. Over 75,000 saplings were planted at our storage terminals, depots and bottling plants. In addition, over 11,000 trees were planted at refineries and their townships. The Corporation has so far planted and nurtured nearly 200,000 trees at its

units and housing colonies. It is planned to plant about 100,000 trees during 1988-89.

### Others

To create awareness amongst the motoring public on the need to reduce atmospheric pollution, campaigns were organised at selected retail outlets where free auto-emission checks were conducted.

The Corporation also actively assisted the Central Ganga Authority in its public awareness campaign to popularise the Ganga Action Plan. The Quality Control Laboratory of the Gujarat refinery has been recognised by the Department of Environment, Govt. of India, as an Environmental Laboratory under the Environment Protection Act, 1986 and notified in the Gazette.

## Index

## TECHNOLOGY DEVELOPMENT AND UPGRADATION

To keep pace with rapidly advancing technology, your Corporation has been constantly modernising its operating systems and updating equipment and technology. Some major steps taken during 1987-88 are:

- For installation of a "Hydrocracker", for the first time in the country, for conversion of heavy ends into valuable distillates at Gujarat refinery, the Corporation entered into a foreign collaboration with Chevron, USA, for technology and design.
- Acquired technology from USSR for production of special grade aviation turbine fuel for Defence needs. Facilities for this are being put up at Haldia refinery.
- Microprocessor based control instruments have been installed in



**Top:**

*The polishing pond of treated effluent at Mathura refinery is a haven for migratory birds.*

**Left:**

*Effluent from refineries is specially treated to remove water pollutants before discharge into rivers and canals.*

AVU-I and II of Barauni refinery. Distributed Digital Control Systems are also being installed in the crude distillation, vacuum distillation, visbreaker and merox units of Mathura refinery and the thermal power station of the Haldia refinery.

- Operations of the Fluid Catalytic Cracking units at Gujarat and Mathura refineries have been switched over from amorphous to low activity zeolite catalyst for improving middle distillates' yield.
- Initiated action for replacement of mono-metallic catalyst in the Reformer of Haldia refinery by bi-metallic catalyst to increase production of motor spirit and reduce lead content.
- Developed self-mixing dispensing pumps through Excel and Midco for delivering petrol mixed with 2T oil in the required proportion to two and three-wheeler vehicles.
- Installed Non-Space Pumps on an experimental basis for faster dispensing of product to customers at congested retail outlets.

## COMPUTERISATION

Progress continued to be made by the Corporation in implementation of computerisation in various areas, besides instrumentation.

During the year, Marketing Division witnessed integration of computer with mainstream activities. A linear programming model for long range planning for oil industry was developed. The various scenarios till 2005 A.D. were projected and matching facilities needed at different points of time arrived at. Project monitoring was introduced through a computer package facilitating concurrent monitoring on a uniform basis. Special software for use of Hindi as well as CAD software was acquired. Use of LIPI, the Hindi word processor was begun. Terminal computing module was developed and introduced. A software package for design of pipeline system for the storage

terminals and docklines was also developed.

In the Refineries & Pipelines Division a detailed computerisation action plan was formalised covering short-term and long-term requirements.

## IMPORT SUBSTITUTION

In an effort to save valuable foreign exchange, the Corporation has been continually placing emphasis on indigenisation of stores and equipments. During the year a saving of Rs 2.94 crores was effected by arranging indigenous procurement of stores and equipments.

Five indigenous lubricants were also developed by the Corporation during the year to substitute imported products. This is likely to result in a foreign exchange saving of Rs 2.33 crores per year.

New equipment for LPG were also developed with the help of indigenous manufacturers. These include Compact Valve Tester, filling machines and electronic weighing scales which, after trials, have been installed at some LPG plants.

Substantial progress was made in indigenisation of LPG spare parts resulting in reduction of expenditure on imported spares by 73% during the year.

## DEVELOPMENT OF ANCILLARY AND SMALL-SCALE INDUSTRIES

As a mother-industry the Corporation has been constantly encouraging and assisting development of ancillary and small scale industries in and around the refineries. The bitumen producing Gujarat, Haldia and Mathura refineries have entered into long-term contracts with drum manufacturing units set-up as ancillary units to these refineries for supply of steel drums for bitumen packing.

Efforts were made to promote and encourage small-scale units for supply of spare parts, consumables and other fabricated items like

bitumen drum lids, tube-handles, re-conditioning of valves etc. Purchases worth Rs 3.13 crores were made by the Refineries & Pipelines Division alone from small-scale industries during 1987-88.

## MEASURES FOR HIGHER PRODUCTIVITY

The Corporation strengthened measures to inculcate the concept of productivity at all levels. Since improvement in efficiency and cost control lead to higher productivity, several steps were initiated for the purpose.

- Zero Base Budgeting concept was fully implemented.
- Detailed studies conducted for assessing capabilities of various units for undertaking capital schemes to ensure 'no time and cost overruns'. Close monitoring is maintained on all Plan schemes and major additional facilities.
- Strict control on working capital maintained during the year by concentrating on inventories, funds management and debts.
- On the basis of an Inventory Management Study the Refineries & Pipelines Division finalised inventory norms for general stores and spares and disposal of surplus stores.
- A detailed study was completed on maintenance Management in refineries and action plans drawn up for implementation.
- An in-depth study on technical training of personnel in Refineries & Pipelines Division was undertaken to ensure appropriate technical inputs to personnel at various levels for improved efficiency.
- The Costing Cell set up in 1986-87 completed a comprehensive review of the marketing cost systems and procedures. Based on the study a cost manual is under finalisation to improve productivity.
- To strengthen training and



# Directors' Report *Contd...*

development of employees the services of a well-known outside Management consultant had been sought. They have completed the first phase of review of our training programmes and their recommendations are being scrutinised.

- A perspective plan on consumption of petroleum products in the eastern region was completed and projects identified for implementation.
- Tanker discharge lines are being replaced by higher diameter pipelines at various ports to reduce tanker demurrage and improve productivity of assets like port facilities, tanker fleet etc.
- Improvisation in loading/discharging facilities, introduction of positive segregation arrangements at terminals and provision of dedicated pipeline for tank operation for minimising discharge/ocean losses.
- Installation of Capacitor Banks at various terminals to save electrical energy and reduce operating cost.

## CORPORATE PLANNING

A climate and culture of integrated Corporate Planning in the diverse

activities of the Corporation has taken firm roots. It was assisted by the process of review and update of Perspective Plan, IOC-1995 and Long Range Plan, LRP~1986-91. The updated Perspective Plan, upto 2000 A.D., is being finalised. During the year a structured review document was prepared on the progress made during LRP 1986-91 period. The plan horizon was also extended up to 1992.

A comprehensive update of LRP is in progress in the form of LRP 1988-93. Besides emphasis on corporate objectives the focus of this plan would be on increased productivity and effective project formulation and management. Keeping in view the multi-divisional character of the Corporation, LRP 1988-93 also endeavours to promote uniformity among Divisions in the planning process and systems and delineate functionwise goals with their linkages to strategies, organisation, systems and action plan. This is expected to help reinforce the professional management in its activities through better monitoring and control.

## PERSONNEL

The Corporation had a manpower of 32,930 including 7,550 officers on 31st March, 1988.

## Welfare of Employees

Your Corporation continued to follow and upgrade its policies and programmes aimed at promoting employees' welfare. These include medical facilities, concessional loans for house building and conveyance, facilities of transport and canteen, educational facilities for children of employees in refinery townships, classes for workers' education, sports and recreational facilities, assistance to employees' clubs, leave travel concession, facility of holiday homes, co-operative credit and consumer societies, incentives for family planning, medical leave and special medical facilities for employees suffering from serious ailments, group saving-linked insurance scheme through LIC for providing the twin benefits of life insurance and savings.

During the year a mortgage redemption scheme was introduced through LIC to provide cover to employees against house building advance drawn by them. As another welfare measure, a contributory Superannuation Benefit Fund Scheme was launched to provide a regular monthly income to not only retiring employees but also those who die in harness.

## Index



**Employees' Participation in Management**

Committed to the concept of employee participation in management in accordance with the Government Scheme, your Corporation continued its drive for accelerating the participatory process and widening its base. The scheme is applicable to all the Divisions and considerable progress has been achieved at many units. Sixty-one shop councils and 16 plant level committees have been set up at the refineries at Guwahati, Gujarat and Mathura and in the establishments of the Marketing Division and the Pipelines Wing.

**Welfare of Weaker Sections**

The Presidential Directives for recruitment and promotion of Scheduled Castes and Scheduled Tribes and the Government instructions regarding employment of the physically handicapped and ex-servicemen continue to be followed. Since 1971, when the Directive for reservation for SC/ST candidates was received, over 24% of the vacancies were filled from amongst Scheduled Castes and Scheduled Tribes candidates against the all-India average requirement to recruit 22.5%.

The Corporation recruited during the year 1518 employees. Of these 353 belonged to SC/ST communities, 27 were physically handicapped and 60 ex- servicemen. The Indianoil Scholarship. Scheme for SC/ST graduate engineering students was made more attractive by increasing the monthly stipend to Rs 750 from the earlier Rs 500. The scheme was also extended to include SC/ST students pursuing full-time courses in Medicine and Business Administration.

**Sports**

To encourage sports and improve sporting standards in the country the Corporation not only has requisite infrastructure and facilities at various housing colonies and townships but has also been recruiting talented and outstanding sportspersons in various disciplines. The sportspersons are provided all facilities to pursue their sport with single-minded devotion. Besides, requisite training and coaching is arranged to encourage them to excel and bring laurels not only for the organisation but also the country. Our sportspersons are performing very well. One of our employees, Miss Niyati Roy, is the National Table-Tennis champion and has been selected to represent India in the Olymic Games at Seoul.

During the year, our teams participated in touranments of the Petroleum Sports Controls Board and the All Inida Public Sector Undertakings Tournaments/ events in Cricket, Badminton, Table Tennis and Tennis. Your Corporation also hosted the PSCB Hockey Tournament at Delhi where 112 players from seven member organisations of the PSCB participated.

**Industrial Relations**

Industrial Relations in the Corporation during the year generally continued to be cordial and harmonious. There was, however, a temporary disturbed situation, in the later half of the year, at a few stations in the Eastern Region of the Marketing Division and sporadic instances of stoppage of work by workmen in some units of the Refineries and Pipelines Division.

**Training**

High priority continued to be placed by the Corporation on training of employees in line with organisational needs. Some highlights of training activities during the year were:

— 6,282 officers and 10,779 non-



**Extreme Left:**  
*Welfare of employees has high priority in Indianoil—a view of employees' canteen at the registered office in Bombay.*

**Left:**  
*A quality circle meeting in progress at Cochin AFS.*

**Tops:**  
*Miss Niyati Roy, PRO in the Marketing Division at Bombay has been selected to represent India in Table Tennis at the Seoul Olympics.*



# Directors' Report *Contd...*

- officers participated in various technical, managerial and skill development training programmes.
- Greater attention was given for the training of SC/ST employees.
- Computer training received special attention and employees were selected for intensive exposure in computer application to develop a core group of computer personnel to cater to impending requirements. Employees were also trained by professional institutes. Computer programmes were specially designed for senior managers on the use of computer as a management tool and hands-on training programme on PCs were arranged for them. Programmes were also conducted on System Analysis for the recently recruited programmers.
- Skill development training alongwith specialised programmes were organised for engineers and technicians at BHEL, Trichi, Instrumentation Ltd., Kota, Indian Institute of Petroleum, Dehradun, National Council for Cement and Building Materials, Ballabgarh, and Advanced Training Institute, Dehradun.

- A two-day workshop on 'Productivity & HRD' was conducted for General Managers. Besides 12 Chief General Managers and General Managers it was also attended by the Chairman, Director (Personnel), Director (Marketing) and Director (R&P). A two-day workshop on Productivity, Marketing Strategies & HRD was also conducted for the first time for the Deputy General Managers.
- Four workshops were conducted on behalf of the Oil Coordination Committee at Metropolitan cities on 'Detection and Control of malpractices in Petroleum Industry' for senior managers from the oil industry. The purpose of these workshops was to develop core faculty members who would conduct training programmes for employees in their respective companies.
- Training on 'Petroleum Storage, Handling and Distribution' was continued to be imparted to Army Officers. During the year 61 Army Officers (including 2 Army Officers from Nigeria) were trained. A special one-week programme for Defence Engineers from C.M.E. was also conducted.

- Seventy-one Air Force personnel were imparted training on 'Aviation Operations & Quality Control'.
- Two Army Officers from Nigeria participated in our POL Courses and one manager from Nepal Oil Corporation in our Marketing Management Programme. A training programme was specially conducted. for four officers Maldives Aviation Authority. It comprised two weeks' class room training and six weeks on-the-job training.

## Index

### Human Resource Development

During the year under review, your Corporation further widened the scope, spread and depth of its Human Resource Development activities. Initiatives taken earlier have begun bringing results. After extensive Role Analysis the role descriptions have been documented in Role Directories. The process of role analysis has been educative and has clarified job perceptions. The Goal-Setting process has also percolated down-the-line and covered almost all functional areas.

A new Performance Appraisal system is being developed. The new system provides for Self Appraisal which will help in Self-Analysis and Development.



After considerable debate and discussion Career Path models have been developed for all levels of officers in different functional areas. These models have been made available to the officers. This is likely to help in meeting not only organisational needs but also identifying the individual's potential for his self development.

Succession Planning has been completed for critical posts. A centralised recruitment system for officers has been instituted and actions are on hand for strengthening manpower planning and forecasting systems.

An evaluation study for training effectiveness in the Corporation was carried out. A diagnostic survey for workmen was undertaken on a large scale, computerising responses of 4,000 employees to a questionnaire in nine regional languages. Based upon the analysis, follow-up action is being initiated.

## A CORPORATE CITIZEN

### Donations

As part of community relations and to encourage developmental efforts, particularly in the fields of education, medicine, art and culture, the Corporation donated about Rs 51 lakhs during the year to various reputed educational, management development, medical institutions and the Chief Ministers' Relief Funds. To help in pollution abatement Rs 5 lakhs were also contributed to the Indian National Trust for Art & Cultural Heritage for the cleaning of Mansi Ganga and construction of a bridge across it, at Govardhan town.

The Corporation and its employees

contributed Rs one crore to the Prime Minister's National Relief Fund on 28th July, 1988 to strengthen the Government's efforts in helping people in distress.

### Social Obligations

As a good corporate citizen, Indianoil has been regularly contributing to various social causes, particularly in the vicinity of its more than 300 units spread all over the country. During 1987-88 Indianoil spent nearly Rs 38 lakhs on several public causes including assistance to the under-privileged.

The assistance rendered was largely in the areas of providing adequate drinking water, public health and education, promotion of youth welfare and sports, environment protection, customer education and scholarships to Scheduled Castes/Scheduled Tribes students

The drinking water and health programmes were concentrated in villages around refinery townships at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi. An amount of about Rs 20 lakhs was spent on such schemes alone. These included provision of handpumps and tubewells for clean drinking water and health-care programmes including immunization, programmes, free diagnosis, treatment and distribution of medicines and nutritional

supplements. At some places away from Indianoil units, ambulances were donated to reputed charitable organisations engaged in rural welfare.

To develop and channelise energies of youth, over a dozen sports camps and tournaments were conducted at various places in the country. Literacy drives were conducted and special attention paid to women for upgrading their skills to enable them to become self supporting.

The Corporation has already recruited four batches of students from the Scheduled Castes/Scheduled Tribes as Indianoil Scholars. In the fifth batch, which would be recruited this year, 50 students would be selected from amongst those studying in the second year Degree Programme of Engineering or Medicine or the first year Post Graduation Course in Business Administration/Management. The selected Indianoil Scholars are offered a stipend of Rs 750 per month during studies and thereafter considered for employment in the Corporation.

### HINDI IMPLEMENTATION

In accordance with Official Languages Act, 1963 and Official Languages Rules,



#### Left:

Training, both functional and developmental, has high priority in Indianoil.

#### Right:

Shri Sunil Dutt, MP, handing over Indianoil's donation of Rs 10 lakhs to Smt. Mithu Alur of the Spastics Society of India. Looking on are Indianoil Chairman Shri S.L. Khosla and Director (Marketing) Shri B.K. Bakshi (extreme right).

# Director's Report *Contd...*

Index

1976, efforts were intensified for the progressive use of Hindi in official work. Some major steps taken by the Corporation during the year are:

- Incentives, in the form of cash awards, were given to employees who passed the Hindi Prabodh, Praveen, Pragya and Hindi Typing and Stenography examinations under the Hindi Teaching Scheme.
- Regular meetings of Hindi Implementation Committees were held at our various units.
- 52 workshops were organised for training employees in Hindi noting and drafting.
- Nine stenographers and 20 typists have been trained in Hindi.
- 286 Hindi typewriters are in use at our various offices. One word processor was also procured for the headquarters of the Refineries & Pipelines Division.
- To encourage use of Hindi, various competitions were held like debates, poetry competition, 'shrut-lekh' and short stories, notings and draftings, typing and stenography.
- Steps have been taken to progressively use bilingual forms and standard draftings. As on 31st March, 1988, 1613 forms had been made bilingual.
- Various agreements, rules, manuals have been translated into Hindi.

To facilitate originating correspondence in Hindi a glossary of technical terms used in the oil industry has been brought out. A bilingual compendium of standard letters has also been produced. Several House Journals like 'Tel Bharati', 'Raj Bhashika', 'Tel

Manthan, 'Sneh Dhara', 'Tel Anusandhan', 'R&P News Bulletin', 'Indianoil Samachar' are being brought out in Hindi by our units. 'Indianoil Samachar' was also awarded the First Prize by the Association of Business Communicators.

