Indian Oil Corporation Limited

Annual Report
1988-89

The Gujarat refinery at Koyali near Vadodara is Indianoil's and the country's biggest refinery. In addition to the existing modern Fluid Catalytic Cracking Unit (FCCU), a sophisticated hydrocracking unit is being installed at the refinery for the first time in the country to convert heavy ends into valuable distillates like diesel & kerosene. The refining capacity is also being increased to process 9.5 million tonnes per annum

CONTENTS

Indian Oil Corporation Limited

REGISTERED OFFICE Indianoil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Bombay-400051

30th Annual Report

In this Report one lakh corresponds to 0. 1 million and one crore to ten million

Objectives and Obligations

Objectives

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

Obligations

Towards customers and dealers

- To provide prompt, courteous and efficient service and quality products at fair and reasonable prices.

Towards suppliers

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

Towards employees

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

Towards community

- To ensure quality products through proper distribution at fair prices to the people.
- To develop techno-economically viable products for the benefit of the people.
- To encourage progressive indigenous manufacture of products and materials so as to substitute imports.
- To avoid and control environmental pollution in its manufacturing plants and townships by taking suitable and effective measures.

- Improve the condition of Scheduled Castes/ Scheduled Tribes in pursuance of national policies.
- To help acceleration of all round development of villages by providing assistance to educated unemployed to earn a living etc.

Financial Objectives

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

Mission

Marketing

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

Refineries & Pipelines

- To maximise production, upgrade the product range and ensure timely availability of quality petroleum products from the refineries in cooperation with Marketing.
- To contribute towards achievement of self-sufficiency within the country in hydrocarbon processing at optimum cost and in accordance with Government policy.
- To be a leader in the hydrocarbon processing and pipeline transportation sector in operations, maintenance management systems, project formulation/ execution, energy conservation, commensurate

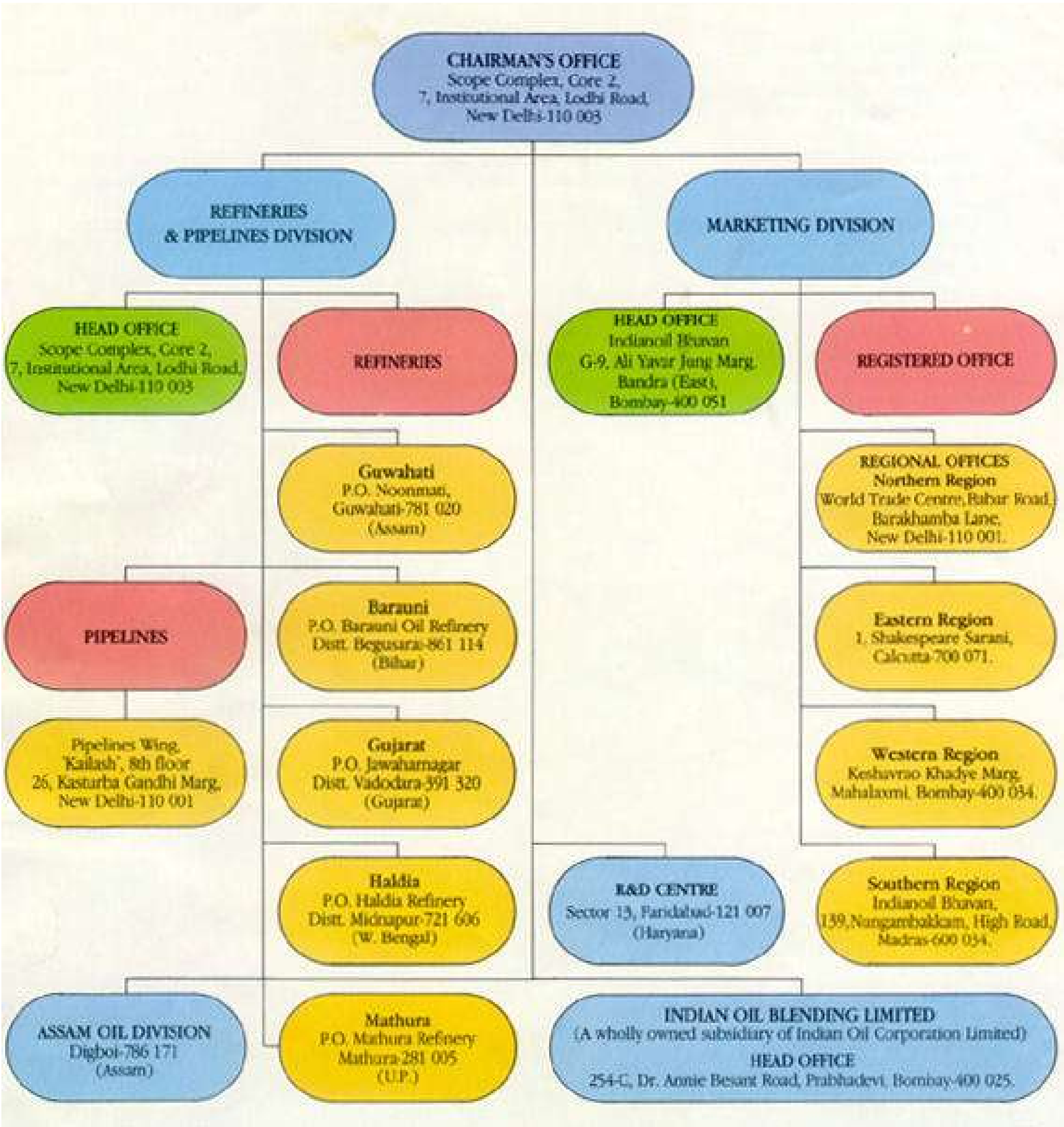
with the changing techno-economic situation, ecology, safety and provide expertise in the related Indian and International markets.

