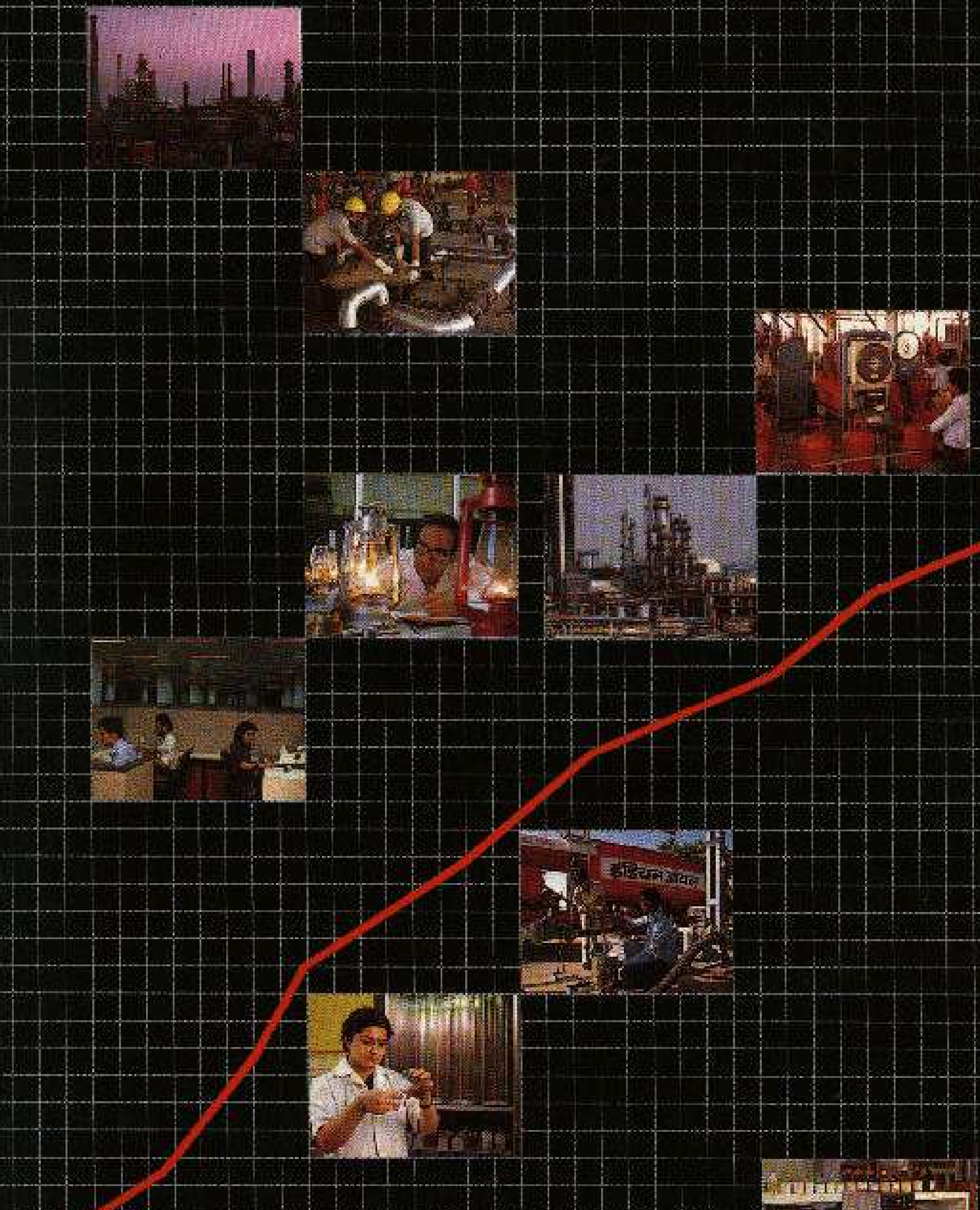
ANNUAL REPORT 1990-91



INDIAN OIL CORPORATION LIMITED

Indianoil's Registered Office at Bombay

Contents

Indian Oil Corporation Limited

Registered Office : Indianoil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East), Mumbai-400 051

38th 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 sector 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 advancement through appropriate training and career planning.

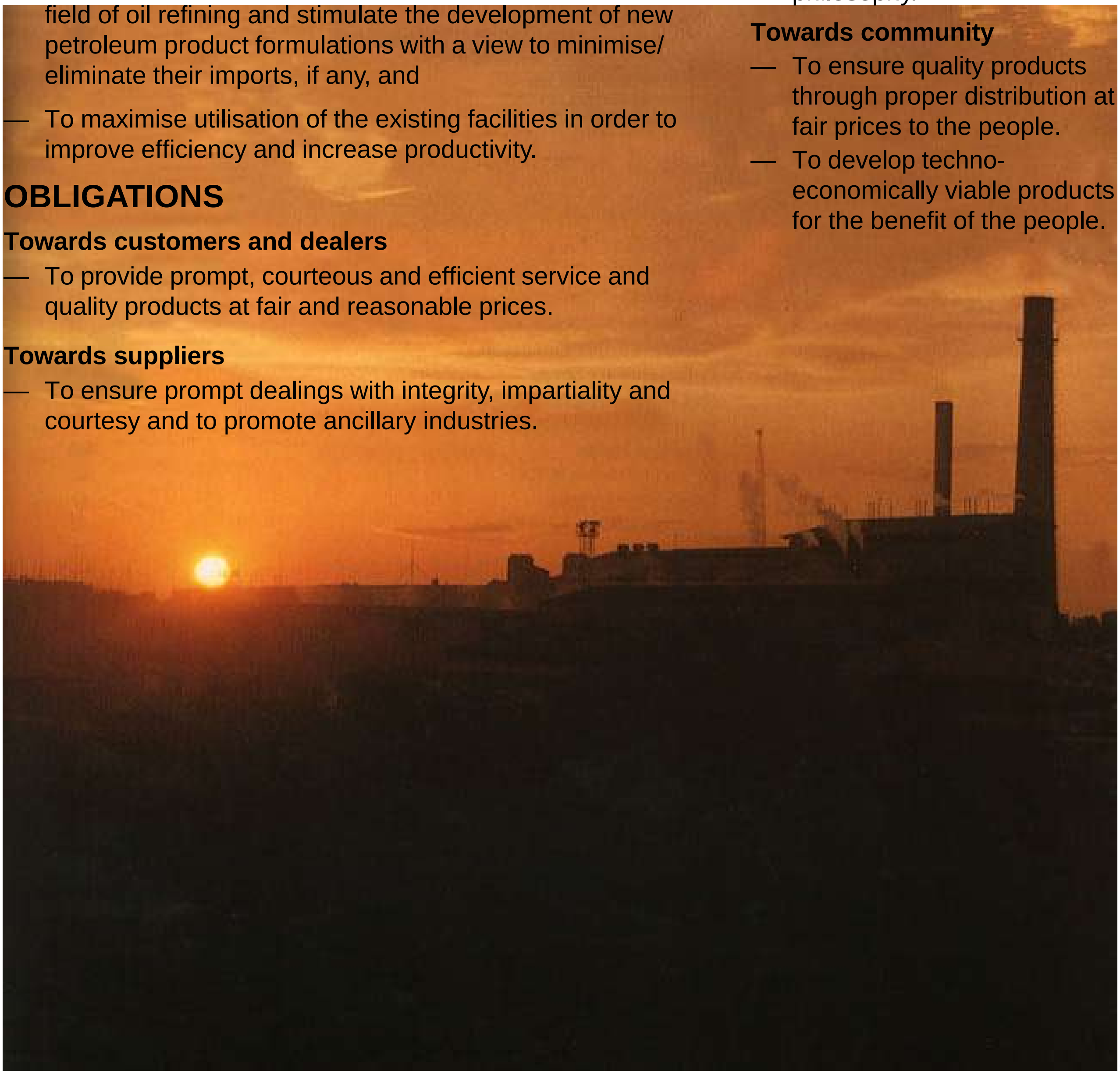
— Expeditious redressal of grievances.

— Fair dealings with recognised representatives of employees in pursuance of healthy trade union practice and sound personnel policies in keeping with public sector philosophy.

Towards community

— To ensure quality products through proper distribution at fair prices to the people.

— To develop techno-economically viable products for the benefit of the people.



— To encourage progressive indigenous manufacture of products and materials so as to substitute imports.

— To avoid and control environmental pollution in its manufacturing plants and townships by taking suitable and effective measures.

— Improve the condition of Scheduled Castes/Scheduled Tribes in pursuance of national policies.

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

FINANCIAL OBJECTIVES

— To ensure adequate return on the capital employed and maintain a reasonable annual dividend on its equity capital.

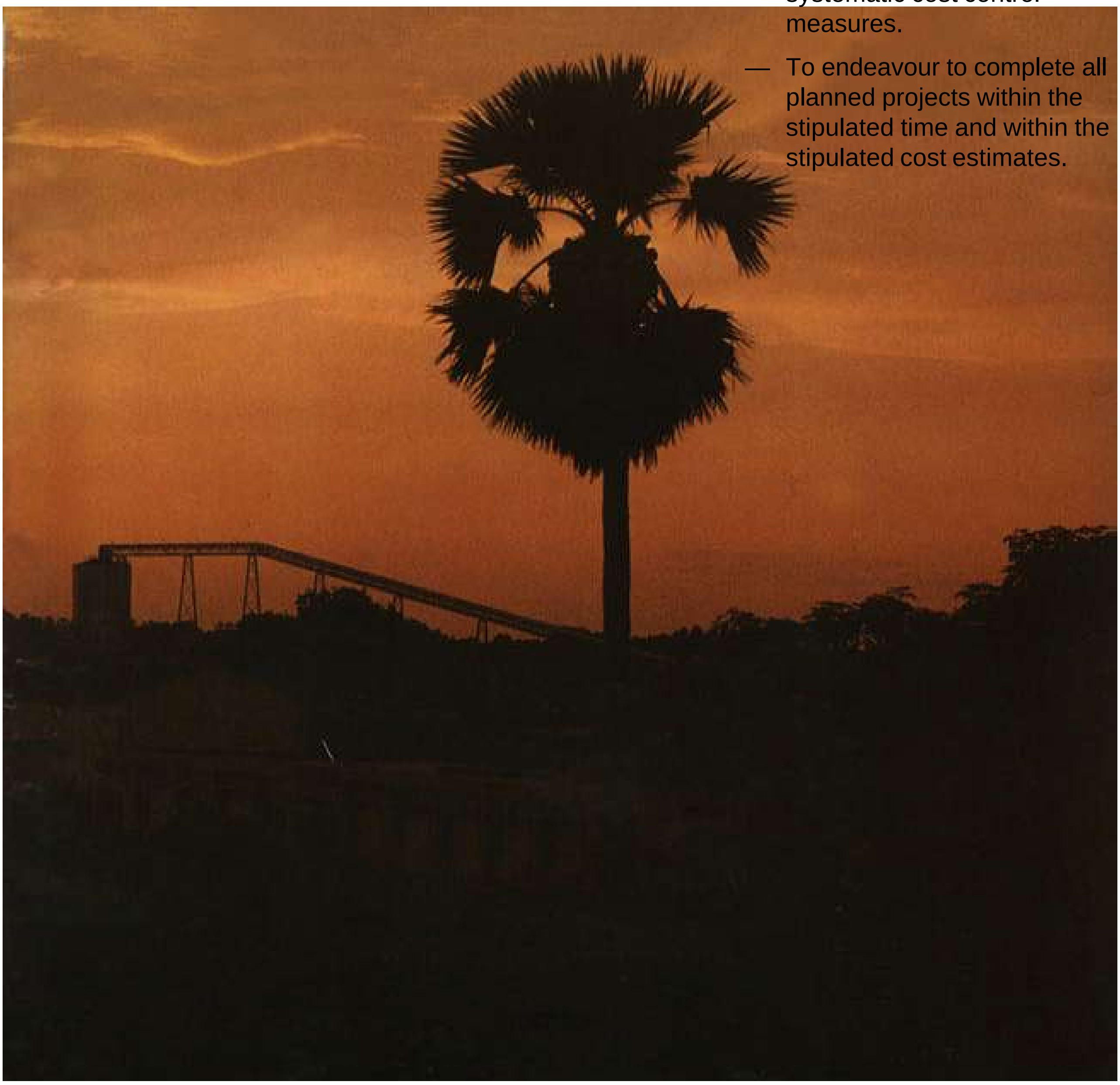
— To ensure maximum economy in expenditure.

— To generate sufficient internal resources for financing party/ wholly expenditure on new capital projects.

— To develop long-term corporate plans to provide adequate growth of the activities of the Corporation.

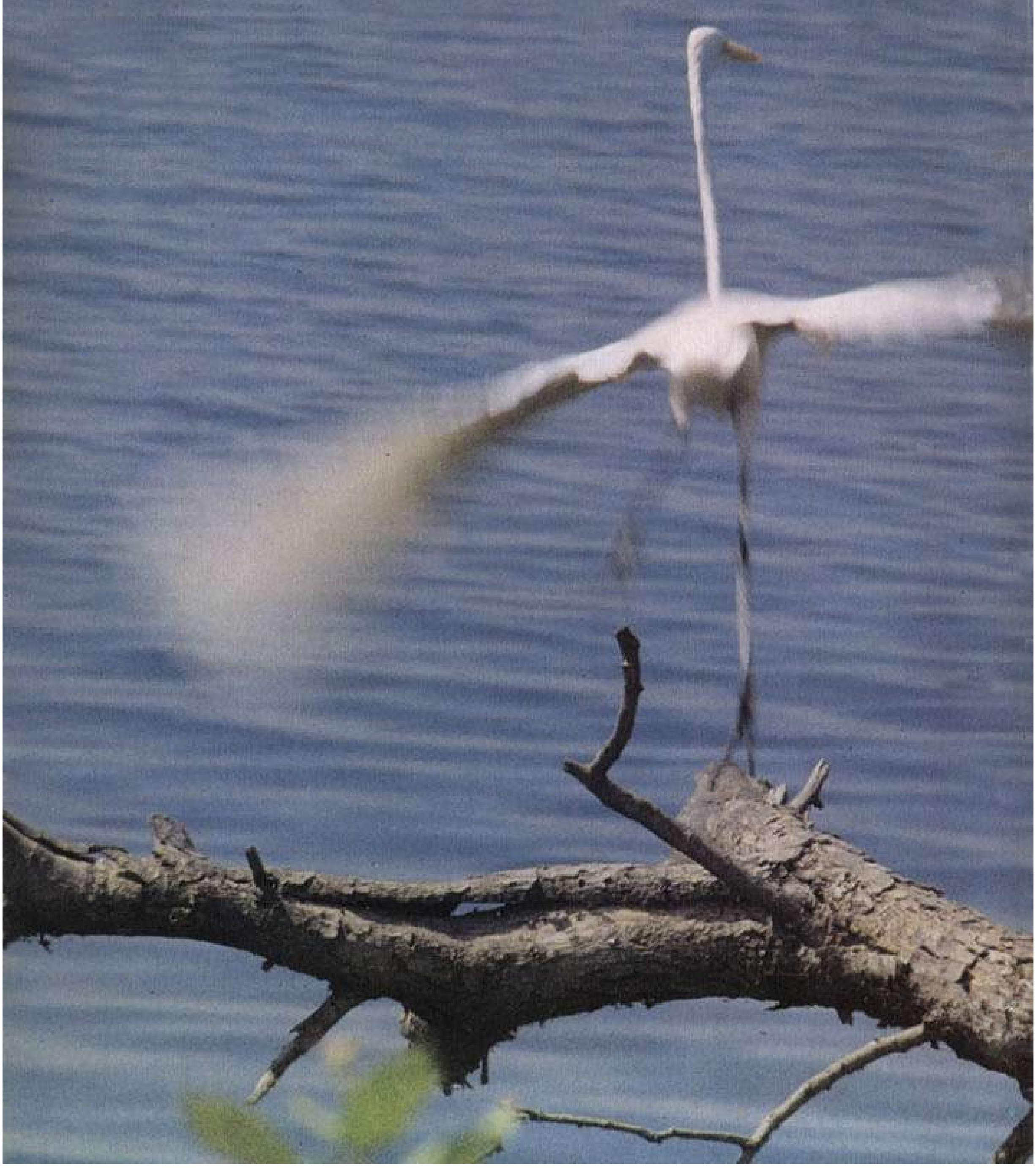
— To continue to make an effort in bringing a reduction in the cost of production of petroleum products manufactured by means of systematic cost control measures.

— To endeavour to complete all planned projects within the stipulated time and within the stipulated cost estimates.

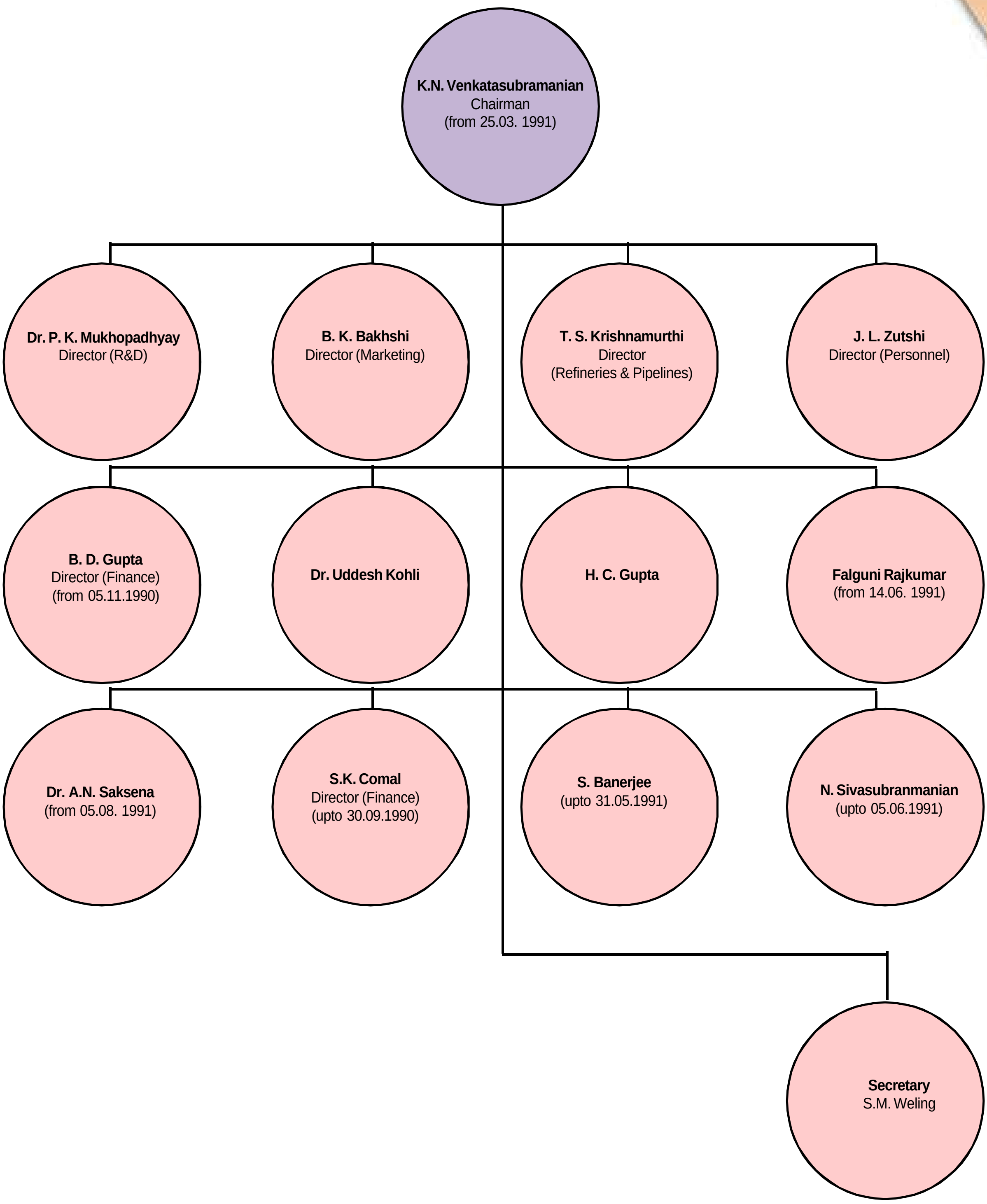


Corporate Mission

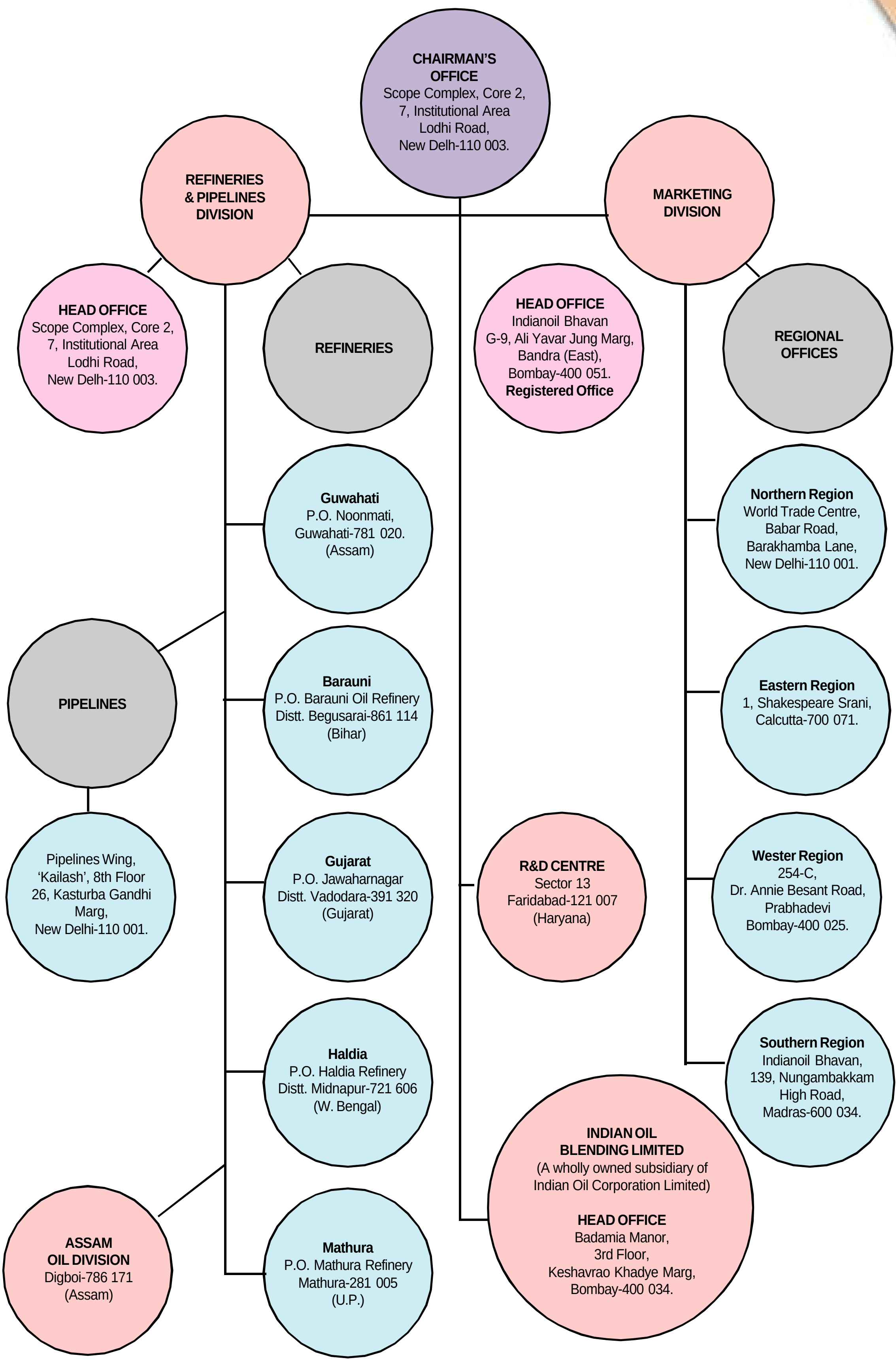
- To achieve international standards of excellence in petroleum refining marketing and transportation with concern for customer satisfaction.
- To create a modern technology base for self-reliance, growth and development of the business.
- To contribute to the national economy by providing adequate return on investment and by setting high standards of leadership in productivity and total quality.
- To foster a culture of participation and innovation for employee growth and contribution.
- To help enrich quality of life of the community and preserve ecological balance and national heritage.



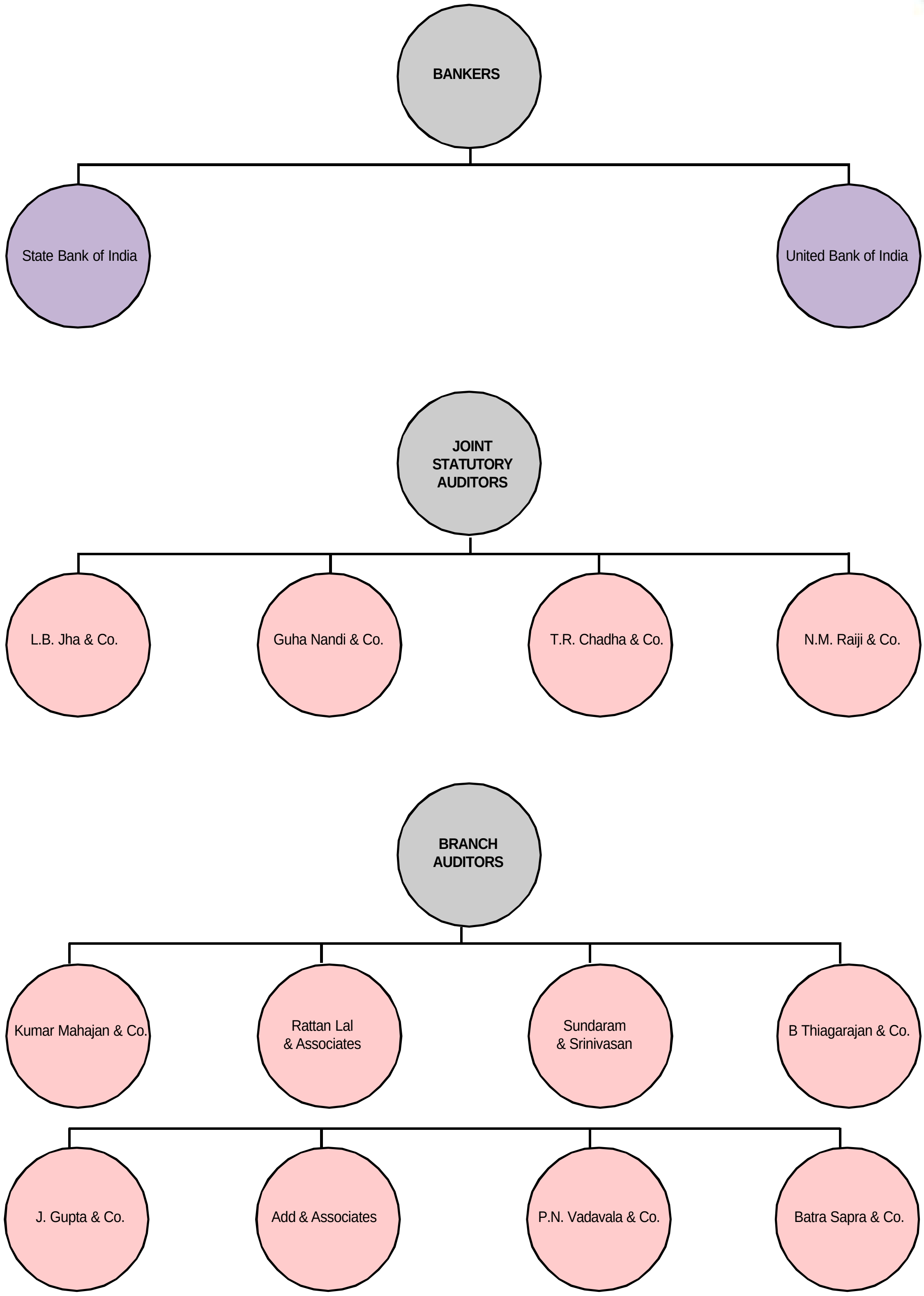
Board of Directors



Major Units


CHAIRMAN'S OFFICE
Scope Complex, Core 2,
7, Institutional Area
Lodhi Road,
New Delh-110 003.
REFINERIES & PIPELINES DIVISION
MARKETING DIVISION
HEAD OFFICE
Scope Complex, Core 2,
7, Institutional Area
Lodhi Road,
New Delh-110 003.
REFINERIES
HEAD OFFICE
Indianoil Bhavan
G-9, Ali Yavar Jung Marg,
Bandra (East),
Bombay-400 051.
Registered Office
REGIONAL OFFICES
Guwahati
P.O. Noonmati,
Guwahati-781 020.
(Assam)
Northern Region
World Trade Centre,
Babar Road,
Barakhamba Lane,
New Delhi-110 001.
PIPELINES
Barauni
P.O. Barauni Oil Refinery
Distt. Begusarai-861 114
(Bihar)
Eastern Region
1, Shakespeare Srani,
Calcutta-700 071.
Pipelines Wing,
'Kailash', 8th Floor
26, Kasturba Gandhi
Marg,
New Delhi-110 001.
Gujarat
P.O. Jawaharnagar
Distt. Vadodara-391 320
(Gujarat)
R&D CENTRE
Sector 13
Faridabad-121 007
(Haryana)
Wester Region
254-C,
Dr. Annie Besant Road,
Prabhadevi
Bombay-400 025.
Haldia
P.O. Haldia Refinery
Distt. Midnapur-721 606
(W. Bengal)
Southern Region
Indianoil Bhavan,
139, Nungambakkam
High Road,
Madras-600 034.
INDIAN OIL BLENDING LIMITED
(A wholly owned subsidiary of
Indian Oil Corporation Limited)
HEAD OFFICE
Badamia Manor,
3rd Floor,
Keshavrao Khadye Marg,
Bombay-400 034.
ASSAM OIL DIVISION
Digboi-786 171
(Assam)
Mathura
P.O. Mathura Refinery
Mathura-281 005
(U.P.)

Bankers and Auditors



Principal Executives

CHAIRMAN'S OFFICE

- **A.P. Durai**, Executive Director (Vigilance)
- **Raghavan Iyer**, Adviser (Excise & Customs)
- **U.K. Dikshit**, General Manager (HRD & ICMI)
- **K. Lakshmandas**, General Manager (Internal Audit)
- **S.C. Mathur**, General Manager (International Trade)
- **T.V. Ramamoorthy**, General Manager (Corporate Finance)

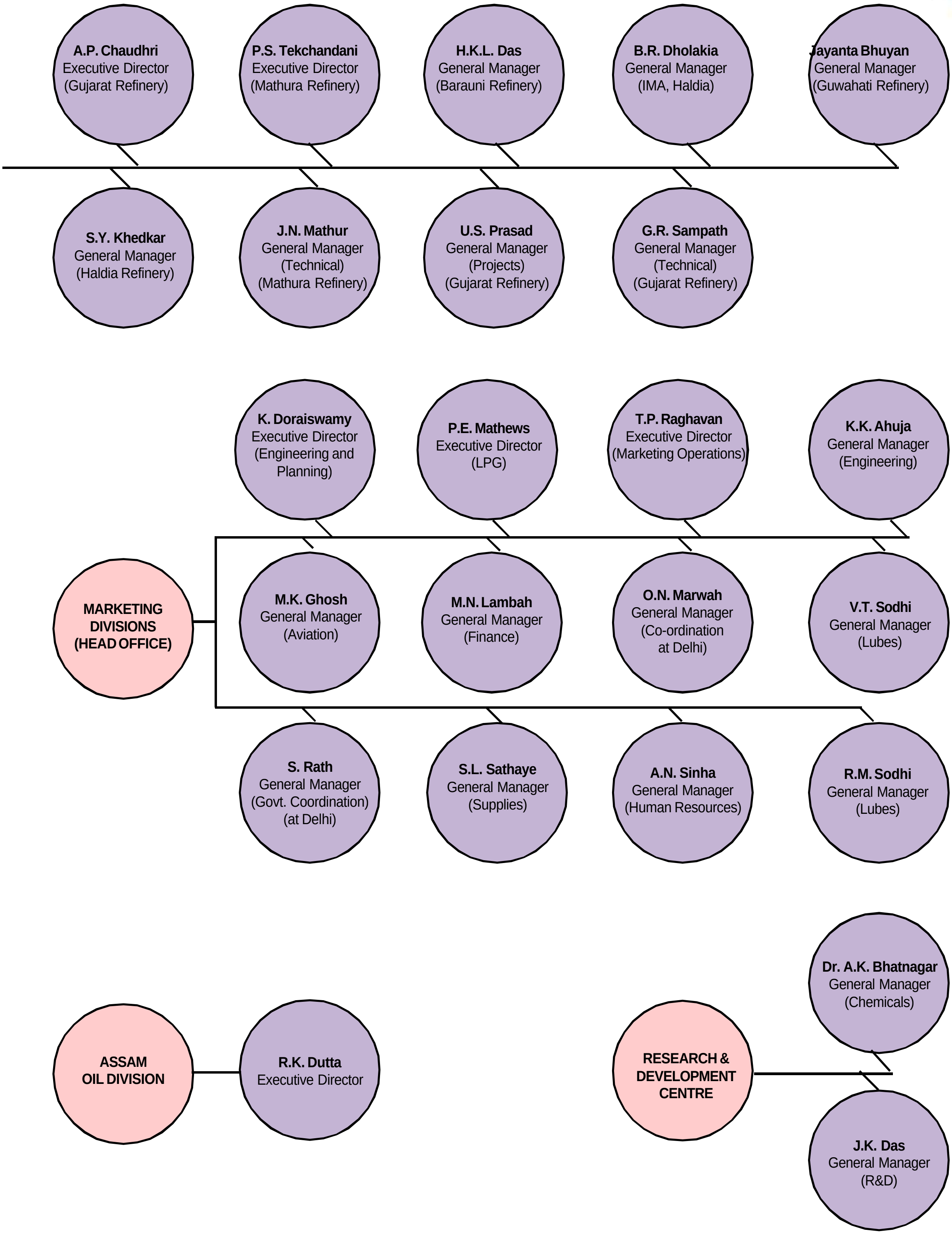
REFINERIES

REFINERIES & PIPELINES (HEAD OFFICE)

- **H.J. Dave**, Executive Director (Operations)
- **S.R. Lokeshwar**, Executive Director (Projects)
- **R.A. Shanbhag**, Executive Director (Pipelines)
- **A.K. Arora**, Executive Director (Technical)
- **S.C. Chakraborty**, General Manager (Human Resources)
- **Gauranga Sinha**, General Manager (MIS)
- **V.S. Jain**, General Manager (Finance)
- **S.N. Jha**, General Manager (M & I)
- **S.D. Mishra**, General Manager (KBPL)
- **A.M. Uplenchwar**, General Manager (Operations-Pipelines)
- **K.C. Joseph**, Addl. General Manager (Human Resources)
- **V.K. Krishnamohan**, Addl. General Manager (Projects)

REGIONAL OFFICES (MARKETING)

- **K.K. Misra**, Executive Director (Southern Region)
- **R.K. Jain**, General Manager (Northern Region)
- **G. Mullick**, General Manager (Western Region)
- **M.A. Pathan**, General Manager (Eastern Region)
- **K.S. Nair**, Addl. General Manager (Sales) (Southern Region)
- **P. Raghavendran**, Addl. General Manager (Sales) (Eastern Region)
- **U.B. Sharma**, Addl. General Manager (LPG) (Northern Region)


A.P. Chaudhri
Executive Director
(Gujarat Refinery)
P.S. Tekchandani
Executive Director
(Mathura Refinery)
H.K.L. Das
General Manager
(Barauni Refinery)
B.R. Dholakia
General Manager
(IMA, Haldia)
Jayanta Bhuyan
General Manager
(Guwahati Refinery)
S.Y. Khedkar
General Manager
(Haldia Refinery)
J.N. Mathur
General Manager
(Technical)
(Mathura Refinery)
U.S. Prasad
General Manager
(Projects)
(Gujarat Refinery)
G.R. Sampath
General Manager
(Technical)
(Gujarat Refinery)
K. Doraiswamy
Executive Director
(Engineering and Planning)
P.E. Mathews
Executive Director
(LPG)
T.P. Raghavan
Executive Director
(Marketing Operations)
K.K. Ahuja
General Manager
(Engineering)
MARKETING DIVISIONS
(HEAD OFFICE)
M.K. Ghosh
General Manager
(Aviation)
M.N. Lambah
General Manager
(Finance)
O.N. Marwah
General Manager
(Co-ordination at Delhi)
V.T. Sodhi
General Manager
(Lubes)
S. Rath
General Manager
(Govt. Coordination)
(at Delhi)
S.L. Sathaye
General Manager
(Supplies)
A.N. Sinha
General Manager
(Human Resources)
R.M. Sodhi
General Manager
(Lubes)
Dr. A.K. Bhatnagar
General Manager
(Chemicals)
ASSAM OIL DIVISION
R.K. Dutta
Executive Director
RESEARCH & DEVELOPMENT CENTRE
J.K. Das
General Manager
(R&D)

Notice

Notice is here by given that the 32nd Annual General Meeting of Indian Oil Corporation Limited will be held at the Company Chairman's Office, SCOPE Complex, Core 2,7, Institutional Area, Lodhi Road, New Delhi-110 003 on Wednesday, the 11th, September, 1991 at 1230 hours 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, 1991.
2. To declare dividend.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modifications the following Ordinary Resolutions:-

   A. **"Resolved that** pursuant to provisions of Section 293 of the Companies Act, 1956, approval of the shareholders be and is hereby accorded for drawal of working capital loan upto Rs 500 crores from OIDB for a period of one year as per terms and conditions of OIDB subject to the approval of the Central Govt. in terms of Article 49 of the Articles of Association of the Company."