## 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 52 lakhs as against Rs 55 lakhs in the previous year after providing for depreciation of Rs 81 lakhs and taxation provision of Rs 53 lakhs. A dividend of 10% has been recommended for the year 1987-88. The lube blending plants at Bombay and Calcutta produced 190,305 kl and 129,698 kl attaining a capacity utilisation of 126.9% and 129.7% respectively. Grease production at the Bombay plant was 7048 tonnes. The grease plant is being resited and modernised. A lube blending plant is proposed to be set up at Asaoti, 43 km from Delhi.

## FOREIGN TOURS

Out of the 105 tours undertaken by officers of the Corporation during 1987-88, 21 were for attending training programmes. The total expenditure on foreign tours was Rs 35.98 lakhs out of which Rs 9.48 lakhs was on training courses.

## ENTERTAINMENT EXPENSES

The Entertainment Expenses of the Corporation for the year 1987-88 were Rs 5.72 lakhs.

## BOARD OF DIRECTORS

Consequent to his transfer Shri D.K. Biswas, Director, Department of Environment, resigned from the Directorship of the Corporation with effect from

26th June, 1987. Shri V.M. Lal, Director (Shipping), Department of Surface Transport, also ceased to be a Director of the Corporation effective 31st May, 1988. 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 (as amended by the Companies Amendment Act, 1988) and Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1998, are annexed.

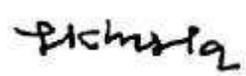
## ACKNOWLEDGEMENTS

The greatest resource of the Corporation is its employees. It is these committed men and women who have made your Corporation world ranked and a leader of the country's petroleum industry.

The Board of Directors deeply appreciate the enthusiasm, initiative, hardwork and dedicated efforts of the members of the Indianoil family, without which the excellent results and achievements of your Corporation could not have been possible.

The Directors also acknowledge their gratitude for the valuable advice guidance and support received from the Government of India and the State Governments.

For and on behalf of the Board



New Delhi

Chairman

Date: 18th August, 1988.



# Performance at a Glance

	1987-88	1986-87	1985-86	1984-85	1983-84
REFINERIES THROUGHPUT (in million tonnes)	21.79	21.02	20.79	20.57	19.46
PERCENTAGE UTILIZATION OF CAPACITY*	102.5	102.8	101.6	100.6	95.2
PIPELINES THROUGHPUT (in million tonnes)	19.63	18.60	18.61	17.90	16.25
PRODUCT SALES (in million tonnes)	27.08	25.80	23.84	22.97	21.55
	(Rs. in Crores)				
TURNOVER	14,406.54	12,907.80	11,362.24	11,051.03	10,293.18
PROFIT - before depreciation, Interest payment and tax provision	857.89	930.48	492.70	404.90	416.11
PROFIT - before depreciation and tax provision	769.53	874.21	421.17	326.38	326.70
PROFIT - after depreciation, interest but before tax provision	571.76	671.22	194.15	162.35	144.04
PROFIT - after depreciation, interest and tax provision	409.76	428.22	128.97	83.51	82.54
LOANS REPAYED - from internal resources	57.87	33.62	34.65	36.89	34.87
DIVIDEND	22.19	19.72	17.26	17.26	17.26
RESERVES & SURPLUS –cumulative	1,610.93	1,223.36	814.86	703.15	636.89

\* Design capacity of 18.75 million tonnes has been progressively increased to 21.25 million tonnes through debottlenecking process.

NOTE: Figures include prior year and extraordinary adjustments.

# How Funds Generated and Utilised

Description	(Rs. in Crores)					
	For the Year ended 31st March					
	1988	1987	1986	1985	1984	1983
<b>A. SOURCE OF FUNDS:</b>						
1. Internal Resources:						
Retained Profit	388	408	112	66	65	100
Depreciation	186	194	218	160	178	104
	574	602	330	226	243	204
2. External Resources:						
Unsecured Borrowings	398	218	(121)	14	188	24
Secured Borrowings	26	(222)	343	(236)	(29)	(167)
	424	(4)	222	(222)	159	(143)
Total Funds	998	598	552	4	402	61
<b>B. UTILISATION OF FUNDS:</b>						
Increase in Fixed Assets (Net)	244	268	234	231	186	146
Investments	652	540	–	–	–	–
Net increase/decrease in working capital	102	(210)	318	(227)	216	(85)
	998	598	552	4	402	61
<b>CHANGES IN WORKING CAPITAL:</b>						
A. Current Assets:						
1. Inventories	36	(255)	612	144	247	51
2. Book Debts	59	56	(83)	50	(52)	(39)
3. Cash & Bank Balance	7	(12)	(17)	76	(5)	–
4. Loans & Advances	214	11	158	(128)	(30)	134
5. Interest accrued on Investments	14	8	–	–	–	–
	330	(192)	670	142	160	146
Less:						
B. Current Liabilities & Provisions	228	18	352	369	(56)	231
C. Working Capital (A-B)	102	(210)	318	(227)	216	(85)

NOTE: Figures in bracket denote minus

# Statement of Added Value – 1987-88

	1985-86		1986-87		1987-88	
	Rs. in Crores	Per- centage	Rs. in Crores	Per- centage	Rs. in Crores	Per- centage
<b>REFINERY OPERATIONS:</b>						
Value of Production	4085		4484		4932	
Cost of Direct Materials	<u>3755</u>		<u>4069</u>		<u>4456</u>	
	330		415		476	
Marketing Operations	273		363		467	
Pipeline operations	75		82		77	
Research & Development	<u>3</u>		<u>4</u>		<u>8</u>	
Value Added	681		864		1028	
Investment Earnings	–		11		91	
Prior Year & Extraordinary Income	<u>49</u>		<u>304</u>		<u>26</u>	
	730		1179		1145	
<b>SHARED TOWARDS:</b>						
1. Operations:						
Employee's Benefits (Salaries, Wages & Other Benefits)	131	18.0	143	12.1	160	14.0
Other Costs	<u>106</u>	14.5	<u>106</u>	9.0	<u>127</u>	11.1
	237		249		287	
II. Financing:						
Interest	72	9.9	56	4.8	88	7.7
Dividend	<u>17</u>	2.3	<u>20</u>	1.7	<u>22</u>	1.9
	89		76		110	
III. Taxation	65	8.9	243	20.6	162	14.1
IV. Expansion & Growth						
Depreciation	227	31.1	203	17.2	198	17.3
Retained Profits	<u>112</u>	15.3	<u>408</u>	34.6	<u>388</u>	33.9
	339		611		586	

Note: Value added presentation has been changed this year to indicate investment earnings and prior year adjustment separately.

# A Ten-Year Profile

		1987-88	1986-87	1985-86	1984-85
<b>WHAT WE OWE:</b>	Share Capital	123	123	123	123
	Reserves	1,611	1,223	815	703
	Net Worth	1,734	1,346	938	826
	Borrowings	1,141	717	721	499
		<b>2,875</b>	<b>2,063</b>	<b>1,659</b>	<b>1,325</b>
<b>WHAT WE OWN:</b>	Fixed Assets	2,515	2,271	2,003	1,769
	Less: Depreciation	1,431	1,245	1,051	833
		1,084	1,026	952	936
	Investments	1,192	540	–	–
	Working Capital	599	497	707	389
		<b>2,875</b>	<b>2,063</b>	<b>1,659</b>	<b>1,325</b>
<b>INCOME</b>	Sales	14,407	12,908	11,362	11,051
	Accretion/Decretion in Stock	(8)	133	239	(19)
	Other	181	113	80	71
		<b>14,580</b>	<b>13,154</b>	<b>11,681</b>	<b>11,103</b>
<b>EXPENDITURE</b>	Purchase & Manufacturing Expenses	13,450	11,982	10,979	10,509
	Establishment, Admn. & Selling Expenses	272	242	210	189
	Depreciation	198	203	227	164
	Interest	88	56	71	79
		<b>14,008</b>	<b>12,483</b>	<b>11,487</b>	<b>10,941</b>
<b>PROFIT BEFORE TAX</b>		572	671	194	162
<b>PROFIT AFTER TAX</b>		410	428	129	83
<b>DIVIDEND</b>		22	20	17	17
<b>RETAINED EARNINGS</b>		388	408	112	66
<b>RATIOS:</b>	Profit after tax as % to average net worth	26.6	37.5	14.6	10.5
	Earnings per Equity Share (Rupees.)	3,324	3,474	1,046	677
	Net worth/Equity share (Rupees.)	14,069	10,925	7,611	6,704

NOTE: Figures in bracket denote minus.

(Rs. in Crores)

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

# Review of Accounts

## Review of the Accounts of Indian Oil Corporation Ltd. for the year ended 31st March, 1988 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:

	1986	1987	As at 31st March (Rs. in lakhs) 1988
<b>Assets:</b>			
i) Net Fixed Assets	70,654.13	72,841.17	75,675.97
ii) Capital Work-in-Progress	24,469.14	29,714.67	32,704.60
iii) Investments	46.14	*54,046.03	119,245.17
	<u>95,169.41</u>	<u>156,601.87</u>	<u>227,625.74</u>
<b>iv) Working Capital:</b>			
a) Current Assets, Loans & Advances	273,470.77	254,218.34	287,213.95
b) Less: Current Liabilities (Including Provisions)	<u>202,696.10</u>	<u>204,490.85</u>	<u>227,355.56</u>
	<u>70,774.67</u>	<u>49,727.49</u>	<u>59,858.39</u>
<b>TOTAL ASSETS</b>	<b>165,944.08</b>	<b>206,329.36</b>	<b>287,484.13</b>
<b>Less:</b>			
Long Term Loans	18,394.64	9,838.70	3,964.67
Short Term Loans	34,423.73	42,493.24	100,855.64
Public Deposits	19,313.51	19,335.26	9,244.57
<b>NET WORTH</b>	<b><u>93,812.20</u></b>	<b><u>134,662.16</u></b>	<b><u>173,419.25</u></b>
<b>Net Worth shown above is represented by:</b>			
Paid up Capital	12,326.58	12,326.58	12,326.58
Reserves & Surplus	<u>81,485.62</u>	<u>122,335.58</u>	<u>161,092.67</u>
	<u>93,812.20</u>	<u>134,662.16</u>	<u>173,419.25</u>

\*Includes Rs. 10,000.00 lakhs towards application monies for Bonds

- b) The paid up Capital was increased from Rs. 8217.72 lakhs to Rs. 12,326.58 lakhs by issue of Bonus shares for Rs. 4,108.86 lakhs in 1981-82 and is maintained at that level since then.
- c) The Debt Equity Ratio of the Company was 3.05:1 in 1985-86, 2.37:1 in 1986-87 and 1.07:1 in 1987-88.
- d) The Company had declared dividend on the Equity Capital at the rate of 14% during 1985-86, 16% during 1986-87 and has proposed dividends at the rate of 18% for 1987-88 accounting for Rs. 2,218.79 lakhs.

## 2. Capital Work-in-Progress

The Company has a number of capital works in hand. The expenditure on these as on 31st March 1988 amounted to Rs 32,704.60 lakhs.

## 3. Working Capital

a) The working capital of the Company for the year ended 31.3.1986, 31.3.1987 & 31.3.1988 was Rs. 70,775 lakhs, Rs. 49,727 lakhs and Rs. 59,858 lakhs respectively which has been financed by bank borrowings and internal generation of funds.

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:

	(Rupees in lakhs)		
	1985-86	1986-87	1987-88
1. Raw Materials (Crude, Lube base stock etc)	95,627	57,505	58,789
2. Stores & Spares, Catalysts and Chemicals	16,158	15,528	18,605
3. Stock-in-process	6,536	6,888	6,672
4. Finished Goods	89,179	102,143	101,585
5. Other Stores (Stock of Empty Barrels)	318	253	262

The stock of Raw materials is equivalent to about 1.52 months' consumption in 1987-88 as compared to 1.62 months' in 1986-87 and 2.89 months' in 1985-86.

The Stores & Spares, Catalysts and Chemicals at the end of 1987-88 represented 14.45 months' consumption as against 13.03 months' in 1986-87 and 15.16 months' in 1985-86. Included in this, are the Stores & Spares of Pipeline Division amounting to Rs. 2,368 lakhs as on 31st March, 1988.

The stock-in-process at the end of 1987-88 represented about 0.056 months' value of business (at cost) as against 0.067 months' and 0.066 months' at the end of 1986-87 and 1985-86 respectively.

The finished goods at the end of 1987-88 amounted to about 0.85 month's sale as compared to 0.97 months' in 1986-87 and 0.94 months' in 1985-86.

- ii) **Sundry Debtors:** The Sundry Debtors as on 31.3.1986, 31.3.1987 & 31.3.1988 amounted to Rs. 24,179.51 lakhs, Rs. 29,899.09 lakhs and Rs. 35,764.07 lakhs respectively of which Rs. 1,106.40 lakhs, Rs. 1,227.51 lakhs and Rs. 1,183.07 lakhs as on 31.3.1986, 31.3.1987 and 31.3.1988 were considered doubtful and provided for the percentage of debtors to sales was 2.14%, 2.37% and 2.48% as on 31.3.1986, 31.3.1987 & 31.3.1988 respectively.
- iii) **Cash & Bank Balances:** The balance under this head has increased from Rs. 6,266.62 lakhs as on 31.3.1987 to Rs. 6,968.18 lakhs owing mainly due to increase in the amount on Fixed Deposit Account with Scheduled Banks as on 31.3.1988 compared to the previous year.
- iv) **Loans & Advances:** The balance has gone up from Rs. 38,003.46 lakhs as on 31st March, 1987 to Rs. 59,428.60 lakhs as on 31st March, 1988. Of the amount of Rs. 4,856.33 lakhs shown as claims recoverable under this head as on 31st March, 1988, Rs. 156.15 lakhs is recoverable from Oil Companies and Shipping Companies (under Marketing Division).



# Review of Accounts *Contd....*

## 4. Working Results:

The working results for the three years ended 31st March, 1988 are given below:

	(Rupees in lakhs)		
	1985-86	1986-87	1987-88
<b>a) Income:</b>			
i) Sales of products and crude including Company's use of own oil.	11,32,515	12,63,009	14,39,581
ii) Recovery of main installation and other charges	378	233	372
iii) Increase/Decrease in finished goods	23,926	13,316	(755)
iv) Interest	1,773	3,459	11,525
v) Other Income	2,042	2,469	3,238
vi) Provision for Doubtful Debts written back	410	545	458
vii) Recovery under an Award	846	654	-
viii) Income relating to extra-ordinary items (Net)	-	29,122	2,945
Total Income (a) :	<u>11,61,890</u>	<u>13,12,807</u>	<u>14,57,344</u>
<b>b) Expenditure:</b>			
i) Purchase of products and crude for resale	4,93,846	5,51,359	6,46,979
ii) Raw Materials consumed	3,97,299	4,26,350	4,64,627
iii) Stores & Spares consumed	12,794	14,302	15,446
iv) Power & Fuel	1,248	2,341	2,070
v) Repairs & Maintenance	6,674	7,796	7,228
vi) Payments to Employees	12,686	14,282	15,404
vii) Office Admn. Selling & Other Expenses	8,435	9,798	11,735
viii) Depreciation	22,609	20,252	19,955
ix) Duties	1,47,372	1,52,902	1,61,354
x) Interest	7,393	5,574	8,846
xi) Others	37,378	42,740	46,952
Less: Transfer to Capital Accounts	619	428	1,076
Total Expenditure(b)	<u>11,47,115</u>	<u>12,46,268</u>	<u>13,99,520</u>
c) Profit for the year (a-b)	14,775	66,539	57,824
d) Prior year adjustment	4,640	583	(648)
e) Profit before tax (c+d)	<u>19,415</u>	<u>67,122</u>	<u>57,176</u>

With the provision for taxation of Rs 16,200 lakhs and creation of Export Profit Reserve Account for Rs. 3,011 lakhs the disposable profit for the year comes to Rs. 37,965 lakhs.

The profit for the year constituted 1.27%, 5.07% and 3.97% of the total income for the years 1985-86, 1986-87 and 1987-88 respectively.

The total Income for 1987-88 had registered an increase of 11.01% over that of 1986-87, while the total expenditure for 1987-88 rose by 12.30% over that of 1986-87. The increase in the total Income is attributable to increased quantity of products sold.



## 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 1986-87 and 1987-88 is indicated below:

Refineries at	Capacity	(In Million MTs) Capacity adopted by OCC for Pricing Purpose	Actual thruput (% capacity)	
			1986-87	1987-88
i) Guwahati	0.85	0.80	0.80 (94%)	0.82 (96%)
ii) Barauni	3.30	3.00	2.86 (87%)	2.64 (80%)
iii) Gujarat	*7.30/8.10	6.80	7.84 (107%)	8.44 (104%)
iv) Haldia	2.50	2.35	2.62 (105%)	2.81 (112%)
v) Mathura	6.00	5.40	6.35 (106%)	6.53 (109%)
vi) Digboi	0.50	0.50	0.55 (110%)	0.55 (110%)
	<u>21.25</u>	<u>18.85</u>	<u>21.02</u> (103%)	<u>21.79</u> (103%)

\* Revised upward from 7.30 MMT w.e.f. 1.4.87 Vide Govt. letter No. 0-41016/87-ORI dated 15.1.1988.