- To diversify in the field of petrochemicals feedstocks as well as speciality products and to examine utilization of natural gas as domestic fuel in coordination with Marketing Division.
- To modernise process units by updating and adopting new technology like hydrocracking and advanced control systems whereever justified by cost benefits and to concentrate on high technology plant operations and bulk handling.
- To provide ample opportunities for professional growth and self-development of employees and inculcate a participative culture for organisational commitment.

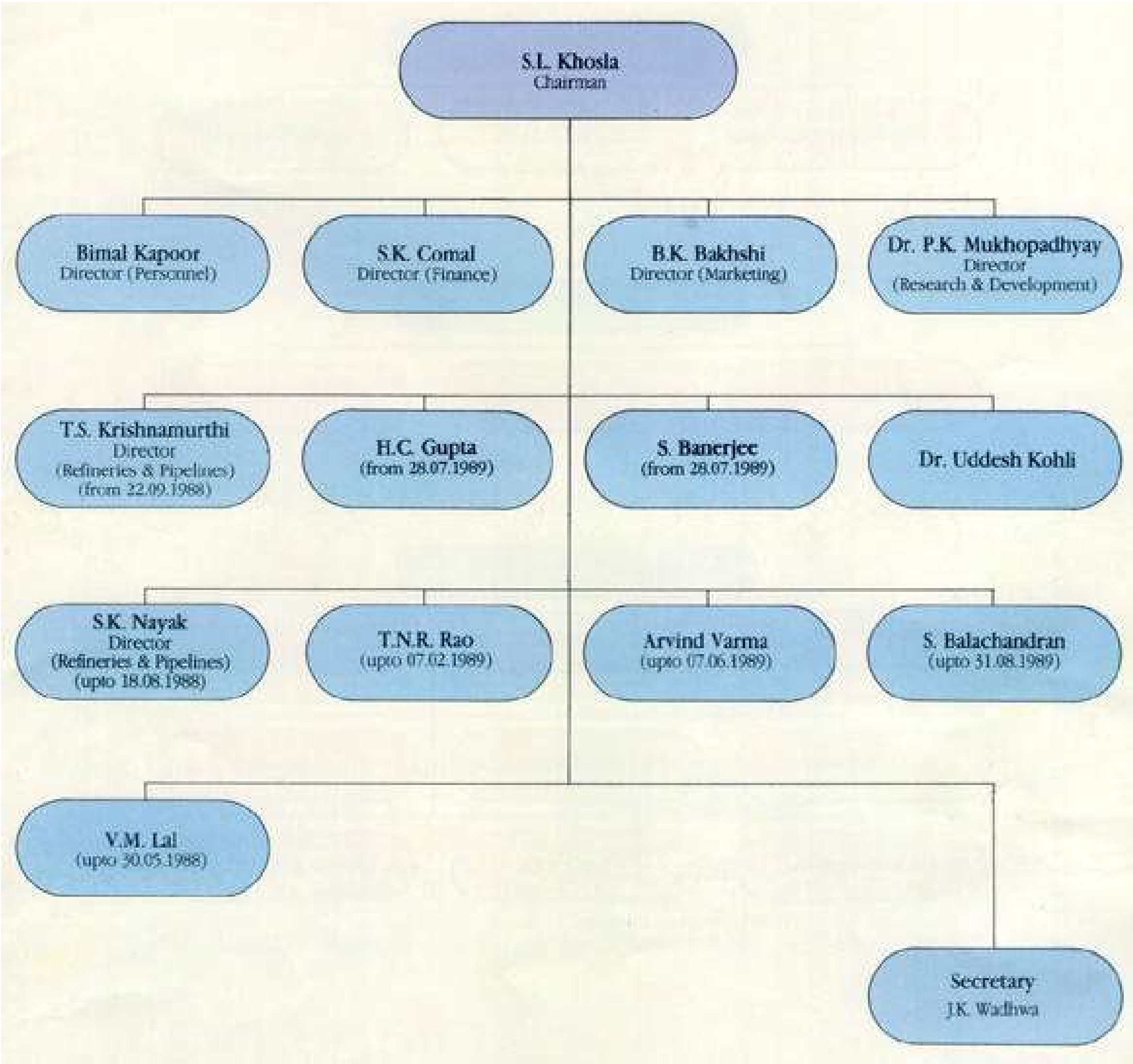
Research & Development

- To develop formulations for lubricating oils and greases using latest technology and obtain national/international equipment builder's approvals for these products and assist the Marketing Division to sell high quality lubricants.
- To develop lubricant formulations based on component approach in preference to additive packages and to synthesise and evaluate new additive systems.
- To achieve petroleum/ energy conservation through the development of efficient and long life lubricants and to take the country into the era of synthetic lubricants.
- To develop indigenous refinery process technology with a view to assist the Refineries Division in the production of quality products while maximising the yields as specific to Indian requirements and to pursue optimim utilisation of these products to achieve conservation.
- To study and solve the problem of waxy crude transportation and assist the Pipeline Division in this area.
- To provide regular training to Marketing/R&P, Blending Plant personnel in order to update their knowledge about the state of art and technological developments in the field of petroleum products and assist them in establishing their own laboratory facilities for routine testing.
- To act as an interface between the Government, Industry, allied institutions and the oil companies in order to define the changing fuel/lubricant requirements in view of the continuous upgradation of automotive and industrial machinery.
- To establish modern and sophisticated test facilities particulary a fully computerised engines laboratory and continuously upgrade the knowledge of personnel through regular in-house and external training.
- To become a Research and Development Centre of international repute in the above areas.