   B. **"Resolved further that** the Chairman be and is hereby authorised to approach OIDB for seeking extension in the working capital loan upto one year after the expiry of the aforesaid period of one year of the original loan."

By Order of the Board,
Sd/-
S.M. WELING
Secretary

Bombay,
Dated: 30th August, 1991.

Note: 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.

2. Explanatory Statement as required under section 173 of the Companies Act, 1956 in respect of the special business is enclosed.

3. Approval for holding the Annual General Meeting in New Delhi instead of at Registered Office at G-9, Ali Yavar Jung Marg, Bandra (East), Bombay has been obtained from Government of India, Ministry of Industry, Department of Company Affairs, New Delhi.

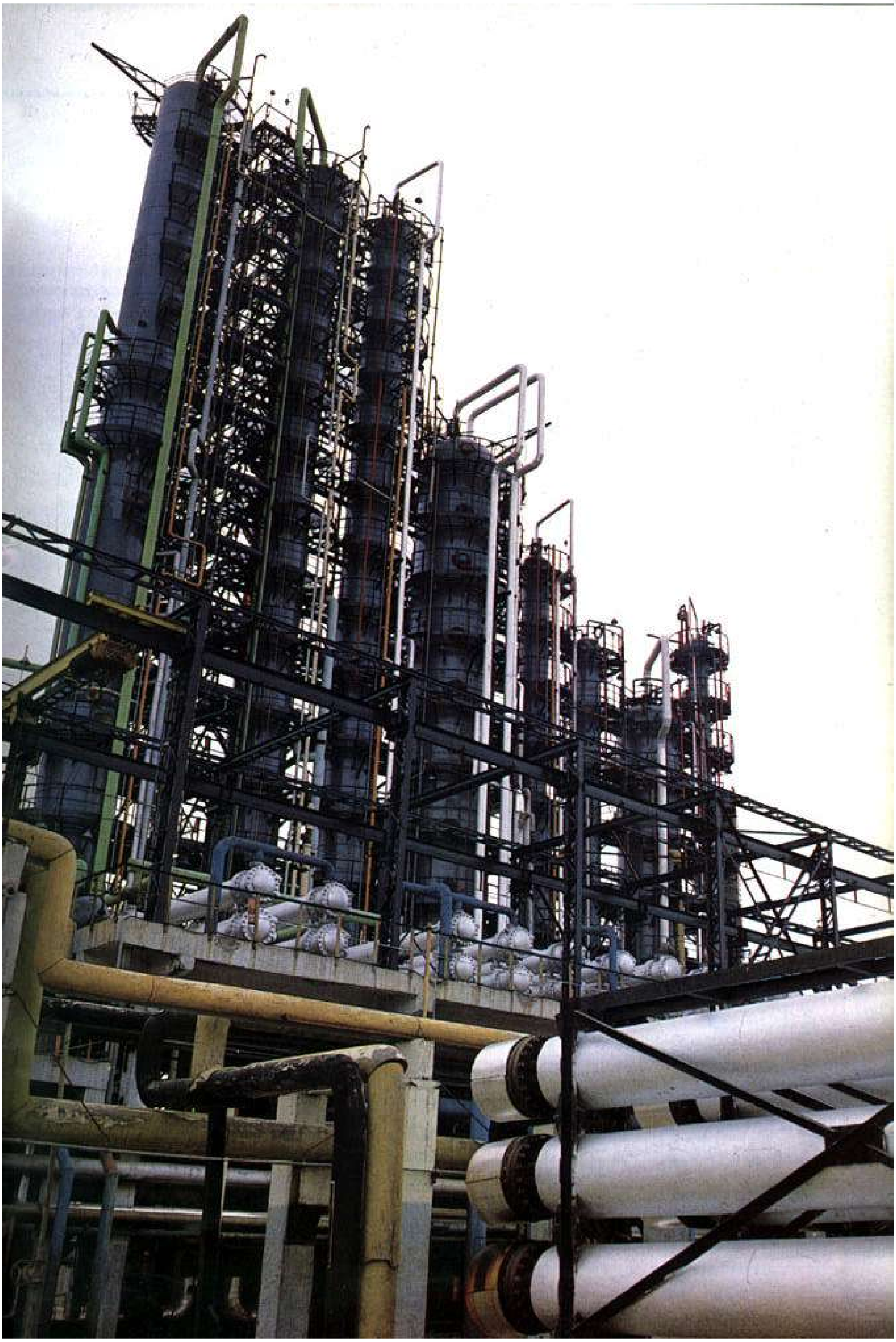
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

DRAWAL OF WORKING CAPITAL LOAN FROM O.I.D.B.

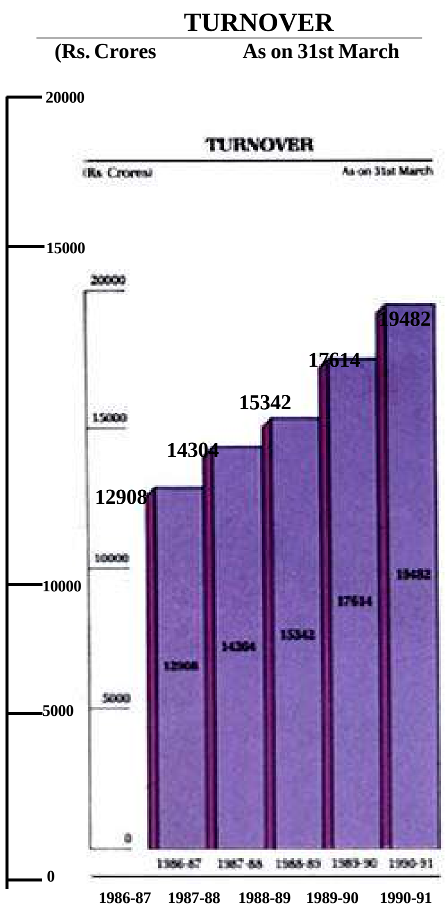
1. **As** a result of recent depreciation **in** the rupee value, import of crude oil and petroleum products has become costlier and the financial impact **is** assessed at about Rs 3,100 crores for 1991-92 on industry basis. Indian Oil Corporation, being the canalising agency for import of crude/petroleum products, would be primarily responsible for arranging the rupee component to meet this requirement. The Government has been informed of the impact of the depreciation in the value of rupee. Besides, substantial amount is already outstanding from Industry Pool Account maintained by Oil Coordination Committee.
2. We are approaching OIDB to assist us by providing funds upto Rs 500 crores for meeting working capital requirements for a period of one year at the present interest rate of 16% per annum.
3. It is therefore, proposed that the Shareholders of the Company may accord their consent and approval, in accordance with the terms of Section 293 of the Companies Act, 1956, to secure a loan upto Rs *500* crores from OIDB for a period of one year as per terms and conditions of OIDB as working capital loan. The Shareholders are also requested to authorise the Chairman of the Corporation to approach OIDB for seeking extension in the working capital loan for further period of one year. The Board has already approved the above proposal in its meeting held on 13th August, 1991.

   The proposed Ordinary Resolutions are therefore placed for approval of the Shareholders as a Special Business in the Annual General Meeting. None of the Directors are interested or concerned in the proposal.

Directors' Report



Directors' Report 1990-91



To
The Shareholders of
Indian Oil Corporation Limited

Gentlemen,

On behalf of the Board of Directors, I have great pleasure in placing before you, the 32nd Annual Report on the working of the Corporation for the financial year ended 31st March, 1991, alongwith the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.

During the year 1990-91, your Corporation achieved all-round progress in its various operations despite several constraints. The growing demand of petroleum products in the country and the crisis in West Asia resulted in a substantially higher import bill, as compared to the previous year. To limit the burden, the consumption of petroleum products was regulated through a demand management process. The indigenous availability of crude oil to both Barauni and Guwahati refineries continued to be short of their processing capacity. The difficult balance of payment position faced by the country forced your Corporation to go in for increased borrowings in international market. Inspite of these adverse circumstances, I am happy to record that your Corporation registered increase in turnover, profits, product sales, refineries and pipelines throughput etc as compared to the previous year.

The current decade poses many challenges for us. A number of new projects are under various stages of consideration. Project formulation and implementation needs close monitoring so as to avoid both cost and time overruns. Energy conservation, environmental protection, safety and product quality are of equal importance to our operations. Our concern for protecting environment has brought in the need to improve product quality to meet international standards like minimum lead petrol at our refineries. There is also an imperative need to keep abreast of technological changes that are taking place around us so as to make our operations, even more cost effective. Use of advanced control systems and process optimisation would need to be stepped up to derive increasing benefits. As market leader in our country, we also need to be more responsive to consumer needs in future so as to meet their expectations.

The opportunities ahead of us are plenty. In a constantly changing environment, we need to continuously explore opportunities to further our business prospects. We may have to think in terms of value addition in our existing product line which could contribute significantly to our earnings, in the coming years. The new industrial and trade policies announced by the Government recently have opened up new vistas for us. Joint ventures for production of speciality products is another area of interest to us. Yet another area could be, sharing our expertise and capabilities with some of the developing and third world countries. While many countries including some oil rich countries are already utilising the reservoir of skill and expertise available with us, we need to give greater thrust to this aspect, in future.

I have briefly outlined some of the challenges and opportunities before us. We should gear ourselves to meet these challenges. It may even call for adjustments in our existing organisational structure, besides changes in work culture and systems. But it would be worth the effort in the long run.

I shall now briefly present the performance highlights for the year 1990-91 which are as follows:

Financial Highlights

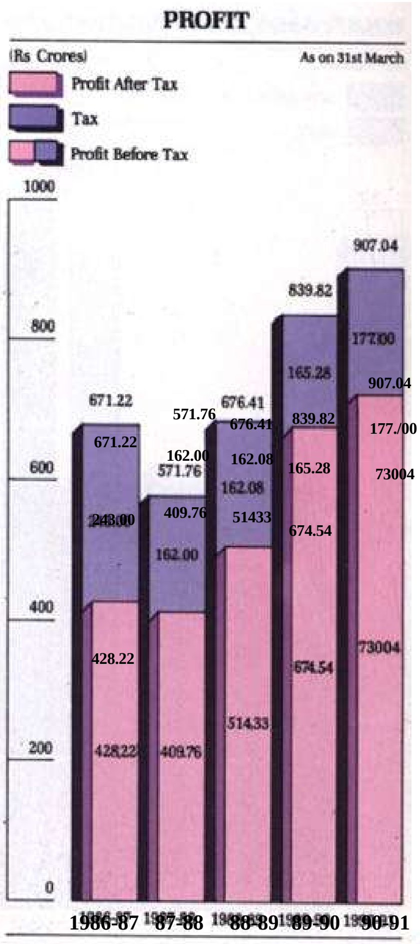
	1990-91	**1989-90**
		(Rs Crores)
Turnover	19,482	17,614
Profit		
Profit before Interest, Depreciation and Tax	1,774	1,460
Interest Payment	652	391
Depreciation	215	229
Profit before Tax	907	840
Tax Provision	177	165
Profit after Tax	730	675
Appropriations		
Proposed Dividend	27	25
General Reserve	703	650

Highlights of Operations

	(Million	**Tonnes)**
	1990-91	**1989-90**
Product Sales	31.42	31.01
Refineries' Throughput	23.74	23.53
Pipelines Throughput (Crude oil and Products)	21.36	20.89

Indianoil's Mathura refinery where the FCCU achieved over 100% capacity utilization for the sixth successive year

Below:
A night view of the coker units at Barauni refinery. A catalytic reformer unit is also under implementation here



Directors' Report *Contd...*

MOU PERFORMANCE

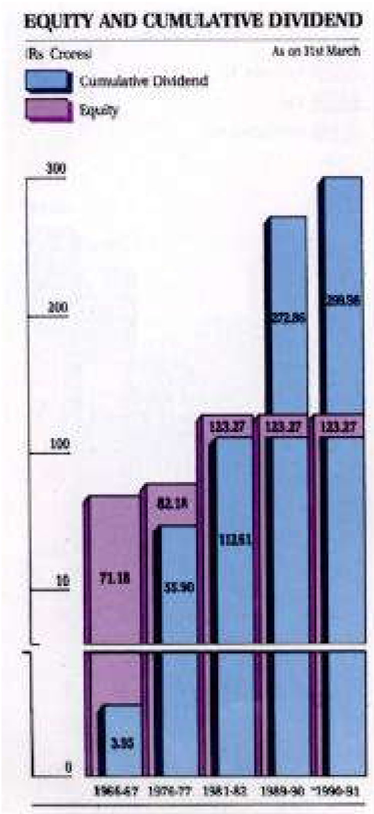
The oil industry in India as elsewhere in the world went through a critical period in 1990-91 arising out of the crisis in West Asia. The repercussions of the Gulf crisis together with the difficult balance of payment position faced by the country necessitated adjustments in our strategy like demand management for consumption of petroleum products. Inspite of this, your Corporation not only achieved the MOU targets on various parameters, but in some respects even exceeded the same. It is, therefore, expected that for the year 1990-91 also your Corporation will be presented the coveted Prime Minister's MOU Award for Excellence.

Profit

Your Corporation earned a profit after tax of Rs 730.04 crores during 1990-91 as compared to Rs 674.54 crores during 1989-90. This increase of more than 8% in profits was not only because of higher throughput and incentive for better product pattern achieved but also owing to additional return on networth realised from Oil Coordination Committee, besides higher dividend returns from investments.

Dividend

Your Directors have recommended an increased dividend of 22% for the year 1990-91 as against 20% declared in the previous year. This will absorb an amount of Rs 27.12 crores out of the disposable profit of Rs 730.04 crores. This is the 25th consecutive year of dividend declaration by the Corporation. It may be recalled that the dividend was raised from 6% in 1966-67 to 14% in 1980-81 and maintained at that level till 1985-86. It was raised to 16% in 1986-87 and to 18% in 1987-88. For the years 1988-89 and 1989-90, dividend was paid at the rate of 20%. The total dividend declared so far is Rs 299.98 crores against a paid up capital of Rs 123.27 crores which includes capitalisation of Rs 41.09 crores in 1981-82 by issuance of bonus shares in the ratio of one bonus share for two shares.



Contribution to Exchequer

Your Corporation contributed Rs 4061.97 crores to the central exchequer in the form of duties and income tax alone during the year. This is Rs 630.14 crores more than the contribution in 1989-90.

Value Added

Value addition **in** the operations of the Corporation during 1990-91 amounted to Rs 1439 crores. This is Rs 51 crores more than the value added during the previous year.

Working Capital

The Corporation's working capital as on 31st March, 1991 increased by Rs 841.41 crores over the previous year. The main reason for increase in the working capital is due to non-settlement of pool claims from Oil Coordination Committee. The outstandings of pool claims have been steadily going up since 1989-90. This has caused great strain on the working capital position of the Corporation.

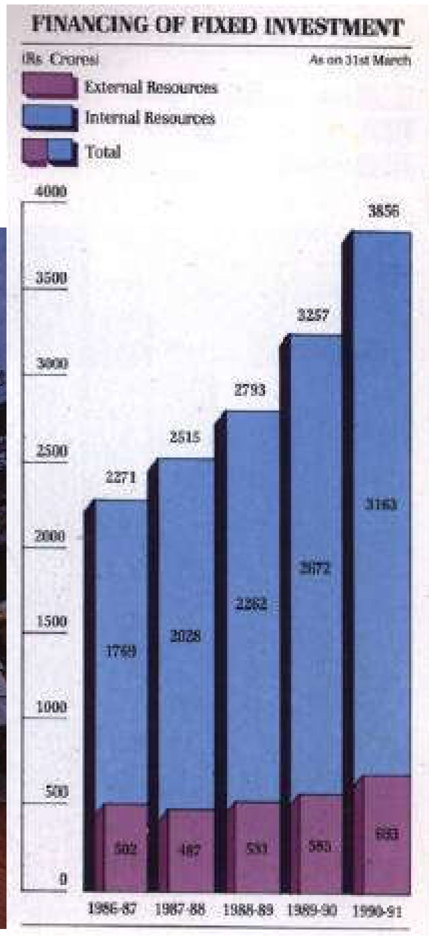
Financing of Fixed Assets

Over 82% of your Corporation's investment on fixed assets of Rs 3856 crores has been financed from internal resources.

Public Deposit Scheme

Acceptance of deposits as well as renewals from the public continued to remain suspended in the context of steady improvement in the generation of internal resources of the Corporation resulting only in a marginal increase in deposits from Rs 5.78 crores (3,503 depositors) on 31st March, 1990 to Rs 6.48 crores (3,640 depositors) on 31st March, 1991.

India's largest refinery at Koyali in Gujarat. Plans are afoot to increase the refining capacity by another three million tonnes per annum
Left *(Facing Page):*
Indianoil's refinery at Guwahati in Assam is also India's first in the public sector.
Below :
The Haldia refinery achieved record production of Lube Oil Base Stock during the year



Directors' Report *Contd...*

OPERATIONS

REFINERIES

The Corporation's six refineries at Guwahati and Digboi (Assam), Barauni (Bihar), Koyali (Gujarat), Haldia (West Bengal) and Mathura (Uttar Pradesh) processed a record 23.74 million tonnes of crude oil during 1990-91, as compared to the previous year's 23.65 million tonnes. This throughput also exceeded the MOU target of 23.65 million tonnes even though crude oil supplies to Guwahati and Barauni refineries fell short of plan. Some highlights of the year's operations were:

— The highest ever crude oil throughputs were achieved by Mathura, Gujarat and Haldia refineries.

— Out of the total 23.74 million tonnes of crude oil processed in the six refineries, over 63% constituting 15.09 million tonnes of crude oil was from indigenous sources namely from Assam, Gujarat and Bombay High.

— Over 100% capacity utilisation of Fluid Catalytic Cracking Units (FCCU) was achieved at Gujarat and Mathura refineries for the sixth consecutive year.

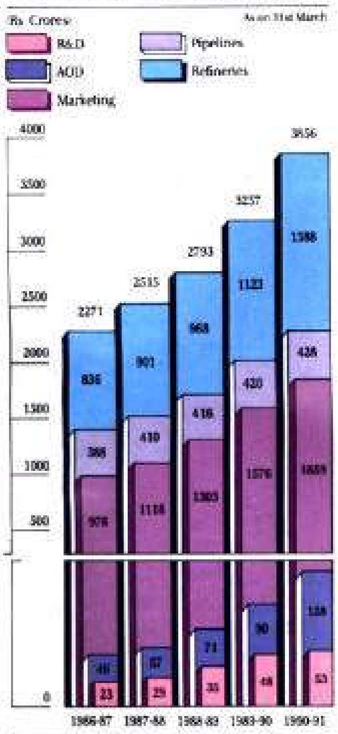
— Haldia refinery achieved a record production of 1662 thousand tonnes of Lube Oil Base Stock (LOBS) during the year.

Maintenance and Inspection of Refineries

To maintain high on-stream factor of process units, emphasis was laid, during the year, on adopting new and modem maintenance and inspection techniques. Following are some of the highlights:

— Health monitoring of power cables has been implemented at Gujarat and Mathura refineries. Action initiated to implement the same at other refineries also.

UNIT-WISE FIXED INVESTMENT



— For increasing on-stream factor of FCCU at Gujarat refinery, procurement of higher size cyclones has been proposed in consultation with the designer, M/s UOP.

— Remaining life assessment of one boiler each at Guwahati, Barauni and Haldia refineries has been completed. Remaining life study of three turbo-generators, one each at Barauni, Gujarat and Haldia has been undertaken.

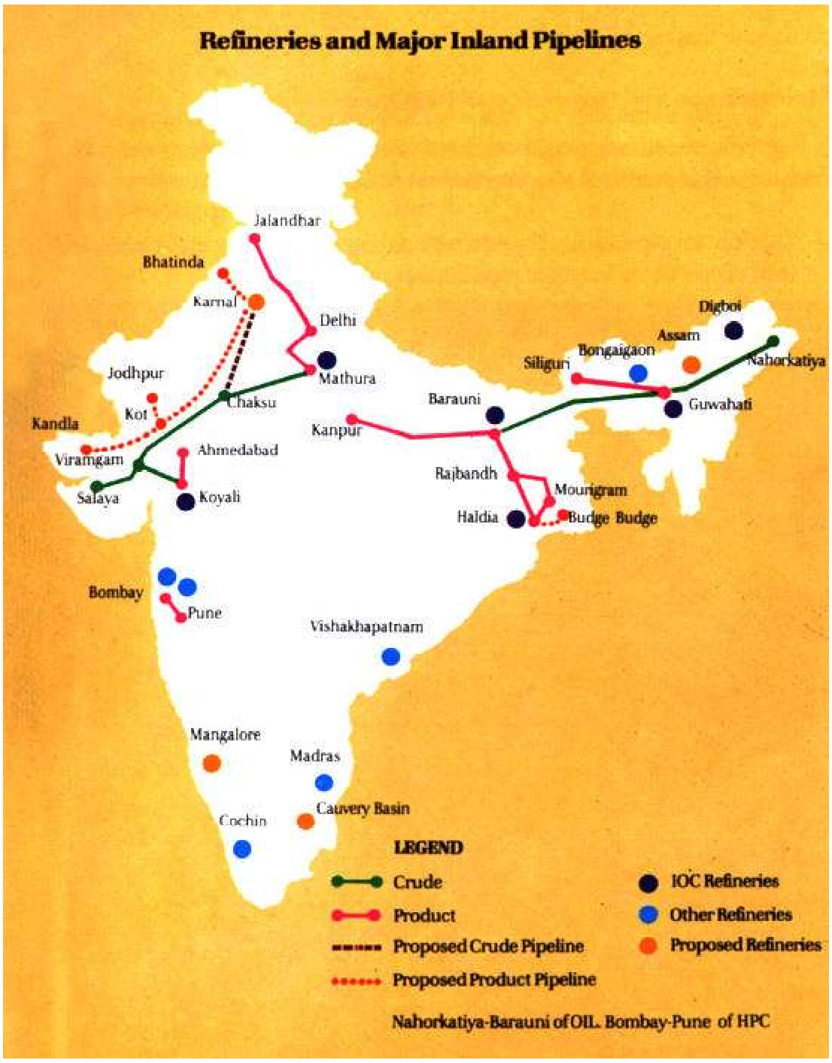
— For ensuring availability of critical spares, guidelines for insurance spares has been prepared for implementation at refinery units.

— Metallurgy upgradation of heater tubes/transfer lines and some of the trays of the distillation column is under implementation at Atmospheric Unit-I of Gujarat refinery. Metallurgy upgradation of furnace tubes/transfer lines in respect of Crude Distillation Unit (CDU) of Guwahati and Atmospheric Vacuum Unit I & II of Barauni refinery has been finalised.

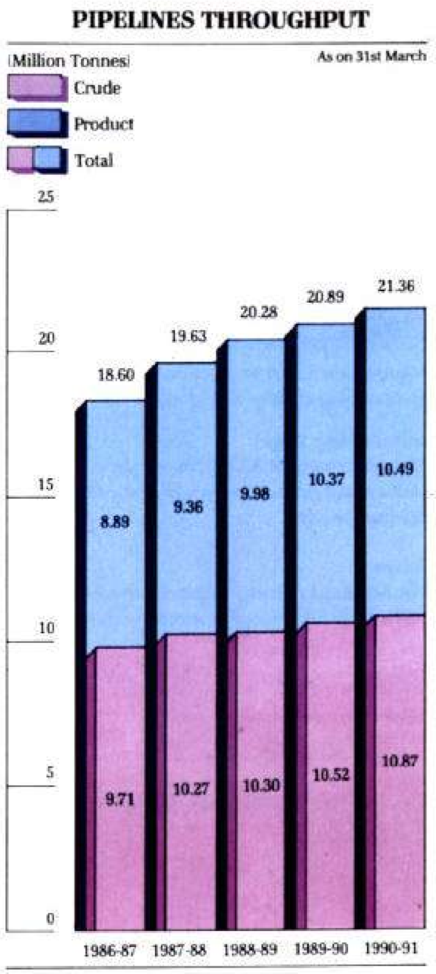
Maintenance and inspections of facilities is an on-going activity at Indianoil refineries.

Left (Facing Page):
The revamping of Atmospheric Vacuum Units at Barauni refinery was completed during the year

Below :
The Mathura refinery achieved the highest ever crude oil throughput during the year



Directors' Report *Contd...*



— Reliability study of fifty year old columns of the Crude Distillation Units at Digboi refinery has been taken up in technical collaboration with Engineers India Limited (EIL) and National Metallurgical Laboratory (NML), Jamshedpur.

— Inspection of six LPG horton spheres of 1500 M^3 nominal capacity-two each at Barauni, Gujarat, and Mathura refineries, by Wet Fluorescent Magnetic Particle Testing procedure for crack detection, was completed during the year. Guidelines for inspection of horton spheres are being prepared.

PIPELINES

The 3850 km long pipeline network transported a record 21.36 million tonnes of crude oil and petroleum products during 1990-91, thus exceeding the MOU target by 8.99% and the previous year's throughput by 2.25%. The pipeline throughput included 10.87 million tonnes of crude oil and 10.49 million tonnes of petroleum products.

During the year approval was received from the Government of India for the Rs 918 crores Kandla-Bhatinda Pipeline project. The 1331 km long pipeline will help move petroleum products to the North-Western parts of India, to meet the growing demand in that region.

Maintenance and Inspection of Pipelines

High priority continued to be accorded to consolidate and update maintenance and inspection practices. Major actions taken during the year include:

— To maintain pipeline health, extensive coating repairs were undertaken and a total of over 64 km length of pipeline was revalidated.

— Replacement cycle time of marine hoses was extended from 39 months to 42 months on a trial basis, resulting in longer hose-life and reduction in inventory carrying cost besides foreign exchange savings.

— Instrumented Pig Survey (IPS) in Haldia-Mourigram-Rajbandh and Haldia-Barauni pipeline was undertaken. IPS is also planned in Salaya-Mathura, Barauni-Kanpur and Koyali-Ahmedabad pipeline.

— After undertaking major repairs, a crude oil storage tank at Vadinar was put back into service after degasification and desludging.

For effective planning, monitoring and optimisation of maintenance and repair costs, it is proposed to computerise maintenance activities.

MARKETING

Sales

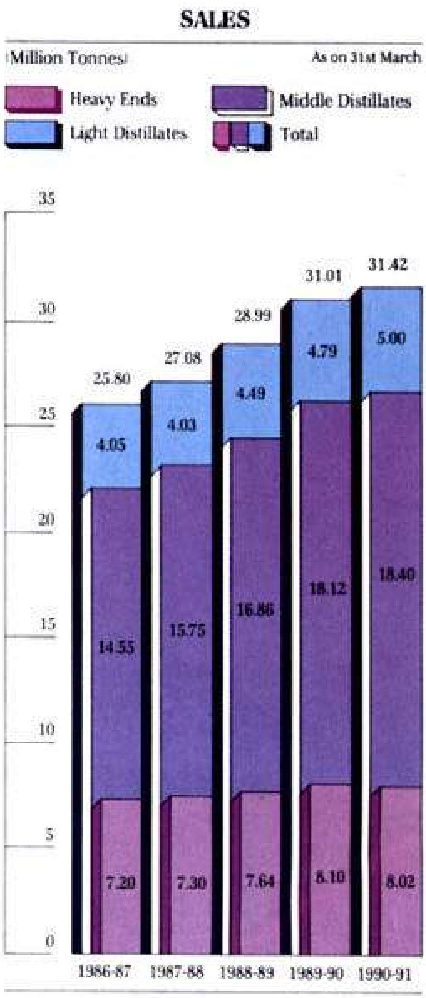
The Corporation sold 31.42 million tonnes of petroleum products during 1990-91, thus registering only a marginal increase of 0.41 million tonnes as compared to the previous year.

The consumption of petroleum products was kept in check during the year through a structured demand management process, formulated in line with the policies of the Government of India. This was necessitated to overcome the situation arising out of the crisis in West Asia.

Kerosene being dispensed at a multipurpose distribution centre

Left (Facing Page):
Pipelines are lifelines for petroleum transportation.

Below :
Indianoil's 3850 km pipeline network transported an all time high 21.36 million tonnes of crude oil and products during the year



Directors' Report *Contd...*

Retail Distribution

Your Corporation continued to lay emphasis on strengthening the marketing network to ensure prompt service, and uninterrupted supply of petroleum products to the customers. To enhance customer service, the dealership network was expanded by commissioning 124 new retail outlets during the year. This brings the total number of retail outlets in operation at the end of 1990-91 to 5880.