All the Refineries of the Corporation except Barauni and Digboi recorded higher thruput during 1987-88 over the previous year. Refineries at Gujarat and Mathura recorded the highest thruput ever achieved so far. The capacity utilisation of these Refineries during 1987-88 was 104% and 109% respectively.

### 2. Sale Performance of Marketing Division:

Sales volume, Company's share in the overall market, growth rates of sales of Indina Oil Corporation and Industry during the three years ended 31st March, 1988 are given below:

Year ended 31st March	Sales volume (in MMT)	IOC's share in market (%)	IOC's growth rate of sales (%)	Industry growth (%)
1986	23.84	58.3	3.8	4.3
1987	25.82	59.2	8.3	6.7
1988	27.10	58.4	5.0	6.4

# Review of Account *Contd...*

## 6. Fuel &amp; Loss:

- i) Fuel & Loss percentage in the six refineries of the Company during 1986-87 and 1987-88 are compared below with OCRC Norms.

Refineries at	OCRC Norms(%)		Actual (%)	
	1986-87	1987-88	1986-87	1987-88
a) Guwahati	*10.13	10.13	8.04	8.63
b) Barauni	*8.47	8.47	8.96	8.96
c) Gujarat	7.50	7.50	5.77	6.05
d) Haldia	10.13	10.13	8.91	9.05
e) Mathura	6.61	6.61	5.47	5.42
f) Digboi	3.40	3.40	3.80	3.80

- \* Revised from 9.00% to 10.13% for Guwahati Refinery on commissioning of Naptha splitter facilities and from 7.17% to 8.47% for Barauni Refinery on commissioning of Additional Coking Unit.

- ii) Reasons for variation in Acutal Fuel & Loss for 1987-88 as compared to 1986-87 are as under:

Guwahati	:	Higher due to lower actual losses observed during 1986-87
Gujarat	:	Higher due to lower sludge recovery and higher secondary processing.
Haldia	:	Marginally higher due to higher lube operations.
Mathura	:	Variation is marginal.

Sd/

(B.M. OZA)

Member, Audit Board &amp; Ex-Officio

Director of Commercial Audit-II.



# Auditor's Report

## Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1988 and the Profit and Loss Account of the Corporation annexed thereto for the year ended on that date in which are incorporated the accounts of certain refineries/divisions audited by other auditors and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1975, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  2. Further to our comments in the Annexure referred to in paragraph 1 above:
    - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of the books;
    - c) The allocation of work between the auditors has been followed as per directions contained in the letter NO. 17/190/85/IGC dated 18th January, 1988 addressed to Indian Oil Corporation Limited by the Government of India, Ministry of Industry & Company Affairs, Department of Company Affairs, New Delhi;
    - d) The reports on the accounts audited by the respective Branch Auditors were received and properly dealt with by us while preparing our report;
    - e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
    - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes, appearing on Schedule 'P', given the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
      - i) In the case of Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1988.
- and
- ii) In the case of Profit and Loss Account, of the Profit of the Corporation for the year ended on that date.

RAY & RAY  
Chartered Accountants

P.K. CHOPRA & CO.  
Chartered Accountants

P.C. HANSOTIA & CO.  
Chartered Accountants

Sd/  
S.C. SAHA  
Partner

Sd/-  
P.K. CHOPRA  
Partner

Sd/-  
R. RAGHAVAN  
Partner

New Delhi  
Dated: 30th June, 1988



# Auditor's Report *Contd...*

## Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of Even Date)

1. The Corporation has generally maintained proper records to show full particulars including quantitative details and situation of fixed assets except in case of certain Furniture & Fixtures. The fixed assets of the Corporation are physically verified by the Management in a phased programme of three year cycle which, in our opinion, is reasonable having regard to the size of the Corporation and the nature of assets. However, in a few units, the reconciliation of fixed assets verified is still in progress. As per the information given to us by the Management, no serious discrepancies have been noticed on such physical verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, packages and raw materials (except those lying with outside parties) have been physically verified during the year by the Management and the stock of stores and spare parts (except capital stores) are verified by them in a phased programme so as to complete the verification of all items over a period of three years. In our opinion, the above frequency of verification is reasonable. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were insignificant in respect of items reconciled and the same have been properly dealt with in the books of account. In some cases, the reconciliation between physical stocks and Price Stores Ledger is pending and the discrepancy, if any, is not likely to be material according to the Management. In our opinion, the valuation of stocks read with para-8 below is fair and proper in accordance with 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 or from companies under the same Management.
5. Loans and advances in the nature of loans have been given to the employees and outside parties who are repaying the principal amounts as stipulated and are also regular in the payment of interest.
6. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Corporation and nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets.
7. In our opinion and according to the information and explanations given to us, the prices paid for purchases of stores, raw materials or components in excess of Rs. 10,000/- in value for each type thereof, from subsidiaries or from companies or other parties in which the Directors are interested, are reasonable as compared to the prices of similar items supplied by other parties or as available with the Corporation, except in some cases where the Corporation is awarding contracts to Public Sector Undertakings and/or Government Companies who enjoy a price preference, generally not exceeding 10 per cent, under the general guidelines of the Government.
8. As explained to us, the Corporation has a regular procedure for the determination of unserviceable, damaged and / or surplus stores, packages and raw materials. However, loss, if any, on the above items has not been provided as the quantum thereof is stated to be determinable at the time of disposal.
9. In our opinion and as per the information and explanations given to us, the Corporation has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder in respect of deposits accepted by it from the public.
10. In our opinion, reasonable records have been maintained by the Corporation for the sale and disposal of contaminated products, slops and scraps, where significant.

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

RAY & RAY  
Chartered Accountants

P.K. CHOPRA & CO.  
Chartered Accountants

P.C. HANSOTIA & CO.  
Chartered Accountants

Sd/-  
S.C. SAHA  
Partner

Sd/-  
P.K. CHOPRA  
Partner

Sd/-  
R. RAGHAVAN  
Partner

New Delhi  
Dated: 30th June, 1988



# Accounting Policies

## Statement on Accounting Policies

Index

### 1. FIXED ASSETS:

#### 1.1 Land:

Land acquired on lease for 999 years is treated as free hold land. Cost of Right-of-Way for laying pipelines is capitalised.

#### 1.2 Construction Period Expenses on Projects

Construction period expenses including crop compensation for laying pipelines, administration and supervision expenses exclusively attributable to Projects are capitalised. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue. Financing cost during the construction period on loans raised for/allocated to projects is capitalised.

#### 1.3 Depreciation:

1.3.1 Cost of lease-hold land other than for 999 years 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 Rs. 1/-. Furniture & Fixtures costing upto Rs. 1,000/- are charged off to Revenue.

Capital expenditure on assets, like electricity transmission lines, railway siding, etc., the ownership of which is not with the Corporation are depreciated in full over a period of five years.

Depreciation on fixed assets other than the 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 Companies Act, 1956, retaining 5% of the original cost of the asset as residual value. Depreciation is charged for full year on assets capitalised during the year. No depreciation is charged on assets sold/disposed off during the year.

#### 1.4 Exchange Rate:

Liability for foreign credit is provided on the basis of Bank selling rates ruling at the time of capitalisation of assets acquired against such credits. Subsequent exchange fluctuations are charged to revenue in the year of payment.

### 2. CURRENT ASSETS, LOANS AND ADVANCES:

#### 2.1 Valuation of Inventories:

##### 2.1.1 Raw Materials

2.1.1.1 Crude Oil is valued at cost on First in First Out basis. Base oils are valued at cost determined as per pricing mechanism approved by the Government from time to time. Additives are valued at weighted average cost.

2.1.1.2 Process Stock is valued at raw material cost.

##### 2.1.2 Stock-in-Trade:

2.1.2.1 Finished products are valued at cost or net realisable value, whichever is lower.

The cost of price controlled finished products is determined as per pricing mechanism approved by the Government from time to time.



2.1.2.2 The cost of free trade products internally produced is taken at cost determined as per the pricing mechanism approved by the Government plus additional processing cost, wherever applicable. The cost of non-price controlled lubes and greases is determined at weighted average cost.

2.1.2.3 Imported products in transit are valued at CIF cost.

## 2.2 Claims

2.2.1 Claims on Oil Coordination Committee/Government are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clari fications subject to final adjustment as per separate audit.

2.2.2 Other claims are accounted when there is certainty that the claims are realisable.

## 3. LIABILITIES & PROVISIONS:

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

3.2 Show cause notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such show cause notices after considering Corporation's views, these demands are either paid or treated as liabilities, if accepted by the Corporation and are treated as contingent liability, if disputed by the Corporation.

## 4. PROFIT & LOSS ACCOUNT:

4.1 Sales proceeds are arrived at after adjustment of Industry Pool Accounts

4.2 Raw Materials consumed/and purchases of products are net of industry Pool Account adjustments.

4.3 Payment of gratuity is made through trust and the amount contributed, based on actuarial valuation, is charged to Profit and Loss Account.

4.4 Loss, if any, on surplus/slow moving/obsolete items included amongst stores is accounted for only in the year of their disposal.

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

4.6 Income and expenditure upto Rs. 1 lakh in each case pertaining to prior years are accounted for in the current year.

4.7 Interest income on Book Debts, wherever applicable for supply of Petroleum Products to the customers is accounted for on receipt basis.

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

New Delhi

Dated: 30th June, 1988



# Balance Sheet

Balance Sheet as at 31st March, 1988

Index

	Schedule	Rupees (in lakhs)	1987 Rupees (in lakhs)	Rupees (in lakhs)
<b>I. SOURCES OF FUNDS:</b>				
1. Shareholder's Funds:				
a) Share Capital	'A'	12,326.58		12,326.58
b) Reserves and Surplus	'B'	1,61,092.67		1,22,335.58
			1,73,419.25	1,34,662.16
2. Loan Funds:				
a) Secured	'C'	14,693.78		12,143.95
b) Unsecured	'D'	99,371.10		59,523.25
			1,14,064.88	71,667.20
<b>TOTAL:</b>			<b>2,87,484.13</b>	<b>2,06,329.36</b>
<b>II. APPLICATION OF FUNDS:</b>				
1. Fixed Assets:				
a) Gross Block	'E'	2,18,796.10		1,97,359.97
b) Less: Depreciation		1,43,120.13		1,24,518.80
		75,675.97		72,841.17
c) Construction Work-in-Progress and Capital Goods in Stock	'F'	32,704.60		29,714.67
			1,08,380.57	1,02,555.84
2. a) Investments				
b) Application Monies for 10% Tax Free Redeemable Non-Convertible Bonds	'G'	1,19,245.17		44,046.03
		—		10,000.00
			1,19,245.17	54,046.03
3. Current Assets, Loans and Advances:				
A. Current Assets:				
a) Interest accrued on Investment		2,179.65		754.98
b) Inventories	'H'	1,85,912.80		1,82,318.29
c) Book Debts	'I'	34,581.00		28,671.58
d) Cash Balances including imprest and cheques in hand		5,602.04		5,456.96
			C/F...	2,17,201.81
		2,28,275.49		1,56,601.87
	Carried forward		2,27,625.74	



	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
Brought Forward...			2,27,625.74	1,56,601.87
B/F...		2,28,275.49		2,17,201.81
e) Bank Balances:				
With Scheduled Banks:				
i) On Current Account		276.64		198.68
ii) On fixed Deposit Account (including <b>Rs. 15.54 lakhs</b> 1987:Rs. 15.54 lakhs lodged with outside parties)		1,044.93		573.74
iii) On Blocked Account (including on Fixed Deposit Account <b>Rs. 41.38 lakhs</b> 1987: Rs.34.45 lakhs)		44.54		37.21
iv) With Post Office In Savings Account		0.03 57,572.32		0.03 36,206.87
B. Loans and Advances	'J'	2,87,213.95		2,54,218.34
Less: Current Liabilities and Provisions	'K'	2,27,355.56		2,04,490.85
Net Current Assets (Working Capital)			59,858.39	49,727.49
Total			<u>2,87,484.13</u>	<u>2,06,329.36</u>
4. Contingent Liabilities not provided for (Refer Schedule 'P' Note-1)				
5. Notes forming part of Accounts	'P'			

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

As per our Report attached  
RAY & RAY  
Chartered Accountants

P.K. CHOPRA & CO.  
Chartered Accountants

P.C. HANSOTIA & CO.  
Chartered Accountants

Sd/-  
S.C. SAHA  
Partner

Sd/-  
P.K. CHOPRA  
Partner

Sd/-  
R. RAGHAVAN  
Partner

New Delhi  
Dated: 30th June, 1988

# Profit & Loss Account

Profit & Loss Account for the year ended 31st March, 1988

Index

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>INCOME :</b>				
1. i) Sale of Products and Crude and Transfers under Product Exchange		14,38,276.62		12,61,523.20
ii) Less: Commission & Discounts		838.39		712.49
		<u>14,37,438.23</u>		<u>12,60,810.71</u>
2. Company's use of own oil		<u>2,143.02</u>		<u>2,198.65</u>
			14,39,581.25	<u>12,63,009.36</u>
3. Recovery of Main Installation and other charges			371.43	232.86
4. Increase/(Decrease) in Stocks: Closing Stock as on 31st March, 1988:				
Finished Products		1,01,584.81		1,02,143.41
Stock-in-Process		<u>6,671.68</u>		<u>6,888.25</u>
		<u>1,08,256.49</u>		<u>1,09,031.66</u>
Less: Opening Stock as on 1st April, 1987:				
Finished Products		1,02,143.41		89,179.42
Stock-in-Process		<u>6,888.25</u>		<u>6,536.13</u>
		<u>1,09,031.66</u>		<u>95,715.55</u>
			(775.17)	<u>13,316.11</u>
5. Interest on				
i) Loans and Advances		2,042.26		629.67
ii) Fixed Deposits with Banks		364.03		70.22
iii) Customers Outstandings		201.77		1,754.01
iv) Fully paid Bonds (Tax Free) of Govt. Companies		2,847.92		397.53
v) Investment under Portfolio Management Scheme		6,068.95		607.69
vi) Other Government Securities		<u>0.43</u>		<u>0.23</u>
			11,525.36	<u>3,459.35</u>
6. Other Income	'L'		3,237.46	2,468.51
7. Provision for Doubtful Debts, Advances, Claims and Stores written back			458.31	544.93
8. Recovery under an Award			—	654.04
<b>TOTAL</b>			<u>14,54,398.64</u>	<u>12,83,685.16</u>



	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>EXPENDITURE :</b>				
1. Purchase of Products and Crude for resale and transfers under Product Exchange			6,46,979.15	5,51,359.40
2. Manufacturing, Administration, Selling and Other Expenses	'M'		5,63,216.62	5,16,467.49
3. Duties			1,61,353.66	1,52,902.17
4. Depreciation and Amortisation			19,954.75	20,251.65
5. Main Installation charges paid to Other Oil Companies			246.20	141.66
6. Interest				
a) On Fixed period Loans				
i) Government of India		206.03		352.59
ii) Oil Industry Development Board		405.51		634.74
iii) Oil Co-ordination Committee		155.11		497.50
iv) Deferred Foreign Credit		18.61		25.87
v) Public Deposits		2,157.90		3,045.54
b) Others		5,902.50		1,017.95
			<u>8,845.66</u>	<u>5,574.19</u>
			14,00,596.04	12,46,696.56
7. Less:				
i) Amount transferred to Construction period expenses pending allocation (Net of recovery of <b>Rs. 15.42 lakhs</b> , 1987; Rs. 12.61 lakhs)		934.57		291.13
ii) Expenses transferred to Manufacturing of drums		141.60		137.35
			<u>1,076.17</u>	<u>428.48</u>
			13,99,519.87	12,46,268.08
<b>TOTAL</b>			<u>13,99,519.87</u>	<u>12,46,268.08</u>
8. PROFIT before extra-ordinary and prior period Adjustments			54,878.77	37,417.08
9. Income relating to extra-ordinary items (Net)	'O-I'		2,944.86	29,122.16
<b>10. PROFIT FOR THE YEAR</b> Carried Forward...			57,823.63	66,539.24

# Profit & Loss Account *Contd...*

	Schedule	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>10. PROFIT FOR THE YEAR</b>			
Brought Forward		57,823.63	66,539.24
11. Income/(Expenses) relating to prior period (Net)	'O'	(647.75)	582.97
<b>12. PROFIT BEFORE TAX</b>		57,175.88	67,122.21
13. Provision for taxation; (including for sur-tax <b>Rs. NIL</b> 1987: Rs. 2413.00 lakhs)		16,200.00	24,300.00
<b>14. PROFIT AFTER TAX</b>		40,975.88	42,822.21
15. Balance brought forward from last year's Account		0.05	0.09
<b>16. DISPOSABLE PROFIT</b>		40,975.93	42,822.30
<b>APPROPRIATIONS :</b>			
17. Proposed Dividend		2,218.79	1,972.25
18. Export Profit Reserve Account		3,011.00	2,930.00
19. Insurance Reserve Account		30.00	30.00
20. General Reserve		35,716.00	37,890.00
<b>21. BALANCE CARRIED TO BALANCE SHEET</b>		0.14	0.05
TOTAL		40,975.93	42,822.30
22. Notes forming part of Accounts (Schedule 'P')			