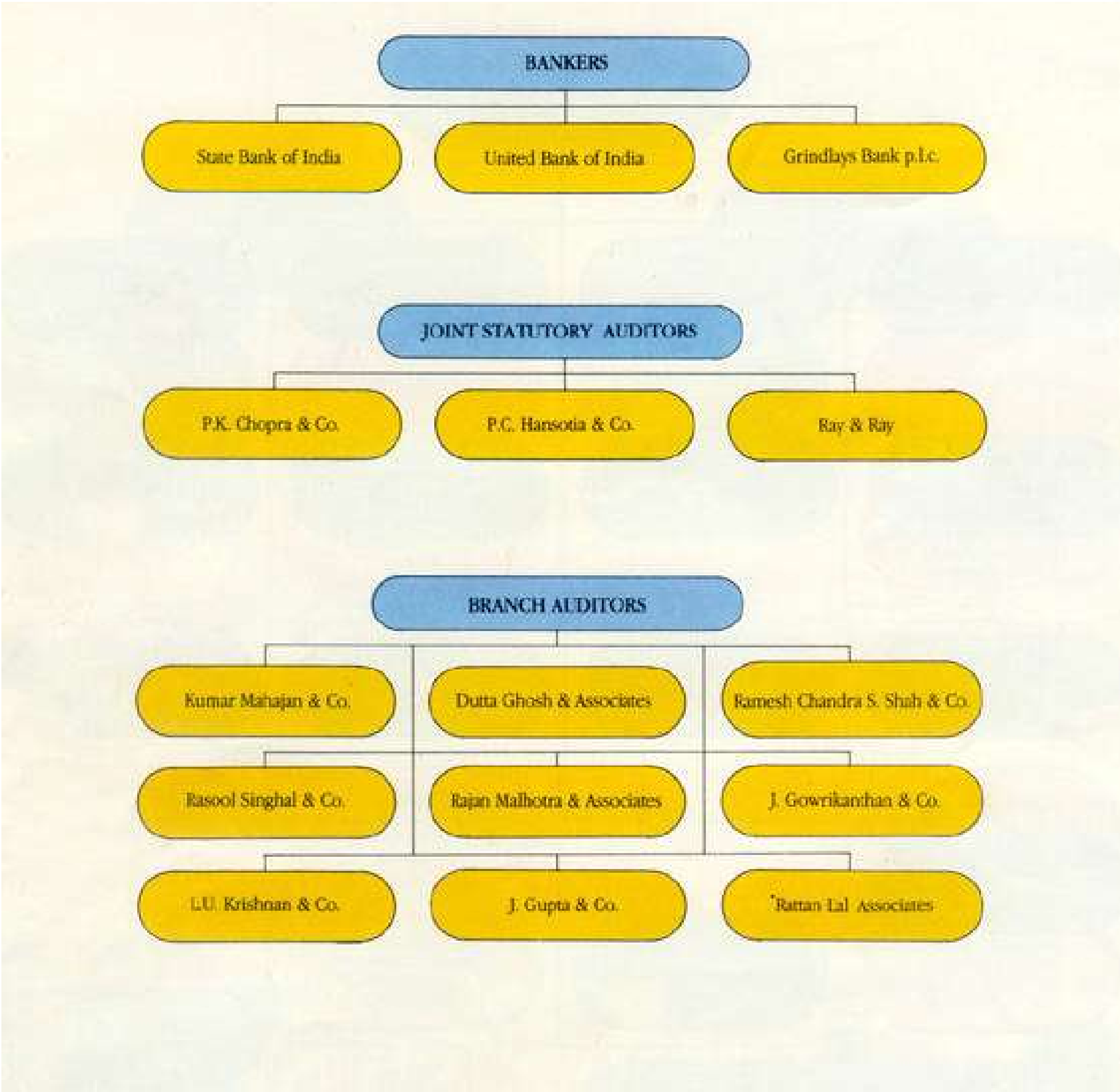
Major Units


CHAIRMAN'S OFFICE
Scope Complex, Core 2,
7, Institutional Area, Lodhi Road,
New Delhi-110 003
REFINERIES & PIPELINES DIVISION
MARKETING DIVISION
HEAD OFFICE
Scope Complex, Core 2,
7, Institutional Area, Lodhi Road,
New Delhi-110 003
REFINERIES
HEAD OFFICE
Indianoil Bhavan
G-9, Ali Yavar Jung Marg,
Bandra (East),
Bombay-400 051
REGISTERED OFFICE
Guwahati
P.O. Noonmati,
Guwahati-781 020
(Assam)
REGIONAL OFFICES
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 Sarani,
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)
Western Region
Keshavrao Khadye Marg,
Mahalaxmi, Bombay-400 034.
Haldia
P.O. Haldia Refinery
Distt. Midnapur-721 606
(W. Bengal)
R&D CENTRE
Sector 13, Faridabad-121 007
(Haryana)
Southern Region
Indianoil Bhavan,
139, Nungambakkam, High Road,
Madras-600 034.
ASSAM OIL DIVISION
Digboi-786 171
(Assam)
Mathura
P.O. Mathura Refinery
Mathura-281 005
(U.P.)
INDIAN OIL BLENDING LIMITED
(A wholly owned subsidiary of Indian Oil Corporation Limited)
HEAD OFFICE
254-C, Dr. Annie Besant Road, Prabhadevi, Bombay-400 025.

Board of Directors



Bankers and Auditors



Principal Executives

Notice

Notice is hereby given that the 30th Annual General Meeting of Indian Oil Corporation Limited will be held at the Company's Chairman's Office, SCOPE Complex, Core 2, 7-Institutional Area, Lodi Road, New Delhi-110 003 at 1330 hrs. on 15th September, 1989, instead of 29th August, 1989, notified earlier, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account and Report of the Auditors and Directors thereon for the financial year ended 31st March, 1989.
2. To declare dividend.

By Order of the Board,

Sd/-
(J.K. WADHWA)
Secretary

Bombay, Dated: 31st August, 1989

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

Approval for holding the Annual General Meeting at New Delhi instead of 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.

Directors' Report

Atmospheric vacuum unit of Barauni refinery where secondary processing facilities have also been installed to meet the increasing demand of diesel, kerosene and cooking gas.