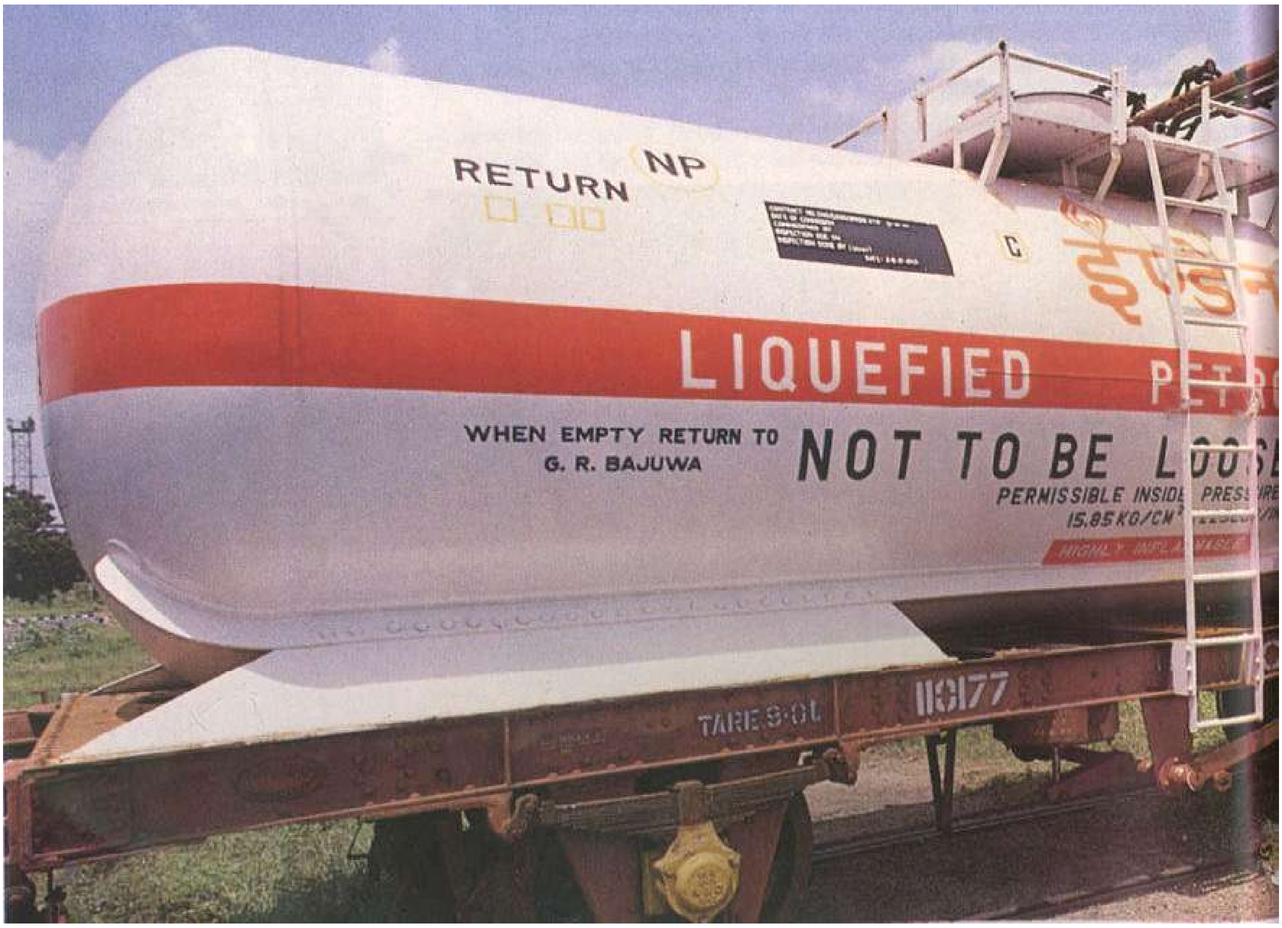
With the net commissioning of 92 SKO/LDO dealerships during the year, the total number of SKO/LDO dealerships went up to 3165.

Rural and Agriculture Sector

To cater to the fuel and other special needs of rural areas, the Corporation has set up 231 multipurpose distribution centres. In addition, 33 Taluka Kerosene Depots are operated to augment availability of kerosene in remote and far-flung areas.

Cooking Gas

With the enrolment of over 460,000 new customers, the Indane customer population of the Corporation increased to 8.8 million during the year. It is proposed to enrol an additional 250,000 customers during 1991-92.



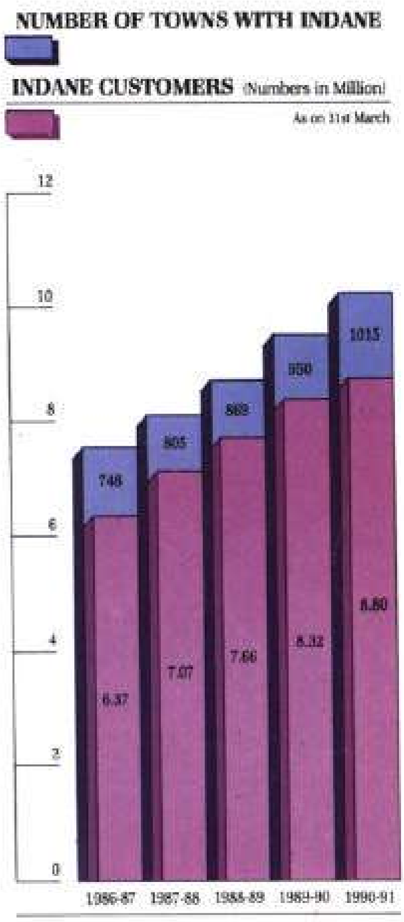
With the net addition of 103 Indane distributors during the year, the total number of Indane distributors at the end of 1990-91 stood at 1999. Indane is presently marketed in 1015 towns in the country.

Additionally, to enhance customer satisfaction, over 300,000 households were extended the facility of a second cylinder during the year. Out of a total customer population of 8.8 million, nearly 44.2% are now enjoying this facility. In order to increase availability of filled cylinders, the Corporation enhanced bottling capacity by 45,000 tonnes per annum through commissioning of two new LPG bottling plants at Vijayawada and Varanasi respectively besides augmenting the capacity of the existing plant at Rajkot. With this, the total bottling capacity of the Corporation at its 27 plants increased to 10,04,000 tonnes per annum as on 31st March, 1991, representing a 4.7% increase as compared to the previous year. In addition, a bottling capacity of 1,25,000 tonnes per annum is also available to IndianOil from Madras Refineries Limited, Cochin Refineries Limited, and Oil India Limited thus raising the Corporation's effective bottling capacity to 11,29,000 tonnes per annum. Two more LPG bottling plants at Silchar in Assam and at Calicut in Kerala are presently under construction and expected to be commissioned during 1991-92.

A new LPG Equipment Research Centre was commissioned during the year at

Indianoil continued to meet the fuel requirements of major consumers like State Transport Undertakings.

Below:
Bulk LPG is transported through special rail wagons to ensure speedier supplies to consumers.



Directors' Report *Contd...*

Bangalore, to carry out R&D activities on LPG equipment. The Centre is being operated on industry basis, and is the first of its kind in India.

In its continued endeavour to improve customer service, the Corporation has initiated several steps, some of which include:

— 31 Customer service cells are in operation at all the Indane Area Offices besides over 600 consumer (zonal) service cells which operate from select Indane distributors' premises.

— In order to attend to LPG leakage complaints, 10 emergency service cells were commissioned during the year thus raising their number to 51. These cells operate after the working hours of the distributors and on holidays.

— To enhance safety consciousness among Indane users, over 3000 customer education programmes and Indane safety clinics were conducted. Special LPG refresher courses were also conducted to benefit Indane distributors and their staff

The Corporation's LPG bottling plants recorded higher productivity during 1990-91.

— Actual bottling of LPG increased to 10,21,000 tonnes from a level of 9,63,000 tonnes recorded in the previous year representing a 6% increase.

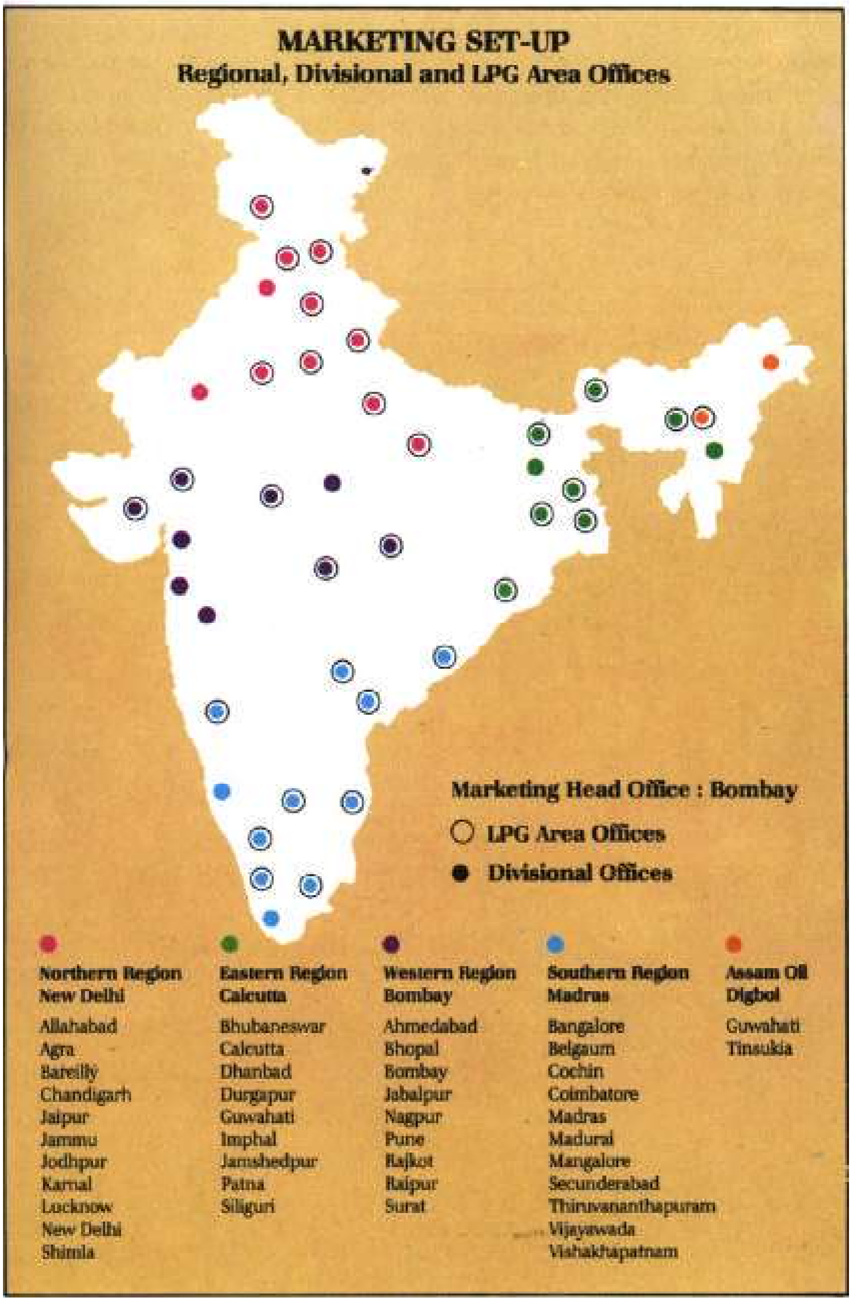
— Computerised system in documentation (PLANTDOC) installed at LPG bottling plants of Marketing Division. This is expected to result in higher productivity besides standardisation and overall improved service to customers.

— Augmentation of bottling capacity at Rajkot plant and revamping of the bottling plant at Kalyani was completed during the year.

Safety and pollution control continued to receive the highest priority. Safety committee and safety circle meetings were organised at all LPG bottling plants. Safety inspections were also conducted as per laid down procedures

In the field of pollution control, air samples at LPG bottling plants were regularly monitored with the help of air monitoring facilities. The air samples were found to be well within laid down limits.

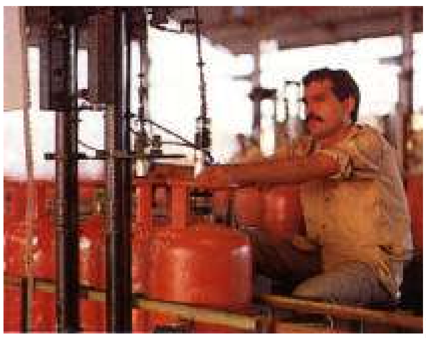
During the year, our bottling plant at Salem in Tamil Nadu won the coveted "Award of Honour" from the National Safety Council, USA for its excellent track record in industrial safety.



Left (Facing Page):
Indianoil's vast network of retail outlets cater to the motorists.

Bottom:
The Corporation supplies Indane to over 8.8 million households in the country.

Special coastal facilities for refuelling fishing boats and trawlers.



Directors' Report *Contd...*

Storage & Distribution

The Corporation had a total of 36 installations (18 port, 12 pipeline and 6 inland) and 118 depots as on 31st March, 1991.

With the net addition of 1.70 lakh kl tankage at installations and depots during the year, the total tankage available to the Corporation went upto 3527 lakh kl.

The Corporation continued to effectively meet the requirements of direct consumers like Railways, Defence, State Transport Undertakings (STU) and other major industries.

Shipping

Despite the crisis in West Asia which necessitated rescheduling of tankers from different ports, the Corporation increased its volume of movement of crude oil and petroleum products, as compared to the previous year. This helped in maintaining adequate stocks of crude oil and products as planned. Another significant feature of shipping operations during the year was reduction in demurrage by 10.9% as compared to the previous year.

Aviation

The Corporation continued to be the market leader in aviation fuel business with a total sales of 14.53 lakh kl representing a market participation of 67%. The

Corporation met more than 92% of the aviation fuel requirements of the Defence sector besides continuing to be the main supplier for Indian Airlines/Air India, Vayudoot and other national and international airlines. Aviation fuelling services are now available at 86 locations in the country.

Supply of aviation fuel to international airlines resulted in foreign exchange earnings of over Rs 209 crores during the year, as against Rs 140 crores in the previous year.

Following are some of the important features of technology absorption and innovations in the area of aviation business:

— Computerisation of aviation operations at international airports.

— Introduction of data transcoder for storage tank dip levels at Sahar, Calcutta, Madras, Bangalore and Hyderabad AFSs.

— Use of low ppm hydro detector at international airports for strict quality control of aviation fuel.

— Electronic display registers in all new refuelling equipment.

Other highlights of aviation operations include:

Vital petroleum products have to be reached..... irrespective of the terrain.

Left (Facing Page):
An oil tanker discharging petroleum products.

Bottom:
Indianoil's extensive aviation service facilities ensured a market participation of 67% in aviation fuel business.

Directors' Report *Contd...*

Indianoil's SERVO brand lubricants registered record sales during the year.

Below :
Inside the LPG equipment research centre at Bangalore.

Right (Facing Page) :
Single Buoy Mooring system (SBM) at Salaya

— Commissioning of refuelling facilities at Kulu in Himachal Pradesh.

— Taking over of aviation fuel facilities at Car Nicobar which was hitherto operated by Indian Air Force.

— Construction of a new AFS at Arkonam in Tamil Nadu to meet the exclusive requirements of Indian Navy.

— Commissioning of peripheral hydrant refuelling system at Coimbatore AFS.

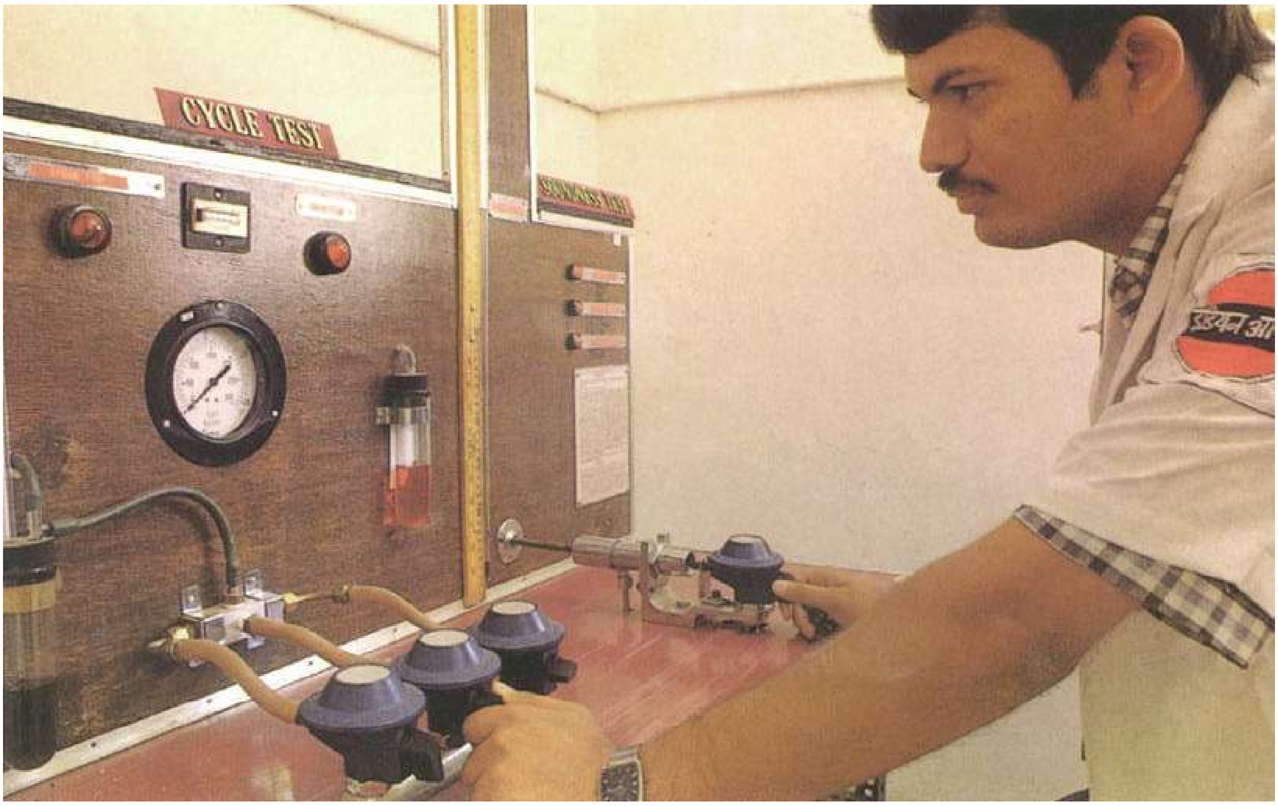
— Technical assistance in aviation fuel business continued to be rendered to Nepal Oil Corporation, Bhutan Oil Corporation and to the Government of Maldives, during the year.

— The aviation fuel stations at Sahar, Madras and Palam received British Safety Council Awards during the year for their excellent safety standards.

Lubricants

The Corporation registered record sales of 4,57,600 tonnes of lubricants and greases during 1990-91 accounting for over 52% of the market share. The lube blending plant at Madras attained a production of 1,74,100 tonnes during the year, thus exceeding the MOU target of 1,60,000 tonnes by nearly 9%.

The small can filling units at Bombay, Shakur basti and Allahabad packaged 67,000 tonnes of lubricants during the year representing a 9% increase over the target. Packaging through contracts also attained a record 12,300 tonnes representing 2.7% increase over the target.



Plans are also afoot to upgrade technology through fie up with CHEVRON, USA for rail road oils and with CASTROL, UK for marine lubricants. An agreement with EXXON, Hongkong envisages manufacture of viscosity index improver. An MOU has been signed with Nepal Oil Corporation for blending.

During the year SERVO 2T KH a part-synthetic two stroke engine oil developed specifically for Kinetic Honda scooters was successfully launched.

Quality Control

Quality assurance is an integral part of our business operations. Besides mandatory inspections, product samples are regularly tested at the laboratories. To ensure product quality to customers at the point of purchase, 11 mobile laboratories are in operation to test product samples at the retail outlets.

INTERNATIONAL TRADE

The Corporation continued to be the country's sole canalising agency for import and export of crude oil and petroleum products on behalf of the oil industry in India. The fluctuating international oil prices during the year, mainly on account of the crisis in West Asia, necessitated the Corporation to make major re-adjustments in imports of crude oil and products from different sources. A judicious mix of long term contracts and spot purchases however ensured the best price advantage for

Directors' Report *Contd...*

the country. A comparative picture of imports and exports by the Corporation during the last two years is as follows:

	1989-90		1990-91	
	Quantity (Million tonnes)	Value **(Rs** Crores)	Quantity **(Million** tonnes)	Value **(Rs** Crores)
Imports				
Crude	19.857	4034.41	20.668	6020.62
Fuel Products	6.172	2021.28	8.266	4359.46
Lubricant	0.322	186.09	0.256	207.54
Exports				
Petroleum Products	2.593	696.11	2.477	935.82

Of the imports during 1990-91, crude oil purchases on rupee payment amounted to Rs 1103.29 crores, while products amounted to Rs 935.43 crores. During the year the Corporation also imported 0.122 million tonnes of fuel products valued at Rs 78.36 crores on behalf of Nepal Oil Corporation. By earning/saving Rs 255.95 crores in valuable foreign exchange for the country during the year, the Corporation exceeded the previous year's figure by Rs 73.94 crores. Details of foreign exchange earned/saved during the year are:

Activity	Amount in Rs Crores
Supplies of aviation fuel to international airlines	209.17
Supplies of bunker fuel and marine lubricants to foreign flag vessels at Indian ports	21.75
Upliftment of bunker fuel/marine lubricants by Indian flag vessels on foreign run at Indian ports	24.98
Commission for supplies of marine lubricants to Indian flag vessels at foreign ports	0.05
Total:	255.95

RESEARCH & DEVELOPMENT

During 1990-91, the Corporation's R&D Centre invested Rs 12.89 crores on various research and development programmes intended to support the R&P and Marketing Divisions.

In the field of lubricants, 88 formulations were developed. Some of the important products developed this year include friction modified multigrade engine oil for

Maruti cars and energy efficient industrial gear oil for cement plants. Field trials were conducted on 35 products with various users including major users like Defence, Steel plants, and Railways. Approvals were obtained from various equipment builders and users on 14 products.

To assist the refineries in separating BS&W from crude oil, laboratory desalter facility was created. A large number of demulsifier packages were evaluated in the laboratory unit for North Gujarat crude processing at Gujarat refinery. Subsequently, plant trials in the desalter unit were taken up in association with the refineries.

Ten commercial FCC catalysts and additives were evaluated in the laboratory and predictions made on plant performance. Based on recommendations, Mathura refinery has switched over to a new catalyst resulting in improved yields. In addition, the use of ZSM-5 based additive was recommended for enhancing LPG production. Two Indian refineries are using ZSM-5 based additive and plant performance was found to be similar to that of prediction made by R&D. A basic simulation package was developed for FCC and installed in Mathura refinery for day to day application. X-ray Diffractometer (XRD) facility has been created which is being used for determination of zeolite content in FCC catalyst and characterisation of zeolites.

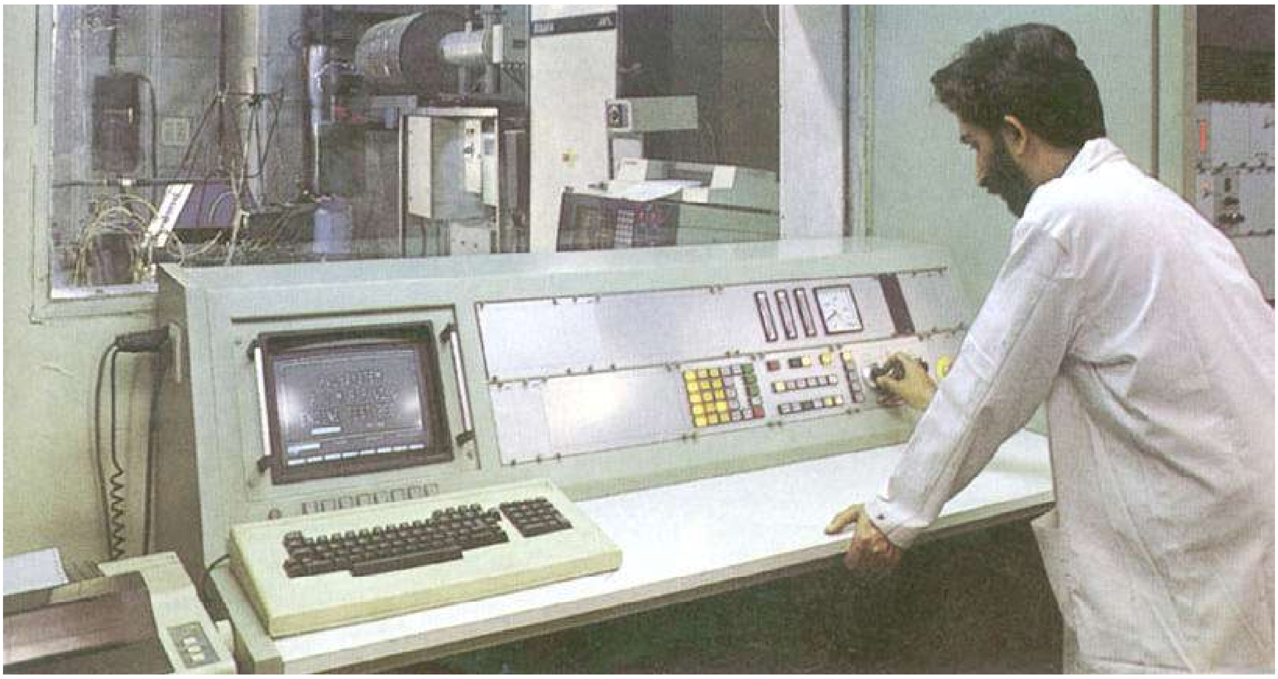
Rheological properties of Ratna-Heera crude oil in neat form and in admixture with Bombay High were investigated in laboratory viscometer and Pilot Plant Test Loop (PPTL). Evaluation facilities and methodology for performance evaluation of drag reducers in petroleum products for flow through pipelines in laboratory Capillary Flow Apparatus (CFA) and pilot plant were established.

A laboratory engine test for oxidation stability of diesel fuel based on nozzle coking was developed using OM-616 engine. For further strengthening the

The climatic chamber at the R&D centre helps performance evaluation of automotive engine oils and fuels at varying temperatures.

Left (Facing Page) :
The two kerosene wick lamps developed by the R&D centre are expected to save 35% fuel consumption.

Below :
Variable Compression Ratio engine assembly to carry out research on combustion of fuels and lubricants.



Directors' Report *Contd...*

performance evaluation capabilities of automotive engine oils and fuels, work on setting up of an all weather chassis dynamometer and climatic chamber was taken up during the year. A screening test using SRV machine was developed for the evaluation of anti-scouring characteristics of automotive gear oils. A computerised numerically controlled (CNC) milling machine was installed which will be used for evaluation of cutting oils with regard to tool life. An automated ASTM D-943 oxidation test facility was established for carrying out larger number of long duration oxidation tests.

Field trials carried out to establish the effect of addition of multifunctional additives in gasoline on intake system cleanliness and engine performance were completed in association with Maruti Udyog Ltd. A number of stabilizer additive packages were evaluated for diesel fuel composition of different refineries to meet oxidation stability test DEF-2000-16T. As a consequence of use of the recommended additive package by the refineries, the oxidation stability of diesel fuel in the country improved in comparison with values of last year as revealed by survey of field samples. Field trial on Middle Distillate Flow Improver (MDFI) doped diesel fuel was carried out in Ambala area in winter months to evaluate the behaviour of fuel in different stages of performance in vehicles. By doping with MDFI, +12^{0}C pour diesel fuel can be made to work satisfactorily at ambient temperature of 5^{0}C without any problem.

In the field of applied metallurgy, a cooperative research programme alongwith Tata Iron & Steel Company (TISCO), Steel Authority of India Ltd (SAIL), Bharat

Petroleum Corporation Ltd (BPCL) and Bhabha Atomic Research Centre (BARC) has been taken up in National Metallurgical Laboratory (NML), Jamshedpur on Component Integrity Evaluation Programme which will facilitate estimation of residual life of critical components in the ageing refineries.

Two improved kerosene wick lamps with 35% fuel savings with same level of illumination were developed and work on development of improved lanterns has been taken up.

A manual comprising of 75 laboratory test methods for characterising fuels and lubricating oils was prepared for inter-company use.

ASSAM OIL DIVISION

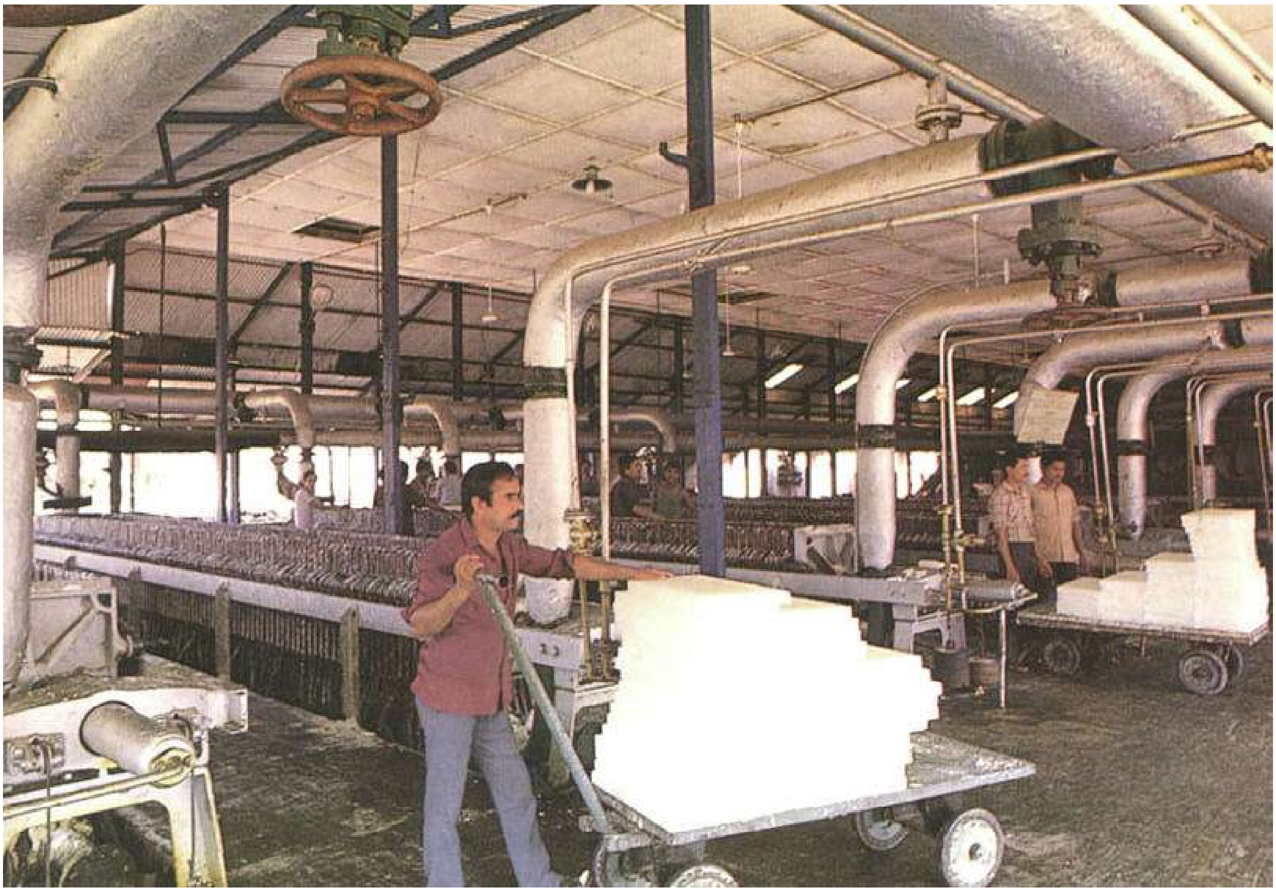
Since its formation in 1981, the Assam Oil Division of the Corporation has made rapid progress. The Digboi refinery of Assam Oil Division has consistently achieved over 100% capacity utilisation. The crude oil throughput which was 0496 million tonnes in 1981-82 has gone up to *0.566* million tonnes in 1990-91, thus achieving a capacity utilisation of over 113%.

Product sales of AOD which was 043 million tonnes in 1981-82 touched 0.83 million tonnes during 1990-91. The division retained its position as market leader in the north-east with a network of 281 retail outlets, 383 SKO/LDO dealers and 53 consumer outlets. As on 31st March, 1991, AOD had a total tankage of 50,004 kl as

AOD's Digboi refinery–perhaps world's oldest operating refinery.

Left (Facing Page) :
The corporation invested Rs. 12.89 crores in 1990-91 on various R&D programmes.

Below :
Wax production at Digboi refinery in Assam.



Directors' Report *Contd...*

against a tankage of only 3,800 kl in 1981-82.

AOD commenced LPG marketing only in 1982 but since then it has expanded its LPG marketing network. As on 31st March, 1991, AOD served over 2.09 lakh customers through 112 distributors covering *65* towns.

The first LPG bottling plant of AOD at Silchar at an estimated cost of Rs 7.27 crores is in the final stages of commissioning.

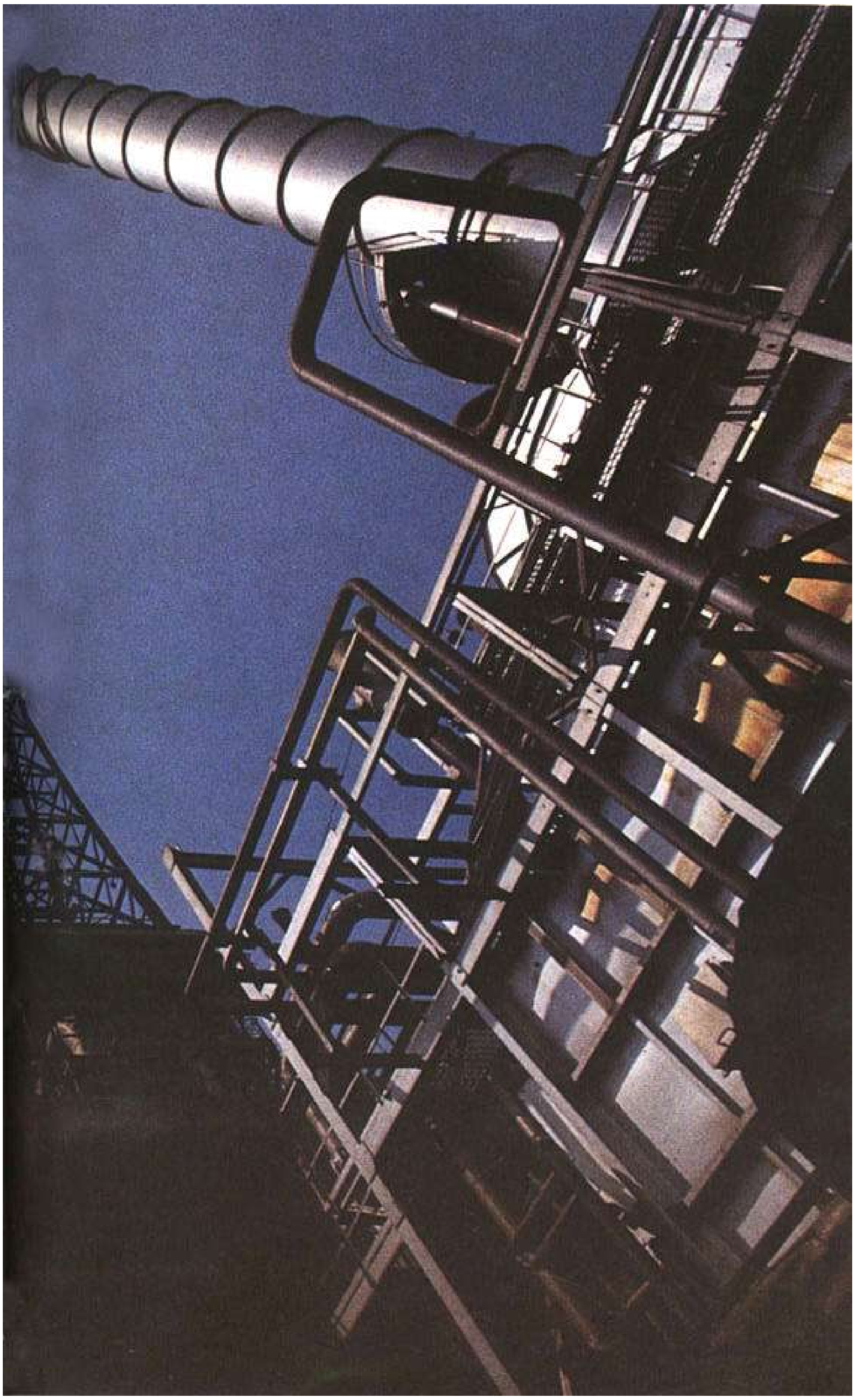
PROJECTS

Your Corporation incurred Rs 599 crores during the year on various projects.