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

New Delhi  
Dated: 30th June 1988



# Schedules

## SCHEDULE 'A' — Share Capital

Index

	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>Authorised:</b>		
15,00,000 Equity Shares of Rs. 1,000 each	<u>15,000.00</u>	<u>15,000.00</u>
<b>Issued and Subscribed :</b>		
12,32,658 Equity Shares of Rs. 1,000 each fully paid up	12,326.58	12,326.58
<b>Of the above Shares:</b>		
i) 3,76,497 Shares and 1,00,000 Shares were allotted as fully paid pursuant to the Petroleum Companies Amalgamation Order, 1964 and the Gujarat Refinery Project Undertaking (Transfer) (Amendment) Order, 1965, respectively, without payment being received in cash		
ii) 4,10,886 Shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve		
TOTAL	<u>12,326.58</u>	<u>12,326.58</u>

# Schedules *Contd...*

## SCHEDULE 'B' — Reserves and Surplus

Index

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>Capital Reserve:</b>			
As per last Account	15.82		—
Add: Transferred from General Reserve	—		15.82
		15.82	15.82
<b>General Reserve:</b>			
As per last Account	1,02,169.71		64,295.53
Less: Transferred to Capital Reserve	—		15.82
	1,02,169.71		64,279.71
Add: Transferred from Profit and Loss Account	35,716.00		37,890.00
		1,37,885.71	1,02,169.71
<b>Insurance Reserve:</b>			
As per last Account	190.00		160.00
Add: Transferred from Profit and Loss Account	30.00		30.00
		220.00	190.00
<b>Investment Allowance Reserve:</b>			
As per last Account	—		1,900.00
Less: Utilised for purchase of Machinery transferred to Investment Allowance (Utilised) Reserve	—		1,900.00
		—	—
<b>Investment Allowance (Utilised) Reserve:</b>			
As per last Account	17,030.00		15,130.00
Add: Transferred from Investment Allowance Reserve	—		1,900.00
		17,030.00	17,030.00
<b>Export Profit Reserve:</b>			
As per last Account	2,930.00		2,930.00
Add: Transferred from Profit & Loss Account	3,011.0		—
		5,941.00	2,930.00
<b>Profit and Loss Account :</b>			
Balance as per Annexed Account		0.14	0.05
<b>TOTAL</b>		<u>1,61,092.67</u>	<u>1,22,335.58</u>

**SCHEDULE 'C' — Secured Loans**

	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>Loans and Advances from Banks:</b>		
(Secured by hypothecation of raw materials, stock-in-trade, book debts, outstanding monies, receivables, claims, contracts, engagements, etc.)	14,642.88	12,027.68
Interest accrued and due on above	50.90	116.27
TOTAL:	<u>14,693.78</u>	<u>12,143.95</u>

**SCHEDULE 'D' — Unsecured Loans**

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. <b>Short-Term Loans and Advances from Bank</b> (due for payment within one year)		86,161.86	30,349.29
2. <b>Deferred Foreign Credit</b> (including <b>Rs. 183.14 lakhs</b> — 1987: Rs. 181.48 lakhs due for payment within one year)		341.06	514.57
3. <b>Other Loans and Advances:</b>			
i) From the Government of India (including <b>Rs. 682.62 lakhs</b> —1987: Rs. 1,057.62 lakhs due for payment within one year)	1,365.25		2,422.88
ii) From Oil Industry Development Board (including <b>Rs. 1,476.29 lakhs</b> —1987: Rs. 1,739.04 lakhs due for payment within one year)	2,258.21		4,771.15
iii) From Oil Co-ordination Committee (including <b>Rs. NIL</b> —1987: Rs. 170.38 lakhs due for payment within one year)	—		2,130.10
iv) Public Deposits (including <b>Rs. 3,939.23 lakhs</b> —1987: Rs. 10,253.32 lakhs due for payment within one year)	<u>9,244.57</u>		<u>19,335.26</u>
		12,868.03	<u>28,659.39</u>
4. Interest Accrued and due on Loans from Oil Co-ordination Committee		0.15	—
TOTAL:		<u>99,371.10</u>	<u>59,523.25</u>

# Schedules *Contd*

## SCHEDULE 'E'—Fixed Assets

Description	Gross Block At Cost As at 31st March, 1987	Additions during the year	Transfers from construction work in-progress
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
LAND—Freehold	2,154.14	335.08	—
—Leasehold	1,299.34	29.87	—
—Right of Way	86.73	—	—
BUILDINGS, ROADS ETC**	17,667.76	191.26	4,240.03
ENABLING ASSETS***	4.81	—	81.62
PLANT AND MACHINERY	1,63,100.14	10,411.44	6,829.96
TRANSPORT EQUIPMENTS	4,226.58	212.94	107.18
FURNITURE AND FIXTURES	1,485.88	88.75	182.03
RAILWAY SIDINGS	1,806.43	5.36	81.87
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	5,499.14	2.51	260.81
SUNDRY ASSETS	29.02	1.10	—
TOTAL :	1,97,359.97	11,278.31	11,783.50
PREVIOUS YEAR'S TOTAL :	1,75,807.62	10,926.76	11,812.75

Includes:

\* In respect of extra-ordinary/prior period adjustments **Rs. (171.59) lakhs** (1987: Rs. 48.25 lakhs)

\*\* Building include:

i) **Rs. 36,800** (1987: Rs. 34, 550) towards value of **731** (1987: 686) Shares in Co-operative Housing Societies for purchase of flats.

ii) **Rs. 46.67 lakhs** (1987: 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 reclassi- fication (Net)	Gross Block as As at 31st March, 1998	Depreciation and Amortisa- tion charged this year*	Total Depre- ciation and Amortisation upto 31st March, 1998	Net Depreciated Block	
				As at 31st March, 1998	As at 31st March 1987
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
(187.42)	2,301.80	—	—	2,301.80	2,154.14
11.25	1,340.46	21.74	120.53	1,219.93	1,200.56
—	86.73	—	0.03	86.70	86.70
(56.37)	22,042.68	645.38	3,931.41	18,111.27	14,378.84
139.13	225.56	82.91	156.22	69.34	3.34
(1,340.04)	1,79,001.50	18,038.94	1,30,071.48	48,930.02	49,874.56
(26.72)	4,519.98	390.51	2,951.89	1,568.09	1,616.45
(296.78)	1,459.88	130.88	528.63	931.25	918.19
(1.50)	1,892.16	108.21	798.23	1,093.93	1,115.60
132.80	5,895.26	361.32	4,541.85	1,353.41	1,480.40
(0.03)	30.09	3.27	19.86	10.23	12.39
<u>(1,625.68)</u>	<u>2,18,796.10</u>	<u>19,783.16</u>	<u>1,43,120.13</u>	<u>75,675.97</u>	<u>72,841.17</u>
<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>	

# Schedules *Contd...*

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

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Work-in-Progress (at cost) (including unallocated capital expenditure, materials at site and advances for capital expenditure)		21,518.23	18,446.68
2. Capital Stores (at cost) (including materials worth) <b>Rs. 460.24 lakhs</b> lying with Contractors 1987: Rs. 510.23 lakhs)		8,442.04	8,848.81
3. Miscellaneous Capital Stores (at or under cost)		59.08	55.24
4. Capital Goods-in-Transit (at cost)		1,390.55	1,906.41
5. Construction period expenses pending allocation:			
Balance as at 1st April, 1987	457.53		588.86
Adjustments pertaining to prior period	(0.30)		25.65
Adjustments relating to extra-ordinary Items	0.37		—
	457.60		614.51
Add: Expenditure during the year:			
Establishment Charges	131.99		89.89
Interest	0.07		0.03
Depreciation	6.07		1.32
Others	811.86		212.50
	1,407.59		918.25
Less: Recoveries	15.42		12.61
	1,392.17		905.64
Less: Allocated to Assets/Construction work-in-progress during the year	97.47		347.19
	1,294.70		558.45
Less: Transferred to Loans and Advances	—		100.92
		1,294.70	457.53
TOTAL :		32,704.60	29,714.67

## SCHEDULE 'G'—Investments (At Cost)

	No. and Particulars of Shares/Bonds	Face Value per Share/ Bond	1987	
			Rupees (in lakhs)	Rupees (in lakhs)
1. In fully paid Bonds of Government Companies (Unquoted):				
A) National Thermal Power Corporation Limited	i) <b>12,00,000</b> (1987: 12,00,000) 10% Secured (Tax Free) Redeemable Bonds (Second Series)	Rs.1,000/-	12,000.00	12,000.00
	ii) <b>5,00,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds (III Public issue, 1988)	Rs.1,000/-	<u>5,000.00</u>	—
			17,000.00	<u>12,000.00</u>
B) Mahanagar Telephone Nigam Limited	<b>5,00,000</b> (1987: 500,000) 10% Secured (Tax Free) Redeemable Bonds (1st Series)	Rs. 1,000/-	5,000.00	5,000.00
C) Indian Telephone Industries Limited	<b>5,00,000</b> (1987: NIL) 10% Secured (Tax Free) Redeemable Bonds (B Series, 1987)	Rs. 1,000/-	5,000.00	—
D) Indian Railways Finance Corporation Limited	i) <b>2,00,000</b> (1987: NIL) 10% Secured (Tax Free) Redeemable Bonds (1st Series)	Rs. 1,000/-	2,000.00	—
	ii) <b>3,00,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds (1st Series)	Rs. 1,000/-	3,000.00	—
	iii) <b>12,50,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds (IInd Series)	Rs. 1,000/-	<u>12,500.00</u>	—
			17,500.00	—
E) National Hydro Electric Power Corporation Limited	<b>2,00,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds (B Series)	Rs. 1,000/-	2,000.00	—
F) Neyveli Lignite Corporation Limited	<b>1,70,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds (B Series)	Rs. 1,000/-	1,700.00	—
G) Power Finance Corporation Limited	<b>4,00,000</b> (1987: NIL) 9% Secured (Tax Free) Redeemable Bonds	Rs. 1,000/-	<u>4,000.00</u>	—
	Carried Forward....		52,200.00	<u>17,000.00</u>

# Schedules Contd...

## SCHEDULE 'G' Investments Contd...

Index

	No. and Particulars of Shares/Bonds	Face Value per Share/ Bond	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
Brought Forward...				52,200.00	17,000.00
2. Under Port Folio Management Scheme through Scheduled Banks:					
A) In Government Securities (Quoted) (Market value not indicated, since these are realisable at par)				58,860.72	20,300.00
B) In Fully Paid Bonds of Government Companies (Unquoted):					
i) Mahanagar Telephone Nigam Limited	1,00,000 (1987: 3,25,000)14% Secured Redeemable Bonds	Rs.1,000/-	1,000.00		3,250.00
ii) Hindustan Photo Films Limited	50,000 (1987: NIL)13% Secured Redeemable Bonds	Rs.1,000/-	500.00		—
iii) Indian Telephones Industries Limited	1,50,000 (1987: NIL)13% Secured Redeemable Bonds	Rs.1,000/-	1,500.00		—
iv) Indian Telephone Industries Limited	52,400 (1987: 41,500)14% Secured Redeemable Bonds	Rs.1,000/-	524.00		415.00
v) Rural Electrification Corporation Limited	33,000 (1987: 10,000)14% Secured Redeemable Bonds	Rs.1,000/-	330.00		100.00
vi) Indian Petro-Chemicals Limited	9,600 (1987: 1,00,000)14% Secured Redeemable Bonds	Rs. 1,000/-	96.00		1,000.00
vii) National Thermal Power Corporation Limited	2,00,000 (1987: 1,28,500)14% Secured Redeemable Bonds	Rs. 1,000/-	2,000.00		1,285.00
viii) National Hydro-Power Corporation Limited	NIL (1987: 5,000)14% Secured Redeemable Bonds	Rs. 1,000/-	—		50.00
ix) Industrial Development Bank of India	45,000 (1987: NIL)11% Secured Redeemable Bonds	Rs. 1,000/-	450.00		—
				6,400.00	6,100.00
C) In the Units of Unit Trust of India				1,139.24	—
D) Balance with Scheduled Banks				600.04	600.00
3. Other Investments (Unquoted):					
A) In Government Securities (Deposited with various Bodies)				2.78	3.65
Carried Forward....				1,19,202.78	44,003.65



	No. and Particulars of Shares/Bonds Share/ Bond	Face Value per	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
	Brought Forward....			1,19,202.78	44,003.65
B) i) International Co-operative Petroleum Association	<b>350</b> (1987: 350) shares fully paid and part paid Common Stock of <b>\$ 72.31</b> (1987: \$ 72.31)	\$ 100	2.12		2.12
ii) In Consumers' Co-operative Societies					
a) Barauni	250 Equity Shares fully paid	Rs. 10/-			
b) Guwahati	250 Equity Shares fully paid	Rs. 10/-			
c) Mathura	200 Equity Shares fully paid	Rs. 10/-			
d) Haldia	744* Equity Shares fully paid	Rs. 10/-			
e) Indian Oil Employees' Consumer Society Limited, Bombay	170 Equity Shares, fully paid	Rs. 10/-			
f) Indian Oil Employees' Co-operative Consumer Stores	700 Equity Shares fully paid	Rs. 10/-			
g) Indian Oil Employees' Co-operative Consumers Stores Limited, Delhi	375 Equity Shares fully paid	Rs. 10/-		0.27	0.26
				2.39	2.38
4. In a Subsidiary Company (Unquoted):					
Indian Oil Blending Limited	8000 Equity Shares fully paid	Rs. 500/-		40.00	40.00
	<b>TOTAL:</b>			<u>1,19,245.17</u>	<u>44,046.03</u>

\*Out of 744 Shares, 75 Shares have been issued during the year in lieu of Dividend.

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

Particulars	Number	Amount Rupees (in lakhs)
<b>A) Bonds:</b>		
1. 13% Secured, Redeemable Bonds of Indian Telephone Industries Limited	50,000	500.00
2. 14% Secured, Redeemable Bonds of Rural Electrification Corporation Limited	1,300	13.00
3. 14% Secured, Redeemable Bonds of Indian Petrochemicals Limited	90,200	902.00
4. 14% Secured, Redeemable Bonds of National Thermal Power Corporation Limited	29,300	293.00
<b>B) Units:</b>		
Unit Trust of India	2,52,70,000	2,527.00

# Schedules *Contd...*

Index

## SCHEDULE 'H'— Inventories

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Stores, Spares etc. (including in-transit <b>Rs. 1,981.19 lakhs</b> 1987: Rs. 629.96 lakhs) (at or under Cost)*	18,614.10		15,537.69
Less: Provision for Losses	8.66		9.82
		18,605.44	15,527.87
2. Raw Materials (including in-transit <b>Rs. 8,384.41 lakhs</b> 1987: Rs. 13,384.27 lakhs) (at cost)**		58,788.80	57,505.40
3. Stock-in Trade:			
a) Oil Stock (at cost or net realisable value whichever is lower) (including in-transit <b>Rs. 6,398.36 lakhs</b> 1987: Rs. 7,352.21 lakhs)***	1,01,584.81		1,02,143.41
b) Stock-in Process (at raw material cost)	6,671.68		6,888.25
		1,08,256.49	1,09,031.66
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)****		262.07	253.36
TOTAL:		1,85,912.80	1,82,318.29

\* Includes stock lying with contractors **Rs. 543.00 lakhs** (1987: Rs. 338.85 lakhs)

\*\* Includes stock lying with Other Oil Companies on loan **Rs. 11,046.00 lakhs** (1987: Rs. 3,734.89 lakhs) and with others **Rs. 2,641.44 lakhs** (1987: Rs. 3,332.87 lakhs)

\*\*\* Includes stock lying with Other Oil Companies on loan **Rs 14,760.38 lakhs** (1987: Rs. 14,846.36 lakhs) and with others **Rs. 1,241.53 lakhs** (1987: Rs. 820.98 lakhs).

\*\*\*\* Includes stock lying with Others **Rs. 45.26 lakhs** (1987: Rs. 58.81 lakhs)

**SCHEDULE 'I'—Book Debts**

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>Over Six Months :</b>			
a) Secured, considered Good	1.35		5.06
b) Unsecured, Considered Good	10,785.72		8,291.26
c) Unsecured, Considered Doubtful	<u>1,183.07</u>		<u>1,169.24</u>
		11,970.14	<u>9,465.56</u>
<b>Other Debts :</b>			
a) Secured, Considered Good	7.70		3.10
b) Unsecured, Considered Good	23,786.23		20,372.16
c) Unsecured, Considered Doubtful	<u>—</u>		<u>58.27</u>
		<u>23,793.93</u>	<u>20,433.53</u>
		35,764.07	29,899.09
Less: Provision for Doubtful Debts		1,183.07	1,227.51
<b>TOTAL :</b>		<u><u>34,581.00</u></u>	<u><u>28,671.58</u></u>

# Schedules *Contd...*

## SCHEDULE 'J'—Loans and Advances

Index

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Loans—Unsecured, Considered Good:			
(i) To Indian Oil Blending Limited (A Subsidiary) including interest accrued <b>Rs. 17.15 lakhs</b> (1987: Rs. 4.25 lakhs)	157.20		119.32
(ii) To Others (including interest accrued <b>Rs. 113.62 lakhs</b> (1987: Rs. 12.97 lakhs))	<u>14,613.62</u>		<u>3,355.22</u>
		14,770.82	<u>3,474.54</u>
2. Advances recoverable in cash or in kind or for value to be received:			
a) Secured, Considered Good*	4,423.59		3,642.92
b) Unsecured, Considered Good*	12,002.04		5,712.63
c) Unsecured, Considered doubtful	<u>53.30</u>		<u>45.98</u>
	16,478.93		9,401.53
d) Less: Provision for Doubtful Advances	<u>53.30</u>		<u>45.98</u>
		16,425.63	<u>9,355.55</u>
3. Claims Recoverable:			
a) Secured, Considered Good	26.53		20.61
b) Unsecured, Considered Good	3,027.21		5,021.31
c) Unsecured, Considered Doubtful	<u>1,802.59</u>		<u>1,750.22</u>
	4,856.33		6,792.14
d) Less: Provision for Doubtful Claims	<u>1,802.59</u>		<u>1,750.22</u>
		3,053.74	<u>5,041.92</u>
4. Materials on Loan:			
a) Secured, Considered Good	103.69		66.31
b) Unsecured, Considered Good	<u>1.96</u>		<u>3.22</u>
		105.65	69.53
Carried Forward....		<u>34,355.84</u>	<u>17,941.54</u>

## SCHEDULE 'J' Contd...

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
Brought Forward....		34,355.84	17,941.54
5. Balance with Customs, Port Trust and Excise Authorities:			
— Unsecured, Considered Good		1,763.08	816.75
6. Sundry Deposits (including amounts adjustable on receipt of final bills):			
a) Secured, Considered Good	16,529.08		16,522.43
b) Unsecured, Considered Good	428.40		605.23
c) Unsecured, Considered Doubtful	0.39		0.39
	<u>16,957.87</u>		<u>17,128.05</u>
d) Less: Provision for Doubtful Deposits	0.39		0.39
		<u>16,957.48</u>	<u>17,127.66</u>
7. Deposit under Companies Deposits (Surcharge on Income Tax) Scheme 1983:			
— Unsecured, Considered Good		4,495.92	320.92
TOTAL:		<u>57,572.32</u>	<u>36,206.87</u>

\* Includes:

1. **Rs. 4,01,625** (1987: Rs. 4,47,149) due from Directors (**Maximum Rs. 4,50,919**—1987: Rs. 4,81,138)
2. **Rs. 20,06,598** (1987: Rs. 20,31,272) due from other Officers (**Maximum Rs. 29,76,440**—1987:Rs. 22,61,604).