Director's Report 1988-89

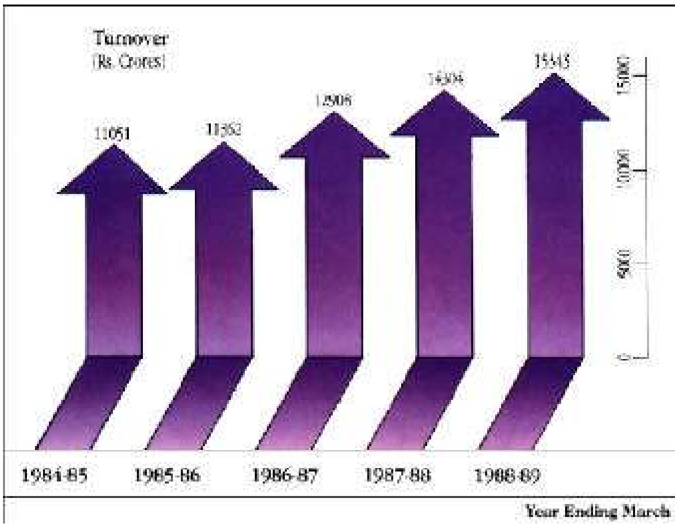
TO
The Shareholders of
Indian Oil Corporation Limited

Gentlemen,

On behalf of the Board of Directors, I have great pleasure in presenting the 30th Annual Report on the working of the Corporation for the financial year ended 31st March, 1989, along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts' by the Comptroller & Auditor General of India. The Corporation has set new records in terms of working results during the year 1988-89.

This year the corporation's six refineries have achieved more than 100% capacity utilisation for **the** fifth **successive** year and our product sales were over lOO% of the sales plan Entitlement.

The Corporation achieved very satisfactory growth in terms of Profitability and building up of reserves during the year.



The financial results for the year are summarised below:

Financial Results

(Rs. in crores)

	1988-89	1987-88
Turnover	15,343	14,304
Profit		
Profit before Interest, Depreciation and Tax	1,030	858
Interest Payment	143	88
Depreciation '	211	198
Profit before Tax	676	572
Tax Provision	162	162
Profit after Tax	514	410
Appropriations		
Proposed Dividend	25	22
Export Profit Reserve	Nil	30
General Reserve	489	358

Profit

The profit aftertax earned by the Corporation during 1988-89 was Rs. 514.33 crores as compared to Rs. 409.76 crores during 1987-88. This is the highest profit ever recorded by the Corporation. it depicts an increase of 25.5% over the profit (after tax) earned during 1987-88.

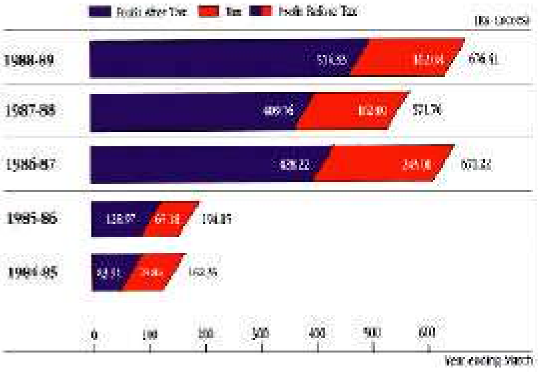
Dividend

The rate of dividend has been progressively increased from 6% in 1966-67 to 14% in 1980-81 and maintained at that level till 1985-86. During 1986-87 the dividend was raised to 16%. In 1987-88 it was further raised to 18%. For the year 1988-89, dividend has been proposed at 20%, which will absorb an amount of Rs 24.65 crores out of the disposable profit of Rs 514.33 crores. The total dividend declared so far is Rs 248.21 crores. This is the 23rd consecutive year of dividend declaration by the Corporation.

The paid up capital of Rs 123.27 crores of the Corporation includes

Directors' Report *Contd...*

Profit



capitalisation of Rs41.09 crores in 1981-82 by issuance of bonus shares in the ratio of one bonus share for every two shares.

Contribution to Exchequer

The Corporation's contribution to the central exchequer in the form of duties and income tax during the year was Rs 2931.33 crores. This is s 297.29 crores more than the contribution in 1987-88.

Value Added

Value added for 1988-89 in the operations of the Corporation

Top:
The coker units at Barauni refinery.

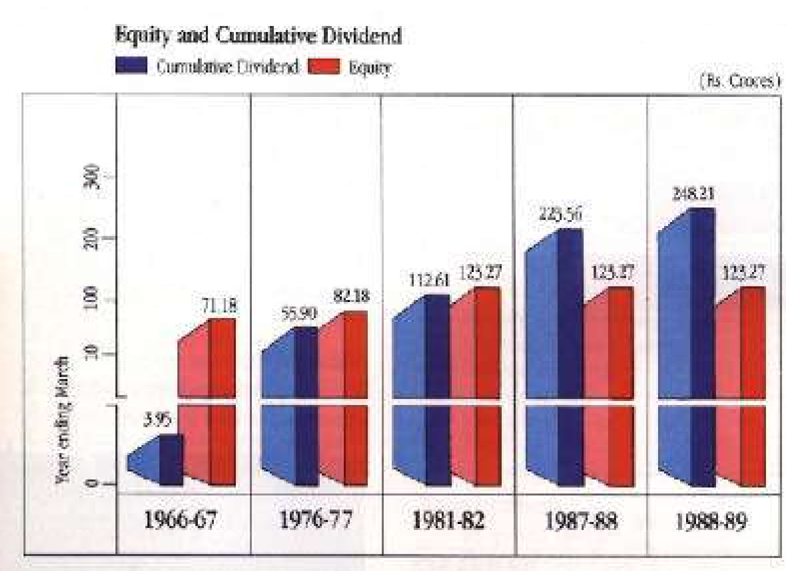
Bottom:
Railway tank wagons are an important mode for transporting petroleum products.