Completed Projects

Some of the major projects completed during the year include:

— OCC approved tankage schemes at a cost of Rs 23.33 crores.



Completion of projects without cost and time overruns receive top priority at Indianoil.

Directors' Report *Contd...*

— Heat Exchanger Train Optimisation & Unit revamp of Atmospheric Vacuum Unit (AVU) I & II of Barauni refinery at a cost of Rs 11.57 crores.

— Revamp of Solvent Dewaxing Unit (SDU) of Haldia refinery at a cost of Rs 6.12 crores.

— Bunkering facilities at Karwar.

— New Aviation Fuel Station at Arkonam near Madras.

— Residential units at 10 locations, besides office building at Coimbatore.

On-going Projects

The following major projects are under implementation:

SL No.	Projects	Estimated Cost (Rs crores)	Completion Schedule
1.	Kandla-Bhatinda Product Pipeline (including marketing terminals and utilities)	917.55	May 1993
2.	Additional secondary processing facilities (hydrocracker) at Gujarat refinery for conversion of heavy ends into distillate products	757.24	July 1992

The Corporation invested Rs. 599 crores on various projects during the year.

3.	OCC approved tankage	479.29	March 1994
4.	Digboi refinery modernisation project	143.74*	June 1993 *
5.	Catalytic reformer unit at Barauni	77.95 *	August 1993
6.	Catalytic reformer unit at Digboi	34.17*	August1993
7.	Line balancing tanks at Karnal	30.32	March 1993
8.	Full scale revamp of lube oil block at Haldia refinery	27.00*	February 1993
9.	Mandatory Crude Oil (MCO) storage tanks at Vadinar	27.02	Phase-I April 1992 Phase-II June 1992
10.	New office building at New Delhi	33.27	March 1993
11.	Mini blending cum Small Can Filling plants at Khapri, Tadepalli and Allahabad	18.28	March1993

*under revision.

New Projects

The Corporation has planned a number of new projects. Some of the major ones include:

1. Six million tonnes per annum grassroots refinery at Karnal together with despatch facilities. A revised Detailed Feasibility Report has been submitted to the Government for approval.

India's first hydrocracker unit under construction at Gujarat refinery.

Directors' Report *Contd...*

2. Viramgam-Chaksu-Karnal crude oil pipeline

3. Six million tonnes per annum grassroots refinery at Daitari in Orissa and despatch facilities.

4. N. East-Barauni product pipeline.

5. Paradeep-Daitari crude oil pipeline.

6. Three million tonnes per annum capacity expansion of Gujarat refinery

7. Catalytic Reformer Unit at Mathura refinery.

8. N-paraffin production from Mathura refinery.

9. Distributed Digital Control Systems (DDCS) at refineries

10. Yield and energy optimisation.

11. Hydrotreater for coker products at Barauni refinery.

12. Second primary Single Buoy Mooring (SBM) at Salaya.

13. Solvent dewaxing/deoiling unit at Digboi refinery.

14. Augmentation of Salaya-Viramgam pipeline.

Low cost expansion and debottlenecking are adopted to increase the existing refining capacity of the refineries.

15. Separation of propylene at Mathura refinery.
16. Coking unit at Digboi refinery.
17. New depot at Bhairabi, Mizoram (AOD).
18. Haldia-Budge Budge product pipeline.
19. Diesel Hydro desulphurisation at Mathura and Haldia refineries.
20. Benzene production facilities at Barauni and Mathura refineries.
21. Additional benezene production facilities at Gujarat refinery.
22. Lube blending plant at Asaoti.
23. LSHS facilities at Okha.
24. Hydrant refuelling system at Calcutta airport.

WORLD BANK FINANCED PROJECTS

A loan agreement was entered into with the International bank for Reconstruction and Development (World Bank) for US $340 million to implement the following projects:

- Kandla-Bhatinda product pipeline.
- The second Single Buoy Mooring (SBM) at Salaya.
- Catalytic reformers at Barauni and Digboi refineries.
- Captive power plant at Digboi refinery.
- Distributed Digital Control Systems (DDCS) at refineries.
- Lube block revamp and sulphur recovery unit at Haldia refinery.
- Energy conservation and yield optimisation.
- Technical assistance and training.

These projects are at various stages of implementation. First instalment of the loan amounting to US $35 million was drawn during the year.

ENERGY CONSERVATION

The corporation has been maintaining the thrust on conservation of fuels at all its units. The revamping of Atmospheric Vacuum Unit (AVU) I & II at Barauni refinery which was completed during the year is expected to result in fuel savings of 13,200 tonnes per annum. Other schemes under various stages of implementation at refinery locations will contribute to fuel savings of 37,890 tonnes per annum on completion.

The need to create greater awareness of fuel conservation efforts was accentuated by the Gulf crisis, and the Government of India introduced a number of new measures to reduce consumption of petroleum products. In addition to demand management, the Corporation organised a number of seminars, workshops, campaigns etc to propagate fuel conservation to cover all sectors of the economy. In

Heat exchanger train optimisation contributed to fuel savings.

Directors' Report *Contd...*

addition to demand management, the Marketing Division adopted sixteen states for a concerted conservation action plan. To promote LPG conservation, the Bureau of Indian Standards (BIS) was persuaded to upgrade thermal efficiency of LPG hot plates from a minimum level of 62% to 64%. To popularise use of fuel efficient NUTAN stoves, a media campaign was launched during the year. The various conservation efforts by the Divisions resulted in savings of fuel and lubricants estimated at Rs. 42.18 crores during the year.

Details of major energy conservation schemes under implementation at the refineries are annexed.

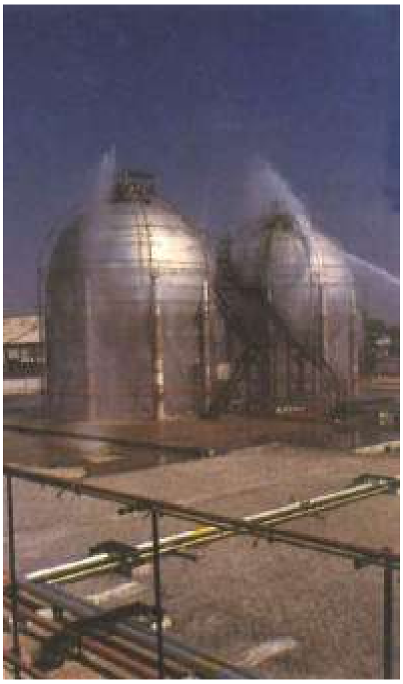
SAFETY

The Corporation accords the highest priority to industrial safety. Efforts continued during the year to upgrade safety standards and operating practices at various units. Exhaustive disaster control models were also developed during the year.

Hazard and Operability Studies (HAZOPS) of critical units continued at refinery units. Internal safety audits helped in identifying further improvements in operational safety practices. Safety week was also observed during the year to create greater awareness.

The principle of overseeing and monitoring various safety aspects before actual commissioning of new facilities as put forth by the Acceptance Committee, continued to be followed by the Marketing Division. Various directives issued by the Oil Industry Safety Directorate on fire protection and safety standards are being implemented by the Corporation from time to time.

Automatic sprinklers are a safety requirement at LPG plants.



Safety Awards

The Corporation's high safety standards earned recognition in the form of national and international safety awards. Some of the international safety awards received during the year are:

— Mathura refinery received British Safety Council Award for the year 1990, in recognition of achieving best safety performance.

— Koyali-Ahmedabad pipeline received the prestigious "Award of Honour" from National Safety Council, Chicago, USA for the year 1989, for the best safety record amongst petroleum pipelines. This award is being bagged for the fifth year in succession. It was also presented the British Safety Council Award for the year 1990 for its exemplary safety performance.

— Haldia-Mourigram-Rajbandh-Barauni pipeline also won the British Safety Council Award for the year 1989.

— A record number of 60 units of the Marketing Division were presented the British Safety Council Award for its creditable safety performance during 1990-91. The Corporation has the unique distinction of being the only organisation in the world, to have won the highest number of such international awards in one particular year.

ECOLOGY AND ENVIRONMENT

The commitment to protect environment and maintain ecological balance was pursued vigorously during the year. The Corporation's concern for environmental protection was demonstrated not only by augmenting and introduction of pollution control devices at its refineries and other units, but also by undertaking massive tree plantation drive thereby helping to create public awareness on this important subject. Several projects were taken up during the year such as the commencement of the installation of catalytic reforming units at Digboi and Barauni refineries which would help reduce lead level in motor spirit produced at these refineries.

Pollution Control

Pollution control cells at the refinery units continued to monitor the performance of various facilities as well as quality of treated effluents/ambient air. During the year a continuous ambient air quality monitoring station was set up at Gujarat refinery. Details of major on-going projects related to pollution control measures are given below:

— Provision of continuous stack monitoring instruments at Gujarat refinery.

— Provision of sulphur recovery unit at Haldia refinery to reduce sulphur dioxide emission.

— Reuse of treated effluent as make-up water in cooling towers and fire water at Gujarat refinery.

— Modernisation of ambient air quality monitoring stations and mobile vans at Mathura refinery.

The provisions of pollution control statutes with particular reference to the Environment Protection Act, 1986 were implemented in letter and spirit by the Marketing Division and the effluent discharges were thoroughly monitored by drawing samples as per laid down procedures.

Air Pollution Control

Ambient air quality monitoring on a regular basis continued at all the refineries and concentration levels of pollutants were found to be well within the stipulated national standards throughout the year. It is also proposed to set up ambient air quality monitoring stations, based on micrometeorological considerations.

In Agra-Mathura-Bharatpur region, regular air monitoring for checking the presence of sulphur dioxide concentration continued at all the stations and no adverse impact on air quality due to operation of Mathura refinery was observed.

Stack emission surveys were also carried out by all refineries with the help of portable kits.

Rapid Environmental Impact Assessment Study for Gujarat refinery completed and Comprehensive Environmental Impact Assessment Studies for Haldia and Barauni refineries were undertaken during the year.

The ecological park at Mathura refinery which is nearing completion

Directors' Report *Contd...*

Water Quality

The daily monitoring of treated effluent continued for better operational control. Concerted efforts are also being made to reduce effluent generation through recycling of treated effluent.

Noise Pollution Control

Monitoring of noise levels at all refineries was carried out with the help of portable noise level meters. At Gujarat and Barauni refineries, silencers are being installed on boilers in a phased manner, for minimising noise level during soot blowing.

Tree Plantation

A hundred meter wide green belt was developed on the western and southern sides of the hydrocracker project at Gujarat refinery. Development of green belts at Barauni, Haldia and Mathura refineries on scientific basis was also taken up during the year.

Land acquisition formalities for developing a five hundred metre wide botanical garden-cum-recreation park on the eastern side of Gujarat refinery are in progress. The development of ecological park by the side of polishing pond at Mathura refinery is nearing completion.

Tree plantation drive continued during the year at refineries, storage terminals, depots, bottling plants and AFSs.

Occupational Health Monitoring

Monitoring of occupational health and work place environment was started during the year. Full-fledged occupational health centres are being set up for detailed health check-ups and work place environment monitoring.

OFFICE AUTOMATION

IOCNET Voice Communication System was commissioned during the year connecting 18 locations and is likely to be extended to cover 65 more locations shortly.

Modems have been provided facilitating data transfer and communication link between important locations of Marketing Division and with the R&P Division. This is expected to reduce response time and facilitate speedier service to customers.

On-line computerised system modules were developed to support decision making process such as Budget and Cost Monitoring System, Sales Review System etc.

Continuous efforts are being made for skill upgradation of computer professionals as well as hardware upgradation.

IMPORT SUBSTITUTION

Indigenous procurement of process chemicals such as Methyle Ethyle Ketone (MEK), Iso-Propyle Nitrate (IPN), Fluid Catalytic Cracking (FCC) catalyst, High Speed Diesel (HSD) stability improver etc. have been progressively increased. Indigenous development of other process chemicals like Anti-Oxidant, Cetane Improver, Tri-Ethylene Glycol (TEG) have also been taken up to minimise outgo of foreign exchange.

Three indigenously developed lubricant grades were introduced by the Marketing Division during the year resulting in foreign exchange savings of around Rs 1.6 crores per annum on a recurring basis. In addition, eight imported lubricant grades in existing applications including one for Defence Services, were substituted by equivalent SERVO grades resulting in foreign exchange savings of over Rs 1 crore per annum.

CORPORATE PLANNING

Emphasis was laid during the year in spreading planning culture to the grassroots level. Seminars, workshops and appreciation programmes on Corporate Planning were conducted regularly in all the divisions.

Planning skills which percolated to the divisions helped in formulating plans and projects for the 8th Five Year Plan period. The shelf of projects identified through Corporate Planning formed the basis for the 8th Five Year Plan.

PERSONNEL

The Corporation had a human resource of 33,303 including 8,197 officers as on 31st March, 1991.

Welfare of Employees

In furtherance of its firm commitment, the Corporation continued to promote and upgrade welfare facilities for the employees. During the year, some new schemes, notably, scheme for children's educational assistance, performance linked incentive

Increased use of computers is being made to achieve higher productivity.

Left top (Facing Page):
Occupational Health Monitoring Centre at Mathura refinery.

Left Bottom (Facing Page)
An effluent treatment plant.

Below :
Indianoil units located away from major towns have full-fledged medical facilities

Directors' Report *Contd...*

scheme for employees in receipt of salary exceeding Rs 2,500 pin., voluntary retirement scheme, LIC's group savings 'inked insurance-double accident benefit scheme (in lieu of existing scheme), long service awards scheme for employees rendering 25 years service in the Corporation etc. were introduced.

As a welfare measure, holiday home facilities were extended to retired officers as well. House building advance was further liberalised and new hospitals were included in the existing list of nominated hospitals. A scheme for reimbursement of membership fee to officers for membership of professional bodies/institutes societies was also introduced.

Employees' Participation in Management

The Corporation is fully committed to the concept of employee participation and for creating congenial work environment to ensure active employee involvement.

The Corporation's scheme of employee participation in management, based on a model scheme circulated by the Government is fully operational in 2-tiers namely at shop level and plant level, at various units. Besides enabling the employees to acquire problem solving and decision making skills, the scheme has helped promote a culture of collaboration and commitment to goals and industrial harmony for increased production and productivity.

Welfare of Weaker Sections

The Corporation has been scrupulously following the Presidential Directives, for recruitment and promotion of Scheduled Castes and Scheduled Tribes, as also the

A typical housing complex at a refinery unit

Government instructions for recruitment of physically handicapped persons and ex-servicemen. During the year, the Corporation, in all, recruited 778 personnel, out of which 283 belonged to SC and ST communities, 15 were physically handicapped and 18 ex-servicemen.

The Corporation under its Scholarship Scheme for SC/ST students, sponsored 214 students, pursuing studies in various disciplines of Engineering, Medicine and Business Administration/Management.

Sports

In its pursuit for encouraging employees to attain excellence in sports, concerted efforts were made in improving the infrastructural facilities by conducting coaching camps, participation in various tournaments besides hosting tournaments.

A three day inter-refinery sports meet was organised at Gujarat refinery.

The Corporation hosted the Petroleum Sports Control Board (PSCB) Table Tennis tournament during the year at New Delhi. The AOD also hosted the National Lawn Tennis Championship at Digboi during the year.

Indianoil was well represented in the various inter-unit tournaments organised by the PSCB.

During the year, our table tennis player Shri S. Raman reached the finals of National Championships at Jaipur. He also bagged the national mixed doubles title.

Indianoil refinery town-ships have adequate schooling facilities.

Directors' Report *Contd...*

Miss Sudha Padmanabhan won the national doubles title in badmintion for the second year in succession.

Industrial Relations

Industrial relations in the Corporation during the year, on the whole, continued to be cordial and harmonious, except for three days of strike resorted to by a section of employees in pursuant to the country-wide strike call given by the Co-ordination Committee of the Central PSUs. The strike was to press for an early revision of salary including the DA formula. Despite this agitation, no actual loss of production was suffered by the Corporation as production was made good during the remaining period of the year.

HUMAN RESOURCE DEVELOPMENT

Major HRD activities carried out during the year covered climate/ skills development, systems review and audit, and HRD) for workmen.

Unified Human Resource Management (HRM) Structure

As part of the corporate strategy, preparatory work was begun to evolve a unified Human Resource Management structure for the Corporation, under which Personnel, Industrial Relations, Administration, Training and Hill) would be fully integrated. The unified structure would lead to re-organisation of the Personnel and Administration function, and facilitate its renewal in managing the issues of organisational change besides meeting the challenges of the future.

Systems Review and Audit

The Human Resource systems such as Performance Appraisal and Career Planning were surveyed and audited to assess their effectiveness, besides analysing variances for correction. The succession planning system, notably for senior management positions, was further fine tuned and consolidated. Several training programmes were held covering Role Effectiveness, Appraisal & Goal Setting, Dynamics of Participation, Counselling Skills, etc. with the twin objective of enhancing the human relations skills and awareness of the participants besides facilitating implementation of HR systems.

HRD for Workmen

The thrust on extending Hill) to workmen received renewed impetus during the year. Several actions were initiated and implemented towards improving the climate and the human relations skills and awareness of the workmen.

TRAINING

A nucleus training organisation was set up during the year at the Corporate Office with the objective of facilitating greater cooperation and synergy in the training efforts by the Divisions and undertaking preparatory work for establishing the Indianoil Corporate Management Institute at Gurgaon, which is currently under construction.

Greater thrust during the year was given to senior/top management training in India and abroad towards meeting the longterm business challenges. Through improved planning, coordination with the Divisions and institutionalisation of a system of periodic review of training performance, enhanced effectiveness was achieved in directing Corporation-wide training efforts towards attaining the objectives of 'excellence' in technology~ and leadership in productivity and total quality. A notable training intervention during the year in the form of Human Resource Management (HRM) Workshops, held at all the major locations, was piloted by the Corporate Training Group to facilitate an integrated Human Resource structure for the Corporation-part of a major on-going programme of organisational change.

The Corporation was amongst the few PSU's to have incorporated 'Training' as one of the performance indicators under the HRM in the Memorandum of Understanding reached with the Ministry. The training targets of employee participants, both in functional and developmental training programmes, was fully achieved during the year.

Training in the Divisions continued its focus on creating and sustaining the necessary skills base, technical and managerial, in contributing to enhanced productivity, innovation and management of change and technology. Renewed thrust was given to training of workmen especially in technology related training. Computer training received high priority in line with the Corporate need to enhance computer literacy. Programmes emphasising total quality management and project management were also conducted. Specially designed training programmes on petroleum storage and handling operations were organised for the Defence personnel.

INDIANOIL CORPORATE MANAGEMENT INSTITUTE

The Indianoil Corporate Management Institute is currently in an advanced stage of construction on a 16 acre plot at Gurgaon (Haryana). Expected to be

Special training programmes are organised for the benefit of Defence personnel

Directors' Report *Contd...*

commissioned in 1992, the estimated cost of setting up the institute is Rs 8 crores. One established, the institute will serve as an apex body for training senior management personnel, besides serving as a centre for organisation research, consultancy and documentation services.

A CORPORATE CITIZEN

Donations

As part of community relations and to encourage developmental efforts, particularly in the field of education, management and medicine, the Corporation donated Rs *58.64* lakhs during the year. The donations also included contributions to various Chief Ministers' relief funds.

Social Obligations

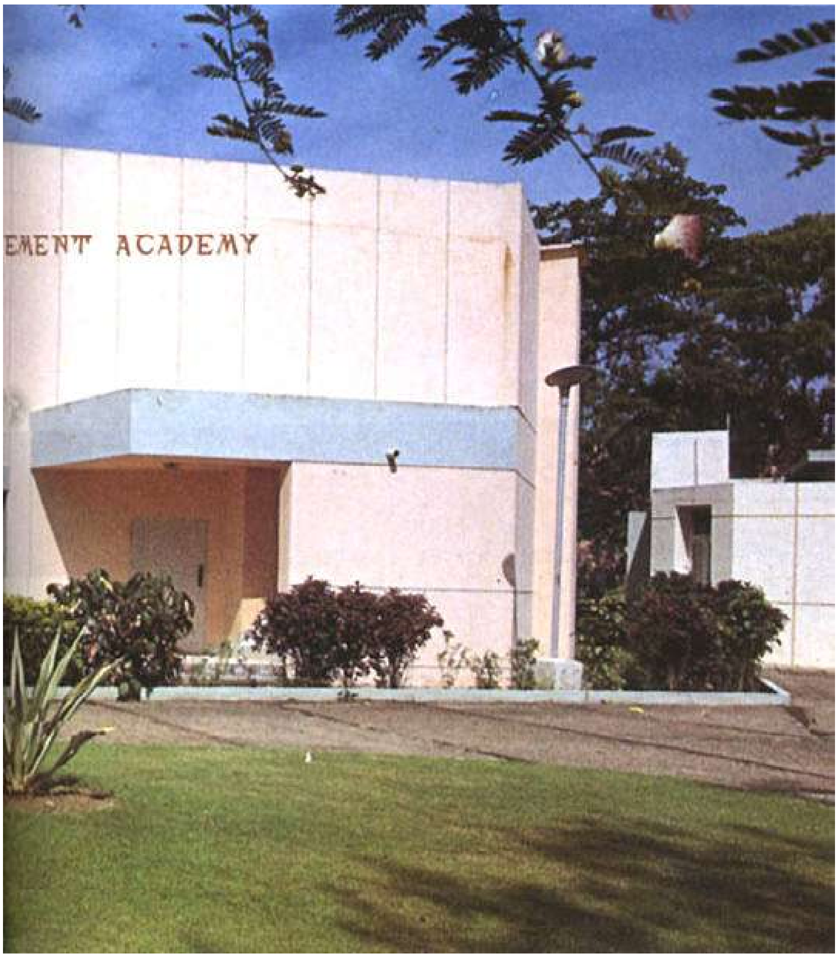
As a responsible corporate citizen, Indianoil has been regularly contributing to various social causes in the vicinity of its refineries, storage terminals and depots, LPG bottling plants and AFSs. These include scholarship assistance to SC/ ST students, provision of facilities for clean drinking water, health check-up camps and distribution of medicines, family welfare camps, distribution of books and other teaching aids for expansion of education, assistance to women to make them self-reliant, opportunities to youth like participation in sports and games, besides various schemes for the protection of environment etc.

HINDI IMPLEMENTATION

In accordance with the Official Languages Act, 1963 and Official Languages Rules, 1976, efforts were intensified for the progressive use of Hindi in official work during 1990-91. Besides training programmes for typists and stenographers, Workshops were also organised for providing extensive practice in Hindi correspondence. To promote use of Hindi amongst employees, competitions, cultural programmes and plays were organised regularly. Indianoil News-our Corporate House Journal and other select news journals including Dealer News were continued to be brought out in English and Hindi. The Southern Region office of the Marketing Division was awarded a rolling shield during the year for best performance in Hindi implementation amongst offices of the PSUs in Madras.

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. During 1990-91, IOBL earned a net profit of Rs 3.60 crores as against Rs 120 crores in the previous year, after providing for depreciation of Rs 1.55 crores, A dividend of 10% has been recommended for the year 1990-91.



Automatic lube filling machines in operation at IOBL plant.

Left top (Facing Page):
A painting competition for children organised by Indianoil is in progress.

Left:
Indianoil Management Academy (IMA) at Haldia

Directors' Report *Contd...*

The Lube Blending Plants at Bombay and Calcutta produced 2,51,427 kl and 1,38,363 kl respectively, thus attaining a capacity utilisation of 167.62% and 138.36% respectively. The lube production at Bombay is the highest ever so far.

Grease production at the Bombay plant was 6809 tonnes during the year. The resited grease plant at Vashi in New Bombay commenced production on 15th October, 1990.

Plans are afoot to modernise and revamp the existing lube plants which are in operation for over 25 years. This is expected to result in higher productivity besides upgradation in safety standards.

FOREIGN TOURS

Out of 51 tours undertaken by officers during 1990-91,18 were for attending training programmes. The total expenditure on foreign tours was Rs 36.20 lakhs.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 1990-91 stood at Rs 6.54 lakhs.

COST AUDIT

The Government of India has vide their notification dated 7.1.1991 made cost audit of records in respect of Benzene and Toluene compulsory in alternative years.

PRESIDENTIAL DIRECTIVE

A Presidential Directive No. P-340131/1/91-IOC dated 14.6.1991 under Article 144(b) of the Articles of Association of the Corporation has been received from the Ministry of Petroleum and Chemicals (Deptt. of Petroleum & Natural Gas) covering pay fixation for executives and non-unionised supervisors for implementation from 1.1.1987.

BOARD OF DIRECTORS

Shri K.N. Venkatasubramanian took over as Chairman of the Corporation, effective 25.3.1991.

Shri S.K. Comal retired on 30.9.1990 as Director (Finance) and Shri B.D. Gupta took over as Director (Finance) effective 5.11.1990.

Shri S. Banerjee and Shri N. Sivasubramanian ceased to be Directors of the Corporation from 31.5.1991 and 5.6.1991 respectively. Shri Falguni Rajkumar and Dr. A.N. Saksena have been appointed as Directors of the Corporation with effect from 14.6.1991 and 5.8.1991 respectively.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

In accordance with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, a report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings is provided in the Annexure.

PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1990 are annexed.

ACKNOWLEDGMENTS

The Board of Directors take pride in placing on record their special appreciation for the excellent work done by the members of Indianoil family. The Board of Directors also wish to acknowledge the valuable guidance and support received from the Government of India and the State Governments.

Your Board of Directors wish to place on record their deep appreciation for the contribution made by Shri S.K. Comal during his seven year tenure as Director (Finance) of the Corporation. The Board also acknowledges the support of Shri S. Banerjee and Shri N. Sivasubramanian during their tenure as Directors of the Corporation.

The Board of Directors also wish to place on record the commendable leadership provided by Dr. P.K. Mukhopadhyay during his tenure as Chairman of the Corporation.

For and on behalf of the Board

(K.N. VENKATASUBRAMANIAN)
Chairman

New Delhi

Date: September 9th, 1991

Annexure

ANNEXURES TO DIRECTORS' REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

As a part of continued efforts towards energy conservation, a number of energy conservation projects are being implemented in various refineries of the Corporation. For further optimisation of energy usage in the refineries, comprehensive energy audits have been taken up.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

I. Scheme Completed

S1. No.	Item	Cost (Rs Crores)	Fuel savings (Tonnes/year
1.	Heat Exchanger Train Optimisation and Unit revamp of AVU I & II at Barauni refinery.	11.57	13,200

II. Schemes under implementation:

1. Debottlenecking of FPU at Gujarat refinery.
2. Energy Conservation measures in FEU at Haladia refinery.
3. Soaker in Vis-breaking Unit at Gujarat refinery (part of Hydrocracker project).
4. Efficiency improvement in furnaces at Digboi refinery (part of Digboi refinery modernisation project).
5. Replacement of Udex heater at Gujarat refinery (part of Udex Revamp project).
6. Energy conservation measures in CDU at Haldia refinery.
7. Feed preheat optimisation in VDU at Haldia refinery (part of Lube Block Revamp Project).
8. Additional heat recovery from Kero-HDS at Haldia refinery.
9. Soaker in Vis-breaking Unit at Mathura refinery.
10. Revamp of Stabiliser Section of CDU at Mathura refinery

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above schemes under I & II on completion are expected to result in fuel savings of about 51,090 tonnes valuing over Rs 828 crores per annum.

d) Total energy consumption and energy consumption per unit of production as per Form A' of the Annexure in respect of industries specified in the schedule thereto:

Necessary information in Form 'A'.

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption as per Form 'B' of tile annexure is attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

f) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services; and export plan:

Indianoil exported Naphtha, Natural Gas Liquid (NGL), Residual Fuel Oil (RFO) and Furnace Oil (FO) during the year 1990-91. The total quantity exported was 2.48 million tonnes as against 2.59 million tonnes in 1989-90. The value of total exports during the year was Rs 935 crores against the export value of Rs 696 crores in the previous year. The exports were predominantly to European markets, USA and Asia Pacific Regions. For the year 1991-92 besides exports of Naphtha, NGL, RFO, and FO, value added items in terms of lubricants are being planned to be exported to neighbouring countries.

g) Total foreign exchange used and earned:

	(Rs/Crores)
Foreign Exchange earnings	1238.18
Foreign Exchange used	9019.85

Annexure Contd...

Form 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particular	Total 1990-91	Total 1989-90
(A) POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased		
Qty ('000 KWH)	21826	23728
Rate (Rs/KWH)	1.22	1.19
Amount (Rs in lakh)	266	282
b) Own Generation		
i) Through Duel Fuel (HSD/ Natural Gas) Generator		
Unit ('000 KWH)	16653	17761
KWH per MT of STD) Fuel	3399	3122
Cost/Unit (Rs/KWH)	2.49	2.36
ii) Though Steam Turbine/Generators		
Qty ('000KWH)	683388	675042
KWH per MT of STD Fuel	3165	3279
Cost/Unit (Rs/KWH)	1.27	1.15
c) Electricity Consumed		
(a+b) ('000 KWH)	721867	716531
2. COAL (Specify quality and where used)	—	—
3. LIQUID FUEL (LSHS & FO)		
Qty (MTs)	660534	671303
Amount ("sin Lakhs)	11487	10087
Average Rate (Rs/MT)	1739.03	1502.54
4. OTHERS/INTERNAL GENERATION		
i) Fuel Gas		
Unit (MT)	304607	316780
Total Amount (Rs in lakh)	5492	4935
Average Rate (Rs/MT)	1803.00	1557.79
II) LDO		
Unit (MT)	1051	1419
Total Amount (Rs in Lakhs)	21	28
Average Rate (Rs/MT)	2016.01	1969.53

Particulars	Total 1990-91	Total 1989-90
iii) Coke		
Unit (MT)	107479	107419
Total Amount (Rs in Lakhs)	1745	1547
Average Rate (Rs/MT)	1623.22	1439.73

(B) CONSUMPTION PER MT OF PRODUCT

1. Actual Production ('OOOMT)	22262	22011
2. Consumption per MT of Product		
– Electricity (KWH/MT)	32.426	32.553
– Liquid Fuel (MT/MT)	0.030	0.030
– Fuel Gas/LDO/Coke (MT/MT)	0.019	0.019

Annexure *Contd...*

Form 'B'

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT

1. Specific areas in which R&D carried out by the Company:

a) Lubricants & Specialities
b) Fuels
c) Refinery Processes
d) Crude Transportation
e) Material Failure Analysis
d) Household Appliances

2. Benefits derived as a result of the above R&D:

a) Import substitution of over 90% in respect of lubricants and specialities achieved resulting in savings of over Rs 30 crores per year in foreign exchange.

Introduction of fuel efficient railroad oils developed by R&D Centre has the potential for saving diesel worth about Rs 10 crores per year.

The upgraded automotive engine oils are capable of extending oil drain periods from 4000 km to 10000 km. thus reducing oil consumption.

Friction modified engine oil and gear oil will also result in fuel savings of the order of Rs 600 crores.

Energy efficient industrial gear oil developed by R&D which is on field trial is expected to result in considerable savings.

b) Efforts are on to improve the quality of fuels to bring them at par with international quality levels. Field trials with additive treated gasoline have been completed with Maruti Udyog Ltd. Feasibility of using summer grade HSD in winter with the use of MDFI is being established.

c) Condition monitoring of commercial FCC Units and evaluation of new catalysts are being carried out regularly to achieve optimisation of FCC operations in the refineries. Process simulation model has been developed and applied at Mathura refinery.

d) Experimental data has been generated on various crude mixes to assist pipelines in solving problems of transporting different crudes through cross-country pipelines. Work on LSHS transportation has been taken up.

e) Material Failure Analysis is being undertaken for the refineries as a diagnostic service so that they can adopt suitable measures to prevent or minimise failures.

f) Fuel efficient kerosene lamp has been developed.

3. Future Plan of Action:

a) Development of energy efficient products
b) Development of next generation products
c) Upgradation of existing products
d) Fuel quality improvement
e) Development and commercialisation of FCC catalysts
f) Development of hydrocracker technology.

4. Expenditure on R&D:

a) Capital	Rs. 12.75 crores
b) Recurring	Rs. 5.95 crores
c) Total	Rs. 18.70 crores

Total R&D expenditure is 0.08% of total turnover.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

With a view to further improve the product slate, product quality and on-stream factor of processing units, Indianoil has introduced newer technologies in line with the latest developments world-wide. Major steps taken in this regard were:

A. Imported Technology

i. Hydrocracker Technology

The country's first hydrocracker for maximising the much needed middle distillates is under installation at Gujarat refinery. Proven technology from M/s Chevron Research Corporation, USA has been used for this 1.2 MMTPA capacity plant.

ii. Hydrogen Generation Technology

For the hydrogen plant required for hydrocracker, steam reforming together with modern Pressure Swing Adsorption (PSA) type of purification process has been obtained from M/s LINDE of West Germany.

iii. Use of newer Catalysts

Bimetallic Catalyst for use in catalytic reformer of Haldia refinery has been procured to improve the yields.