# Schedules *Contd...*

## SCHEDULE 'K'—Current Liabilities and Provisions

Index

	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>A. CURRENT LIABILITIES:</b>				
1. Sundry Creditors		1,21,182.04		1,12,676.73
2. Due to Indian Oil Blending Limited (A Subsidiary Company)		5.97		52.32
3. Security Deposits	70,996.16			59,025.04
Less: Investments & Deposits with Banks lodged by outside parties	60.71			50.14
		70,935.45		58,974.90
4. Interest accrued but not due on Loans		2,556.89		2,369.36
5. Pool Account Balance		22,291.03		20,243.68
		2,16,971.38		1,94,316.99
<b>B. PROVISIONS:</b>				
6. Provision for Taxation	48,825.40			40,499.92
Less: Advance payments	40,660.01			32,299.25
		8,165.39		8,200.67
7. Provision for Pension		—		0.94
8. Proposed Dividend		2,218.79		1,972.25
		10,384.18		10,173.86
TOTAL:		2,27,355.56		2,04,490.85

**SCHEDULE 'L'—Other Income**

	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Sale of Power and Water	171.93	167.15
2. Profit on sale and disposal of Assets	491.18	204.28
3. Dividend received from a Subsidiary— Gross (Tax deducted at source <b>Rs. 0.86 lakhs</b> —1987: Rs. 0.86 lakhs)	4.00	4.00
4. Royalty and Technical know-how fees	2.37	2.63
5. Unclaimed/Unspent Liabilities Written Back	420.45	312.78
6. Miscellaneous Income	2,147.53	1,777.67
TOTAL:	<u>3,237.46</u>	<u>2,468.51</u>

**SCHEDULE 'M'—Manufacturing, Administration, Selling and Other Expenses**

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Raw Materials Consumed:			
Opening Balance as on 1st April, 1987	57,505.40		95,626.55
Add: Purchases	4,65,910.84		3,88,228.97
	<u>5,23,416.24</u>		<u>4,83,855.52</u>
Less: Closing Stock	58,788.80		57,505.40
		4,64,627.44	<u>4,26,350.12</u>
2. Consumption:			
i) Stores and Spares (including Consumables)	5,118.50		4,176.19
ii) Packages	10,327.13		10,126.00
		15,445.63	<u>14,302.19</u>
3. Power and Fuel	16,439.94		19,320.46
Less: Fuel of own production	14,369.91		17,979.52
		2,070.03	<u>1,340.94</u>
4. Processing Fees, Blending Fees, Royalty and Other Charges		1,103.11	929.03
Carried Forward...		<u>4,83,246.21</u>	<u>4,42,922.28</u>

# Schedules *Contd....*

## SCHEDULE 'M' *Contd....*

Index

	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
Brought Forward...			4,83,246.21	4,42,922.28
5. Repairs and Maintenance:				
a) Plant and Machinery		5,555.50		5,891.24
b) Buildings		922.93		1,144.67
c) Others		749.49		760.11
			<u>7,227.92</u>	<u>7,796.02</u>
6. Freight and Transportation Charges (net of recoveries from Industry Pool Account)			44,595.96	40,700.99
7. Irrecoverable Sales Tax			1,007.10	968.40
8. Payments to and Provisions for Employees:				
a) Salaries, Wages, Bonus etc.		12,653.87		11,423.19
b) Contribution to Provident and Other Funds		690.13		596.65
c) Staff Welfare Expenses		1,794.34		1,530.45
d) Contribution to Gratuity Fund:				
i) For current year	239.96			716.02
ii) For earlier years	—			1,700.75
	<u>239.96</u>			<u>2,416.77</u>
iii) Less: Adjusted against Provision	—			1,700.75
		<u>239.96</u>		<u>716.02</u> *
e) Gratuity and Ex-Gratia		26.20		15.86
			15,404.50	14,282.17
9. Office Administration, Selling and Other Expenses (Schedule 'N')			11,734.93	9,797.63
TOTAL:			<u>5,63,216.62</u>	<u>5,16,467.49</u>

\* Includes **Rs. Nil** (1987: Rs. 178.59 lakhs) being the amount remaining unpaid to the Gratuity Fund.



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

Index

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Rent		1,553.39	1,291.08
2. Insurance		640.61	610.62
3. Rates and Taxes		418.13	366.26
4. Donations		55.96	28.28
5. Payment to Auditors:			
a) Audit Fees	5.00		6.00
b) Tax Audit Fees	1.26		1.25
c) Taxation Matters	—		0.20
d) Other Services (for issuing certificates etc.)	0.66		0.56
e) Out of Pocket Expenses	5.29		4.41
		12.21	12.42
6. Travelling and Conveyance		1,528.83	1,400.63
7. Communication Expenses		849.00	629.84
8. Printing and Stationery		373.21	370.00
9. Electricity and Water		731.61	607.48
10. Other Expenses*		3,718.62	3,044.73
11. Bad Debts, Advances, Claims and Stores Written Off		88.73	63.74
12. Loss on Assets Sold Lost or Written Off		255.48	190.42
13. Technical Assistance Fees		461.18	120.65
14. Exchange Fluctuations (Net)		4.09	1.57
15. Provision for:			
a) Doubtful Debts, Advances and Claims	472.41		578.53
b) Obsolescencel/Losses of Stores and Spares	—		2.62
		472.41	581.15
16. Security Force Expenses		560.86	467.34
17. Pollution Control Expenses		10.61	11.42
TOTAL :		11,734.93	9,797.63

\* Includes—Bank Charges **Rs. 304.02 lakhs** (1987: Rs. 267.67 lakhs) and contribution for Rural Development Programme **Rs. 5.22 lakhs** (1987: Rs. 2.31 lakhs).



# Schedules *Contd...*

## SCHEDULE 'O'—Income/Expenses Relating to Prior Period

Index

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>INCOME:</b>			
1. Sale of Products and Crude and Transfers under Product Exchange	(269.27)		112.73
2. Company's use of own oil	(9.34)		7.62
		(278.61)	120.35
3. Recovery of Main Installation and Other Charges		—	19.90
4. Interest:			
On Advances	33.41		97.89
From Customers on outstanding	(25.42)		45.35
		7.99	143.24
5. Sale of Power and Water		—	0.91
6. Profit on Sale and Disposal of Assets		—	5.54
7. Miscellaneous Income		32.13	(20.67)
TOTAL INCOME:		(238.49)	269.27
<b>EXPENSES:</b>			
1. Purchase of products and Crude for resale and transfers under product exchange		8.44	(0.25)
2. Raw Material Consumed		132.38	11.75
3. Consumption:			
i) Stores and Spares (including consumables)	0.87		15.36
ii) Packages	10.68		25.74
		11.55	41.10
4. Repairs and Maintenance:			
i) Plant and Machinery	(13.02)		17.69
ii) Buildings	2.23		(3.35)
iii) Others	(46.55)		24.49
		(57.34)	38.83
Carried Forward....		95.03	91.43

## SCHEDULE 'O' Contd....

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
Brought Forward....		95.03	91.43
5. Freight and Transportation Charges (net of recoveries from Industry Pool Account)		91.85	(4.82)
6. Payments to and Provision for Employees:			
i) Salaries, Wages & Bonus etc.	(3.77)		223.57
ii) Contribution to Provident and Other Funds	10.44		1.97
iii) Staff Welfare Expenses	172.17		—
iv) Gratuity, Ex-Gratia & Pension	(72.91)		(789.26)
		105.93	(563.72)
7. Rent		—	13.54
8. Insurance		(0.09)	(5.83)
9. Other Expenses		(3.51)	60.74
10. Communication Expenses		11.55	(4.24)
11. Duties		(0.85)	64.96
12. Depreciation and Amortisation		111.16	48.25
13. Interest—Others		(9.64)	(68.94)
14. Security Force Expenses		17.89	49.79
15. Rates and Taxes		(10.36)	12.84
16. Power and Fuel		—	17.95
		408.96	(288.05)
17. Amount transferred to construction period expenses pending allocation		0.30	(25.65)
TOTAL EXPENSES:		409.26	(313.70)
NET INCOME/(EXPENSES):		(647.75)	582.97

# Schedules Contd...

## SCHEDULE 'O-1'—Income/Expenses Relating to Extra Ordinary Items

Index

	Rupees (in lakhs)	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>INCOME:</b>			
1. Sale of Products and transfer under Product Exchange		3,484.62	29,856.71
2. Recovery of Main Installation and Other Charges		—	(249.13)
3. Interest on Advances & Claims		281.87	—
TOTAL INCOME:		<u>3,766.49</u>	<u>29,607.58</u>
<b>EXPENSES:</b>			
1. Freight and Transportation Charges (Net of Recoveries from Pool Account)		(18.52)	0.45
2. Consumption of Raw Materials		(114.06)	—
3. Payment to and Provisions for employees:			
a) Salaries, Wages and Bonus	481.23		(17.09)
b) Staff Welfare Expenses	77.71		—
c) Contribution to Gratuity Fund	—		(1,028.03)
		<u>558.94</u>	<u>(1,045.12)</u>
4. Interest—Others		—	122.13
5. Purchase of products and Crude for resale and transfers under Product Exchange		354.80	1,328.96
6. Main Installation charges paid to other Marketing Companies		—	6.63
7. Rent		103.86	72.37
8. Petty Assets upto Rs. 1000 each written off		121.78	—
9. Power and Fuel		97.95	—
10. Depreciation		(282.75)	—
11. Transfer to Construction period expenses pending allocation		(0.37)	—
TOTAL EXPENSES:		<u>821.63</u>	<u>485.42</u>
NET: INCOME/(EXPENSES)		<u>2,944.86</u>	<u>29,122.16</u>

## SCHEDULE 'P'—Notes on the Accounts for the Year Ended 31st March, 1998

1. Contingent Liabilities not provided for in respect of:
  - a) Claims against the Corporation not acknowledged as debts **Rs. 13113.40 lakhs** (1987: Rs. 17837.84 lakhs).  
These include:
    - i) **Rs. 2469.99 lakhs** (1987: Rs. 2050.68 lakhs) being the demands raised by Central Excise Authorities.
    - ii) **Rs. 830.43 lakhs** (1987: Rs. 6834.60 lakhs) in respect of Sales Tax demands.
    - iii) **Rs. 1200.47 lakhs** (1987: Rs. 1203.49 lakhs) for which suits have been filed in the Courts or cases are lying with arbitrators.
    - iv) **Rs. 5605.96 lakhs** (1987: Rs. 4549.57 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. 5809.47 lakhs** (1987: Rs. 2937.20 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. 9497.36 lakhs** (1987: Rs. 9677.76 lakhs).
3. a) Title Deeds for Land and Residential Apartments of the book value of **Rs. 1999.43 lakhs** (1987: Rs. 2122.17 lakhs) as also, Lease and other agreements in respect of certain other lands/buildings are pending execution or renewal and are, therefore, not available for verification.  
b) Pending the decision of the Government, no liability could be determined and provided for in respect of:
  - i) Claims in respect of land acquired for Mathura Refinery.
  - ii) Additional compensation, if any, payable to the land owners and the Government for land earlier acquired.
4. The stock of High Volatile Raw Petroleum Coke at Digboi Refinery has been valued at the Retention price fixed by the Government of India less adjustment for the quality of volatile contents therein, although the exact realisable value of these stocks is not readily ascertainable.
5. No credit has been taken in respect of claims for price increase for LSHS supplied to Gujarat Electricity Board to the extent remaining disputed and unsettled, except for supplies beyond quantities specified by the Government.
6. During the year, Assam Oil Division of the corporation has changed its method of providing depreciation from Written Down Value Method to Straight Line Method in line with the Corporation's policy. Due to this retrospective change, the Profit of the Corporation for the year has increased by Rs. 480.90 lakhs.
7. The change in the method of accounting for interest from customers on accrual to cash basis has decreased the profit for the year by Rs. 974.41 lakhs.

# Schedules Contd...

## SCHEDULE 'P' Contd....

Index

### 8. Remuneration paid of payable to whole-time Directors:

	(Figures in Rupees)	
	1987-88	1986-87
i) Salaries & Allowance	5,56,383	6,45,352
ii) Contribution to Provident Fund	45,564	47,667
iii) Contribution to Gratuity Fund	15,000	11,264
iv) Other Benefits and Perquisites	1,23,387	83,846
	7,40,334	7,88,129*

\*Includes payment of adhoc relief and consequential benefits thereon 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.

9. 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.
10. Loans and Advances include **Rs. 891.00 lakhs** (1987: Rs. 908.26 lakhs) recoverable from the proposed joint venture company in respect of Karnal Refinery Project of which the Corporation is a Co-promoter.
11. The Profit and Loss Account includes:
- Expenditure on Public Relations and Publicity amounting to **Rs. 197.73 lakhs** (1987: Rs. 169.18 lakhs) which is inclusive of **Rs. 46.88 lakhs** (1987: Rs. 38.89 lakhs) on account of staff and establishment and **Rs. 150.85 lakhs** (1987: Rs. 130.29 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00014:1** (1987: 0.00014:1).
  - Entertainment Expenses **Rs. 5.72 lakhs** (1987:Rs. 7.45 lakhs).
12. Statement on Accounting Policies and Schedules 'A' to 'X' to the Balance Sheet and Profit and Loss Account form part of these Accounts.
13. Figures in brackets indicate deductions.
14. Previous year's comparative figures have been regrouped and rearranged to the extent practicable wherever necessary.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
S.L. KHOSLA	S.K. NAYAK	S.K. COMAL	B.K. BAKSHI	P.K.MUKHOPADHYAY	J.K. WADHWA
Chairman	Director (R & P)	Director (Finance)	Director (Marketing)	Director (R & D)	Secretary

New Delhi

Dated: 30th June, 1988



## SCHEDULE 'Q'—Licensed Capacity, Installed Capacity and Actual Production

	Crude Thruput		Lubricating Oils		Wax/Bitumen/ Asphalt/Lube Oil Drums		Oxygen Plant	
	1988 MTs (in lakhs)	1987 MTs (in lakhs)	1988 MTs (in lakhs)	1987 MTs (in lakhs)	1988 Nos. (in lakhs)	1987 Nos. (in lakhs)	1988 CUM. (in lakhs)	1987 CUM. (in lakhs)
1. Licensed Capacity (Excluding MTs 14.0 lakhs under Construction at Gujarat Refinery)	203.50	182.50	1.70	1.70	15.00 0.04 MTs	15.00 0.04 MTs	Not Specified	
2. Installed Capacity*	212.50	204.50	1.40**	1.40**	15.00	15.00**	0.84	0.84
3. Actual Thruput	217.83	210.23	—	—	—	—	—	—
4. Actual Production @ (in own Refineries)	203.48	197.01	1.49	1.54	9.10	10.03	0.37	0.42
5. Product Processed/ Manufactured by others	—	—	1.29 1.86 KLs	1.32 1.86 KLs	18.63	17.50	—	—

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...