Left.
Atmospheric unit at Gujarat refinery where processing capacity is being increased to 9.5 million tonnes per annum.

Contents

Index

Directors' Report *Contd...*



amounted to Rs 1095 crores as against Rs 1028 crores in 1987-88.

Working Capital

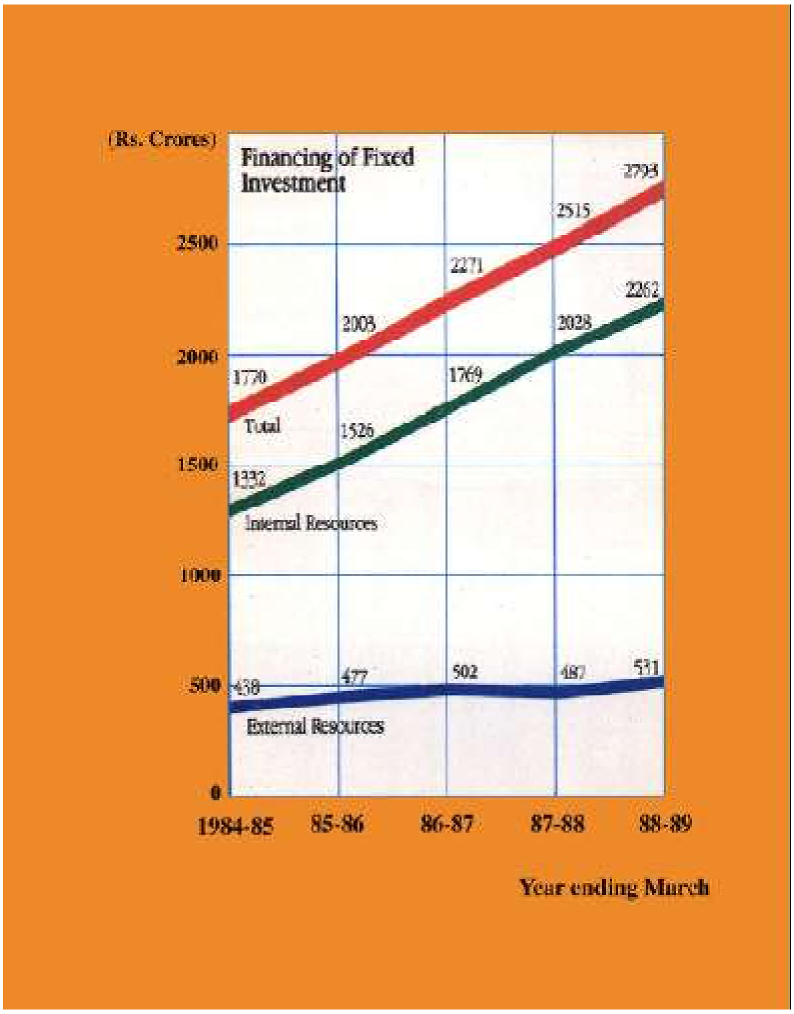
The working capital as on 31st March, 1989 increased by Rs 34.86 crores over the previous year. This was mainly due to increase in product inventory particularly of 'in-transit' import parcels and recoverables from Oil Industry Pool Account.

Financing of Fixed Assets

The Corporation has so far spent Rs 2793 crores on fixed assets. Of these 81 % have been financed from internal resources.

Constant monitoring and upgradation of technology have led to increased movement of crude oil and petroleum products through pipelines.

Directors' Report *Contd...*



Public Deposit Scheme

With the improvement in internal resource position, the corporation has stopped acceptance of fresh deposits as well as renewals of existing deposits from the public. As on 31st March, 1989, the Corporation had Rs 54.59 crores from 29,997 depositors, as against Rs 92.45 crores from 44,597 depositors on 31st March, 1988.