Catalytic Reformer at Gujarat refinery has been upgraded by switching over to bimetallic catalyst.

In both FCCUs of Gujarat and Mathura refineries, improved performance zeolite catalysts KLC-85 and XL-100 have been used to improve the product yield.

iv. Offline process simulation packages e.g. SIMSCOI, Chemshare have been procured to carry out process simulation studies in house.

B. Indigenous Technology

i. Soaker Technology

For the first time in the country, soaker technology for visbreaking is being employed for debottlenecking visbreaker at Gujarat refinery. At Mathura refinery also existing Visbreaker is being converted into soaker type.

ii. Gas Turbine

Gas Turbines with co-generation facilities are being installed at Gujarat refinery as a part of Gujarat Hydrocracker Project.

iii. Udex Plant Revamp

The Udex Plant at Gujarat refinery is being revamped by use of new solvent Tetra-Ethylene Glycol for improving quality of the products viz. Benzene & Toluene.

Annexure *Contd...*

iv. Sulpholane Process

Replacement of existing Kerosene Treating Unit (KTU) of Digboi refinery by using indigenously developed Sulpholane process technology is under active consideration.

C. Modernisation of Instrumentation

Distributed Digital Controls

Conventional Pneumatic Instruments in old process units and captive power plants are being replaced microprocessor based DDC Systems in a phased manner.

D. New Products

i) Xylene Reformate supply from Gujarat refinery to IPCL has been started.

ii) MTO production from Barauni refinery has been started.

2. Benefits derived as a result of the above efforts, e.g. product slate improvement, cost reduction, product development, import substitution etc. :

The above efforts are expected to yield benefits in:

a) Maximisation of middle distillates.
b) Energy Conservation.
c) Increase in on-stream days.
d) Import substitution.
e) Product quality improvement.

However, the exact benefits can be quantified after commissioning of various projects.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information is being furnished:

a) **Technology Imported**	b) Year of Import
i) RT Fuel	1986-87
ii) Hydrocracker technology from M/s Chevron Research Corporation.	1988-89
iii) Hydrogen generation technology from M/s LINDE of Germany.	1988-89

c) Has technology been fully absorbed?

Technology has been absorbed for RT Fuel. In other cases, technology absorption is keeping pace with project execution.

d) If not fully absorbed, areas where this has not taken place, reasons thereof:

In respect of items (ii) and (iii) above, technology will be absorbed on commissioning of Hydrocracker Project in 1992 and its stabilised operation soon after.

Performance at a Glance

(Quantity in Million Tonnes)

	1990-91	1989-90	1988-89	1987-88	1986-87
A) PHYSICAL:					
Refineries Throughput	23.74	23.53	22.00	21.79	21.02
Percentage Utilisation of Capacity	97.3	96.4	103.5	102.5	102.8
Pipelines Throughput	21.36	20.89	20.28	19.63	18.60
Product Sales	31.42	31.01	28.99	27.08	25.80

(Rs. in Crores)

	1990-91	1989-90	1988-89	1987-88	1986-87
B) FINANCIAL:					
Turnover	19,482.26	17,614.40	15,341.95	14,303.77	12,907.80
Profit — before depreciation, interest payment & tax	1,773.72	1,460.49	1,029.98	857.89	930.48
Profit — before depreciation and tax	1,121.72	1,069.00	886.92	769.53	874.21
Profit — before tax	907.04	839.82	676.41	571.76	671.22
Profit — after tax	730.04	674.54	514.33	409.76	428.22
Loans Repaid — from internal resources	2.77	11.10	21.58	57.87	33.62
Dividend	27.12	24.65	24.65	22.19	19.72
Reserves & Surplus—cumulative	3,453.41	2,750.49	2,100.60	1,610.92	1,223.36

NOTE: Figures include prior & extraordinary adjustments.

How Funds Generated and Utilised

(Rs. in Crores)

Description	For the Year ended 31st March 1991	1990	1989	1988	1987	1986
A. SOURCE OF FUNDS:						
1. Internal Resources						
— Retained Profit	703	650	489	388	408	112
— Depreciation	207	219	202	186	194	218
	910	869	691	574	602	330
2. External Resources						
— Unsecured Borrowings	1,934	3,182	976	398	218	(121)
— Secured Borrowings	(248)	172	(30)	26	(222)	343
	1,686	3,354	946	424	(4)	222
Total Funds	2,596	4,223	1,637	998	598	552
B. UTILISATION OF FUNDS:						
— Increase in Fixed Assets (Net)	599	464	278	244	268	234
— Investments	1,156	2,794	1,324	652	540	-
— Net Increase/Decrease in Working Capital	841	965	35	102	(210)	318
	2,596	4,223	1,637	998	598	552
CHANGES IN WORKING CAPITAL:						
A. Current Assets:						
1. Inventories	487	(147)	56	36	(255)	612
2. Book Debts	25	149	1	59	56	(83)
3. Cash and Bank Balance	69	3	(22)	7	(12)	(17)
4. Loans and Advances	799	1,512	27	214	11	158
5. Interest accrued on Investments	72	51	23	14	8	-
	1,452	1,568	85	330	(192)	670
Less:						
B. Current Liabilities & Provisions	611	603	50	228	18	352
C. Working Capital (A-B):	841	965	35	102	(210)	318

NOTE: Figures in bracket denote minus.

Statement of Added Value—1990-91

	1990-91		1989-90		1988-89	
	Rs/Crs.	Percentage	Rs/Crs.	Percentage	Rs/Crs.	Percentage
ADDED FROM:						
— Refinery Operations:						
Value of Production	6,020		5,363		4,917	
Less: Cost of Direct Materials	5,451		4,820		4,527	
	569		543		390	
— Marketing operations	742		710		584	
— Pipeline operations	121		125		112	
— Research & Development	7		10		9	
Value Added	1,439		1,388		1,095	
Investment & Interest Earnings	829		415		196	
Prior year & Extraordinary Income	23		95		187	
	2,291		1,898		1,478	
SHARED TOWARDS:						
1. Operations:						
Employees' Benefits	285	12.4	216	11.4	212	14.3
Other Costs	232	10.1	222	11.7	236	16.0
	517		438		448	
2. Financing:						
Interest	652	28.5	391	20.6	143	9.7
Dividend	27	1.2	25	1.3	25	1.7
	679		416		168	
3. Taxation	177	7.7	165	8.7	162	11.0
4. Expansion and Growth:						
Depreciation	215	9.4	229	12.1	211	14.2
Retained Profit	703	30.7	650	34.2	489	33.1
	918		879		700	
TOTAL:	2,291	100.0	1,898	100.0	1,478	100.0

A Ten-Year Profile

		1990-91	1989-90	1988-89
WHAT WE OWE:	Share Capital	123	123	123
	Reserves	3,453	2,750	2,100
	Net Worth	3,576	2,873	2,223
	Borrowings	7,128	5,441	2,087
		10,704	**8,314**	**4,310**
WHAT WE OWN:	Fixed Assets	3,856	3,257	2,793
	Less: Depreciation	2,059	1,852	1,633
		1,797	1,405	1,160
	Investments	6,466	5,310	2,516
	Working Capital	2,441	1,599	634
		10,704	**8,314**	**4,310**
INCOME:	Sales	19,482	17,614	15,342
	Accretion/(Decretion) in Stock	395	(191)	185
	Others	918	491	265
		20,795	**17,914**	**15,792**
EXPENDITURE:	Purchase & Manufacturing Expenses	18,547	16,062	14,350
	Establishment, Admn. & Selling Expenses	474	392	412
	Deprecation	215	229	211
	Interest	*652*	*391*	*143*
		19,888	**17,074**	**15,116**
PROFIT BEFORE TAX		907	840	676
PROFIT AFTER TAX		730	675	514
DIVIDEND		27	25	25
RETAINED EARNINGS		703	650	489
RATIOS:	Profit after tax as % to average net worth	22.6	26.5	26.0
	Earning per Equity Share (Rupees)	5,923	5,472	4,173
	Net Worth/Equity Share (Rupees)	29,014	23,314	18,041

NOTE : Figures in bracket denote minus.

(Rupees in crores)

1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82
123	123	123	123	1Z3	123	123
1,611	1,223	815	703	637	572	472
1,734	1,346	938	826	760	695	595
1,141	717	721	499	721	562	705
2,875	**2,063**	**1,659**	**1,325**	**1,481**	**1,257**	**1,300**
2,515	**2,271**	**2,003**	**1,769**	**1,538**	**1,352**	**1,206**
1,431	1,245	1,051	833	673	495	391
1,084	1,026	952	936	865	857	815
1,192	540	-	-	-	-	-
599	497	707	389	616	400	485
2,875	**2,063**	**1,659**	**1,325**	**1,481**	**1,257**	**1,300**
14,304	12,908	11,362	11,051	10,293	9,792	7,958
(8)	133	239	(19)	42	205	98
181	113	80	71	61	62	62
14,477	**13,154**	**11,681**	**11,103**	**10,396**	**10,059**	**8,118**
13,347	11,982	10,979	10,509	9,820	9,597	7,742
272	242	210	189	160	133	93
198	203	227	164	183	106	74
88	56	71	79	89	73	95
13,905	**12,483**	**11,487**	**10,941**	**10,252**	**9,009**	**8,004**
572	671	194	162	144	150	114
410	428	129	83	82	117	106
22	20	17	17	17	17	17
388	408	112	66	65	100	89
26.6	37.5	14.6	10.5	11.3	18.1	19.3
3,324	3,474	1,046	677	670	948	864
14,069	10,925	7,611	6,704	6,167	5,637	4,829

Review of Accounts

Review of the Accounts of Indian Oil Corporation Limited for the year ended 31st March, 1991 by the Comptroller And Auditor General of India.

1. Financial position:

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

As **on** 31st March
(Rs. in lakhs)

	1989	1990	1991
Assets:			
(i) Net Fixed Assets	85,261.22	96,697.61	1,09,122.92
(ii) Capital work-in-progress	30,765.68	43,808.70*	70,642.23
(iii) Investments	2,51,613.40	5,31,047.82	6,46,595.30
	3,67,640.30	6,71,554.13	8,26,360.45
(iv) Wording Capital:			
(a) Current Assets, Loans &Advances	2,95,732.20	4,52,510.25*	5,97,764.04
(b) *Less:* Current Liabilities (including Prev
isions)	2,32,297.26	2,92,575.02	3,53,687.91
	63,434.94	1,59,935.23	2,44,076.13
Total Assets	4,31,075.24	8,31,489.36	10,70,436.58
Less:			
Long Term Loans @	1,636.58	34,942.31	45,931.71
Short Term Loans	2,01,592.86	5,08,592.91	6,66,188.75
Public Deposits	5,458.77	578.39	648.27
Net worth	2,22,387.03	2,87,375.75	3,57,667.85
Net worth shown above is represented by:			
(a) Paid up capital	12,326.58	12,326.58	12,326.58
(b) Reserves & Surplus	2,10,060.45	2,75,049.17	3,45,341.27
	2,22,387.03	2,87,375.75	3,57,667.85

* Regrouped figure.

@ The long term loans include amounts due within one year.

(a) The paid up capital was increased from Rs. 8,217.72 lakhs to Rs. 12326.58 lakhs by issue of Bonus shares for Rs. 4,108.86 lakhs in 1981-82 and is maintained at that level since then.

(b) The Debt Equity Ratio of the Company was 0.03:1 in 1988-89,0.12:1 in 1989-90 and 0.13:1 in 1990-91.

(c) The Company had declared dividend on the Equity Capital at the rate of 20 per cent during 1988-89,20 percent during 1989-90 and has proposed dividend at the rate of 22 percent for 1990-91 accounting for Rs. 2,711.85 lakhs.

2. Capital work-in-progress:

The Company has a number of capital works in hand. The expenditure on these as on 31st March, 1991 amounted to Rs. 70,642.23 lakhs.

3. Working Capital:

(a) The working capital of the Company for the year ended 31st March, 1989, 31st March, 1990 and 31st March, 1991 was Rs. 63,435 lakhs, Rs. 1,59,935 lakhs and Rs. 2,44,076 lakhs respectively, which has been financed by bank borrowings and internal generation of funds indicating a steady increase.

(b) The current assets and Loans & Advances are analysed below:

(Rs in lakhs)

	1988-89	1989-90	1990-91
I. Inventory: The inventory position at the close on the last three year is as follows:			
1. Raw Materials (Crude, Lube, Base stocks etc.)	47,214	47,782	56,681
2. Stores & Spares, Catalysts & Chemicals	16,915	20,480	21,007
3. Stock in progress	9,031	9,571	9,706
4. Finished goods	1,17,751	98,123	1,37,444
5. Other stores (stock of Empty barrels)	553	790	608
II. Sundry Debtors	35,763	50,179	52,653
III. Cash and Bank Balances	4,781	5,080	12,038
IV. Loans and Advances	62,089	2,13,096*	2,92,923

*Regrouped figure

(i) The stock of Raw Materials is equivalent to about 1.19 months' consumption in 1990-91 as compared to 1.13 months' in 1989-90 and 1.20 months' in 1988-89.

(ii) The Stores and Spares, Catalysts and Chemicals at the end of 1990-91, represented 10.52 months' consumption, as against 10.81 months' in 1989-90 and 10.16 months' in 1988-89.

(iii) The stock in process at the end of 1990-91 represented about 0.058 months' value of business as against 0.066 months' value of business and 0.071 months' at the end of 1989-90 and 1988-89 respectively.

(iv) The Finished goods at the end of 1990-91 amounted to about 0.84 months' sale as compared to 0.67 months' in 1989-90 and 0.93 months' in 1988-89.

(v) Out of sundry debtors shown above, Rs. 1,087.59 lakhs, Rs. 615.68 lakhs and Rs. 593.48 lakhs as on 31.3.89, 31.3.90 and 31.3.91 respectively were considered doubtful and provided for. The percentage of the debtors to sales was 2.36 per cent, 2.87 per cent and 2.69 per cent as on 31.3.89, 31.3.90 and 31.3.91 respectively.

Review of Accounts *Contd...*

4. Working Results

The working results for the three years ended 31st March, 1991 are given below:

(Rs. in lakhs)

	1988-89	1989-90	1990-91
(a) Income:			
(i) Sale of products and crude including Company's use of own oil	15,17,280	17,49,958	19,55,352
(ii) Recovery of main installation and other charges	368	549	1006
(iii) Increase/Decrease in finished goods	18,526	(19,088)	39,160
(iv) Interest	14,015	28,933	59,966
(v) Provision for doubtful debts written back	735	932	401
(vi) Other income	8,407	16,160*	26,396
(vii) Income relating to extraordinary items (net)	10,449	7,089	2,692
Total Income (a)	15,69,780	17,84,533	20,84,973
(b) Expenditure:			
(i) Purchase of products and crude for resale	7,05,187	8,19,240	9,79,792
(ji) Raw materials consumed	4,73,093	5,07,063	5,69,407
(iii) Stores & Spares consumed	19,974	22,742	23,960
(iv) Power & Fuel	2,497	2,560*	2707
(v) Repairs & Maintenance	8,147	9,807	10,905
(vi) Payment to employees	18,584	21,409*	24,462
(vii) Office Adm., Selling & other expenses	14,643	17,836*	18988
(viii) Deprecation	20,924	22,820	23,491
(ix) Duties	1,84,667	1,92,560	2,21,108
(x) Interest	14,293	37,223	66,557
(xi) Others	41,345	48,222	54,096
Less: Transfer to capital Accounts	1,333	1,958	1,207
Total Exp. (b)	15,02,021	16,99,524	19,94,267
(c) Profit for tile year (a-b)	67,759	85,009	90,706
(d) Prior year adjustment	(118)	(1,027)*	(2)
(e) Profit before tax (c+d)	67,641	83,982	90,704

* Regrouped figures

With the provision for taxation of Rs. 17,700 lakhs, the disposable profit for the year, comes to Rs. 73,004 lakhs.

The profit for the year constituted 4.32 per cent, 4.76 per cent and 4.35 per cent of the total income for the years 1988-89, 1989-90 and 1990-91 respectively.

The total income for 1990-91 has registered an increase of 16.84 per cent over that of 1989-90, while the total expenditure for 1990-91 rose by 17.34 per cent over that of 1989-90. The increase in the total income is attributable to increased quantity of products sold.

5. Capacity utilisation of Refineries and Sales performance of the Company:

A. Capacity utilisation of Refineries:

The thru'put capacity utilisation of the six Refineries of the Company during 1989-90 and 1990-91 is indicated below:

(In Million MTs)

Refineries	Capacity		Capacity adopted by OCC for pricing purpose		Actual thruput (Capacity Utilisation %)	
	1989-90	1990-91	1989-90	1990-91	1989-90	1990-91
(i) Guwahati	0.85	0.85	0.80	0.80	0.86 **(101%)**	0.78@ **(92%)**
(ii) Barauni	**3.30**	**3.30**	**3.00**	**3.00**	**2.96** @ (90%)	**2.42**@ (73%)
(iii) Gujarat	9.50	9.50	8.00	8.00	9.11 (96%)	9.33* (98%)
(iv) Haldia	2.75	2.75	2.50	2.50	2.82 (103%)	2.83 (103%)
(v) Mathura	7.50	7.50	6.20	6.20	7.21 (96%)	7.81 (104%)
(vi) Digboi	0.50	0.50	0.50	0.50	0.57 (114%)	0.57 (114%)
	2440	24.40	21.00	21.00	23.53 (96%)	23.74 (97%)

@ Due to lower availability of crude

* Corrective Engineering/modification work to achieve full capacity under implementation.

B. Sales performance of tile Company

Sales Volume, Company's share in over-all market, growth Pates of sales of Indian Oil Corporation Limited and Industry for the three years ended 31st March, 1991 are give below:

Year Ended 31st March	Sales volume (in MMTs) %	IOC's share in the market %	IOC's growth rate of sales %	Industry's growth rate %
1989	28.99	58.1	7.1	7.5
1990	31.01	574	7.0	8.2
1991	31.42	57.3*	1.3	1.5*

(*) Provisional.

Review of Accounts *Contd...*

6. Fuel & Loss :

Fuel & loss percentage in six refineries of the Company during 1989-90 and 1990-91 are compared below with OCRC Norms:

	Refineries at	O.C.R.C. Norms (%)		Actual (%)	
		1989-90	1990-91	1989-90	1990-91
(a)	Guwahati	9.13	9.13	8.07	8.75
(b)	Barauni	8.47	8.47	8.43	9.01
(c)	Gujarat	6.15	6.15	6.10	5.86
(d)	Haldia	10.00	10.00	8.33	8.23
(e)	Mathura	5.81	5.81	5.53	5.17
(f)	Digboi	14.60@	14.60@	3.59	3.82

@ Subject to adjustment for purchased gas on actual basis.

Sd/-
(A. KRISHNA RAO)
Principal Director of Comml. Audit
& Ex-Office Member, Audit Board-II,
Bombay.

Bombay
Dated: 6th September, 1991

Auditors' Report

Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1991 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/division audited by other auditors and report that :

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, 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 paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 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 letter No. I-021/1011388/90-IGC dated 282.91 addressed to Indian Oil Corporation Limited by the Government of India, Ministry of Industry, Department of Company Affairs, Company Law Board, 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', give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
      i) In the case of Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1991,

      and

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

L.B. JHA & CO.	GUHA NANDI & CO.	T.R. CHADHA & CO.	N.M. RAIJI & CO.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
D.B. DAS	S.K. BANDYOPADHYA	MANU CHADHA	V. NERURKAR
Partner	Partner	Partner	Partner

New Delhi
Dated: 27th June '91.

Auditors' 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 particular including quantitative details and situation of Fixed Assets. The Fixed Assets of the Corporation are physically verified by the Management in a phased programme of the year cycle which, in our opinion, is reasonable having regard to the size of the Corporation and the nature of its assets. As per the information given to us by the Management, no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks 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 stocks of stores and spare parts 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 in relation to the size of the Corporation and the nature of its business.
4. In our opinion, the procedures of physical verification of stocks followed by the Corporation are reasonable and adequate in relation to the size of the Corporation and the nature of its business.
5. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were not material in respect of items reconciled and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Corporation has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from Companies under the same Management as defined under Sub-section (IB) of Section 370 of the Companies Act, 1956.
8. The Corporation has granted unsecured loans to Indian Oil Blending Limited, a subsidiary of the Corporation. The rate of interest and other terms and conditions on which loans have been granted are not prima facie prejudicial to the interest of the Corporation.
9. The parties to whom loans or advances in the nature of loans have been given by the Corporation are repaying the principal amounts wherever stipulated and are also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Corporation has regular procedure for the determination of unserviceable, damaged and/or surplus stores, packages, raw materials and finished goods and adequate provision for likely loss is made for such items.

13. In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Corporation for the sale and disposal of contaminated products, slops and scraps where applicable.
15. The Corporation has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Corporation pursuant to the order made by the Central Government for the maintenance of cost records in respect of certain products under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
17. According to the records of the Corporation, Provident Fund dues have generally been regularly deposited with the appropriate authorities during the year. Employees' State Insurance Scheme is not applicable to the Corporation.
18. According to the records and information and explanations furnished, there was no amount outstanding on 31st March, 1991 in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
19. According to information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Corporation.
21. As per information and explanations given to us, damaged goods in respect of trading activities have been determined and consequential adjustments, which were not significant, have been made in the accounts.

L.B. JHA & CO. Chartered Accountants	GUHA NANDI & CO. Chartered Accountants	T.R. CHADHA & CO. Chartered Accountants	N.M. RAIJI & CO. Chartered Accountants
Sd/- D.B. DAS Partner	Sd/- S.K. BANDYOPADHYA Partner	Sd/- MANU CHADHA Partner	Sd/- V. NERURKAR Partner

New Delhi
Dated: 27th June '91

Accounting Policies

Statement on Accounting Policies

1. FIXED ASSETS:

1.1 Land:

Land acquired on lease for over 99 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:

Cost of lease hold land for 99 years and less is amortised during the lease period. Plant & Machinery costing upto Rs. 5,000/- are depreciated fully in the year of capitalisation. 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 on pro-rata basis on assets capitalised/sold/ disposed dismantled 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. The Liability is translated at the exchange rate ruling at the year end. The difference due to exchange fluctuation is capitalised except the exchange difference on liabilities relating to assets already written off which is charged to revenue.

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 releasable 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.

2.1.3 Stores and Spares:

Stores and Spares are valued at or under cost. However, in the case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/ disposal and charged to revenue.

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/clarifications subject to final adjustment as per separate audit.

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

3. LIABILITIES & PROVISIONS:

3.1 Outstanding liabilities for foreign credits are provided at the exchange rate prevailing at the year end except in case of payments upto 30th April, where the liability is provided at actuals. Such exchange difference is adjusted in Profit and Loss Account.

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 alter 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.

3.3 Contingent liabilities are disclosed in each case above Rs. 1 lakh.

3.4 Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 2 lakhs.

4. PROFIT AND LOSS ACCOUNT:

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

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

4.6 Income and expenditure of extra-ordinary nature in excess of Rs. 10 lakhs in each case are disclosed separately.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
K.N. VENKATASUBRAMANIAN	P.K. MUKHOPADHYAY	B.K. BAKHSHI	T.S. KRISHNAMURTHI	B.D. GUPTA	S.M. WELING
Chairman	Director (R&D)	Director (Marketing)	Director (R&P)	Director (Finance)	Secretary

New Delhi
Dated: 27th June, 1991

Balance Sheet

Balance Sheet as at 31st March, 1991

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
I. SOURCE OF FUNDS:				
1. Shareholders' Funds:				
a) Share Capital	'A'	12,326.58		12,326.58
b) Receives and Surplus	'B'	3,45,34127		2,75,049.17
			3,57,667.85	2,87,375.75
2. Loan Funds:				
a) Secured	'C'	4,165.85		28,950.65
b) Unsecured	'D'	7,08,602.88		5,15,162.96
			7,12,768.73	5,44,113.61
TOTAL:			10,70,436.58	8,31,489.36
II. APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block	'E'	3,14,999.20		2,81,935.51
b) Less: Depreciation		2,05,876.28		1,85,237.90
		1,09,122.92		96,697.61
c) Construction work-in-Progress and Capital Goods in Stock	'F'	70,642.23		43,808.70
			1,79,765.15	1,40,506.31
2. Investment:	'G'		6,46,595.30	5,31,047.82
3. Current Assets, Loans and Advances:				
A. Current Assets:				
a) Interest accrued on Investments		16,854.09		9,629.71
b) Inventories	'H'	2,25,444.52		1,76,746.02
c) Book Debts	'I'	52,059.94		49,563.33
d) Cash balances including imprest and cheques in hand		11,470.29		4,839.60
C/F...		3,05,828.84		2,40,778.66
Carried Forward...			8,26,360.45	6,71,554.13

Balance Sheet as at 31st March, 1991

	Schedule	Rupees (in .lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
Brought Forward...			8,26,360.45	6,71,554.13
B/F...		3,05,828.84		2,40,778.66
e) Bank balances:				
With Scheduled Banks:				
i) On Current Account		427.37		232.84
ii) On Fixed Deposit Account		2.98		2.86
iii) On Blocked Account		13.82		4.56
iv) On Call Account		123.54		–
v) With Post Office:				
In Savings Account		0.04		0.04
		3,06,396.59		2,41,018.96
B. Loans and Advances	'J'	2,91,367.45		2,11,491.29
		5,97,764.04		4,52,510.25
Less: Current Liabilities and Provisions:	'K'	3,53,687.91		2,92,575.02
Net Current Assets			2,44,076.13	1,59,935.23
TOTAL:			10,70,436.58	8,31,489.36

– Contingent Liabilities not provided for (Refer Schedule 'P' Note-1)
– Notes forming part of Accounts 'P'

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
K.N. VENKATASUBRAMANIAN	P.K. MUKHOPADHYAY	B.K. BAKHSHI	T.S. KRISHNAMURTHI	B.D. GUPTA	S.M. WELING
Chairman	Director (R&D)	Director (Marketing)	Director (R&P)	Director (Finance)	Secretary

As per our Report Attached

L.B. JHA & CO.	GUHA NANDI & CO.	T.R. CHADHA & CO.	N.M. RAIJI & CO.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
D.B. DAS	S.K. BANDYOPADHYAY	MANU CHADHA	V. NERURKAR
Partner	Partner	Partner	Partner

New Delhi
Dated: 27 June, 1991

Profit and Loss Account

Profit and Loss Account for the year ended 31st March, 1991

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
INCOME:				
1. i) Sale of Products and Crude		19,53,010.04		17,48,124.57
ii) Less: Commission and Discounts		41.67		464.63
		19,52,968.37		17,47,659.94
2. Company's use of own oil		2,384.20		2,29841
			19,55,352.57	17,49,958.35
3. Recovery of Main Installation and Other Charges			1,005.53	548.56
4. Increase/(Decrease) in Stocks				
Closing Stock as on 31st March, 1991:				
Finished Products		1,37,443.60		98,122.92
Stock-in-Process		9,705.74		9,57147
		1,47,149.34		1,07,694.39
Less: Opening Stock as on 1st April, 1990:				
Finished Products		98,122.92		1,17,751.46
Stock-in-Process		9,57147		9,030.91
Adjustment in respect of Opening Stock of Finished Products		294.79		–
		1,07,989.18		1,26,782.37
			39,160.16	(19,087.98)
5. Interest On:				
i) Loans and Advances		3,861.97		3,444.50
ii) Fixed deposits with Banks		379.76		434.71
Iii) Short Term Deposits with Bank		86.40		93.66
iv) Customers Outstandings		1,384.34		918.38
v) Fully paid Bonds (Tax Free) of Government Companies		39,543.63		18,480.54
vi) Investment under Portfolio Management/Other Schemes		7,402.32		360.85
vii) Government Securities (Gross) (Tax deducted at source **Rs. 1,335.15 lakhs;** 1990: Rs. 976.88 lakhs)		7,307.96		5,200.36
			59,966.38	28,933.00
6. Other Income	'L'		26,396.19	16,159.74
7. Provision for Doubtful Debts, Advances, Claims and Stores written back			401.01	**931.44**
TOTAL INCOME:			20,82,281.84	17,77,443.11

EXPENDITURE:

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. Purchase of Products and Crude			9,79,792.07	8,19,240.43
2. Manufacturing, Administration, Selling and Other Expenses	'M'		7,04,058.08	6,29,285.75
3. Duties			2,21,107.88	1,92,560.3O
4. Depreciation and Amortisation			23,491.80	22,820.10
5. Main Installation Charges Paid to Other Oil Companies			467.96	352.49
6. Interest:				
a) On Fixed period loans				
i) Government of India				40.73
ii) Oil Industry Development Board		840.46		74.53
iii) Floating Bate Bearer Notes		3,302.71		1,201.10
iv) Public Deposits		88.62		415.78
b) On short term loans from Banks		50,426.81		28,342.92
c) Others		11,898.43		7,147.73
			66,557.03	37,222.79
			19,95,474.82	17,01,481.86
7. Less:				
i) Amount transferred to Construction period expenses pending allocation (Net of recovery of **Rs.112.68 'lakhs;** 1990: Rs. 3026 lakhs)		860.70		1,641.92
ii) Expenses transferred to Manufacturing of drums		346.48		316.03
			1,207.18	1,957.95
TOTAL EXPENDITURE :			19,94,267.64	16,99,523.91
PROFIT before extra-ordinary and prior period Adjustments			88,014.20	77,919.20
Income/(Expenditure) relating to extra-ordinary items (Net)	'0-1'		2,691.80	7,089.06
PROFIT FOR THE YEAR	Carried Forward...		90,706.00	85,008.26

Profit and Loss Account *Contd...*

		Schedule	Rupees (in lakhs)	1990 Rupees (in lakhs)
PROFIT FOR THE YEAR	Brought' Forward...		90,706.00	85,008.26
Income/(Expenditure) relating to prior period (Net)		'0'	(1.59)	(1,026.59)
PROFIT BEFORE TAX			90,704.41	83,981.67
Taxation (Net)			17,700.46	16,527.63
PROFIT AFTER TAX			73,003.95	67,454.04
Balance brought forward ~)m last year's Account			0.64	0.92
DISPOSABLE PROFIT			73,004.59	67,454.96
APPROPRIATIONS:				
Proposed Dividend			2,711.85	2,465.32
Insurance Reserve Account			30.00	30.00
General Reserve			70,262.00	64,959.00
BALANCE CARRIED TO BALANCE SHEET			0.74	0.64
TOTAL:			73,004.59	67,454.96
Notes forming part of Accounts		'P'		

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
K.N. VENKATASUBRAMANIAN	P.K. MUKHOPADHYAY	B.K. BAKHSHI	T.S. KRISHNAMURTHI	B.D. GUPTA	S.M. WELING
Chairman	Director (R&D)	Director (Marketing)	Director (R&P)	Director (Finance)	Secretary

As per our Report Attached

L.B. JHA & CO.	GUHA NANDI & CO.	T.R. CHADHA & CO.	N.M. RAIJI & CO.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	*Sd/-*	*Sd/-*	*Sd/-*
D.B. DAS	S.K. BANDYOPADHYAY	MANU CHADHA	V. NERURKAR
Partner	Partner	Partner	Partner

New Delhi
Dated: 27 June, 1991

Schedules

SCHEDULE 'A'-Share Capital

	Rupees (in lakhs)	1990 Rupees (in lakhs)
Authorised:		
15,00,000 Equity Shares of Rs. 1,000 each.	15,000.00	15,000.00
Issued and Subscribed:		
12,32,658 Equity Shares of Rs. 1,000 each fully paid up	12,326.58	12,326.58
Of the above Shares:		
i) 3,76,497 Shares and 1,00,000 Shares were allotted as fully paid pursuant to the Petroleum Companies Amalgamation Order, 1964 and Gujarat Refinery Project Undertaking (Transfer) (Amendment) - Order 1965, respectively, without payment being received in cash.		
ii) 4,10,886 Shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.		
TOTAL:	12,326.58	12,326.58

Schedules *Contd...*

SCHEDULE 'B'-Reserves and Surplus

			1990
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
Capital Reserve			
As per last Account		15.82	**15.82**
General Reserve:			
As per last Account	2,51,781.71		**1,86,822.71**
Add: Transferred from Profit and Loss Account	70,262.00		**64,959.00**
		3,22,043.71	**2,51,781.71**
Insurance Reserve:			
As per last Account	280.00		**250.00**
Add:Transferred from Profit and Loss Account	30.00		**30.00**
		310.00	**280.00**
'Investment Allowance (Utilised) Reserve:			
As per last Account		17,030.00	**17,030.00**
Export Profit Reserve:			
As per last Account		5,941.00	**5,941.00**
Profit and Loss Account:			
As per Annexed Account		0.74	**0.64**
TOTAL:		3,45,341.27	2,75,049.17

SCHEDULE 'C'-Secured Loans

	Rupees (in lakhs)	1990 Rupees (in lakhs)
Loans and Advances from Banks. (Secured by hypothecation of raw materials, stock-in-trade, book debts, outstanding monies, receivables, claims, contracts, engagements etc.)	4,165.85	28,906.77
Interest accrued and due on above	—	43.88
TOTAL:	4,165.85	28,950.65

SCHEDULE 'D'-Unsecured Loans

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. **20,000-Floating Rate Bearer Notes of US $ 10,000 each Guaranteed as to and Interest by Government of India (US $ 20,00,00,000)**		38,967.36	34,557.24
2. **Short Term Loans and Advances from Bank** (due for payment within one year)		6,62,022.90	4,79,642.26
3. **Deferred Foreign Credit** (Including **Rs. 4.90 lakhs;** 1990: Rs. 27.00 lakhs due for payment within one year)		12.26	27.00
4. **Other Loans and Advances:**			
i) From Oil Industry Development Board (including **Rs. 27.55 lakhs;** 1990: Rs. 296.63 lakhs due for payment within one year)	81.43		358.07
ii) Public Deposits (including **Rs. 165.20 lakhs;** 1990: Rs. 163.29 lakhs due for payment within one year)	648.27		578.39
iii) From International Bank for Reconstruction and Development (Guaranteed as to Principal & Interest by Government of India US $350,000,000; including interest accrued and due for payment within one year **Rs. 1.18 lakhs;** 1990: Rs. Nil)	6,870.66		—
		7,600.36	936.46
TOTAL:		7,08,602.88	5,15,162.96

Schedules *Contd...*

SCHEDULE 'E'-Fixed Assets

	GROSS BLOCK		
	Gross Block as at 31-03-1990	Additions during the year	Transfers from Construction work in-progress
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
LAND —Freehold	6,021.19	1,378.18	83.41
—Leasehold	1,575.16	261.29	—
—Right of Way	87.02	—	—
BUILDINGS, ROADS ETC. @	31,511.88	263.76	3,068.43
ENABLING ASSETS $$	489.39	40.25	3.05
PLANT AND MACHINERY	2,26,789.17	17,564.12	10,837.63
TRANSPORT EQUIPMENTS	4,810.48	209.59	102.23
FURNITURES AND FIXTURES	1,860.99	137.05	17.62
RAILWAY SIDINGS	2,319.18	50.08	6.85
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	6,438.72	0.13	222.07
SUNDRY ASSETS	32.33	1.24	—
TOTAL :	2,81,935.51	19,905.69	14,341.29
PREVIOUS YEAR :	2,48,584.84	21,926.88	12,723.31

Includes **Rs. 1981.68 lakhs** (1990: Rs. 137.42 lakhs) in respect of extra-ordinary/prior period items.