Index

## SCHEDULE 'R'—Finished Products—Quantity and Value Particulars

	Opening Stock			Purchases Including Duties		
	Quantity		Value	Quantity		Value
	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)
1. Petroleum Products:						
Year ended 31st March, 1988	13.32	23.36	92,864.51	49.97	207.62	6,23,621.33
Year ended 31st March, 1987	13.11	24.77	81,977.58	48.81	167.82	5,35,559.50
2. Lubricants and Greases:						
Year ended 31st March, 1988	0.12	0.65	9,278.83	0.11	0.22	2,184.62
Year ended 31st March, 1987	0.06	0.65	7,201.78	0.11	0.02	2,653.06
3. Oxygen Gas:						
Year ended 31st March, 1988	0.01@	—	0.07	—	—	—
Year ended 31st March, 1987	0.01 @	—	0.06	—	—	—
4. Crude Oil:						
Year ended 31st March, 1988	—	—	—	80.54	—	1,31,741.57
Year ended 31st March, 1987	—	—	—	92.06	—	1,18,773.66
5. Base Oils and Additives:						
Year ended 31st March, 1988	—	—	—	—	1.77	10,833.09
Year ended 31st March, 1987	—	—	—	—	1.89	9,281.97
6. Other than Petroleum Products-Barrels (Nos.):						
Year ended 31st March, 1988	—	—	—	—	—	—
Year ended 31st March, 1987	—	—	—	—	—	—
TOTAL:						
Year ended 31st March, 1988	0.01@					
	13.44	24.011	1,02,143.41	130.62	209.61	7,68,380.61
Year ended 31st March, 1987	0.01@					
	13.17	25.42	89,179.42	1,40.98	169.73	6,66,268.19

@ Cubic Meters

### NOTES:

- Purchases and Sales exclude value adjustments shown under items pertaining to prior period and extra-ordinary items.
- In view of the physical stocks and the records of drums manufactured as well as purchases being combined, separate information in respect of opening and closing stock of drums manufactured is not feasible.



Sales			Closing Stock		
Quantity		Value	Quantity		Value
MTs	KLs	Rupees	MTs	KLs	Rupees
(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)
303.73	382.53	12,25,122.66	11.87	24.29	92,439.09
103.45	344.51	10,70,540.68	13.32	23.36	92,864.51
0.89	4.62	69,834.24	0.15	0.59	9,145.64
0.88	4.22	62,521.48	0.12	0.65	9,278.83
0.18@	—	2.42	0.01@	—	0.08
0.19@	—	2.68	0.01@	—	0.07
80.54	—	1,31,741.57	—	—	—
92.05	—	1,18,773.66	—	—	—
	1.77	11,567.23	—	—	—
—	1.89	9,684.70	—	—	—
—	0.02 Nos.	8.50	—	—	—
—	—	—	—	—	—
0.18 @	0.02Nos.		0.01@		
385.16 @	388.92	14,38,276.62	12.02	24.88	101,584.81
0.19			0.01@		
196.38	350.62	12,61,523.20	13.44	24.01	102,143.41

# Schedules Contd...

## SCHEDULE 'S'—Consumption Particulars of Raw Materials

Index

	1988			1987		
	Quantity MTs (in lakhs)	KLs (in lakhs)	Value Rupees (in lakhs)	Quantity MTs (in lakhs)	KLs (in lakhs)	Value Rupees (in lakhs)
Crude Oil	217.87	—	4,26,129.52	210.24	—	3,91,762.18
Base Oils	1.07	2.98	29,052.49	1.15	2.95	24,896.91
Additives	0.08	0.13	9,445.43	0.09	0.14	9,691.03
Steel Coils and Sheets*	0.35	—	3,504.12	0.35	—	3,440.39
<b>TOTAL:</b>	<b>219.37</b>	<b>3.11</b>	<b>4,68,131.56</b>	<b>211.83</b>	<b>3.09</b>	<b>4,29,790.51</b>

NOTES:1. Additives are not considered as Raw Materials in Refineries Division.

2. Consumption excludes value adjustments, if any, shown under items pertaining to the prior period and items of extra-ordinary nature.

\* 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

	1987 Rupees (in lakhs)	1987 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:	19503	16139
a) Salaries, Wages, Bonus etc.	8,659.76	7,053.85
b) Contribution to Provident and other Funds	591.74	621.34
<b>TOTAL:</b>	<b>9,251.50</b>	<b>7,675.19</b>
2. Employees employed for a part of the year and in receipt of total remuneration of not less than Rs. 3,000 per month:		
Number:	332	257
a) Salaries, Wages, Bonus etc.	109.16	65.19
b) Gratuity Paid	6.02	49.25
c) Contribution to Provident and Other Funds	6.54	4.84
<b>TOTAL:</b>	<b>121.72</b>	<b>119.28</b>

NOTE: The above excludes amount shown under items pertaining to prior period and amounts booked under extra-ordinary items.



**SCHEDULE 'U'—Expenditure in Foreign Currency**

	Rupees (in lakhs)	1987 Rupees (in lakhs)
1. Royalty (Gross) and Technical Service Fees	184.51	44.82
2. Professional consultation fees including legal expenses	53.30	26.70
3. Interest	5,565.95	152.09
4. Others	37.58	34.92
TOTAL :	<u>5,841.34</u>	<u>258.53</u>

**SCHEDULE 'V'—Earning in Foreign Exchange**

1. Export of Crude Oil and Petroleum Products calculated on F.O.B. basis	75,661.74	51,548.02*
2. Interest	—	4.04
3. Other Income including penalty, inventory carrying cost etc.	61.30	95.51
TOTAL :	<u>75,723.04</u>	<u>51,647.57</u>

\* Includes **Rs. 13,809.21 lakhs** (1987: Rs. 13,906.08 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

PARTICULARS	Rupees	1987
	(in lakhs)	Rupees (in lakhs)
Crude Oil	3,04,235.95	2,10,054.02
Base Oils	7,755.09	6,069.72
Additives	642.64	770.22
Capital Goods	2,267.23	1,787.79
Revenue Stores, Components, Spare Parts and Chemicals	2,250.61	938.93
<b>TOTAL:</b>	<b>3,17,151.52</b>	<b>2,19,620.68</b>

NOTE: The above includes CIF value of Imports made by the Corporation on behalf of Other Oil Companies but excludes imports of finished products.

## SCHEDULE 'X'—Consumption of Imported and Indigenous Raw Materials, Steel Coils/Sheets/Stores/Spare Parts and Components

	1988				1987			
	Imported		Indigenous		Imported		Indigenous	
	Value	% to						
	Rupees	total	Rupees	total	Rupees	total	Rupees	total
	(in lakhs)	Con-						
		sump-		sump-		sump-		sump-
		tion		tion		tion		tion
1. Crude Oil	1,63,723.00	38	2,62,406.52	62	1,41,545.15	36	2,50,217.03	64
2. Base Oils & Additives	14,548.47	38	23,949.45	62	14,212.97	41	20,374.97	59
3. Steel Coils/Sheets*/ Stores/Spare Parts and Components	3,355.89	33	6,678.56	67	2,462.47	30	5,650.28	70
<b>TOTAL:</b>	<b>1,81,627.36</b>		<b>2,93,034.53</b>		<b>1,58,220.59</b>		<b>2,76,242.28</b>	

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

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

## Statement-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, 1988 Indian Oil Blending Limited	8000	40,00,000
	<b>For the Financial year ended 31st March, 1988 Rupees (in lakhs)</b>	<b>Previous Finan- cial year Cumu lative Total Rupees (in lakhs)</b>
2. Net aggregate amount of the Profit of the Subsidiary Company not dealt with in the Company's Accounts so far as they concern the members of the Company is:	58.45	276.10
3. Net aggregate amount of the Profit of the Subsidiary company as: far as its profits are dealt with in the Company's Account is:	4.00	47.11

---

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
S.L. KHOSLA	S.K. NAYAK	S.K. COMAL	B.K. BAKSHI	P.K. MUKHOPADHYAY	J.K. WADHWA
Chairman	Director (R & P)	Director (Finance)	Director (Marketing)	Director (P & D)	Secretary

New Delhi

Dated: 30th June, 1988

# Schedules *Contd...*

Index

## Schedule of Fixed Assets (Township)

	Gross Block as at 31st March 1987 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	199.56	—	—	—
— Leasehold	174.32	—	—	—
2. BUILDINGS, ROADS ETC.	5,899.07	79.61	309.61	(5.56)
3. PLANT AND MACHINERY	319.12	19.57	16.99	0.04
4. DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	504.70	0.78	22.67	27.82
5. EQUIPMENT AND APPLIANCES	131.95	16.58	—	(0.05)
6. FURNITURE & FIXTURES	71.41	3.98	15.58	(36.60)
7. VEHICLES	97.07	0.92	—	(2.23)
8. SUNDRY ASSETS	2.55	0.35	—	—
<b>TOTAL:</b>	<b>7,399.75</b>	<b>121.79</b>	<b>364.85</b>	<b>(16.58)</b>
<b>PREVIOUS YEAR:</b>	<b>6,622.84</b>	<b>276.25</b>	<b>502.79</b>	<b>(2.13)</b>

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

Gross Block as at 31st March, 1988 at cost	Depreciation and Amortisation provided during the year	Total Depreciation Amortisation upto 31st March, 1988	Net Depreciated Block	
			As at 31st March, 1988	As at 31st March, 1987
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
199.56	—	—	199.56	199.56
174.32	2.91	16.74	157.58	160.49
6,282.73	142.82	1,018.82	5,263.91	5,021.08
355.72	24.28	152.26	203.46	189.2
555.97	53.25	328.32	227.65	227.51
148.48	10.86	86.65	61.83	53.31
54.37	5.13	22.55	31.82	38.31
95.76	9.78	66.58	29.18	38.01
2.90	0.39	2.18	0.72	0.75
7,869.81	249.42	1,694.10	6,175.71	5,928.25
7,399.75	235.05	1,471.50	5,928.25	

# Income and Expenditure Account

**Income and Expenditure Account for the year ended 31st March, 1988 on Provision of Township, Education, Medical and other facilities**

	Rupees (in lakhs)	1987 Rupees (in lakhs)
<b>INCOME:</b>		
1. Recovery of House Rent	130.74	120.33
2. Recovery of Utilities: Power and Water	13.54	13.36
3. Recovery of Transport Charges	6.24	5.74
4. Other Recoveries	170.14	115.57
5. Excess of Expenditure over Income	2,931.63	2,765.51
TOTAL :	<u>3,252.29</u>	<u>3,020.51</u>
<b>EXPENDITURE:</b>		
1. Salaries, Wages and PF Contribution	671.63	648.04
2. Consumable Stores and Medicines	237.96	219.27
3. Subsidies for Social and Cultural Activities	79.83	67.67
4. Repairs and Maintenance	528.50	534.83
5. Interest	520.81	483.69
6. Depreciation	249.42	235.05
7. Miscellaneous Expenses: Taxes, Licence Fees, Insurance	273.36	168.58
8. Utilities: Power and Gas	668.29	639.45
9. Land Rent	2.49	6.32
10. Welfare (School)	1.40	2.29
11. Bus Hire Charges	17.62	5.13
12. Club and Recreation	0.98	10.19
TOTAL :	<u>3,252.29</u>	<u>3,020.51</u>

# CAG Comments

## Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Corporation Limited for the year ended 31st March, 1988 and replies of the Board of Directors

Sl. Comments of the Comptroller and Auditor-General of India Replies of the Board of Directors  
No.

### BALANCE SHEET

#### 1. APPLICATION OF FUNDS:

##### Current Assets, Loans and Advances

##### A. Current Assets:

(i) Inventories Scheme 'H' Rs 1,85,912.80 lakhs stores, spares, etc. (including in transit Rs 1981.19 lakhs 1987: Rs 629.96 lakhs) (at or under cost) Rs. 18,614.10 lakhs). Includes surplus/non-moving/obsolete/rejected steel scrap valued more by Rs 28.11 lakhs than the realisable value. Correspondingly, the profit is overstated by a like amount

Accounting treatment given to the surplus/non-moving/obsolete/rejected steel scrap is in line with Clause 4.4 of the 'Statement on Accounting Policies'. The treatment is also in line with the policy of the Corporation consistently followed over the years. It may also be stated that the realisable value of these items is not known and can be ascertained only when they are actually disposed off.

(ii) Book debts, Schedule 'I' Rs 34,581.00 lakhs (considered good) Includes Rs. 9518.79 lakhs receivable from Gujarat Electricity Board for supply of LSHS to them beyond the contractual quantity of 50,000 MT per month. The amount has been contested by the party. This fact has not been disclosed in the accounts.

It has been disclosed in Item 5 of Schedule 'P' Note on the Accounts annexed to the Balance Sheet that no credit has been taken in respect of claims for price increase for LSHS supplied to Gujarat Electricity Board to the extent remaining disputed and unsettled, except for supplies beyond quantities specified by the Government. It is, however, noted that the disclosure is not specific.

### PROFIT AND LOSS ACCOUNT:

#### 2. INCOME:

(i) Sale of products and crude and transfers under Product Exchange—Rs 14,38,276.62 lakhs Includes Rs 7983.56 lakhs on account of surcharges and PPA surrenderable to pool accounts on supply of LSHS to GEB, Dhuvaran. This has resulted in over-statement of sales and profit for the year by a like amount.

The amount of Rs. 14,38,276.62 lakhs does not include Rs. 7,983.56 lakhs which is surrenderable to the pool account. The latter amount was neither collected from GEB Dhavaran nor shown as recoverable from GEB by being included in sales figure.

In this connection, reference is invited to Government Orders No. P-20012/66/79-PP dated 18th July, 1981 and OCC instructions vide letter No. 4001 dated 5th May, 1988, extracts of which are reproduced below:

(i) Government Orders: ".....It has been decided that Indian Oil Corporation will continue to be exempted from the surrender of surcharge levied effective 11.7.1981 for the LSHS supplies to GEB not collected by IOC....."

(ii) OCC Instructions: ".....The question as to whether the surcharge is to be surrendered by IOC.....is under consideration by the Ministry. Until a decision is communicated,....., IOC may not make adjustment for surcharge for these supplies....."

Sl. Comments of the Comptroller and Auditor-General of India No.	Replies of the Board of Directors
<p>(ii) Income relating to extra-ordinary items (net) Schedule 'O-1' Rs 2944.86 lakhs. Includes Rs 4008.36 lakhs being the incorrect reversal of provision made upto 31.3.1987 for surrender of surcharge and PPA for supplies of LSHS made to GEB. In the absence of any order of Government permitting retention of such surcharge and PPA the amount is surrenderable to Oil Industry Pool Account. As a result of the above comments, profit before tax is overstated by Rs 11,991.92 lakhs.</p>	<p>It will be clear that there is no liability for surrender of the amount on the part of IOC as commented upon by audit. In view of the above, there is no over statement of sales and profit as stated by audit.</p> <p>Government has exempted IOC from surrender of surcharge and PPA for supply of LSHS to GEB vide its letter No. P-20012/66/79-PP dated 18.7.1981. However, by way of abundant caution provision for the surrender was made in 1986-87. Subsequently clarification was received from OCC vide its letter No. 4001 dated 5.5.1988 stating "the question whether the surcharge is to be surrendered..... is under consideration by the Ministry. Until a decision is communicated....., IOC may not make adjustment for surcharge on the supplies". In the light of the clarification read with the 1981 orders of the Govt. mentioned above, it was decided to reverse the provision. In view of the above, there is no over statement of profit.</p>
<p><b>3. PROVISION FOR TAXATION, INCLUDING FOR SURTAX RS NIL (1987): RS 2,413.00 LAKHS—RS 16,200.00 LAKHS.</b></p>	
<p>(i) Does not include provision for income tax liability aggregating Rs 3000. 79 lakhs for the accounting years from 1985-86 to 1987-88 in respect of certain items of expenditure for which the Income Tax Authorities in their assessment order dated 29.3.1988 have disallowed similar deductions made by the Company in computing the taxable income for the assessment year 1985-86 (Financial year 1984-85). As such, the Company should have made provision for tax liability for Rs 3000.79 lakhs.</p>	<p>In our view the Company has no income tax liability in respect of the items mentioned in Audit Para. Hence no provision has been made.</p>
<p>(ii) Also does not include provision for Rs 1765 lakhs being the demand made by the Tax Authorities in March, 1988 for the accounting year 1984-85, but paid by the Company in May, 1988.</p>	<p>Noted. However shown as contingent liability in Schedule 'P' vide Item No. 1(a) (iv)</p>
<p><b>4. SCHEDULE 'U' EXPENDITURE IN FOREIGN CURRENCY</b></p>	
<p>Royalty (Gross) and Technical Service Fees Rs 184.51 lakhs. This does not include an amount of Rs 13.82 lakhs being the expenditure in foreign currency on account of material and technical service fees.</p>	<p>Noted</p>
<p>Sd/- (B.M. OZA) Member, Audit Board &amp; Ex-Officio Director of Commercial Audit-II Camp: New Delhi, Dated 23rd August, 1988.</p>	<p>Sd/- (S.L. KHOSLA) Chairman For and on behalf of the Board of Directors New Delhi, Dated 1st September, 1988.</p>