SEVENTH PLAN

During 1988-89, the Corporation's Plan expenditure was Rs 111. 98 crores. With this, the total for the first four Years of the Seventh Five Year Plan adds up to Rs.474.76 crores. Except for World Bank assistance, that may be available during 1989-90, the entire Plan expenditure during the Seventh Five Year Plan is being met from internally generated resources.

OPERATIONS

REFINERIES

During 1988-89, the Corporation's six refineries at Guwahati, Barauni, Gujarat, Haldia, Mathura and Digboi attained not only a record crude oil throughput of 22.00 million tonnes, but also achieved for the fifth successive year over 100% utilisation of installed capacity. The quantity of crude oil processed was also more than the previous year's 21.79 million tonnes. Some of the salient features of the year's operations were:

– Guiarat, Mathura and Digboi refineries recorded the highest ever crude oil throughputs.

– For the fourth successive year, the Fluid Catalytic Cracking Units (FCCU) at Guiarat and Mathura refineries achieved over 100% utilisation of their installed capacity.

– For the first time, a batch of RT fuel, which was hitherto being imported from USSR for meeting Defence requirements, was produced and despatched ex-Haldia refinery

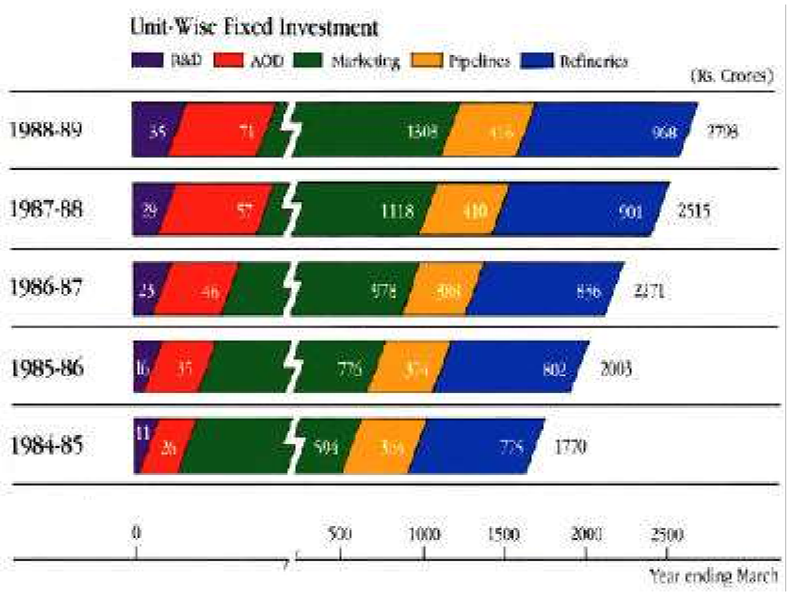
Maintenance & Inspection in Refineries

Higher on-stream factor of process units was maintained primarily due to better utilisation of resources. To maintain this on sustained basis, following actions have been taken.

– Remaining life assessment study has been introduced in respect of furnace tubes operating in creep range.

– The conventional control system of crude distillation unit of Mathura refinery was replaced by Digital Distributed Control Systems (DDCS) and the same was successfully commissioned. Further, a programme on

Directors' Report *Contd...*

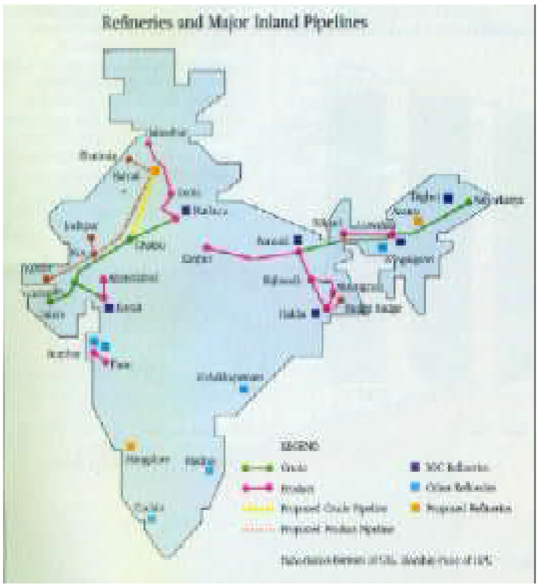


modernising control instruments of other units has also been planned.

– Guwahati refinery Coke Chambers after detailed investigation have been replaced with improved metallurgy after 26 years of operation against a normal life of 15 years. Longer life could be realised primarily due to better maintenance, inspection and operating practices.

The 3850 km pipeline network transported 20.28 million tonnes of crude oil and petroleum products during 1988-89.