@ Buildings include:

i) **Rs. 0.56 lakhs** (1990: Rs. 0.56 lakhs) towards value of **906** (1990:906) Shares in Co-operative Housing Societies towards membership of such Societies for purchase of flats;

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

NOTE: Depreciation rates as charged in Books of Account, which are not lower than the rates prescribed under Schedule XIV of the Companies Act, 1956, are given below

Land-Leasehold	.	Amortised during lease period
Buildings, Roads, etc.	.	100%;4%;2%
Enabling Assets	.	20%
Plant and Machinery	.	100%;95%;17%;15%;12%;10%;9%;7%;6%
Transport Equipments	.	12.5%
Furnitures and Fixtures	.	10%
Railway Sidings	.	6%
Drainage, Sewage and Water Supply System	.	12%
Sundary Assets	.	12%;10%

AT COST		DEPRECIATION & AMORTISATION		NET DEPRECIATED BLOCK	
Transfers/ Deductions Reclassi-fications	Gross Block as at 31-03-1991	Charged this year	Upto 31-3-1991	As at 31-03-1991	As at 31-03-1990
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
49.82	7532.60	—	—	7,532.60	6,021.19
6.74	1,843.19	22.10	185.25	1,657.94	1,412.01
49.74	136.76	29.85	29.95	106.81	86.93
(132.99)	34,711.08	852.04	6,418.54	28,292.54	25,941.48
16.11	548.80	53.13	428.72	120.08	123.89
(1,052.21)	254,138.71	19,812.26	1,87,582.36	66,556.35	58,278.32
(147.09)	4,975.21	282.02	3,594.66	1,380.55	1,369.36
(11.49)	2.004.17	144.68	980.15	1,024.02	1,022.59
(10.28)	2,365.83	107.82	1,144.44	1,221.39	1,277.45
48.76	6,709.68	204.79	5,487.00	1,222.68	1,156.15
(0.40)	33.17	1.43	25.21	7.96	8.24
(1,183.29)	3,14,999.20	21,510.12	2,05,876.28	1,09,122.92	96,697.61
(1,299.52)	2,81,935.51	22,957.52	1,85,237.90	96,697.61	

Schedules *Contd...*

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

				1990
		Rupees (in lakhs)	Rupees (in 'lakhs)	Rupees (in lakhs)
1.	Work-in-progress (at cost) (including unallocated capital expenditure materials at site and advances for capital expenditure)		43,956.53	25,714.78
2.	Capital stores (at cost) (including materials worth Rs. 554.91 lakhs; 1990: Rs. 548.56 lakhs lying with contractors)		17,850.13	12,233.97
3.	Miscellaneous Capital Stores (at Of below cost)		60.90	55.89
4.	Capital Goods-in-Transit (at cost)		4,824.49	2,552.63
S.	Construction period expenses pending allocation:			
	Balance as at 1st April, 1990	3,251.44		1,768.44
	Add : Adjustments relating to extra-ordinary items	(16.73)		—
	Adjustments relating to prior period	—		(10.04)
		3,234.71		1,758.40
	Add : Expenditure during the year:			
	Establishment Charges	156.96		96.91
	Interest	85.77		—
	Depreciation	43.06		38.90
	Others	687.59		1,536.37
		4,208.09		3,430.58
		112.68		30.26
	Less: Recoveries			
		4,095.41		3,400.32
	Less : Allocated to Assets/Construction work-in-progress during the year	145.23		148.89
			3,950.18	3,251.43
	TOTAL:		70,642.23	43,808.70

SCHEDULE "G"-Investments (At Cost)

		No. and Particulars of Shares/Bonds	Face Value per Share Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1.	In Fully Paid Government Securities Quoted						
	Govt. of India-loan-2007	**15,50,000** (1990: 10,00,000) Govt. of India Inscribed stock of the 11.50% loan	1,000/-		15,522.11		9,995.05
	Govt. of India-loan-2008	**14,00,000** (1990:13,50,000) of India Inscribed stock of the 11.50% loan	1,000/-		13,997.16		13,477.48
	Govt. of India-loan-2008	**Nil** (1990:10,00,000) Govt. of India Inscribed stock of the 11.50% loan (III Issue)	1,000/-		–		10,000.00
	Govt. of India-loan-2009	**5,00,000** (1990:7,50,000) of India Inscribed stock of the 11.50% loan	1,000/-		4,998.69		7,503.00
	Govt. of India-loan -2010	**50,000** (1990:Nil) of India Inscribed stock of the 11.50% loan	1,000/-		500.34		–
	Govt. of India-loan -2015	**2,50,000** (1990:2,50,000) Govt. of India Inscribed stock of the 11.50% loan	1,000/-		2,493.36		2,493.36
		(Aggregate Market Value of the above mentioned Securities is Rs. 375,38,75,000; 1990: Rs. 434,00,25,000)				37,511.66	43,468.89
2.	In Units of Unit Trust of India (Unquoted):	**78,82,50,000** (1990: 129,32,50,000) Units of Unit Trust of India 1964 Scheme	10/-			1,08,184.21	1,77,454.29
3.	In Fully Paid Bonds of Government Companies Unquoted):						
A)	i National Thermal Power Corporation Limited	**10,000** (1990:10,000) 10% Secured (Tax Free Redeemable Bonds (I Series-1986)	1,000/-	108.50			108.50
	ii) National Thermal Power Corporation Limited	**12,00,000** (1990:12,00,000) 10% Secured (Tax Free) Redeemable Bonds (II Series-1987)	1,000/-	12,000.00			12,000.00
	iii) National Thermal Power Corporation Limited	**8,50,000** (1990: 8,50,000) 9% Secured (Tax Free) Redeemable Bonds (III Public Issue-1988)	1,000/-	8,551.00			8,551.00
	iv National Thermal Power Corporation Limited	**27,47,500** (1990:21,88,000) 9% Secured (Tax Free) Redeemable Bonds (V Issue-1989)	1,000/-	27,682.25			21,840.32
		C/F...			48,341.75		42,499.82
		Carried Forward...				1,45,695.87	2,20,923.18

Schedules *Contd...*

SCHEDULE “G”-Investments (At Cost) *Contd...*

		No. and Particulars of Shares/Bonds	Face Value per Share/ Bond/unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees in lakhs)	1990 Rupees (in lakhs)
		Brought Forward...				1,43.695.87	2,20,923.18
		B/F...			48,341.75		42,499.82
B) i)	Mahanagar Telephone Nigam Limited	**7,45,000** (1990:7,45,000) 10% Secured (Tax Free) Redeemable Bonds (I Series-1986)	1,000/-	7,717.05			7,717.05
ii)	Mahanagar Telephone Nigam Limited	**9,00,000** (1990:12,90,000) 9% Secured (Tax Free) Redeemable Bonds (III Series-1989)	1,000/-	8,979.75			12,890.25
iii)	Mahanagar Telephone Nigam Limited	**16,08,019** (1990:11,00,000) 9% Secured (Tax Free) Redeemable Bonds (IV Series-1990)	1,000/-	15,941.14			10,736.00
iv)	Mahanagar Telephone Nigam Limited	Nil (1990:8,00,000) 13% Secured Redeemable Bonds (IV Series-1990)	1,000/-	—			8,000.00
					32,637.94		39,343.30
C)	Indian Telephone Industries Limited	**5,00,000** (1990:5,00,000) 10% Secured (Tax Free) Redeemable Bonds (B-Series-1987)	1,000/-		5,000.00		5,000.00
D) i)	Indian Railways Finance Corporation Limited	**4,67,500** (1990:4,67,500) 10% Secured (Tax Free) Redeemable Bonds (I-Series-1987)	1,000/-	4,947,37			4,947.38
ii)	Indian Railways Finance Corporation Limited	**3,10,000** (1990:3,00,000) 9% Secured (Tax Free) Redeemable Bonds (I-Series-1987)	1,000/-	3,100.55			3,000.00
iii)	Indian Railways Finance Corporation Limited	**12,50,000** (1990:12,50,000) 9% Secured (Tax Free) Redeemable Bonds (II-Series-1988)	1,000/-	12,500.00			12,500.00
iv)	Indian Railways Finance Corporation Limited	**25,00,000** (1990:25,20,000) 9% Secured (Tax Free) Redeemable Bonds (III “A” Series-1989)	1,000/-	25,006.70			25,203.70
V)	Indian Railways Finance Corporation Limited	**3,10,860** (1990:3,10,860) 9% Secured (Tax Free) Redeemable Bonds (IV Series-1990)	1,000/-	3,108.60			3,108.60
vi)	Indian Railways Finance Corporation Limited	**72,50,000** (1990:20,70,000) 9% Secured (Tax Free) Redeemable Bonds (IV “A” Series-1989-90)	1,000/-	73,068.50			20,375.75
vii)	Indian’ Railways Finance Corporation Limited	**37,000** (1990:Nil) 10% Secured (Tax Free) Redeemable Bonds (IV “A” Series-1989-90)	1,000/-	409.78			
viii)	Indian Railways Finance Corporation Limited	**5,00,000** (1990:5,00,000) 9% Secured (Tax Free) Redeemable Bonds (IV “B” Series-1989-90)	1,000/-	4,925.00			4,925.00
ix)	Indian Railways Finance Corporation Limited	**15,80,000** (1990:15,70,000) 9% Secured (Tax Free) Redeemable Bonds (1991:IV “C” Series-1989-90) 1990: IV “D” Series-1989-90)	1,000/-	15,903.20			15,399.00
x)	Indian Railway Finance Corporation Limited	**13,56,975** (1990:10.00,000) 9% Secured (Tax Free) Redeemable Bonds (IV “E” Series-1989-90)	1,000/-	13,589.75			9,900.00
					1,56,559.45		99,359.43
		C/F...			2,42,539.14		1,86,202.55
		Carried Forward...				1,45.695.87	2,20,923.18

	No. and Particulars of Shares/Bonds	Face Value per Share Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
	Brought Forward...				1,45,695.87	2,20,923.18
	B/F...			2,42,539.14		1,86,202.55
E) i) National Hydro Electric Power Corporation Limited	**2,15,000** (1990:2,00,000) 9% Secured (Tax Free) Redeemable Bonds (B Series)	1,000/-	2,152.02			2,000.00
ii) National Hydro Electric Power Corporation Limited	**9,30,000** (1990:3,50,000) 9% Secured (Tax Free) Redeemable Bonds (C Series	1,000/-	9,284.05			3,493.75
iii) National Hydro Electric Power Corporation Limited	**14,40,000** (1990: 10,20,000) 9% Secured (Tax Free) Redeemable Bonds (D Series)	1,000/-	14,451.55			10,180.00
iv) National Hydro Electric Power Corporation Limited	**2,68,000** (1990:5,00,000) 9% Secured (Tax Free) Redeemable Bonds (E Series)	1,000/-	2,707.06			4,887.50
				28,594.68		20,561.25
F) i) Neyveli Lignite Corporation Limited	**1,70,000** (1990: 1,70,000) 9% Secured (Tax Free) Redeemable Bonds (B Series-1987)	1,000/-	1,700.00			1,700.00
ii Neyveli Lignite Corporation Limited	**7,50,000** (1990:7,70,000) 9% Secured (Tax Free) Redeemable Bonds (C Series-1988)	1,000/-	7,548.00			7,748.00
iii) Neyveli Lignite Corporation Limited	**3,00,000** (1990:2,50,000) 9% Secured (Tax Free) Redeemable Bonds (D Series-1989)	1,000/-	2,980.50			2,473.75
iv) Neyveli Lignite Corporation Limited	**10,50,000** (1990:2,50,000) 9% Secured (Tax Free) Redeemable Bonds (E Series-1990)	1,000/-	10,564.00			2,468.75
V) Neyveli Lignite Corporation Limited	**4,25,000** (1990: Nil) 13% Secured Redeemable Bonds (E Series-1990)	1,000/-	4,259.50			
				27,052.00		14,390.50
G) i) Power Finance Corporation Limited	**8,40,000** (1990:8,40,000) 9% Secured (Tax Free) Redeemable Bonds (I Series)	1,000/-	8,351.60			8,351.60
ii) Power Finance Corporation Limited	**13,25,000** (1990:14,25,000) 9% Secured (Tax Free) Redeemable Bonds (II Series)	1,000/-	13,348.87			14,261.33
iii) Power Finance Corporation Limited	**10,00,000** (1990:1,50,000) 9% Secured (Tax Free) Redeemable Bonds (III Series)	1,000/-	10,096.25			1,518.75
iv) Power Finance Corporation Limited	**41,70,000** (1990: Nil) 9% Secured (Tax Free) Redeemable Bonds (IV Series)	1,000/-	41,860.95			
				73,657.67		24,131.68
	C/F...			3,71,843.49		2,45,285.98
	Carried Forward...				1,45,695.87	2,20,923.18

Schedules *Contd...*

SCHEDULE “G”-Investments (At Cost) *Contd...*

	No. and Particulars of Shares/Bonds	Face Value per Share Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
	Brought Forward...				1,45,695.87	2,20,923.18
	B/F...			3,71,843.49		2,45,285.98
H) i) Housing & Urban Development Corporation Limited	**2,50,000**(1990:2,50,000) 9% Secured (Tax Free) Redeemable Bonds (Shelter Bonds-Series I)	1,000/-	2,481.50			2,481.50
Ii) Housing & Urban Development Corporation Limited	**95,000**(1990:1,15,000) 9% Secured (Tax Free) Redeemable Bonds (Shelter Bonds-Series II)	1,000/-	966.91			1,166.91
iii) Housing & Urban Development Corporation Limited	**50,000** (1990:50,000) 9% Secured (Tax Free) Redeemable Bonds (Shelter Bonds-Series III)	1,000/-	508.90			508.90
iv) Housing & Urban Development Corporation Limited	**13,55,000** (1990:8,20,000) 9% Secured (Tax Free) Redeemable Bonds (Shelter Bonds-Series IV)	1,000/-	13,668.88			8,125.25
v) Housing & Urban Development Corporation Limited	**7,90,000** (1990:5,00,000) 9% Secured (Tax Free) Redeemable Bonds (Urban Bonds-Series I)	1,000/-	7,934.00			4,912.50
vi) Housing & Urban Development Corporation Limited	**40,000**(1990: Nil) 13% Secured Redeemable Bonds	1,000/-	399.20			
				25,959.39		17,195.06
I) i) Rural Electrification Corporation Limited	**6,65,000** (1990:6,65,000) 9% Secured (Tax Free) Redeemable Bonds (XV Series-1987)	1,000/-	6,621.75			6,621.75
Ii) Rural Electrification Corporation Limited	**940,000** (1990:9,25,000) 9% Secured (Tax Free) Redeemable Bonds (XVII Series-1998)	1,000/-	9,438.33			9.288.02
iii) Rural Electrification Corporation Limited	**2,90,000** (1990:50,000) 9% Secured (Tax Free) Redeemable Bonds (XIX Series)	1,000/-	2,928.10			497.50
iv) Rural Electrification Corporation Limited	**12,50,000** (1990:8,50,000) 9% Secured (Tax Free) Redeemable Bonds (XX Series)	1,000/-	12,495.15			8,463.75
				31,483.33		24,871.02
J) i) Nuclear Power Corporation Limited	**50,000**(1990: Nil) 9% Secured (Tax Free) Redeemable Bonds (A Series)	1,000/-	504.25			–
Ii) Nuclear Power Corporation Limited	**9,50,000** (1990:8,50,000) 9% Secured (Tax Free) Redeemable Bonds (B Series)	1,000/-	9,561.75			8,556.75
Iii) Nuclear Power Corporation Limited	**9,20,000** (1990: 9,20,000) 9% Secured Redeemable Bonds (C Series)	1,000/-	9,202.60			9,202.60
iv) Nuclear Power Corporation Limited	**2,50,000** (1990: Nil) 13% Secured (Tax Free) Redeemable Bonds (C Series)	1,000/-	2,500.00			–
				21,768.60		17,759.35
	C/F...			4,51,054.81		3,05,111.41
	Carried Forward...				1,45,695.87	2,20,923.18

		No. and Particulars of Shares/Bonds (Rs.)	Face Value Per *Share* Bond/Unit	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakils)
		Brought Forward...				1,45,695.87	2,20,923.18
		B/F...			4,51,054.81		3,05,111,41
K) i)	Damodar Valley Corporation Limited	**6,27,500**(1990: Nil) 9% Secured Tax Free) Redeemable Bonds ('A" Series)	1,000/-		6,352.06		—
Ii)	Damodar valley Corporation Limited	**Nil** (1990:2,50,000) 13% Secured Redeemable Bonds ('A" Series)	1,000/-		—		2,468.75
L)	Hindustan Zinc Limited	**5,00,000**(1990: Nil) 13% Secured Redeemable Bonds	1,000/-		5,000.00		—
M)	Coal India Limited	**8,50,000**(1990: Nil) 9% Secured (Tax Free) Redeemable Bonds (I Series)	1,000/-		8,43625		—
						4,70,843.12	3,07,580.16
4.	Under Portfolio Management Scheme with Banks: (Unquoted)					25,000.00	2,500.00
5.	Under Canstar Scheme of Canbank Mutual Fund: (Unquoted):					5,000.00	—
6.	In Subsidiary Company (Unquoted): Indian Oil Blending Limited	**8,000,** Equity Shares each fully paid in cash	500/-			40.00	40.00
7.	In Government Securities (Unquoted) (including **Rs. 16,700;** 1990: Rs. 17,200) deposited with various bodies					1.98	2.09
8.	Other Investments (Unquoted):						
A)	International Co-operative Petroleum Association	**350,** Shares fully paid and partly paid common stock of$ 72.31	$ 100		2.12		2.12
B)	In Consumer Co-operative Societies:						
	a) Barauni	**250,** Equity shares each fully paid in cash	10/-)				
	b) Guwahati	**250,** Equity shares each fully paid in cash	10/-)				
	c) Mathura	**200,** Equity shares each fully paid in cash	10/-)				
	d) Haldia	**1,012,** (1990: 913), Equity shares each fully paid in cash	10/-)		0.21		0.27
C)	i) Indian Oil Employees' Co-operative Consumer Stores Ltd., Madras.	**Nil** (1990: 700), Equity shares, each fully paid in cash	10/-)				
	ii) Indian Oil Employees' Co-operative Consumer Stores Ltd., Delhi.	**375,** Equity shares, each fully paid in cash	10/-)				
D)	Term Deposit with CanBank				12.00	—	
						14.33	2.39
				Total:		6,46,595.30	5,31,047.82

Schedules *Contd...*

SCHEDULE "G"–Investments (At Cost) *Contd...*

During the year following Investments were purchased and sold:

	Particulars	No. of Bonds/ Units	Face Value Rupees (In lakhs)
I.	Fully paid Secured Bonds of Go~. Companies	2,11,79,910	2,11,799.10
II.	Fully Paid Govt. Securities	64,00,000	64,000.00
III.	Units of Unit Trust of India	1,00,85,00,000	1,00,850.00
IV.	Treasury Bills	—	5,000.00
V.	Investments under Portfolio Management Scheme	—	2,500.00

SCHEDULE 'H'-Inventories

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. Stores, Spares etc. (at or under cost)* (including in transit **Rs. 953.79 lakhs;** 1990: Rs. 1,438.79 lakhs)	21,361.14		20,543.83
Less : Provision for Losses	354.29		63.97
		21,006.85	20,479.86
2. Raw Materials (at cost)** (including in transit **Rs. 12,243.35 lakhs;** 1990: Rs. 13,588.95 lakhs		56,680.57	47,781.50
3. Stock-in-Trade			
a) Oil Stock (at cost or net realisable value whichever is lower)*** (including in transit **Rs. 44,273.79 lakhs;** 1990: Rs. 9,319.34 lakhs)	1,37,443.60		98,122.92
b) Stock-in-process (at raw material cost)	9,705.74		9,571.47
		1,47,149.34	1,07,694.39
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)****		607.76	790.27
TOTAL:		2,25,444.52	1,76,746.02

* Includes stock lying with contractors **Rs. 370.54 lakhs** (1990: Rs. 463.30 lakhs)

** Includes stock lying with Other Oil Companies on loan **Rs. 28,781.78 lakhs** (1990: Rs. 3,382.15 lakhs) and with others **Rs. 3,032.36 lakhs** (1990: Rs. 2,838.66 lakhs)

*** Includes stock lying with Other Oil Companies on loan **Rs. 10,246.14 lakhs** (1990: Rs. 10,386.66 lakhs) and with others **624.31 lakhs** (1990: Rs. 407.18 lakhs)

**** Includes stock lying with others **Rs. 112.52 lakhs** (1990: Rs. 176.90 lakhs)

Schedules *Contd...*

SCHEDULE 'I'–Book Debts

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
Over Six Months:			
a) Secured, Considered Good	3.11		0.83
b) Unsecured, Considered Good	13,886.44		12,319.67
C) Unsecured, Considered Doubtful	551.81		591.41
		14,441.36	12,911.91
Other Debts:			
a) Secured, Considered Good	6.53		4.39
b) Unsecured, Considered Good	38,163.86		37,238.44
c) Unsecured, Considered Doubtful	41.67		24.27
		38,212.06	37,267.10
		52,653.42	50,179.01
Less: Provision for Doubtful Debts		593.48	615.68
TOTAL:		52,059.94	49,563.33

SCHEDULE 'J'–Loans and Advances

	Rupees (in lakhs)	Rupees (in lakils)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. Loans-Unsecured, Considered Good: To Indian Oil Blending Limited (A Subsidiary) including interest Accrued **Rs. 239.77 lakhs** (1990: Rs. 146.81 lakhs)			954.83	861.87
2. Advances recoverable in cash or in kind or for value to be received:				
a) Secured, Considered Good*		10,895.27		7,887.77
b) Unsecured, Considered Good*				
i) Due from IOBL (Subsidiary)	134.13			216.64
ii) Others	15,652.67			13,680.84
		15,786.80		13,897.48
c) Unsecured, Considered Doubtful		92.50		87.20
		26,774.57		21,872.45
d) Less: Provision for Doubtful Advances		92.50		87.20
			26,682.07	21,785.25
3. Amount recoverable from Industry Pool Account				
Unsecured, Considered Good			2,07,360.39	1,51,393.05
4. Claims Recoverable:				
a) Secured, Considered Good		36.71		21.27
b) Unsecured, Considered Good		5,372.45		2,756.29
c) Unsecured, Considered Doubtful		1,462.70		1,517.54
		6,871.86		4,295.10
d) Less: Provision for Doubtful Claims		1,462.70		1,517.54
			5,409.16	2,777.56
Carried Forward...			2,40,406.45	1,76,817.73

Schedules *Contd...*

SCHEDULE *'J'-Contd...*

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
Brought Forward...		2,40,406.45	1,76,817.73
5. Materials on Loan:			
a) Secured, Considered Good	39.00		38.40
b) Unsecured, Considered Good	0.88		9.19
		39.88	47.59
6. Deposit under Companies Deposits (Surcharge on income-tax) Scheme, 1985 Unsecured, considered Good		63.00	187.00
7. Investment Deposit Scheme, 1986 Unsecured, Considered Good		2,342.50	4,175.00
8. Balance with Customs, Port Trust and Excise Authorities Unsecured, Considered Good		4,843.52	5,022.63
9. Sundry Deposits: (including amount adjustable on receipt of Final bills)			
a) Secured, Considered Good	43,087.94		23,333.16
b) Unsecured, Considered Good	584.16		1,908.18
c) Unsecured, Considered Doubtful	0.22		0.22
	43,672.32		25,241.56
d) Less: Provision for Doubtful Deposits	0.22		0.22
		43,672.10	25,241.34
TOTAL:		2,91,367.45	2,11,491.29

* Includes:

1. **Rs. 2,05,902** (1990: Rs. 2,50,217) due from Directors **(Maximum Rs. 2,50,872**-1990: Rs. 3,42,764)
2. **Rs. 36,26,642** (1990: Rs. 31,91,393) due from other Officers **(Maximum Rs. 46,31,898**-1990: Rs. 36,82,032)

SCHEDULE 'K'-Current Liabilities and Provisions

	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
A. CURRENT LIABILITIES:				
1. Sundry Creditors		2,29,252.10		1,96,650.66
2. Security Deposits	1,15,781.93			85,359.27
Less: Investments and Deposits with Banks lodged by outside parties	226.95			176.40
		1,15,554.98		85,182.87
3. Interest accrued but not due on loans		14,545.55		10,749.36
			3,59,352.63	2,92,582.89
B. PROVISIONS:				
4. Provision for Taxation	42,304.35			40,829.43
Less: Advance Payments	50,680.92			43,302.62
		(8,376.57)		(2,473.19)
5. Proposed Dividend		2,711.85		2,465.32
			(5,664.72)	(7.87)
TOTAL:			3,53,687.91	2,92,575.02

Schedules *Contd...*

SCHEDULE “L”–Other Income

		Rupees (in lakhs)	1990 Rupees (in lakhs)
1.	Sale of Power and Water	224.66	199.23
2.	Profit on sale and disposal of Assets	469.24	250.55
3.	Dividend received: (Gross)		
	a) From a Subsidiary	4.00	4.00
	b) From Unit Trust of India	21,478.50	12,388.50
	(Tax deducted at Source **Rs. 0.92 lakhs;** 1990: Rs. 0.92 lakhs)		
4.	Royalty and Technical Know-how Fees	0.47	1.20
5.	Unclaimed/Unspent liabilities written back	878.87	458.94
6.	Miscellaneous Income	3,323.49	2,888.74
7.	Exchange Fluctuations (Net)	16.96	(31.42)
	TOTAL:	26,396.19	16,159.74

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

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. Raw Materials Consumed:			
Opening Balance as on 1st April, 1990	47,781.50		47,214.18
Add: Purchases	5,78,305.92		5,07,629.82
	6,26,087.42		5,54,844.00
Less: Closing Stock	56,680.57		47,781.50
		5,69,406.85	5,07,062.50
2. Consumption:			
i) Stores and Spares (including consumables)	9,088.70		7,024.02
ii) Packages	14,871.69		15,717.50
		23,960.39	22,741.52
3. Power and Fuel	24,211.69		20,661.30
Less: Fuel for own Production	21,504.69		18,101.15
		2,707.00	2,560.15
4. Processing Fees, Blending Fees, Royalty and Other Charges		1,489.90	1,255.58
5. Repairs and Maintenance:			
a) Plant and Machinery	8,127.59		7,156.58
b) Buildings	1,662.51		1,624.75
c) Others	1,115.38		1,025.78
		10,905.48	9,807.11
6. Freight and Transportation Charges (Net of recoveries from Industry Pool Account)		52,138.09	46,614.09
7. Payments to and Provisions for Employees:			
a) Salaries, Wages, Bonus, etc.	19,652.60		17,089.20
b) Contribution to Provident and other Funds	1,298.11		1,126.19
c) Staff Welfare Expenses	3,097.82		2,821.59
d) Contribution to Gratuity Fund	402.78		362.18
e) Gratuity and Ex-Gratia	10.65		10.01
		24,461.96	21,409.17
8. Office Administration, Selling and Other Expenses (Schedule "N")		18,988.41	17,835.63
TOTAL:		7,04,058.08	6,29,285.75

Schedules *Contd...*

SCHEDULE “N”—Office Administration, Selling and Other Expenses

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
1. Rent		3,090.96	2,836.63
2. Insurance		1,223.25	985.43
3. Rates and Taxes		567.33	560.24
4. Donations		58.64	158.18
5. Payment to Auditors:			
a) Audit Fees	6.00		5.00
b) Tax Audit Fees	2.02		2.13
c) Officer Services (for issuing certificates etc.)	0.39		0.52
d) Out of Pocket Expenses	13.81		5.71
		22.22	13.36
6. Travelling and Conveyance		2,980.27	2,659.58
7. Communication Expenses		1,714.30	1,482.64
8. Printing and Stationery		555.77	545.33
9. Electricity and Water		1,256.67	1,044.66
10. Other Expenses*		5,550.68	5,046.11
11. Bad Debts. Advances and Claims written off		83.30	89.75
12. Loss on Assets sold. lost or written off		65.90	74.88
13. Technical Assistance Fees		240.16	1,304.62
14. Provision for Doubtful Debts, Advances, Claims and obsolescence of stores		619.59	277.40
15. Security Force Expenses		937.57	725.96
16. Pollution Control Expenses		21.80	30.86
TOTAL:		18,988.41	17,835.63

* Includes-Bank Charges **Rs. 489.23 lakhs** (1990: Rs. 400.42 lakhs) and contribution for Rural Development Programme **Rs. 12.42 lakhs** (1990: Rs. 25.23 lakhs)

SCHEDULE "0-1" —Income/(Expenditure) Relating to Extra 0rdinary Items

			1990
		Rupees (in lakhs)	Rupees (in lakhs)
INCOME:			
1. Sale of Products and Crude		(4,858.15)	14,244.12
2. Recovery of Main Installation & Other Charges		195.16	–
3. Insurance claim for standing charges		26.51	5.93
4. Interest on Loans &Advances		(418.97)	–
5. Profit on sale of Investments		1,837.92	253.35
6. Profit on Sale & Disposal of Assets		40.23	–
7. Adjustment in respect of Opening Stock of Finished Products.		294.79	–
TOTAL INCOME:		(2,882.51)	14,503.40
EXPENDITURE:			
1. Purchase of Products and Crude		(6,983.98)	3,388.09
2. Duties		42.62	–
3. Freight and Transportation Charges (Net of Recoveries from Industry Pool Account)		97.22	551.86
4. Payment to and Provision for Employees:			
- Salaries, Wages and Bonus	3,851.74		230.53
- Staff Welfare Expenses	—		59.74
- Cont. to Provident & Other funds	269.58		–-
- Cont. to Gratuity Fund	91.66		–-
		4,212.98	290.27
5. Interest-Others		(1,274.63)	1,920.60
6. Rent		147.53	1,195.13
7. Power and Fuel		17.99	40.03
8. Depreciation and Amortisation		(1,980.76)	–
9. Loss by fire (net of Insurance Claim)-Mathura/Koyali		—	(15.29)
10. Transfer to Construction Period Expenses Pending Allocation		16.73	–
11. Rates and Taxes		29.58	43.65
12. Processing & Blending Fees		80.05	–
13. Miscellaneous Expenses		20.36	–
TOTAL EXPENDITURE:		(5,574.31)	7,414.34
NET INCOME/(EXPENDITURE):		2,691.80	7,089.06

Schedules *Contd...*

SCHEDULE 'O'-Income/(Expenditure) Relating to Prior Period

	Rupees (in lakhs)	Rupees (in lakhs)	1990 Rupees (in lakhs)
INCOME:			
1. Sale of Products and Crude		116.12	(464.16)
2. Interest on-Customers Outstandings		1.17	(13.16)
3. Recovery of Main Installation & Other Charges		(1.86)	–
4. Profit on Sale and disposal of Assets		(4.70)	(2.83)
5. Miscellaneous Income		(2.88)	(5.49)
TOTAL INCOME:		107.85	(485.64)
EXPENDITURE:			
1. Purchase of Products and Crude		13.86	186.07
2. Raw Materials Consumed		—	119.35
3. Consumption:			
i) Stores and Spares (including consumables)	(6.35)		3.24
ji) Packages	1.40		(24.50)
		(4.95)	(21.26)
4. Power& Fuel		66.22	–
5. Duties		(84.06)	62.34
6. Repairs and Maintenance:			
i) Plant and Machinery	28.43		20.56
ii) Others	8.44		2.05
		36.87	22.61
7. Freight and Transportation Charges (Net of recoveries from Industry Pool Account)		(24.45)	3.14
8. Payments to and Provisions for Employees:			
i) Salaries, Wages, Bonus, etc		—	29.69
Carried Forward…		3.49	401.94

		Rupees (in lakhs)	1990 Rupees (in lakhs)
	Brought Forward......	3.49	401.94
9.	Rent	2.20	—
10.	Depreciation and Amortisation	—	137.42
11.	Interest—Others	3.37	4.63
12.	Security Force Expenses	26.80	—
13.	Rates and Taxes	—	2.73
14.	Main Installation Charges paid to Other Oil Companies	54.37	—
15.	Technical Fees	—	5.56
16.	Communication Expenses	6.58	—
17.	Blending Fees, Royalty & Other Charges	(11.51)	—
18.	Other Expenses	24.14	(21.37)
		109.44	530.91
	Less: Amount transferred to/from construction period expenses pending allocation	—	(10.04)
	TOTAL EXPENDITURE:	109.44	540.95
	NET INCOME/(EXPENDITURE):	(1.59)	(1,026.59)

Schedules *Contd...*

SCHEDULE 'P'-Notes on the Accounts for the Year ended 31st March, 1991

1. Contingent Liabilities in respect of:

   a) Claims against the Corporation not acknowledged as debts **Rs.. 38,294.10 lakhs** (1990-Rs. 37,99749 lakhs)'. These include:

      i) **Rs. 6,050.65 lakhs** (1990 — Rs. 2,179.75 lakhs) being the demands raised by the Central Excise Authorities.

      ii) **Rs.. 2,516.60 lakhs** (1990 — Rs. 4,318.03 lakhs) in respect of Sales Tax demands.

      iii) **Rs.. 1,770.46 lakhs** (1990 — Rs. 2,987.41 lakhs) for which suits have been filed in the Courts or cases are lying with arbitrators.

      iv) **Rs. 25,735.25 lakhs** (1990 — Rs. 25,524.56 lakhs) in respect of Income Tax demands. Interest, if any, on some of the claims is unascertainable.

   b) Guarantees/Undertakings to Banks and others aggregating to **Rs. 4,009.43 lakhs** (1990 — Rs. 3,878.06 lakhs).

   c) Income Tax, if any, reimbursable to foreign contractors.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 55,211.01 lakhs** (1990 — Rs. 47,950.63 lakhs).