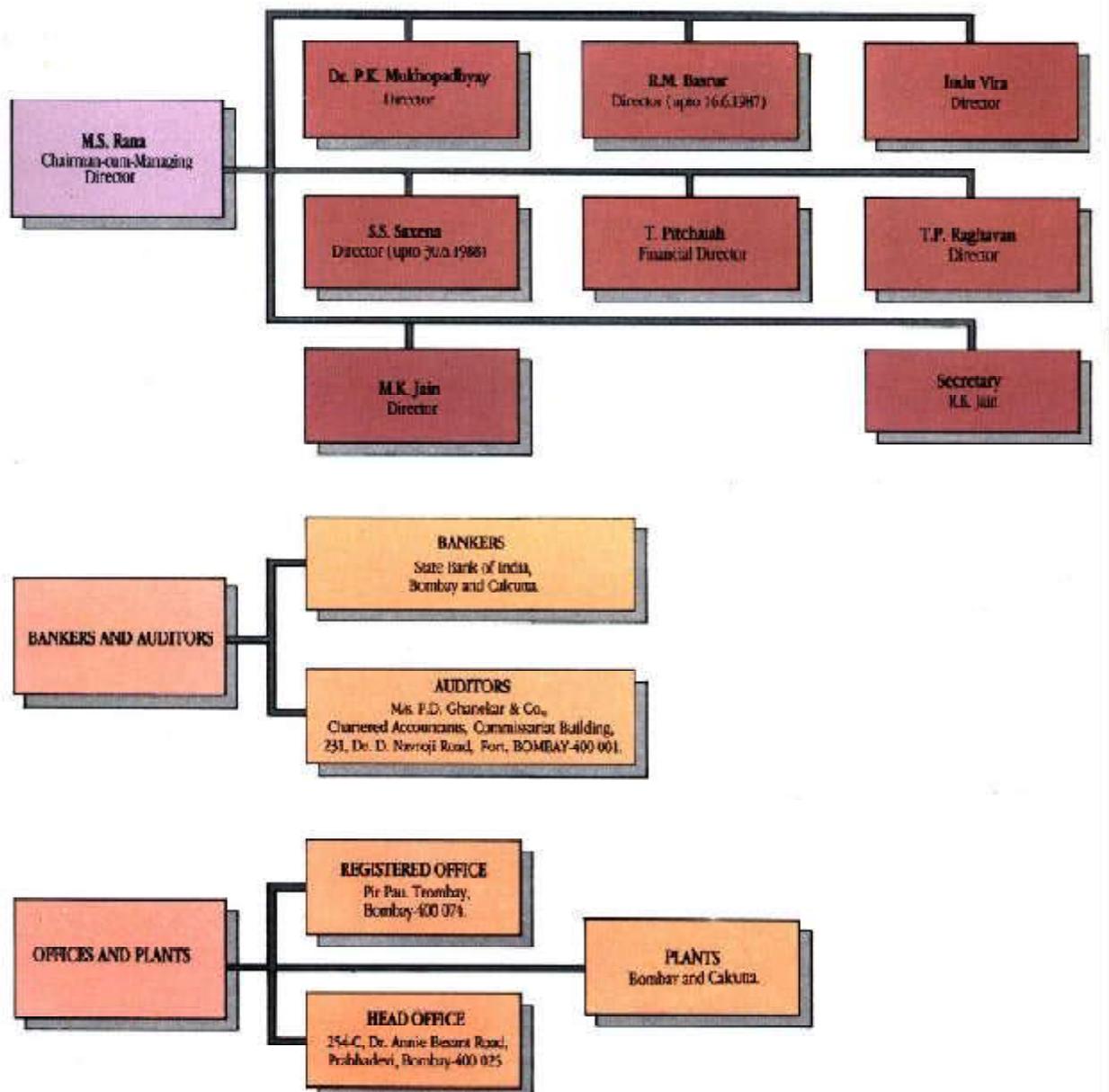
# Indian Oil Blending Limited

A Wholly Owned Subsidiary of Indian Oil Corporation Limited

## Annual Report 1987-88



# Board of Directors



# Notice

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Shareholders of INDIAN OIL BLENDING LIMITED will be held on Tuesday, the 26th July, 1988, at 1430 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 and Loss Account, reports of the Directors and Auditors thereon for the financial year ended 31st March, 1988;
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 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;
6. 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;
7. To appoint Director in place of Shri M.K. Jain, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.

By Order of the Board,  
Sd/-  
(R.K. JAIN)  
Secretary

Bombay,  
Dated: 21st June, 1988

**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.

**All Members of Indian Oil Blending Limited**

- cc: M/s. P.D. Ghanekar & Co.  
Chartered Accountants; Bombay. (Statutory Auditors).  
cc: Director of Commercial Audit, Commercial Audit Wing,  
c/o IOC (HO), Bandra, Bombay-51.



# Directors' Report to the Shareholders

Gentlemen,

I have great pleasure in placing before you, on behalf of the Board of Directors, the 25th Annual Report on the working of the Company for the financial year 1987-88, alongwith the Audited Statement of Accounts.

## FINANCIAL RESULTS:

During the year, the Company has made a gross profit of Rs 195,05,201 as against Rs 141,58,705 during 1986-87. The comparative figures of gross profit, depreciation, provision for investment allowance, etc., are as under:-

	1987-88 Rs	1986-87 Rs
(a) Gross Profit before Depreciation and Investment Allowance	1,95,05,201	1,41,58,705
(b) Depreciation	81,23,030	50,07,022
(c) Expenses of prior years	9,45,982	1,85,055
(d) Provision for taxation	52,70,000	35,00,000
(e) Net Profit after tax	51,66,189	54,66,628
(f) Prior year adjustments	2,14,457	1,05,289
(g) Development Rebate Reserve written back	—	500
(h) Investment Allowance Reserve written back	2,98,000	67,000
(i) Refund of tax received for prior years	1,91,715	—
(j) Disposable Profit	58,70,361	56,39,417
(k) Provision for dividend	4,00,000	4,00,000
(l) Short provision of taxation in respect of earlier year	15,676	—
(m) Investment Allowance Reserve for earlier year	—	1,50,000
(n) Appropriated to General Reserve	54,50,000	50,80,000
(o) Balance carried to Balance Sheet	4,685	9,417

## Dividend and Reserves

Your Directors recommend a dividend of Rs 50 per equity share, aggregating to Rs 4 lacs, 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 54,70,361. Out of the surplus amount, a sum of Rs 15,676 is set aside for short provision of tax in respect of earlier year and a sum of Rs 54,50,000 is transferred to General Reserve, thereby leaving a balance of Rs 4,685 in the Profit and Loss Account. The balance of General Reserve at the beginning of the year was Rs 268,01,000 and, after the current year's transfer of Rs 54,50,000 .as above, the balance

in the General Reserve Account amounts to Rs 322,51,000 as on 31st March, 1988.

The balance in the Investment Allowance Account at the beginning of the year was Rs 36,66,000. An amount of Rs 2,98,000 has been written back and transferred to Profit and Loss Account. The net balance under this head of account is, therefore, Rs 33,68,000 as on 31st March, 1988.

## Profitability

The profit before taxes and investment allowance is Rs 113,82,171 as against the previous year's figure of Rs 91,51,683. The increase in profitability is on account of upward revision of blending fee rate for lubes from Rs 150 to Rs 188 per kl. The blending and manufacturing fee received by

your Company was Rs 675,60,584 during the year compared to Rs 565,08,518 in 1986-87.

Despite concerted efforts made to control the operating costs, the operating expenses, including interest, increased by 14.09% from Rs 435,56,595 in 1986-87 to Rs 496,92,278 during the year. The liability of IOBL for interest on fixed loan taken from the Holding Company alone amounted to Rs 17.15 lacs. The increase in operating expenses was mainly on account of increased salaries, wages, employee benefits, utilities and also due to inflationary pressures.

The Company has provided depreciation as per past practice, at rates higher than those in the companies Amendment Act, 1988. The amount of depreciation beyond the rates so prescribed works out to Rs 41,80,835.

## PRODUCTION

**(a) LUBES:** The total production of lubes at Bombay and Calcutta Plants was 320,003 kl as compared to the previous year's figure of 322,330 kl. Bombay Plant had a throughput of 190,305 kl against 192,308 kl during the previous year and Calcutta Plant had a throughput of 129,698 kl against 130,022 kl in the previous year.

**(b) GREASES:** The grease production during the year was 7,048 MT as against the previous year's figure of 7,273 MT. The production of both, lubes and greases was lower as compared to the previous year due to various constraints like I.R. problems, non-availability of containers, etc.

## Capacity Utilisation

The Bombay and Calcutta Lube Plants of the Company, achieved capacity utilisation of 126.87% and 129.70% respectively, during the year.



## Comparative Production

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

Year	Bombay Plant		Calcutta Plant	Total	
	Lubes KI	Greases MT	Lubes KI	Lubes KI	Greases MT
1985-86	165,993	6,908	125,216	291,209	6,908
1986-87	192,308	7,273	130,022	322,330	7,273
1987-88	190,305	7,048	129,698	320,003	7,048

### Resitement of Grease Plant

The work of resitement of Grease Plant is in full swing. Civil work for construction of factory buildings is in progress. Orders have been placed for critical equipments like, Grease Contactor, Hot Oil System, Boiler, Pumps, etc. When completed, (by mid-1989) the resited Grease Plant will have a capacity of 11,000 MT per annum, and it will be a most modern Plant with maximum automation, complete with sophisticated micro-processor based control systems.

### Shifting of Small Can filling facilities to IOC-Trombay

As a part of decongestion of Bombay Plant, small can filling facilities for Lubes have been discontinued from Bombay Plant,

with effect from April 1988 and this operation is being carried out by IOC at their Trombay Terminal.

### Calcutta Plant

Efforts are being made to procure additional land from CPT on the Eastern/Northern sides of the Plant for providing additional tankage and facilities to meet the increasing demand of IOC.

## PROJECTS

### Bombay Plant and Head Office

To augment the existing facilities to meet the growing demand of IOC, Marketing Division, various projects, as mentioned below, were completed during the year:-

- Conversion of Finished Product Tanks into Blending Tanks.
- Purchase of two Forklifts.
- Steam coils in Additive/Base Oil Storage Tanks.
- Auto Tank Level Guages.
- Homogenizer for small volume Grease Plant.
- Three Personal Computers, one for Bombay Plant and two for Head Office.

M/s. National Institute for Training in Industrial Engineering (NITIE) were requested to render consultancy services on possible improvements to Plant Layout and Material Handling. NITIE, after conducting a thorough study of the Plant, had submitted their report which was reviewed in consultation with the Lubes Department of IOC. A tentative time schedule has been drawn up for implementation of the same after making budgetary provision.

### Calcutta Plant

The following projects have been completed during the year:

- Flow Meter with Micro-processor.
- Purchase of one Forklift.
- Two Band Strapping Machines.
- A.A. Spectrophotometer.
- Purchase of one Personal Computer.

### Lube Blending Plant in Northern Region

To meet the lubricants, demand of Northern Region (which is hitherto being met from Bombay and Calcutta Plants), it is proposed to set up a Lube Blending Plant at Asaoti, 43 Kms from Delhi. The Feasibility Report was approved by IOBL board and submitted to IOC for approval. Central Railway

*Lubricants are filled in tins through automatic machines to ensure quality and quantity.*



## Directors' Report *contd...*

### Index

has been approached for a railway siding for unloading lube base oils. Action is also initiated for acquiring 50 acres of land near Asaoti village. The estimated cost of the project is around Rs. 1804 lacs. The Plant is expected to be operational during 1991-92.

### Quality Control & Development

Quality Control and Development continued to play an important role in the operations of IOBL, to keep abreast of the latest developments in technological and industrial fields. An Atomic Absorption Spectrophotometer was imported for Calcutta Plant for elemental testing of lubricants and wear metal analysis in used oils in ppm level.

New grades, e.g.:

- (a) Servohone 7.
- (b) Servomesh SP 100.
- (c) Servo Spark 2.

- (d) Servo Steel Grind 12. were introduced during the year. Similarly, many cost effective formulations have also been introduced.

### Safety

The Plants continued to follow strictly the various directives issued by the Oil Industry Safety Directorate. A Safety Officer has been positioned at each Plant in order to ensure that safety requirements are complied with. Periodical safety audit and fire drills are being conducted, on a regular basis. During the year, a Safety Week was celebrated where eminent authorities of different disciplines from outside agencies were invited to participate.

### FUTURE OUTLOOK

The following projects have been identified in general to be handled by IOBL in the future:

- (a) Lube Plant, Asaoti (Northern Region).
- (b) Lube Plant, Haldia.
- (c) Lube Plant, Karnal.
- (d) Grease Plant, Karnal.
- (e) Small Can Filling Plant, Khapri (Nagpur).
- (f) Small Can Filling Plant, Tadepalli (Vijayawada).
- (g) Lube Speciality Complex (New Bombay).

A Feasibility Report with respect to Lube Blending Plant at Asaoti in Northern Region is now awaiting approval from IOC. Also, a proposal for procurement of additional land adjacent to the new plot at Trans-Thane Creek, New Bombay, for setting up a Speciality Complex, is under active consideration. IOC has now confirmed that a 150,000 MTPA Lube Plant will need to be established at Haldia to meet future demand.



## PERSONNEL

The total number of employees as on 31.3.1988 stood at 672 (128 Officers and 544 Workmen) as compared to 600 as on 31.3.1987.

### Employee Relations/Labour Situation

Industrial relations, on the whole, continued to be cordial during the year. However, both the Plants (Bombay and Calcutta) observed one day token strike on 20.1.1988 in response to the call given by the respective Unions in connection with the demand for settlement of the Long Term Agreement (LTA). Consequent upon Bharat Bandh declared on 15.3.1988 by political parties, production activities at Calcutta Plant were seriously affected and those of Bombay Plant were partially affected since workmen and staff could not report for duty due to dislocation of transport facilities. Further, Calcutta Plant observed a one day bandh on 16.3.1988 in response to a strike call given by the All India Public Sector Enterprises Unions.

### Human Resource Development and Training

All Officers have been exposed to



HRD concepts and skill workshops. Role Analysis of approximately 50% of the officers have been completed. Various Seminars and workshops were conducted to consolidate HRD systems. Climate survey with regard to Officers has been completed. Work relating to creation of Data Bank is in process. One HRD interface meeting each in Bombay and Calcutta Plants has been carried out. Quality Circles have been formed in both Bombay and Calcutta Plants.

A large number of officers attended various in-company and external training programmes. Staff and workmen were also provided the facility of need-based training on the job.

### Welfare of Employees

Your Company continued to resolutely follow and upgrade its policies and programmes aimed at promoting employee welfare. These included house building loans, vehicle loans subsidised transport and canteen facilities, medical facilities and provision of uniforms, leave travel concession, etc. Group savings-linked insurance scheme covering both, officers and workmen was also introduced. Final exemption from PF Commissioner for our PF Trust has been obtained. Payment of additional CCA and Interim Relief was announced which will form a part of the ensuing LTA in line with IOC's Policy. Besides, various other benefits were also announced both for the workmen and the officers.

### Workers' Participation in Management

Your Company continued its efforts in accelerating the workers' participation in Management. Canteen Committee, Safety Committee, Works Committee

---

*Strict vigil is maintained on quality control at the lube blending plants.*

and Sports Committee at both the Plants held regular meetings and functioned satisfactorily.

### Welfare of Weaker Sections

Government directives with regard to recruitment of candidates belonging to SC/ST community, Ex-Servicemen, physically handicapped and females were implemented. Seventy five employees were recruited by your Company during the year, out of which seven belong to Scheduled Castes, two Ex-Servicemen and one female.

## HINDI IMPLEMENTATION

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

## SPORTS

Employees at the Plants continued to be encouraged to take active part in sports and also took steps for arranging local sports events. Your Company is also a member of Petroleum Sports Control Board.

## FOREIGN TOURS

During the year, no foreign tour has been undertaken by any of the Officers of your Company.

## ENTERTAINMENT EXPENSES

During the year, the entertainment expenses incurred by your Company amounted to Rs. 18,334.



# Directors' Report *contd...*

## DIRECTORS

Shri M.S. Rana continues to be the Chairman-cum-Managing Director of the Company and his tenure expires on 31.1.1989. All the following Directors are liable to retire at the conclusion of the next Annual General Meeting:

- (1) Dr. P.K. Mukhopadhyay.
- (2) Shri Indu Vira.
- (3) Shri S.S. Saxena.
- (4) Shri T. Pitchaiah.
- (5) Shri T.P. Raghavan.
- (6) Shri M.K. Jain.

## PARTICULARS OF EMPLOYEES

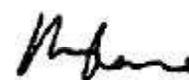
A statement showing the particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 is annexed hereto.

## ACKNOWLEDGEMENTS

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

The Board of Directors also wish to express their gratitude for the assistance and support received from the Government and Indian Oil Corporation Limited, the Holding Company.

For and on behalf of the Board



(M.S. Rana)

Chairman-cum-Managing  
Director

Encl: Statement  
Bombay  
Dated :20th June, 1988



# Auditors' Report

## Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1988 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 explanation given to us, the said Accounts, subject to (a) para 2 of notes forming part of the Accounts regarding Group Gratuity with LIC and the exact premium payable not advised by LIC, the effect of which on profit is not ascertainable; and (b) para 4, regarding depreciation charged being more by Rs 41,80,835, which has resulted in the profit being understated by like amount, 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, 1988.

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

(S.P. Ghanekar)

Partner

Bombay

Dated: 20th June, 1988



# Auditors' Report *contd...*

## Annexure to the Auditors' Report

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

1. The Company is maintaining proper records to show full particulars, including quantitative details and 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 48,000 and Rs 1,56,000 respectively.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of stores, components, plant and machinery, equipment and other assets.
7. The Company has purchased at controlled prices fuel and oil exceeding Rs 10,000 in value, during the year from Indian Oil Corporation Limited, the Holding Company.
8. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged goods.
9. The Company has not accepted any deposits from the public.
10. The Company does not have any by-products or scrap arising from its processing operations. Scrap of maintenance stores and components are accounted for only at the time of sale for which reasonable records have been maintained.
11. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
12. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
13. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.

For P.D. Ghanekar & Co.