3. a) Title Deeds for Land and Residential Apartments of the book value of **Rs. 6,384.07 lakhs** (1990-Rs. 5,061.23 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 supplies of LSHS to Gujarat Electricity Board, Dhuvaran and LSHS/FO to Assam State Electricity Board, Chandrapura have been billed at the rates intimated by the Government from time to time. The parties have not fully accepted these rates and are not tendering full payments, resulting in Book Debts of **Rs. 7,754.00 lakhs** (1990-Rs. 7,754.00 lakh) and **Rs. 3,750.34 lakhs** (1990-Rs. 2,681.13 lakhs) being contested by Gujarat Electricity Board, Dhuvaran and Assam State Electricity Board, Chandrapura, respectively. These debts have been considered good of recovery in view of the billing having been done in accordance with the Government instructions.

5. Excise/customs duty amounting to **Rs.. 30,880.80 lakhs** (1990-Rs. 29,769.05 lakhs) on products stored in bond on the Balance Sheet date have neither been provided nor taken in the inventory value. This has no impact on the profits for the year.

6. Consequent to the change in the method of charging depreciation on additions and deletions of assets from full year to prorata depreciation with effect from 2nd April, 1987, profit has increased by Rs. 2,660.79 lakhs including Rs. 1,980.76 lakhs for the period upto 31st March, 1990.

7. Unlike the practice followed in the earlier years when the losses on unserviceable and/or surplus stores were accounted in the year of disposal, provision for losses on such items has been made on estimated basis resulting in decrease in profit by Rs. 335.49 lakhs.

8. Floating Rate Bearer Notes are maturing in November, 1994. The Notes bear interest @ 3/16% per annum above the London Inter Bank Offered Hate (LIBOR) subject to a minimum of 5% per annum. The Floating Rate Bearer Notes are guaranteed as to principal and interest by the Government of India and are repayable in US dollars. The Floating Rate Bearer Notes are subject to redemption at the option of the Corporation either by purchase/cancellation, wholly or in part.

9. Pending finalisation of long term settlement with the staff, no liability has been provided in respect of revision of emoluments as the amount thereof is not ascertainable. Vide Ministry's letter No. P-34013/1/91-IOC dated 14.6.1991 a directive has been received for revision of pay and allowances of officers. On the basis of this advice, necessary provision on estimated basis has been made in the Accounts. However, the impact of the above settlements is subject to claim from pool account as per pricing mechanism.

10. Remuneration paid/payable to whole-time Directors:

		1990-91 Rupees	1989-90 Rupees
i)	Salaries & Allowance	8,79,844	8,13,311
ii)	Contribution to Provident Fund	79,843	54,228
iii)	Contribution to Gratuity Fund	17,117	17,511
iv)	Other Benefits and Perquisites	1,00,652*	1,20,860
	TOTAL:	10,77,456*	10,05,910

* Include payment of adhoc relief for the period August, 1987 onwards.

In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes upto 12000 KMs per annum on a payment of Rs. 250 per mensem.

11. Loans and Advances include **Rs. 1,170.00 lakhs** (1990-Rs. 1,181.00 lakhs) recoverable from the proposed joint venture company in respect of Karnal Refinery Project for which the Corporation is a Co-promoter.

12. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to **Rs. 228.01 lakhs** (1990 Rs. 262.12 lakhs) which is inclusive of **Rs. 61.97 lakhs** (1990-Rs. 54.57 lakhs) on account of Staff and Establishment and **Rs. 166.04 lakhs** (1990-Rs. 207.55 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00012:1 (1990-0.00015:1)

b) Entertainment Expenses **Rs. 6.54 lakhs** (1990-Rs. 741 lakhs).

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

Schedules *Contd...*

SCHEDULE 'P' *Contd...*

14. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-Sd/-	
K.N. VENKATASUBRAMANIAN	P.K. MUKHOPADHYAY	B.K. BAKHSHI	T.S. KRISHNAMURTHI	B.D. GUPTA	S.M. WELING
Chairman	Director	Director	Director	Director	Secretary
	(R&D)	(Marketing)	(R&P)	(Finance)	

New Delhi

Dated: 27 June, 1991

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

		Crude Throughput		Lubricating oil		Wax/Bitumen Asphalt / Lube Oil Drums		Oxygen Plant	
		1991 MTs (in lakhs)	**1990 MTs (in lakhs)**	**1991 MTs (in lakhs)**	**1990 MTs (in lakhs)**	**1991 Nos. (in lakhs)**	**1990 Nos (in lakhs)**	**1991 CU-M (in lakhs)**	**1990 CU-M (in lakhs)**
1.	Licenced Capacity *	232.50	232.50	1.70	1.70	15.00	15.00	Not Specified	Not Specified
						0.04 MTs	0.04 MTs		
2.	Installed Capacity **	244.00	244.00	1.40@	1.40@	15.00	15.00	0.84	0.84
3.	Actual Throughput	237.39	235.24	—	—	—	—	—	
4.	Actual Production								
	(in own Refineries)***	222.62	220.11	1.77	1.87	9.67	10.25	0.11	0.13
5.	Product Processed/								
	Manufactured by others	15.08	17.99	0.12	0.16	0.00	0.18	0.00	
	(Nos.)	0.00	0.00	3.91	3.84	0.00	0.00	0.00	0.00
				KLs	KLs				

NOTES:

* Licenced Capacity of Refinery is not specified for Assam Oil Division

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

@ Per year operating in two shifts.

*** Excluding internal consumption.

Schedules *Contd...*

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

	Opening Stock @			Purchases Including Duties		
	Quality		Value	Quantity		Value
	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)
Petroleum Products:						
Year ended 31.03.91	11.67	24.49	84,715.33	62.53	274.89	8,36,685.60
Year ended 31.03.90	14.36	23.08	1,04,884.31	59.38	254.69	7,54,192.27
Lubricants & Greases:						
Year ended 31.03.91	0.15	0.83	13,437.66	0.15	0.08	2,954.39
Year ended 31.03.90	0.14	0.81	12,546.74	0.13	0.13	2,844.92
Crude Oil:						
Year ended 31.03.91	—	—	—	105.82	—	2,98,552.21
Year ended 31.03.90	—	—	—	95.14	—	1,95,151.10
Base Oil &Additives:						
Year ended 31.03.91	0.05	—	264.49	0.08	1.90	12,203.42
Year ended 31.03.90	0.07	—	320.28	0.05	2.43	15,348.63
Oxygen Gas @						
Year ended 31.03.91	—	—	0.23	—	—	—
Year ended 31.03.90	0.01	—	0.13	—	—	—
TOTAL:						
Year ended 31.03.91	- @		0.23			
	11.87	25.32	98,417.48	168.58	276.87	11,50,395.62
Year ended 31.03.90	14.57	23.89	1,17,751.33	154.70	257.25	9,67,536.92
	0.01 @		0.13			

NOTES:

* Numbers

@ Cubic Metres

@ @ Includes adjustment for Opening Stock of Finished Products.

1. Purchases and Sales exclude value adjustments shown under items pertaining to prior period and extra-ordinary items.

2. 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 (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)
119.53	461.96	15,49,743.88	17.87	25.27	1,22,620.60
336.20	440.43	14,49,338.89	11.48	24.49	84,420.54
0.82	5.14	90,590.34	0.23	0.87	14,146.66
1.04	5.74	87,404.02	0.15	0.83	13,437.66
105.82	—	2,98,552.21	—	—	—
95.14	—	1,95,151.10	—	—	—
—	2.28	14,123.51	0.08	—	676.32
—	2.51	16,229.89	0.05	—	264.49
0.01	—	0.10	—	—	0.02
0.04	—	0.67	0.01	—	0.23
0.01@		0.10	—@		0.02
226.17	469.38	19,53,009.94	18.18	26.14	1,37,443.58
432.38	448.68	17,48,123.90	11.68	25.32	98,122.69
0.04@		0.67	0.01@		0.23

Schedules *Contd...*

SCHEDULE 'S'-Consumption Particulars of Raw Materials Including Packaging Materials

	1991			1990		
	Quantity		Value	Quantity		Value
(in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees
Crude Oil	237.42	—	5,18,202.16	235.30	—	4,58,467.04
Base Oil	1.30	4.12	37,180.27	1.30	3.74	35,952.64
Additives	0.14	0.10	14,024.42	0.15	0.11	12,642.82
Packaging Materials						
Consumed	—	—	14,871.69	—	—	15,717.50
TOTAL:	238.86	4.22	5,84,278.54	236.75	3.85	5,22,780.00

Note: 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 extraordinary nature.

SCHEDULE 'T'- Expenditure in Foreign Currency for Royalty, Know-how, Professional & Consultation Fees, Interest & Other Matters

		1991 Rupees (in lakhs)	1990 Rupees (in lakhs)
1.	Royalty (Gross) and Technical Service Fees	73.52	54.52
2.	Professional consultation fees including legal expenses	32.85	204.63
3.	Interest	54,182.17	29,547.89
4.	Others	351.99	90.33
	TOTAL	**54,640.53**	**29,897.37**

SCHEDULE 'U'-Earnings II' Foreign Exchange

		1991 Rupees (in lakhs)	1990 Rupees (in lakhs)
1.	Export of Crude Oil and Petroleum Products Calculated on FOB basis *	1,23,639.67	86,402.89
2.	Other Income including interest	178.79	147.79
	TOTAL:	1,23,818.46	86,550.68

* Includes **Rs. 27,978.75 lakhs** (1990: Rs. 14,709.24 lakhs) received in Indian Currency out of the repatriable funds of Foreign Customers, and other Export Sales through canalising agencies.

SCHEDULE 'V'-CIF Value of Imports

	1991 Rupees (lakhs)	1990 Rupees (lakhs)
Crude Oil	6,02,061.96	4,11,192.17
Base Oil	18,714.83	16,589.78
Additives	1,350.39	1,487.16
Capital Goods	1,353.95	1,890.07
Revenue Stores, Components, Spare and Chemicals	3,075.16	4,769.46
TOTAL:	6,26,556.29	4,35,928.64

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

Schedules *Contd...*

SCHEDULE 'W'-Consumption of Imported and Indigenous Raw Materials/Steel Coils/Sheets/ Stores/Spare Parts and Components.

	1991				1990			
	Imported		Indigenous		Imported		Indigenous	
	Value Rupees (in lakhs)	% to total con-sump-tion	Value Rupees (in lakhs)	% to total con-sump-tion	Value Rupees (in lakhs)	% to total con-sump-tion	Value Rupees (in lakhs)	% to total con sump tion
Crude Oil	2,13,912.69	41	3,04,289.47	59	1,79,679.37	39	2,78,787.67	61
Base Oil and Additives	18,291.45	36	32,913.24	64	21,641.04	45	26,954.42	55
Steel/Coils/Sheets*/ Stores/Component and Spare Parts	5,870.94	43	7,747.77	57	6,137.78	44	7,719.13	56
TOTAL:	2,38,075.08		3,44,950.48		2,07,458.19		3,13,461.22	

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, 1991 Indian Oil Blending Limited	8,000	40,00,000.00
		For the Financial year ended 31st March, 1991 Rupees (in lakhs)	Previous Financial year Cumulative Total Rupees (in lakhs)
2.	Net aggregate amount of the profit of the Subsidiary Company not dealt with in the Company's Accounts so far as they concern the members of the company is:	363.81	544.95
3.	Net aggregate amount of the profit of the Subsidiary Company as far as its profit are dealt with in the Company's Accounts is:	4.00	59.11

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
K.N. VENKATASUBRAMANIAN	P.K. MUKHOPADHYAY	B.K. BAKHSHI	T.S. KRISHNAMURTHI	B.D. GUPTA	S.M. WELING
Chairman	Director (R&D)	Director (Marketing)	Director (R&P)	Director (Finance)	Secretary

New Delhi
Dated: 27 June, 1991

Schedules *Contd...*

Schedule of Fixed Assets (Township)

	GROSS BLOCK			
	Gross Block as at 31st March, 1990	Additions during the year	Transfers from Constructions, Work-In-progress	Transfers, Deductions and Reclassification
LAND—FREEHOLD	219.74	156.34	—	59.88
LAND—LEASEHOLD	147.90	7.07	—	(2.75)
BLDG., ROADS ETC.	7,845.40	98.47	479.62	11.32
PLANT & MACHINERY	371.95	17.94	50.36	—
DRAINAGE, SEWAGE & WATER SUPPLY SYSTEM	570.69	5.06	1.88	(0.03)
EQUIP. &APPLIANCES	225.75	17.77	2.07	19.60
FUR. & FIXTURES	75.63	5.43	—	(1.48)
VEHICLES	98.70	4.48	—	(3.21)
SUNDRY ASSETS	3.06	0.24		
TOTAL:	9,558.82	312.80	533.93	83.33
PREVIOUS YEAR:	8,658.93	255.82	637.66	6.41

Schedule of Fixed Assets (Township) contd...

(Rupees in lakhs)

AT COST	DEPRECIATION & AMORTISATION		NET DEPRECIATED BLOCK	
Gross Block as at 31st March, 1991	Provided during the year	Upto 31st March, 1991	As at 31st March, 1991	As at 31st March, 1990
435.96	–	–	435.96	219.74
152.22	0.57	18.30	133.92	128.43
8,434.81	155.55	1,487.96	6,946.85	6,516.09
440.25	26.92	243.74	196.51	155.20
577.60	33.18	430.22	147.38	166.57
265.19	34.65	183.57	81.62	91.10
79.58	5.27	35.95	43.63	46.00
99.97	4.95	76.44	23.53	23.07
3.30	0.08	2.58	0.72	0.55
10,488.88	261.17	2,478.76	8,010.12	7,346.75
9,558.82	275.56	2,212.07	7,346.75	

Income and Expenditure Account

Income and Expenditure Account for the Year ended 31st March ’91 on Provisions of Township, Education, Medical and other Facilities

	1991 Rupees (in lakhs)	1990 Rupees (in lakhs)
INCOME:		
1. Recovery & Se of house Rent	181.42	178.68
2. Recovery of Utilities-Power &Water	13.25	9.52
3. Recovery of Transport Charges	6.32	6.55
4. Other Recoveries	161.22	143.35
5. Excess of Expenditure over Income	3,904.76	3,723.66
TOTAL:	4,266.97	4,061.76
EXPENDITURE:		
1. Salaries, Wages, Bonus and PF Contribution	878.21	828.29
2. Consumable Stores and Medicines	308.73	380.13
3. Subsidies for Social and Cultural Activities	79.92	101.37
4. Repairs & Maintenance	694.15	630.70
5. Interest	746.70	689.74
6. Depreciation	261.17	275.56
7. Misc. Expenses: Taxes, Licence Fees, Insurance etc.	318.22	354.79
8. Utilities-Power & Water	948.58	781.02
9. Rent	3.05	8.44
10. Bus Hire Charges	23.22	8.94
11. Welfare (School)	1.68	1.40
12. Club & Recreation	0.75	0.88
13. Others	2.59	0.50
TOTAL:	4,266.97	4,061.76

CAG Comments

Comments of the Comptroller & 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, 1991 and proposed replies of the Board of Directors

Sl. No.	Comments of the Comptroller and Auditor General of India	Replies of the Board of Directors
	Balance Sheet	
1.	Loans and Advances-Schedule 'J'—Advances recoverable in cash or in kind or for value to be received-Unsecured considered good.	The amount of Rs. 932.88 lakhs was paid to Railways in accordance with the directives of Ministry of Petroleum as an advance pending finalisation of the terms and conditions of its settlement. The matter of finalisation of terms and conditions are under discussions/ negotiations at the highest level of Ministry of Petroleum and the Railway Board. Since these advances were paid in the ordinary course of business, there is no need for a separate disclosure in the accounts or in the report of statutory auditors, specially considering the latest developments indicated above.
ii.	Others-Rs. 15,652.67 lakhs This includes Rs. 932.88 lakhs paid by the Company to the Railways in August, 1986 and April, 1987 as loan towards procurement of 33 underframes and 69 eight-wheeler bogie type tank wagons. The modalities for settlement of the above amount paid, are yet to be finalised. The payment made without agreed terms and conditions and the non-settlement thereof has not been declosed in the accounts or in the report of the statutory auditors.	
	Profit and Loss Account—Expenditure	
2.	Depreciation and amortisation-Rs. 23,491.80 lakhs	
i.	Depreciation has been provided pro-rata on quarterly basis instead of with reference to the date of addition or deletion of the asset as required in Note 4 under Schedule XIV to the Companies Act. The fact of such deviation together with the impact of such charge has not been brought out by way of a Note.	Depreciation has been provided pro-rata on quarterly basis in accordance with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on Note 4 in Schedule XIV to the Companies Act, 1956. As per this opinion, the additions and disposals may be grouped in appropriate time period(s) e.g. 15 days, a month, quarter etc. for the purpose of charging pro-rata depreciation keeping in view the materiality of the amounts involved.
ii.	All percentage rates of depreciation involving fractions have been rounded off to the next higher integer. This fact has not been disclosed in the notes forming part of the accounts. Rounding off of the Pates of depreciation together with adoption of higher rates than those prescribed in Schedule XIV to the Companies Act, 1956 has resulted in understatement of profit by Rs. 489.18 lakhs in respect of six units of Eastern Region alone during 1990-91.	Adequate disclosure regarding the rates of depreciation being not lower than the rates prescribed under Schedule XIV to the Companies Act, 1956 and the actual rates charged has been made in the Statement on accounting Policies (para 1.3.1) and Schedule 'E' in line with Govt. of India (Ministry of Industry-Department of Company Affairs) circular No. 1/17/87-CL.V dated 7.3.1989.

CAG Comments *Contd...*

Sl. No.	Comments of the Comptroller and Auditor General of India	Replies of the Board of Directors
3.	Schedule 'P'—Notes on the accounts for the year ended 31st March, 1991 **Note 4:** The amount of Rs. 7,754.00 lakhs included in book debts and treated as good though disputed by the Gujarat Electricity Board relates to the period 1.4.1976 to 31.12.1987 and remains unsettled.	The amount of Rs. 7,754.00 lakhs includes only an amount of Rs. 50.00 lakhs for the period 1.4.1976 to 28.2.1986 and balance of Rs. 7,704.00 lakhs pertains to the period 1.3.1986 to 31.12.1987. The issue of settlement of these outstanding dues has recently been discussed between the Ministry of Petroleum and Govt. of Gujarat, as a result of which IOC and Gujarat Electricity Board have been asked to discuss and settle the dues. However, adequate disclosure with regard to the outstanding dues from Gujarat Electricity Board and the reasons for treating the amount due from them as 'Good' has been made vide Note no.4 in Schedule 'P' forming part of these Accounts.

Sd/-

(A. KRISHNA RAO)

Principal Director of Commercial Audit and

Ex-Officio Member, Audit Board-II,

Bombay

Bombay
Dated: 6th September, 1991

Sd/-

(K.N. VENKATASUBRAMANIAN)

Chairman

For and on Behalf of the Board of Directors

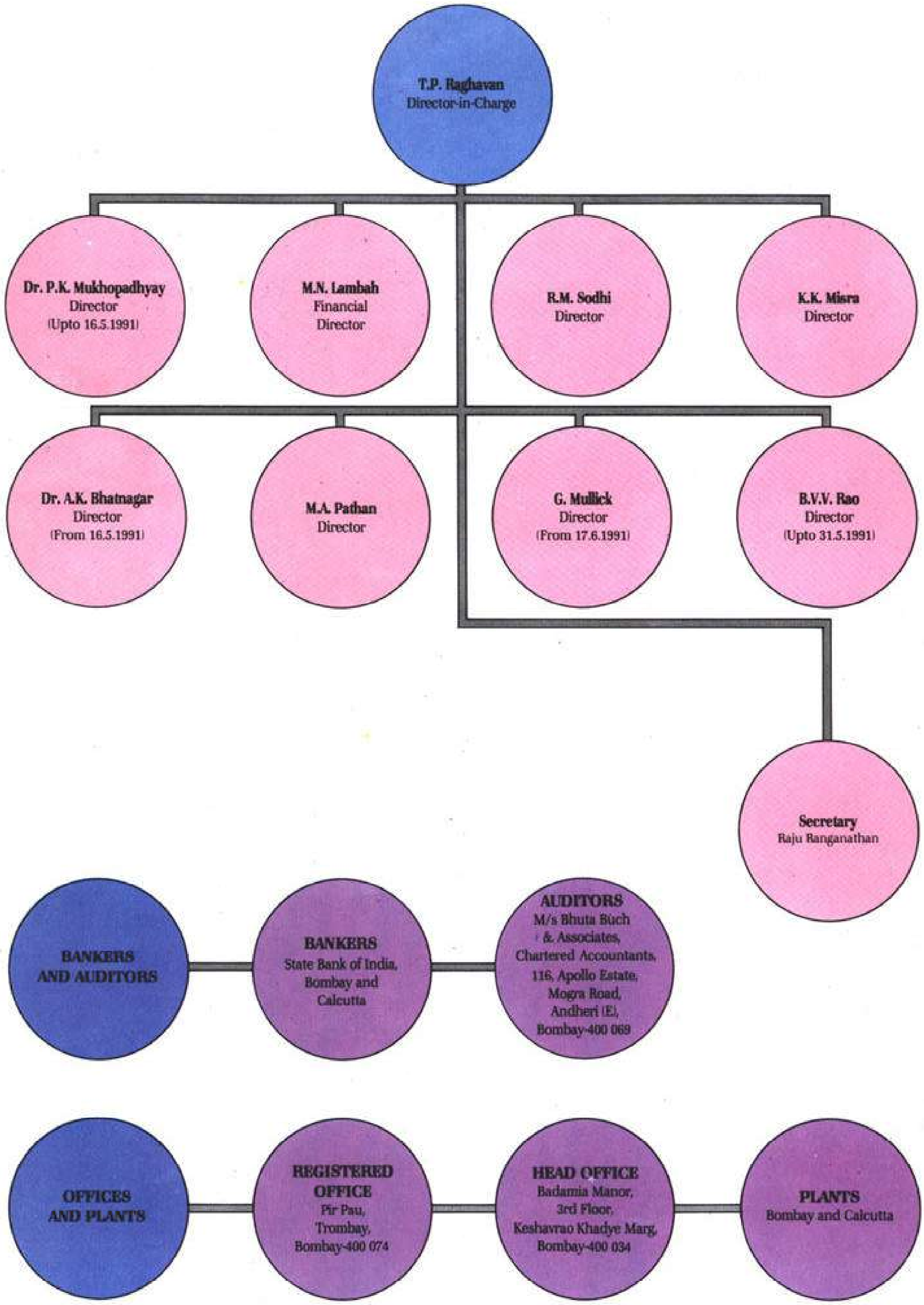
New Delhi
Dated: 11th September, 1991

Indian Oil Blending Limited

A Wholly Owned Subsidiary of Indian Oil Corporation Limited

Annual Report 1990-91

Board of Directors



Notice

Notice is hereby given that the Twenty-eighth Annual General Meeting of the Shareholders of Indian Oil Blending Limited will be held on Friday the 26th July, 1991 at 1100 hours, at the Head Office of the Company, at Badamia Manor Keshavrao Khadye Marg, Mahalaxmi, Bombay-400 034, 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, 1991.
2. To declare a dividend.
3. 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.
4. To appoint Director in place of Shri K.K. Misra, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
5. To appoint Director and Financial Director in place of Shri M.N. Lambah, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
6 To appoint Director in place of Shri R.M. Sodhi, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
7. To appoint Director in place of Shri MA. Pathan, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
8. To appoint Director in place of Dr. A.K. Bhatnagar, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.
9. To appoint Director in place of Shri G. Mullick, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment.

By Order of the Board,

Sd/-
RAJU RANGANATHAN
Secretary

Bombay,
Dated: 10th July, 1991.

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

TO: ALL MEMBERS OF INDIAN OIL BLENDING LIMITED

cc: M/s. Bhuta Buch &Associates, Chartered Accountants, Bombay

cc: Director of Commercial Audit, Commercial Audit Wing, c/o. IOC (HO), Bandra, Bombay-51.

Directors' Report to the Shareholders

Gentlemen,

On behalf of' the Board of Directors, I am very happy to place before you the 28th Annual Report on the working of the Company for the financial year 1990-91 together with the Audited Statement of Accounts.

FINANCIAL RESULTS

During the year, the Company has made a profit before tax of Rs 5,08,98,438 as against Rs 2,00,11,782 during 1989-90. The comparative figures of gross profit, depreciation, provision for taxation and highlights of other financial results of the Company are given hereunder:

		1990-91 Rs	1989-90 Rs
a.	Gross Profit before depreciation	3,73,00,764	2,68,49,158
b.	Depreciation	1,55,29,481	53,80,464
c.	Extra ordinary adjustments	2,64,40,286	(10,51,536)
d.	Prior period adjustments	26,86,869	(4,05,376)
e.	Profit before tax	5,08,98,438	2,00,11,782
f.	Provision for taxation	1,49,00,000	80,00,000
g.	Net Profit after tax	3,59,98,438	1,20,11,782'
h.	Balance brought forward from previous year	4,401	2,619
i.	Investment Allowance Reserve written back	3,05,000	–
j.	Excess Provision of Income tax written back	77,740	–
k.	Disposable profit	3,63,85,579	1,20,14,401
l.	Provision for dividend	4,00,000	4,00,000
m.	Appropriated to general reserve	3,59,80,000	1,16,10,000
n.	Balance carried to Balance Sheet	5,579	4,401

Inside IOBL's plant at Bombay

Investment Allowance Reserve Rs 3.05 lakhs created during 1980-81 has been transferred to Profit and Loss Account as per the provisions of Section 32 A of Income Tax Act, 1961.

Dividend and Reserves

Your Directors have recommended a dividend of 50 per equity share, aggregating to Rs 4.00 lakhs being 10% of the paid-up capital for which necessary appropriation has been made in the accounts, as required under law. After making the aforesaid provision for dividend, the balance available from the net surplus works out to Rs 3,59,85,579. Out of this surplus amount, a sum of Rs3,59,80,000 has been transferred to General Reserve Account, thereby leaving a balance of Rs 5,579 in the Profit and Loss Account to be carried forward. The balance of General Reserve at the beginning of the year was Rs 5,44,91,000 and after the current year's transfer of Rs 3,59,80,000 as above, the balance in the General Reserve Account has risen to Rs 9,04,71,00 as on 31st March,1991.

Profitability

The Profit before tax stood at 5,08,98,438 as against the previous year's figure of Rs 2,00,11,782. The major factors attributable to the increased profit are the following:

1. Increase in net Blending fee

The net blending and manufacturing fee received by your Company during the year rose to Rs 11,33,91,972 as against Rs 9,20,89,575 during 1989-90, mainly due to rise in lube production and increase in lube and grease blending fee rate from Rs 215 per kl to Rs 260 per kl and Rs 1,050 per MT to Rs 2,000 MT respectively.

SERVO lubricants are a household name today.
Left:
Inside IOBL's plant at Bombay

The Bombay and Calcutta plants attained over 100% capacity utilization.

Directors' Report *Contd...*

2. Increase in other income

The other income has increased from Rs 64,69,353 during the previous year to Rs 65,33,782 during the current year. The marginal increase is mainly due to increase in sample testing charges received from IOC.

However, the total operating expenses excluding interest for the current year increased to Rs 7,76,08,325 as against the previous year's figure of Rs 7,03,35,484. This is mainly due to the increase in establishment cost, increased production and the general rise in price level.

Contribution to Exchequer

Your Company contributed a sum of Rs 2,07,61,347 to the central exchequer in the form of duties and income-tax during the year as against Rs 99,63,752 in the previous year.

Payment towards rationalisation adjustment on account of Computerisation

An amount of Rs 24.46 lakhs was paid during 1991-92 to the employees other than officers as recoverable advance against compensation for rationalisation adjustment envisaged as per MOU signed with the Employees' Union.

WORKING CAPITAL

The Company's working capital as on 31st March, 1991 increased by Rs 215.80 lakhs over the previous year. This was mainly due to housing/vehicle loans given to employees in accordance with Company's policy and adjustment of blending fee arrears arising out of blending fee revision, against advance from the parent company.

PRODUCTION

(a) **Lubes:** The lube production during the year at Bombay Plant was the highest ever achieved and stood at 251427 kl as against 240252 kl during the previous year. The lube production at Calcutta Plant however, marginally declined to 138363 kl as against 144167 kl during the previous year. The overall lube production during the year was 389790 kl as against 384419 kl during the previous year.

The lube production at Calcutta Plant declined mainly due to high floor stock of finished products as a consequence of limited space and constraints on movement of finished products. Concerted efforts are being made for faster movement of finished products. Additional land acquired nearby the Plant is being developed, with a view to improve the storage capacity. With aforesaid measures, the production at Calcutta Plant is expected to increase during later half of next year.

(b) **Greases:** The Grease production has declined to 6809 MT from 8990 MT of previous year. The Grease Plant at Bombay was resited to Vashi during the year. Normal grease production is within range of 7200 MT to 7400 MT. However, during the year, the decline was mainly due to disruption of production schedule as a consequence of resitement of the Plant and less demand during most part of the year. The production is expected to increase in the year 1991-92.

Capacity Utilisation

(a) **Lubes:** During the year, the Bombay and Calcutta Lube Plants of the Company achieved capacity utilisation of 167.62% and 138.36% respectively as against 160.17% and 144.73% respectively during the previous year. As stated above, the decline in capacity utilisation at Calcutta Plant was mainly due to high floor stock. With the corrective measures as mentioned earlier, the capacity utilisation is expected to improve during next year.

(b) **Greases:** The Vashi Grease Plant commenced commercial production on 15th October, 1990. Till that date, the Bombay Plant continued the grease production. The Bombay Grease Plant achieved capacity utilisation of 76.34% as against 105.76% during the previous year. The decline was mainly due to less demand during most part of the year and disruption of production schedule as a consequence to resitement of the plant. The resited plant at Vashi has achieved capacity utilisation of 65.33% during five and half months of operation. The plant is expected to achieve 100% capacity utilisation during 1991-92.

Directors' Report *Contd...*

Comparative Production

The comparative production figures for the last four years are given below for the purpose of comparison:

Year	Lubes			Grease		
	Bombay Plant Kl	Calcutta Plant Kl	Total Kl	Bombay Plant MT	Vashi Plant MT	Total MT
1987-88	1,90,305	1,29,698	3,20,003	7,048	-	7,048
1988-89	2,09,936	1,47,270	3,57,206	7,307	-	7,307
1989-90	2,40,252	1,44,167	3,84,419	8,990	-	8,990
1990-91	2,51,427	1,38,363	3,89,790	3,515	3,294	6,809

Measures for Higher Productivity

Continuous efforts are being made by the Company for increasing overall productivity.

— Constant monitoring through reviews/analysis has resulted in productivity improvement.

— The Company had switched over to principles of Zero Base Budgeting for exercising effective control over expenses.

— Target of 10% reduction in controllable operating expenses (excluding M&R) over previous year, fixed by Board is being strictly enforced.

— Efforts are underway for debottlenecking of plant operations.

— Strict control is exercised over overtime cost & absenteeism.

Close supervision ensures product quality an quantity

MAJOR PROJECTS

Major projects considered during VII Plan were:

A. Resitement of Trombay Grease Plant

Resitement of Grease Plant from Trombay to New Bombay with an enhanced capacity of 11,000 MTPA at a cost of Rs 971 lakhs as against the earlier envisaged cost of Rs 883 lakhs was planned. During the year, Vashi Grease Plant (New Bombay) commenced commercial production . M/s Kinetics Technology of India Ltd., were the consultants of the project. The salient features of this project are high level of automation and introducing Digital Integrated Distributed Control System (DIDC) for the first time in India for a Multi Product Multipath Project.

B. LBP at Asaoti

The project for setting up a Lube Blending Plant in Northern Region (at Asaoti) with a capacity of 1,50,000 MTs at a cost of Rs 1,803.9 lakhs was approved in September 1988. The configuration of railway siding has been finalised with Central Railways and land acquisition is under progress. Due to financial constraints, the project has now been included by IOC, the Parent Company, in their VIII Plan.

C. Modernisation of Existing Plants

Existing lube plants are 25 years old and hence require modernisation and revamping for improving safety and productivity. The major projects under this are.

(i) Automatic Batch Blending Systems

Orders have been placed for Auto Batch Blending Systems at Bombay and Calcutta at a total cost of Rs 120 lakhs. The project is under execution and will be completed by end of 1991-92. This will improve the existing batch blending operation in terms of updation of technology, increase productivity and management reporting systems.

(i) 14" Pipeline at IOBL Bombay and Calcutta Plants

In order to improve the tanker performance and reduction of demurrages, it has been planned to lay new 14" pipeline from Plants to Jetty. For IOBL Bombay, the project is already under execution and is likely to be completed by August 1991. The cost of the project is approx. Rs 80 lakhs.

For Calcutta Plant also, various activities connected with such pipeline project have been initiated and this also is expected to be completed by March 1992. The cost of the project is approx. Rs 40 lakhs.