Chartered Accountants,

(S.P. Ghanekar)

Partner

Bombay:

Dated: 20th June, 1988



# Balance Sheet

## Balance Sheet As at 31st March, 1988

	Schedule	Rupees	As at 31st March, 1987 Rupees
<b>I. SOURCES OF FUNDS:</b>			
1. Shareholder's Funds:			
(a) Capital	I	40,00,000	40,00,000
(b) Reserves & Surplus	II	3,56,23,685	3,04,76,417
		<u>3,96,23,685</u>	<u>3,44,76,417</u>
2. Loans Funds:			
(a) Unsecured Loans	III	1,67,83,069	1,44,45,300
		<u>1,67,83,069</u>	<u>1,44,45,300</u>
		<u>5,64,06,754</u>	<u>4,89,21,717</u>
TOTAL:			
<b>II. APPLICATION OF FUNDS:</b>			
1. Fixed Assets:			
(a) Gross Block	IV	6,98,92,860	6,55,84,270
(b) Depreciation		4,22,47,183	3,41,73,558
(c) Net Block		2,76,45,677	3,14,10,712
(d) Capital Work-in-Progress		87,25,305	9,50,334
		<u>3,63,70,982</u>	<u>3,23,61,046</u>
2. Current Assets, Loans and Advances:			
(a) Inventories	V	19,86,660	12,66,946
(b) Sundry Debtors		6,44,307	56,52,014
(c) Cash and Bank. Balances		1,43,993	7,62,822
(d) Loans and Advances		4,40,50,780	2,96,22,881
		<u>4,68,25,740</u>	<u>3,73,04,663</u>
		<u>3,63,70,982</u>	<u>3,23,61,046</u>
		C/F....	
		Carried Forward....	



# Balance Sheet *contd...*

	Schedule	Rupees	As at 31st March, 1987 Rupees
Brought Forward. . . .		3,63,70,982	3,23,61,046
B/F. . . .		468,25,740	373,04,663
Less: Current Liabilities and Provisions:	VI		
(a) Current Liabilities		84,79,292	77,18,992
(b) Provisions		1,83,10,676	1,30,25,000
		2,67,89,968	2,07,43,992
Net Current Assets		2,00,35,772	1,65,60,671
TOTAL:		5,64,06,754	4,89,21,717
Notes on Balance Sheet	IX		

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

Sd/-  
(T. PITCHAIAH)  
Financial Director

Sd/-  
(INDU VIRA)  
Director

Sd/-  
(R.K. JAIN)  
Secretary

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

BOMBAY  
Dated: 20th June, 1988

Sd/-  
(Partner)



# Profit and Loss Account

## Profit and Loss Account For the Year Ended 31st March, 1988

	Schedule	Rupees	Rupees	Previous Year Rupees
<b>INCOME:</b>				
Throughput, Blending and Manufacturing Charges			6,75,60,584	5,65,08,518
Other Income	VII		16,36,895	12,06,782
	TOTAL:		<u>6,91,97,479</u>	<u>5,77,15,300</u>
<b>EXPENDITURE:</b>				
Operating and other expenses	VIII		4,80,23,535	4,15,85,474
Interest:				
On Fixed Loan		16,05,818		
Others		62,925		
			16,68,743	19,71,121
Depreciation			81,23,030	50,07,022
	TOTAL:		<u>5,78,15,308</u>	<u>4,85,63,617</u>
Profit for the year before tax			1,13,82,171	91,51,683
Expenses of prior years			9,45,982	1,85,055
PROFIT BEFORE TAX:			<u>1,04,36,189</u>	<u>89,66,628</u>
Provision for Taxation			52,70,000	35,00,000
PROFIT AFTER TAX :			51,66,189	54,66,628
Surplus brought forward from previous year			9,417	8,066
Development Rebate Reserve written back			—	500
Investment Allowance Reserve written back			2,98,000	67,000
Refund of tax received for prior years			1,91,715	—
Excess provision for expenses of prior year written back			2,05,040	97,223
DISPOSABLE PROFIT:			<u>58,70,361</u>	<u>56,39,417</u>
<b>APPROPRIATIONS:</b>				
Proposed Dividend (Subject to deduction of tax)			4,00,000	4,00,000
Short Provision for Taxation in respect of earlier year			15,676	—
Investment Allowance Reserve for earlier year			—	1,50,000
General Reserve			54,50,000	50,80,000
Surplus carried to Balance Sheet			4,685	9,417
			<u>58,70,361</u>	<u>56,39,417</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

Sd/  
(R.K. JAIN)  
Secretary

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

BOMBAY:  
Dated: 20th June, 1988

Sd/-  
(Partner)



# Schedules

## Schedules Annexed to and Forming Part of the Balance Sheet As at 31st March, 1988

	Rupees	Rupees	As at 31st March, 1987 Rupees
<b>SCHEDULE-I</b>			
<b>SHARE CAPITAL:</b>			
<b>Authorised:</b>			
8,000 Equity Shares of Rs. 500/- each.		40, 00,000	40,00,000
<b>Issued and Subscribed:</b>			
8,000 Equity Shares of Rs. 500/- each, fully aid-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	2,68,01,000	2,17,21,000
Transferred from Profit & Loss Account	54,50,000	50,80,000
	3,22,51,000	2,68,01,000

#### 2) Development Rebate Reserve:

As per the last Balance Sheet	—	500
Transferred to Profit and Loss Account	—	500
	NIL	NIL
Carried Forward....	3,22,51,000	2,68,01,000



	Rupees	Rupees	As at 31st March, 1987 Rupees
Brought Forward...		3,22,51,000	2,68,01,000
<b>3) Investment Allowance Reserve:</b>			
As per last Balance Sheet	36,66,000		35,83, 000
Transferred from Profit and Loss Account	—		1,50, 000
	<u>36,66,000</u>		<u>37,33, 000</u>
Less: Transferred to Profit & Loss Account	<u>2,98,000</u>		<u>67, 000</u>
		33,68,000	36,66,000
<b>4) Profit and Loss Account</b>		4,685	9,417
<b>TOTAL:</b>		<u><u>3,56,23,685</u></u>	<u><u>3,04,76,417</u></u>

## SCHEDULE-III

### UNSECURED LOAN:

#### Short Term Loan:

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

10,62,440      25,13,735

#### Long Term Loan:

Loan from Indian Oil Corporation Limited, the Holding Company

1,40,06,000      1,15,06, 000

Interest accrued

17,14,629      4,25,565

1,57,20,629      1,19,31,565

**TOTAL:**

1,67,83,069      1,44,45, 300



# Schedules *contd...*

## SCHEDULE-IV

### FIXED ASSETS:

	GROSS BLOCK			
	As on 1.4.87	Additions	Deductions	As on 31.3.88
	Rupees	Rupees	Rupees	Rupees
Land-Leasehold	80,06,000	—	—	80,06,000
Office & Factory Bldgs. (on leasehold land)	92,06,623	1,74,181	—	93,80,804
Residential Flat	1,62,336	—	—	1,62,336
Railway Siding	2,73,039	—	—	2,73,039
Plant and Machinery	3,70,11,242	20,51,300	28,475	3,90,34,067
Furniture, Fixtures and Office Equipments	38,47,798	7,76,413	34,672	45,89,539
Forklift Trucks	48,49,073	12,61,500	—	61,10,573
Motor Vehicles	8,11,931	1,08,343	—	9,20,274
Research and Development: Building (on leasehold land)	26,483	—	—	26,483
Plant and Machinery	13,89,745	—	—	13,89,745
<b>TOTAL:</b>	<b>6,55,84,270</b>	<b>43,71,737</b>	<b>63,147</b>	<b>6,98,92,860</b>
Previous Year's Total:	5,92,26,994	73,26,685	9,69,409	6,55,84,270

- NOTES: 1) Res. Flat 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 31.3.87	Deductions/ Adjustment for earlier years	For the year	Upto 31.3.88	As on 31.3.88	As on 31.3.87
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1,68,548	—	84,274	2,52,822	77,53,178	78,37,452
49,56,710	—	5,03,908	54,60,618	39,20,186	42,49,913
51,588	—	5,537	57,125	1,05,211	1,10,748
2,48,916	—	8,040	2,56,956	16,083	24,123
2,24,25,279	23,293	55,46,460	2,79,48,446	1,10,85,621	1,45,85,963
18,63,009	26,112	6,49,533	24,86,430	21,03,109	19,84,789
31,80,650	—	9,76,567	41,57,217	19,53,356	16,68,423
3,76,291	—	1,81,317	5,57,608	3,62,666	4,35,640
10,155	—	1,633	11,788	14,695	16,328
8,92,412	—	1,65,761	10,58,173	3,31,572	4,97,333
3,41,73,558	49,405	81,23,030	4,22,47,183	2,76,45,677	3,14,10,712
2,99,64,099	7,97,563	50,07,022	3,41,73,558		
		Capital Work-in-Progress		87,25,305	9,50,334
		TOTAL:		3,63,70,982	3,23,61,046



# Schedules *contd...*

## SCHEDULE-V

	Rupees	As at 31st March, 1987 Rupees
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>1) CURRENT ASSETS:</b>		
a) Inventories:		
Stores and Spare Parts (At Cost)		
(as taken, valued and certified by the management)	19,86,660	12,66,946
TOTAL:	<u>19,86,660</u>	<u>12,66,946</u>
b) Sundry Debtors:		
(Unsecured, considered good)		
Other Debts	6,44,307	56,52,014
(Due from Indian Oil Corporation Limited, the Holding Company)		
TOTAL:	<u>6,44,307</u>	<u>56,52,014</u>
c) Cash and Bank Balances:		
i) Cash & Cheques on hand	90,250	65,250
ii) Balance with a Scheduled Bank in current Account	53,743	6,97,572
TOTAL:	<u>1,43,993</u>	<u>7,62,822</u>
<b>2) LOANS AND ADVANCES:</b>		
Advances recoverable in cash or in kind or for value to be received considered good.		
a) Secured	1,30,90,480	1,11,59,278
b) Unsecured:		
i) Due from Indian Oil Corporation Limited, the Holding Company	6,26,140	1,89,414
ii) Others	1,05,08,985	54,32,093
	<u>2,42,25,605</u>	<u>1,67,80,785</u>
Advance Payment of Income-tax	1,96,22,400	1,26,51,846
Deposit with Industrial Development Bank of India, in lieu of Surcharge on Income-tax with accrued interest	2,02,775	1,90,250
TOTAL:	<u>4,40,50,780</u>	<u>2,96,22,881</u>



<b>SCHEDULE-VI</b>	<b>Rupees</b>	<b>Rupees</b>	<b>As at 31st March, 1987 Rupees</b>
<b>CURRENT LIABILITIES AND PROVISIONS:</b>			
<b>1) CURRENT LIABILITIES:</b>			
a) Creditors for Capital Goods		3,03,378	1,98,867
b) Security Deposits		5,66,661	2,48,769
c) Earnest Money Deposits		2,51,600	1,09,900
d) Sundry Creditors for expenses:			
Due to Indian Oil Corporation Limited	2,62,396		7,81,305
Due to others	5,95,885		62,39,732
		<u>8,58,281</u>	<u>70,21,037</u>
e) Other Liabilities		64,99,372	1,40,419
TOTAL:		<u>84,79,292</u>	<u>77,18,992</u>
<b>2. PROVISION:</b>			
Taxation		1,79,10,676	1,26,25,000
Proposed Dividend		4,00,000	4,00,000
TOTAL:		<u>1,83,10,676</u>	<u>1,30,25,000</u>

**Schedule Annexed to and Forming Part of the Profit and Loss Account  
For the Year Ended 31st March, 1988**

<b>SCHEDULE-VII</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Previous Year Rupees</b>
<b>OTHER INCOME:</b>			
Interest:			
On Staff Loans	6, 67,774		6,04,048
On Others	37,894		19,155
		<u>7,05,668</u>	<u>6,23,203</u>
Profit on sale of assets		—	1,32,251
Pipeline User Charges		7,11,260	2,90,073
Miscellaneous		2,19,967	1,61,000
Miscellaneous Debits/Credits written off		—	255
TOTAL:		<u>16,36,895</u>	<u>12,06,782</u>



# Schedules *contd...*

<b>SCHEDULE-VIII</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Previous Year Rupees</b>
<b>OPERATING AND OTHER EXPENSES:</b>			
Salaries, Wages, Allowances and Bonus		2,62,62,758	2,30,55,223
Contribution to Employees' Provident Fund and Other Funds		12,88,603	11,99,898
Gratuity		3,49,927	62,739
Staff Welfare Expenses		49,86,256	46,95,117
Fuel, Power and Water Charges		57,57,733	54,84,895
Stores and Spare Parts Consumed		8,98,749	6,46,164
Rent		9,28,365	6,17,414
Rates, Taxes and Licences		3,30,319	2,76,627
Material Handling Expenses		6,44,642	6,86,153
Repairs and Maintenance to:			
Buildings	11,81,348		3,69,917
Plant & Machinery	13,67,027		11,86,621
Railway Siding	1,78,858		1,58,758
Others	5,30,583		3,80,250
		<u>32,57,816</u>	<u>20,95,546</u>
Insurance		1,22,578	1,17,261
Travelling and Conveyance		5,71,821	5,21,718
Motor Vehicle Expenses		2,07,234	2,20,458
Printing and Stationery		3,91,946	2,95,913
Postage, Telegrams and Telephones		5,33,465	4,17,859
Legal and Professional Charges		2,07,147	24,650
Donation		5,351	5,000
Loss on sale/scraping of assets		38,742	86,148
Inventory written off		—	30,233
Auditor's Remuneration:			
Audit Fees	12,000		12,000
Tax Audit Fees	4,000		3,000
Out-of-Pocket Expenses	22,719		2,002
		<u>38,719</u>	<u>17,002</u>
General Expenses		12,01,364	10,29,456
<b>TOTAL:</b>		<u><u>4,80,23,535</u></u>	<u><u>4,15,85,474</u></u>



**SCHEDULE-IX**

**Schedule Annexed to and Forming Part of the Accounts for the Year Ended  
31st March, 1988**

<b>(1) CONTINGENT LIABILITIES:</b>	<b>Rupees</b>	<b>Previous Year Rupees</b>
a) Estimated amount of contracts remaining to be executed on capital account and not provided for.	3,77,08,084	9,34,981
b) Claims against the Company, not acknowledged as debts.	25,000	25,000
 (2) The Company has revived during the year the Group Gratuity-cum-Life Insurance Scheme Policy which was discontinued during 1985-86. An adhoc amount of Rs. 2,75,000/- is paid to LIC as contribution on account for the year and debited to Group Gratuity Insurance account pending finalisation of the actual premia payable. The extra amount if any will be paid to .LIC on receipt of their advice during the year 1988-89.		
 (3) Additional information pursuant to 3,4, 4C and 4D of Part II, to Schedule VI of the Companies Act, 1956:		
(A) Turnover (Processing Fees):		
Lube Blending	Kilo Litres Rupees	3,20,003 6,01,60,635
Grease	Metric Tonnes Rupees	3,22,330 4,88,72,074 7,273 76,36,444
 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.		
(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	Numbers	402 253
Salaries, Wages & Bonus	Rupees	1,93,95,763 1,20,91,565,
Contribution to Provident Fund and other Funds.	Rupees	9,48,117 6,42,199
 (ii) Employed for part of the year:		
Number of employees	Numbers	3 3
Salaries, Wages & Bonus	Rupees	36,321 82,771
Contribution to Provident Fund and other Funds.	Rupees	2,646, 4,160
 (C) Remuneration to Chairman and Managing Director:		
(a) Salary	Rupees	91,839 96,449
(b) Provident Fund and other Funds	Rupees	7,211 7,341
(c) Other perquisites	Rupees	21,602 33,952
	<u>Rupees</u>	<u>1,20,652</u> <u>1,37,742</u>



# Schedules *contd...*

## Index

## SCHEDULE IX *Contd.*

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.

D) Capacity and Production			Previous Year	
	Lubes (KL)	Grease (MT)	Lubes (KL)	Grease (MT)
a) Licensed Capacity	2,50,000	4,536	2,50,000	4,536
b) Installed Capacity*	2,50,000	8,500	2,50,000	8,500
c) Actual Production* *	3,20,003	7,048	3,22,330	7,273

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 3,875 KLS. not blended but back-loaded. (Previous year 6,408 KLS).

	Rupees	Previous Year Rupees
E) C.I.F. Value of Imports:		
Spare parts and components	2,69,997	22,904
Capital Goods	9,29,123	4,12,025
F) Expenditure in Foreign Currency:		
a) Subscription to Journals	9,895	9,587
b) Consumable Stores	—	—
c) Foreign Travel	—	54,820

G) Consumption of Spare Parts during the year:

	Value Rupees	Percentage	Value Rupees	Previous Year Percentage
Imported	1,36,918	16.87	69,328	4.55
Indigenous	6,74,493	83.13	14,54,093	95.45

4) The Company has provided depreciation as per past practice at rates higher than those prescribed in the Companies Amendment Act, 1988. The amount of depreciation beyond the rates so prescribed works out to Rs. 41,80,835/-.

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

### SIGNATURE TO SCHEDULE I TO IX

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

Sd/-  
(T. PITCHAIAH)  
Financial Director

Sd/-  
(INDU VIRA)  
Director

Sd/-  
(R.K. JAIN)  
Secretary

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

New Delhi  
Dated: 20th June, 1988

Sd/-  
(Partner)



# CAG Comments

---

## **Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Blending Limited, Bombay for the year ended 31st March, 1988**

The Comptroller and Auditor General of India has decided not to review the Report of the Auditors for the year ended 31st March, 1988 on the accounts of Indian Oil Blending Limited, Bombay and as such he has no comments to make under Section 619(4) of the Companies Act, 1956.

Bombay  
Dated 21st July, 1988.

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