FUTURE OUTLOOK (VIII PLAN)

IOBL had submitted its project profile during VIII Plan, which has been a proved. Due to financial constraints of IOBL, some of the major projects such as Pat Asaoti, LBP at Eastern Region, LBP at Karnal and Grease Plant at Asaoti, which were earlier planned by IOBL have been included by IOC (Parent Company) in their VIII Plan. Some of the projects included by IOBL in the VIII Plan are:

a) Material Handling Facilities

Calcutta Plant is envisaged to have a separate warehouse for small cans and barrel filling with a view to resort to palletise operations, stacking and retrieving of filled drums. This will facilitate better inventory management and faster unloading of trucks.

b) Modernisation of Existing Plants

As stated earlier, the existing plants at Bombay and Calcutta are 25 year old. Some of the modernisation activities envisaged include automation of production line and material handling system besides augmenting capacity of lube oil pipelines at both the plants.

ENERGY CONSERVATION

The Company places great emphasis on energy conservation measures. Some of the measures under implementation include adoption of cold blending process to the maximum possible extent and use of re-refined base oils for blending servo products. Apart from aforesaid measures, all possible steps were taken for conservation of fuel and electricity. Details of major energy conservation schemes under implementation are annexed.

ENVIRONMENT PROTECTION

Your Company continued to place great emphasis on environmental protection. In this direction, regular testing of effluents discharged by both the plants are being carried out.

QUALITY CONTROL AND DEVELOPMENT

Quality assurance and development activities are an essential aspect in the operations of IOBL. Your Company continued to keep abreast with the latest developments in the technological and

Directors' Report *Contd...*

industrial fields. Quality control activities were aided with computer and infra-red technology and maintained excellent quality during the year. ISI approval was obtained for Servo Brake Fluid, Super HD and product supplied with ISI mark at Bombay. Grease testing facilities were resited at Vashi Grease Plant and commissioned. IOBL assisted IOC's R&D Centre, in the development and indigenisation activities. The following new grades were developed during the year.

— Svinstol 01
— Servocut Super
— IOC Chainkote
— Servomesh SP 1000
— Servo 2T KH
— Product Code 06RO
— Product Code 16S0

SAFETY

Safety is of prime concern to the Company and efforts are made to upgrade safety standards and operating practices on a continuous basis. With a view to ensure that safety requirements are strictly complied with, each plant has been posted with a safety officer. The various directives issued by the Oil Industry Safety Directorate are being strictly adhered to by the plants. Safety Audit and fire drills are being carried out on a regular basis.

PERSONNEL

The total number of employees as on 31st March, 1991 stood at 688 (121 Officers and 567 workmen) as compared to 663 employees (132 Officers and 531 workmen as on 31st March, 1990.)

Employee Relations/Labour Situations

Industrial relations in your Company during the year continued to be cordial and harmonious.

Human Resource Development and Training

Human resource is most vital of all resources. In realisation of this philosophy, your Company continued to make good progress in Human Resource Development activities.

— MOU Target on Training and Development achieved.
— New Appraisal System for 'E" and above grade officers introduced.
— HRD Bulletin and Birthday Greeting scheme continued to make an impact on employees.
— As a part of career plan development, a good number of officers were transferred from IOBL to IOC and vice-versa.

Computer Literacy

Efforts were continued to impart general computer literacy. In this direction, *85%* of the officers have so far been trained on PC Applications.

HRD for Workmen

— A three day joint Union-Management Interface Workshop consisting of participants from Calcutta and Bombay conducted on a residential basis. Action plan on communication, hygiene, and suggestion scheme drawn up.
— Integrated absenteeism project undertaken in plants. As a result there is a considerable reduction in absenteeism percentage.
— HRD Committees, Hygiene Committees, Safety Committees and Training Committees are functioning effectively in plants and HO. HRD and Training review being periodically conducted.
— Two day lube operations training programme for blue collar workmen widely appreciated.
— Adult literacy classes are being continued in Bombay Plant.
— Six small group activities in Calcutta Plant are working very effectively. Suggestions have already yielded financial savings for the Company.
— Capsule training programme for land loosers at Vashi Plant implemented with extensive provision for inplant training as well as external coaching classes.
— Hygiene factors are being constantly audited and improvement being sought. A model canteen has been developed in our Vashi Plant.
— Workmen survey and recognition scheme in the areas of good attendance and good health are under process of completion.
— Industrial visit for workmen arranged.
— HRD/Productivity workshops conducted for employees.

Welfare of Employees

Your Company continued to follow and upgrade its policies and programmes aimed at promoting employees' welfare. Towards this end, various welfare oriented programmes such as house building loans, vehicle loans, subsidised transport and canteen facilities, medical facilities provision of uniforms, incentives for family planning etc. were continue during the year. During April 1990, an agreement was signed with Bombay based union extending the Superannuation Benefit Fund Scheme to the unionised employees. Thus all the employees have now been covered under the scheme.

Workers' Participation in Management

Your Company continued its efforts in accelerating the workers' participation in management, canteen committee, safety committee, worker's committee and sports committee at both the plants held regular meetings and functioned satisfactorily.

Welfare of Weaker Sections

Your Company has been following the presidential directives for recruitment and promotion of Scheduled Castes and Scheduled Tribes as also Government instructions regarding employment of Physically handicapped and Ex-Servicemen. During the year, the Company recruited 53 employees out of which 22 (including 4 Ex-Servicemen) belonged to SC a 11 to ST categories. SC/ST candidates recruited by the Company are being provided general relaxation with regard to age and given preference in promotion avenues. Special training programme wherever necessary is organised for enhancing their qualitative values. Special considerations are also accorded for various facilities like HBA, Vehicle loan etc.

Hindi Implementation

In accordance with the Official Languages Act 1963, and Official Languages Rules 1976, efforts were intensified for the progressive of Hindi in official work during the year. Various forms and documents were made bilingual. Quarterly meetings of Hindi Implementation Committee were held to review the progress made during the year. Incentive for acquiring working knowledge in Hindi were continued.

SPORTS

Employees at the plants continued to be encouraged to take active part in sports. Your Company is a member of Petroleum Sports Control Board (PSCB).

FOREIGN TOUR

During the year, no foreign tour has been undertaken by any of the officers of your Company. In the previous year, the total expense incurred on foreign tour amounted to Rs 33,391.

ENTERTAINMENT EXPENSES

The entertainment expenses incurred by your Company during the year amounted to Rs 9,393 as against Rs 5,150 in the previous year.

DIRECTORS

Shri K.K. Misra was appointed as Director of the company during the year. Dr. AK.Bhatnagar was appointed as Director of the Company to fill the casual vacancy caused by the resignation of Dr. P.K. Mukhopadhyay. Shri G. Mullick was appointed as Director of the Company to fill the casual vacancy caused by the resignation of Shri B.V.V. Rao, consequent upon his superannuation from the services of the Holding Company (IOC).

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

— Shri T.P. Raghavan
— Shri K.K. Misra
— Shri M.N. Lambah
— Shri R.M. Sodhi
— Shri M.A. Pathan
— Dr. A.K. Bhatnagar
— Shri G. Mullick

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to new Clause(e) of Subsection (1) of Section 217 of the Companies Act, 1956, as introduced by the Companies Amendment Act, 1988 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished below:-

A. Conservation of Energy

(a) Energy conservation measures taken:

As a means of conservation of energy, fuel consumption is being regulated by controlling of $C0_2$ content in the fuel gases. $C0_2$ analysers have been installed to monitor the efficiency of boiler burner.

Directors' Report *Contd...*

Condensate recovery is done to large extent, so that heat input by burning excess fuel is avoided. For recovering condensate, the performance of steam traps are being monitored regularly. At both Bombay and Calcutta Plants, boilers which were more than 20 years old have been replaced with new boilers of higher efficiency. Power factor improvers have been installed in the resited grease plant, New Bombay.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Inertia losses due to reduction gear in positive displacement pumps are under study. Efforts are made to replace gear pumps by reduction gear to direct driven screw pumps.

(c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods:

As a result of the measures taken at (a) above, every effort is being made to reduce the consumption of energy.

(d) Total energy consumption and energy consumption per unit of production:

Details are given in prescribed Form **'A'** annexed hereto:

B. Technology Absorption

(e) Efforts made in technology absorption:

Particulars with regard to technology absorption are given in prescribed Form **'B'** annexed hereto:

C. Foreign Exchange Earnings and Outgo

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:

As the entire products processed by the Company are marketed by its Holding Company (IOC), the Company does not have any sales (including exports) activity.

(g) Total foreign exchange used and earned:

During the year, no foreign exchange was earned. However, there is a foreign exchange outgo of Rs 1,09,853 on account of import of spare parts, subscription to journals etc.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees, pursuant to Sec. 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1990, is annexed hereto.

ACKNOWLEDGEMENTS

The Board of Directors deeply appreciate the enthusiasm, initiative, hard work and dedicated efforts of the employees of the Company, without whom the excellent results and achievements of your Company could not have been possible. Directors are confident that efforts will be continued to attain still better results in future. The Directors also gratefully acknowledge the valuable guidance and support received from the Government of India and Indian Oil Corporation Limited, the Holding Company.

For and on behalf of the Board,

T.P. Raghavan

Bombay
Dated: 23-07-91

(T.P. RAGHAVAN)
Director-in-charge

Auditors' Report

Auditors' Report to the Shareholders

The Members,
Messrs Indian Oil Blending Limited,
BOMBAY.

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1991 and Profit and Loss Account for the year ended on that date and report that:-

1. 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.
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
3. The Balance Sheet and Profit and Loss account referred to in this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
   a) in the case of Balance Sheet of the state of affairs of the Company as on 31st March, 1991 and
   b) in the case of the Profit and Loss Account of the profit for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 and as per the information and explanations given to us during the course of our audit, we report on the matters specified in the Para 4 of said order as far as applicable to the Company that:
   i) The Company has maintained proper records showing full particulars including quantitative details & situation of fixed assets. Major portion of the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets is at reasonable interval,, having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect to the assets, physically verified.
   ii) None of the fixed assets have been revalued during the year.
   iii) The Company has stocks of maintenance stores and spare parts only, which have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
   iv) The Company has not maintained any stock during the year. In our opinion, the procedure of physical verification of maintenance stores & spare parts followed by the management are reasonable & adequate in relation to the size of the Company and the nature of its business.

Auditors' Report *Contd...*

v) The discrepancies noticed on verification between the physical stock of maintenance stores and spare parts and its book records were not material.

vi) On the basis of our examination of stocks, we are of an opinion that the valuation of the above mentioned stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

vii) The Company has taken unsecured loans from Indian Oil Corporation Limited, the holding Company. The rate of interest and other terms and conditions of such loan are prima facie not prejudicial to the interest of the company.

viii) The Company has not given any loans, secured or unsecured to the companies, firms and other parties listed in the register maintained under section 301 and 370 (1-B) of the Companies Act, 1956.

ix) Loans and advances in the nature of loans have been given to the employees, and the employees have been regular in repaying the principal amounts and have also been regular in payment of interest.

x) In our opinion, 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.

xi) The company has during the year purchased at controlled prices fuel and oil exceeding Rs. 50,000 in value from Indian Oil Corporation Limited, the holding company.

xii) As explained to us, the company has no formal procedure for determination of unserviceable or damaged stores. However, we are informed that these are reviewed by the management and based on this, no provision is required to be made in the accounts.

xiii) The company has not accepted any deposits from the public during the year, to which the provision of section *58A* of Companies Act, 1956 and Companies (acceptance of Deposits) Rules, 1975 are applicable.

xiv) According to the information and explanations given to us, the Company does not have any by-products from its processing activity. Scrap of maintenance stores and components are accounted for only at the time of sale for which reasonable records are maintained.

xv) We are of an opinion that the Company has an internal audit system commensurate with its size and nature of its business.

xvi) The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.

xvii) According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities.

xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31 st March, 1999 for a period of more than six months from the date, they became payable.

xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.

xx) The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company by virtue of the provisions of clause (d) of Section 3 of the Act.

For and On Behalf of
BHUTA SUCH & ASSOCIATES
Chartered Accountants

Bombay
Dated:17 June, 1991

Sd/-
C.M. BUCH
Partner

Balance Sheet

Balance Sheet As at 31st March, 1991

	Schedule	Rupees	Rupees	1990 Rupees
SOURCE OF FUNDS:				
1. Shareholders Funds:				
a) Capital	I	40,00,000		40,00,000
b) Reserves & Surplus	II	9,32,41,579		5,75,65,401
			9,72,41,579	6,15,65,401
2. Loan Funds:				
a) Unsecured Loans	III		9,54,83,134	8,61,87,354
TOTAL:			19,27,24,713	14,77,52,755
APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block		20,49,37,325		8,82,24,760
b) Less: Depreciation & Amortisation		6,31,66,525		5,05,04,511
c) Net Block		14,17,70,800		3,77,20,249
d) Capital Work-in-Progress		2,95,67,791		11,02,25,447
			17,13,38,591	14,79,45,696
2. Current Assets Loans and Advances:				
a) Inventories	V	71,95,918		66,92,826
b) Sundry Debtors		23,305		17,205
c) Cash and Bank Balances		49,26,022		17,70,098
d) Loans and Advances		6,39,59,662		4,12,75,057
C/F...		7,61,04,907		4,97,55,186
Carried Forward...		17,13,38,591		14,79,45,696

	Schedule	Rupees	Rupees	1990 Rupees
Brought Forward...			17,13,38,591	14,79,45,696
B/F...		7,61,04,907		4,97,55,186
Less: Current Liabilities and Provisions:	IV			
a) Current Liabilities		3,14,18,785		3,75,36,377
b) Provisions		2,33,00,000		1,24,11,750
		5,47,18,785		4,99,48,127
Net Current Assets			2,13,86,122	(1,92,941)
TOTAL:			19,27,24,713	14,77,52,755
Notes on Balance Sheet	X			

Sd/-	Sd/-	Sd/-	Sd/-
T.P. RAGHAVAN	M.N. LAMBAH	K.K. MISRA	RAJU RANGANATHAN
Director-in-charge	Financial Director	Director	Secretary

As per our report of even date
For BHUTA BUCH & ASSOCIATES
(Chartered Accountants)

Sd/-
C.M. BUCH
Partner

Bombay
Dated: 17 June, 1991

Profit and Loss Account

Profit and Loss Account for the year ended 31st March, 1991

	Schedule	Rupees	Rupees	1989-90 Rupees
INCOME:				
Throughput, Blending & Manufacturing Charges	VII		11,33,91,972	9,20,89,575
Other Income	VII		65,33,782	64,69,353
TOTAL:			11,99,25,754	9,85,58,928
EXPENDITURE:				
Operating & Other Expenses	VIII		7,76,08,325	7,03,35,484
Interest:				
on Fixed Loan,		92,95,780		91,28,994
on Other Loan		912		8,506
		92,96,692		91,37,500
Less: Transferred to Capital Work-in-Progress Account		42,80,027		77,63,214
			50,16,665	13,74,286
Depreciation & Amortisation			1,55,29,481	53,80,464
TOTAL:			9,81,54,471	7,70,90,234
Profit Before Extra Ordinary and Prior Period Adjustments			2,17,71,283	2,14,68,694
Income/(Expenditure) Relating to Extraordinary Items (Net)	IX		2,64,40,286	(10,51,536)
			4,82,11,569	2,04,17,158
Income/(Expenditure) Relating to Prior Period (Net)			26,86,869	(4,05,376)
Profit Before Tax:			5,08,98,438	2,00,11,782
Provision for Taxation			1,49,00,000	80,00,000
Profit After Tax:			3,59,98,438	1,20,11,782
Balance Brought Forward From Last Year's Account			4,401	2,619
Investment Allowance Reserve Written Back			3,05,000	-
Excess Provision of Income Tax Written Back			77,740	
Disposable Profit:			3,63,85,579	1,20,14,401

	Schedule	Rupees	1990 Rupees
APPROPRIATIONS:			
Proposed Dividend		4,00,000	4,00,000
General Reserve		3,59,80,000	1,16,10,000
Balance Carried to Balance Sheet		5,579	4,401
TOTAL:		3,63,85,579	1,20,14,401
Notes on Profit and Loss Account	X		

Sd/-	Sd/-	Sd/-	Sd/-
T.P. RAGHAVAN	M.N. LAMBAH	K.K. MISRA	RAJU RANGANATHAN
Director-in-charge	Financial Director	Director	Secretary

As per our report of even date
For BHUTA BUCH & ASSOCIATES
(Chartered Accountants)

Sd/-
C.M. BUCH
Partner

Bombay
Dated: 17 June, 1991

Schedules

Schedules Annexed to and Forming Part of the Balance Sheet As at 31st March, 1991

	Rupees	Rupees	1990 Rupees
SCHEDULE-I			
Share Capital:			
Authorised:			
8,000 Equity Shares Rs 500/- each		40,00,000	40,00,000
Issued, Subscribed and Paid Up Capital:			
8,000 Equity Shares Rs 500/- each, fully paid (the entire Share Capital is held by INDIAN OIL CORPORATION LTD, 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	5,44,91,000		4,28,81,000
Add: Transferred from Profit & Loss Account	3,59,80,000		1,16,10,000
		9,04,71,000	5,44,91,000
2) Investment Allowance Reserve			
As per last Balance Sheet	30,70,000		30,70,000
Less: Transferred to Profit & Loss Account	3,05,000		–
		27,65,000	30,70,000
3) Profit & Loss Account		5,579	4,401
TOTAL:		9,32,41,579	5,75,65,401

SCHEDULE-III

		1990
	Rupees	Rupees
Unsecured Loan:		
Long Term Loan:		
Loan from Indian Oil Corporation		
Limited, the Holding Company	7,15,06,000	7,15,06,000
Interest Accrued and due	2,39,77,134	1,46,81,354
TOTAL:	9,54,83,134	8,61,87,354

SCHEDULE CONTD...

SCHEDULE - IV

FIXED ASSETS

	GROSS BLOCK			
	As on 01.04.90	Additions	Deletions	As on 31.03.91
	Rs.	Rs.	Rs.	Rs.
Land-Leasehold	80,06,000	—	—	80,06,000
Office/Factory Buildings	1,03,48,617	3,25,80,776	—	4,29,29,393
Residential Flats	1,62,336	—	—	1,62,336
Railway Sidings	2,73,039	—	—	2,73,039
Plant and Machinery	5,38,05,633	8,13,41,366	—	13,51,46,999
Computers/Microprocessors	6,62,153	3,40,769	—	10,02,922
Furniture, Fixtures & Office Equipment	60,26,387	16,80,669	(1,45,131)	75,61,925
Forklift Trucks	79,01,697	10,43,916	(1,29,800)	88,15,813
Motor Vehicles	10,38,898	—	—	10,38,898
TOTAL:	8,82,24,760	11,69,87,496	(2,74,931)	20,49,37,325
PREVIOUS YEAR:	8,30,74,690	56,79,415	(5,29, 345)	8,82,24,760

NOTES: (1) Residential flat includes Rs. 3500 (Previous Year-Rs. 3500) paid towards share value of 70 shares (Previous Year-70 shares) in Co-operative Housing Society for purchase of flat.

(2) Lease agreement in respect of leasehold land at Vashi (Dist: Thane) is yet to be executed.

DEPRECIATION AND AMORTISATION					NET BLOCK	
Upto 31.3.90	Deductions/ Adjustment for earlier years	Adjustment for current Year	Charged this Year	Upto 31.03.91	As on 31.03.91	As on 31.03.90
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,21,370	—	—	84,274	5,05,644	75,00,356	75,84,630
63,05,979	(1,57,246)	—	16,61,101	78,09,834	3,51,19,559	40,42,638
67,384	—	—	4,748	72,132	90,204	94,952
2,61,419	(3,195)	—	2,223	2,60,447	12,592	11,620
3,45,47,170	(19,41,496)	—	1,21,41,595	4,47,47,269	9,03,99,730	1,92,58,463
3,68,209	11,130	—	2,00,178	5,79,517	4,23,405	2,93,944
30,14,062	(2,24,167)	(51,894)	5,36,483	32,74,484	42,87,441	30,12,325
48,83,500	(3,47,967)	(1,28,704)	8,13,397	52,20,226	35,95,587	30,18,197
6,35,418	(23,928)	—	85,482	6,96,972	3,41,926	4,03,480
5,05,04,511	(26,86,869)	(1,80,598)	1,55,29,481	6,31,66,525	14,17,70,800	3,77,20,249
4,52,01,275	(4,05,376)	(4,82,604)	53,80,464	5,05,04,511		
		CAPITAL WORK-IN-PROGRESS:			2,95,67,791	11,02,25,447
			TOTAL:		17,13,38,591	14,79,45,696

Schedules *Contd...*

SCHEDULE-V

Current Assets Loans and Advances

1) Current Assets:

	Rupees	1990 Rupees
(a) Inventories: Stores and Spares (at cost) (As taken, valued and Certified by the Management)	71,95,918	66,92,826
TOTAL:	71,95,918	66,92,826
(b) Sundry Debtors: (Unsecured, considered good)		
— Due for more than six Months	23,305	13,100
— Others	—	4,105
TOTAL:	23,305	17,205
(c) Cash and Bank Balances:		
(i) Cash on Hand & Cheques in Transit	11,28,316	1,15,000
(ii) Balance with Scheduled Banks:		
In Current Accounts	23,16,333	16,08,598
In Fixed Deposit Accounts	14,81,373	46,500
TOTAL:	49,26,022	17,70,098

2) Loans and Advances:

	Rupees	1990 Rupees
(a) Advances recoverable in cash or in kind for value to be received, considered good		
(A) Secured	2,43,85,499	2,00,92,755
(B) Unsecured	1,27,23,975	1,03,60,307
	3,71,09,474	3,04,53,062
(b) Advance Payment of Income Tax	2,57,52,938	96,59,870
(c) Deposit with Industrial Development Bank of India in lieu of surcharge on Income Tax with accrued interest	1,87,250	2,52,125
(d) Investment Deposit Account Industrial Development Bank of India	9,10,000	9,10,000
TOTAL:	6,39,59,662	4,12,75,057

SCHEDULE-VI

Current Liabilities and Provisions:

a) Current Liabilities::

	Rupees	Rupees	1990 Rupees
(i) Creditors for Capital Goods		54,22,439	51,88,091
(ii) Sundry Creditors for Expns.		5,14,781	10,72,479
(iii) Security Deposits		18,55,591	9,19,912
(iv) Earnest Money Deposits		9,67,050	4,08,950
(v) Other Liabilities Due to Indian Oil Corporation Ltd., the Holding Company	1,34,13,413		2,16,16,195
Due to others	92,45,511		83,30,822
		2,26,58,924	2,99,47,017
TOTAL:		3,14,18,785	3,75,36,377

(b) Provisions:

Provision for Taxation		2,29,00,000	1,20,11,750
Proposed Dividend		4,00,000	4,00,000
TOTAL:		2,33,00,000	1,24,11,750

Schedules *Contd...*

Schedules Annexed to and Forming Part of the Profit & Loss Account For the year ended on 31st March, 1991

SCHEDULE-VII

Throughput, Blending and Manufacturing charges:

Throughput, Blending and Manufacturing Charges		11,49,63,400	9,20,89,575
Less: Operational loss		15,71,428	—
TOTAL:		11,33,91,972	9,20,89,575

Other Income:

Reimbursement of LTA Expenses in lieu of blending fees		39,27,675	39,60,000
Interest:			
On Staff Loans	11,01,621		8,44,660
On Deposits	1,90,165		3,77,735
		12,91,786	12,22,395
Profit on Sale of Assets		4,138	2,64,030
Testing Fees		10,45,054	8,95,895
Miscellaneous Income		2,65,129	1,27,033
TOTAL:		65,33,782	64,69,353

SCHEDULE-VIII

Operating and Other Expenses:

	Rupees	Rupees	1990 Rupees
Payments to & Provisions for Employees:			
(a) Salaries, Wages, Allowances and Bonus	3,82,96,186		3,59,04,157
(b) Contribution to Employees' Provident Fund and Other Funds	22,13,088		19,76,507
(c) Gratuity	7,78,967		5,59,638
(d) Staff Welfare Expenses	1,30,29,658		93,80,205
		5,43,17,899	4,78,20,507
Payment to Handling Contractors		11,34,767	12,36,220
Fuel, Power and Water Charges		72,49,980	68,38,723
Stores and Spare Parts Consumed		12,81,953	12,64,552
Rent		18,53,950	17,31,298
Rates, Taxes and Licenses		6,48,671	4,47,838
Material Handling Expenses		9,52,961	9,53,778
Repairs & Maintenance to:			
(a) Buildings	6,04,032		19,14,572
(b) Plant & Machinery	18,45,272		18,13,955
(c) Railway Siding	3,99,742		2,79,065
(d) Others	6,98,025		6,86,697
		35,47,071	46,94,289
Insurance		1,40,955	1,18,086
Travelling & Conveyance		13,12,955	12,15,530
Motor Vehicle Expenses		3,96,752	2,81,340
Printing & Stationery		7,13,922	5,90,353
Postage, Telegram & Telephones		9,08,254	9,80,505
Legal and Professional Charges		62,791	29,175
Loss on Sale/Scrapping of Assets		7,168	—
Auditors'' Remuneration			
Audit Fees	15,000		12,000
Tax Audit Fees	5,000		4,000
Out-of-Pocket Expenses	28,810		31,021
		48,810	47,021
General Expenses		30,29,466	20,86,269
TOTAL:		7,76,08,325	7,03,35,484

SCHEDULE-IX

Income/Expenditure Relating to Extraordinary Items (NET)

	Rupees	Rupees	1990 Rupees
Income:			
1. Throughput, Blending and Manufacturing Charges	2,58,39,355		—
2. Rent (Reimbursement of C.P.T. Rent)	9,06,541		—
3. Reimbursement of L.T.A. Expenses in Lieu Blending Fees	(2,91,000)		(10,34,891)
4. Reimursement of 2nd Adhoc Relief Paid to Office in Lieu of Blending Fees	10,76,262		—
		2,75,31,158	(10,34,891)
		2,75,31,158	(10,38,891)
Less: Expenditure :			
1. Managerial Remuneration (Arrears Paid to ex-CMD)	14,610		16,645
2. 2nd Adhoc Relief Paid to Officers	10,76,262		—
		10,90,872	16,645
TOTAL:		2,64,40,286	(10,51,536)

SCHEDULE-X

Schedule Annexed to and Forming Part of the Accounts for the year ended on 31st March, 1991

		1991	1990
1. Estimated amount of contracts to be executed on capital Accounts and not provided for	Rupees	1,14,15,907	1,71,30,732
2. Claims against the Company not acknowledged as debts	Rupees	12,07,884	13,30,857
3. Additional information pursuant to 3,4, 4C & 4D of Schedule VI of the Companies Act, 1956			

(A) Turnover (Processing Fees):

Lube Blending	Kilolitres	3,89,790	3,84,419
	Rupees	10,13,45,400	8,26,50,159
Grease	Metric Tonnes	6,809	8,990
	Rupees	1,36,18,000	94,39,416

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) Remuneration to whole time Chairman and Managing Director :

		1991	1990
(a) Salary	Rupees	14,610*	16,645*
(b) Provident & Other Funds	Rupees	—	—
(c) Other Perquisites	Rupees	—	—
		14,610	16,645

* Arrears Paid to Ex-CMD.

(C) Capacity and Production:

	1991		1990	
	Lubes (KL)	Grease (MT)	Lubes (KL)	Grease (MT)
(a) Licensed Capacity	2,50,000	11,000	2,50,000	4,536
(b) Installed Capacity*	2,50,000	11,000	2,50,000	8,500
(c) Actual Production	3,89,790	6,809	3,84,419	8,996

* As Certified by the Management and accepted by the Auditors without verification.

(D) C.I.F. Value of Imports:

	1991 Rupees	1990 Rupees
Spare Parts & Components	89,086	1,86,469
Capital Goods	—	56,54,631

(E) Expenditure in Foreign Currency:

Subscription to Journals	20,767	16,439
Foreign Travel	—	66,782

Schedules *Contd...*

(F) Consumption of Spare Parts during the year:

	1991		1990	
	Value Rupees	Percentage	Value Rupees	Percentage
Imported	95,703	5.99	4,34,138	27.91
Indigenous	15,01,276	94.01	11,21,571	72.09

4. The Company had provided Depreciation during the Accounting year 1987-88 at the rates higher than those prescribed under the Companies Amendment Act, 1988. However, it has been decided to implement depreciation rates as prescribed under Schedule XIV of the Companies Amendment Act, 1988, w.e.f. April 1987. As a consequence of this adjustment the profit for the year has been overstated by Rs. 22,53,731. (Excess depreciation written back for the year 87-88 to 89-90 amounting to Rs 26,86,869 has been shown under Prior Period Income. Increase in depreciation for the year 1990-91 amounted to Rs. 4,33,138).

5. Previous year's figures have been regrouped/rearranged/recast to conform to current year's classifications.

6. Figures in bracket indicate deductions.

Signature to Schedule I to X

Sd/-	Sd/-	Sd/-	Sd/-
T.P. RAGHAVAN	M.N. LAMBAH	K.K. MISRA	RAJU RANGANATHAN
Director-in-charge	Financial Director	Director	Secretary

As per our report of even date
For BHUTA BUCH & ASSOCIATES
(Chartered Accountants)

Bombay
Dated: 17 June, 1991

Sd/-
Partner

Annexure

Form-A
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	Bombay Plant		Calcutta Plant		Vashi Plant	
	Current Year 1990-91	Previous Year 1989-90	Current Year 1990-91	Previous Year 1989-90	Current Year 1991-91	Previous Year 1989-90
1. ELECTRICITY :						
a) Purchased:						
Unit (KW)	12,67,950	15,13,080	8,06,580	7,71,890	2,56,300	—
Total amount (Rs/lakhs)	21.54	21.67	14.33	13.73	8.41	—
Rate/Unit (Rupees)	1.70	1.43	1.78	1.78	3.28	—
b) Own Generation:						
i) Through Diesel Generator:						
Unit(KW)	NIL	NIL	52,610	12,830	NIL	—
Units per ltr. of Diesel Oil	NIL	NIL	2.45	2.049	NIL	—
Cost/Unit (Rupees)	NIL	NIL	1.63	1.717	NIL	—
ii) Through Steam Turbine/Generator:						
Units	NIL	NIL	NIL	NIL	NIL	—
Units per ltr. of Fuel Oil/Gas	NIL	NIL	NIL	NIL	NIL	—
Cost/Unit	NIL	NIL	NIL	NIL	NIL	—
2. GOAL: (Specify quantity and where used):						
Quantity (Tonnes)	NIL	NIL	NIL	NIL	NIL	—
Total Cost	NIL	NIL	NIL	NIL	NIL	—
Average Rate	NIL	NIL	NIL	NIL	NIL	—
3. FURNACE OIL/LDO:						
Quantity (KL)	391.914	577.27	146.84	138.22	100.867	—
Total Amount (Rs. lakhs)	14.57	19.44	5.73	4.83	4.18	—
Average Rate (Rs. per KL)	3718.39	3,367.56	3,902.21	3,439.85	4,144.07	—
4. OTHER/INTERNAL GENERATION:						
Quantity	NIL	NIL	NIL	NIL	NIL	
Total Cost	NIL	NIL	NIL	NIL	NIL	
Rate/Unit	NIL	NIL	NIL	NIL	NIL	

Annexure *Contd...*

B. CONSUMPTION PER UNIT OF PRODUCTION

Products (with details unit)	Standards if any	Bombay Plant Current Year 1990-91		Bombay Plant Previous Year 1989-90		Calcutta Plant Current Year 1990-91	Calcutta Plant Previous Year 1989-90	Vashi Plant Current Year 1990-91	Vashi Plant Previous Year 1989-90
	—	Lubes	Greases*	Lubes	Grease	Lubes	Lubes	Greases	Greases
Electricity (KW/TON)	—	4.274	47.619	3.388	66.67	6.21	5.44	77.81	—
FO/LDO (Ltr./Ton)	—	1.38	22.84	1.27	25.00	1.06	0.959	30.62	—
Coal (Specify Qty.)	—	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—
Others (Specify)	—	NIL	NIL	NIL	NIL	NIL	NIL	NIL	—

* Grease Plant facilities at Bombay Plant was shut down and Vashi Grease Plant commissioned on 15th October, 1990.

Form-B
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

1.	Specific areas in which R&D carried out by the Company	—
2.	Benefits derived as a result of the above R&D	—
3.	Future plan of action	—
4.	Expenditure on R&D:	
	(a) Capital	—
	(b) Recurring	—
	(c) Total	—
	(d) Total R&D expenditure as a percentage of total turnover:	—

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made:

Oil level measurement of base stock storage tanks is being carried out by Microprocessor Based Auto Level Gauge System. This is a Japanese Technology adapted without any foreign exchange outgo, by indigenously developed systems.

Load cell based Auto Batch Blending Systems are being installed at Bombay and Calcutta Plants. This is German Technology without any foreign exchange outgo, by indigenously developed systems.

Digital Integrated Distribution Control (DIDC) System is being commissioned at Vashi Grease Plant. This is a Honeywell Technology, USA, without any foreign exchange outgo, by indigenously developed systems.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Auto Level Gauge System will integrate field operation with management information services. Stock losses can be monitored and controlled.

Load cell based Auto Batch System will result in lesser time of blending operation, improved monitoring and control of stock loss leading to savings and as a result, better quality of product and improved productivity.

The Digital Integrated Distribution Control (DIDC) System will give the levels of all storage tanks, day tanks etc. and the system will monitor the process once the input sources and contactor/kettle are selected. The system not only ensure quality of products due to the parameters being strictly adhered to, but also minimise operation losses.

3. In case of Imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following may be furnished:

a)	Technology imported	:	—
b)	Year of import	:	—
c)	Has technology been fully absorbed	:	—
d)	If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action	:	—

CAG COMMENTS

Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Blending Limited, Bombay for the year ended 31st March, 1991.

The Comptroller &Auditor General of India has decided not to review the Auditors' Report on the accounts of Indian Oil Blending Limited, Bombay for the year ended 31st March, 1991 and as such he has no comments in make under Section 619 (4) of the Companies Act, 1956.

Sd/-

(A. KRISHNA RAO)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II,
Bombay.

Bombay
Dated: 2nd July, 1991