Directors' Report *Contd...*



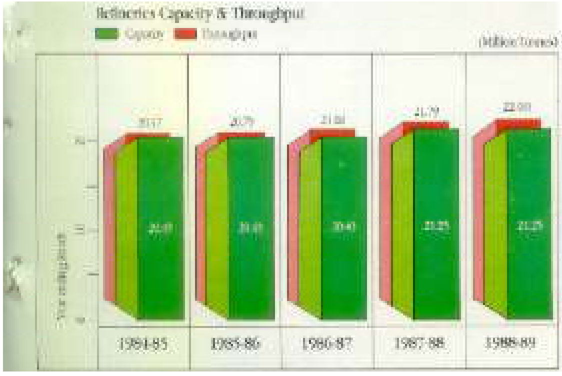
PIPELINES

The 3850 km pipeline network transported 20.28 million tonnes of crude oil and petroleum products during 1988-89 registering an increase of 3.35% over 1987-88.

Maintenance and Inspection of Pipelines

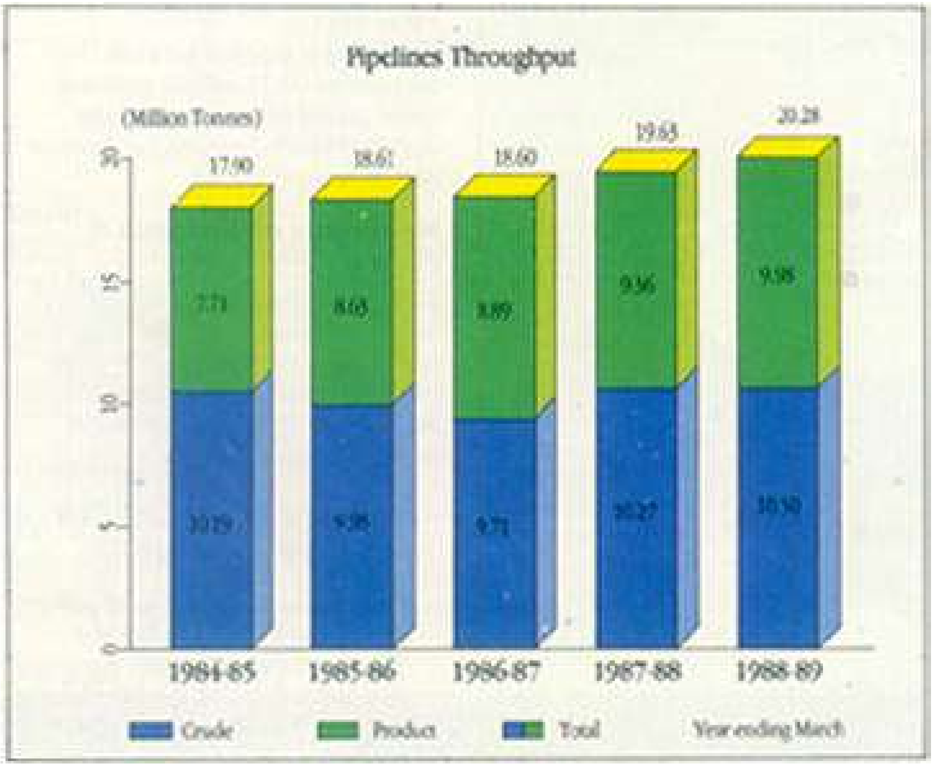
Constant upgradation in technology for proper maintenance and inspection of pipelines contributed to the good performance of pipeline transportation. Some of the significant steps taken during the year included:

- Forty-eight km of defective coat and wrap of pipeline was replaced.
- Commissioning of the solar power- cum- battery bank systems at Raghunathpur in Barauni-Kanpur pipeline and at Dekawada in Salaya- Mathura pipeline for uninterrupted power supply and effective corrosion protection of pipeline system.



A section of the Baraunl-Kanpur product pipeline.

Directors' Report *Contd...*



– Work for conducting Instrumented Pig Survey (IPS) to detect metal loss due to external and internal corrosion in 575 km stretches of the Haldia-Mourigram-Rajbandh-Barauni pipeline was awarded to M/s IPEL, Canada. This work was financed by a loan-cum-aid from Export Development Corporation (EDC) and Canadian Industrial Development Agency (CIDA).

To meet the fuel needs of rapidly rising number of two and three wheelers, Indianoil has taken the lead in setting up exclusive real outlets for such customers, like this outlet on a busy thoroughfare in Bangalore.

Directors' Report *Contd...*

MARKETING

Sales

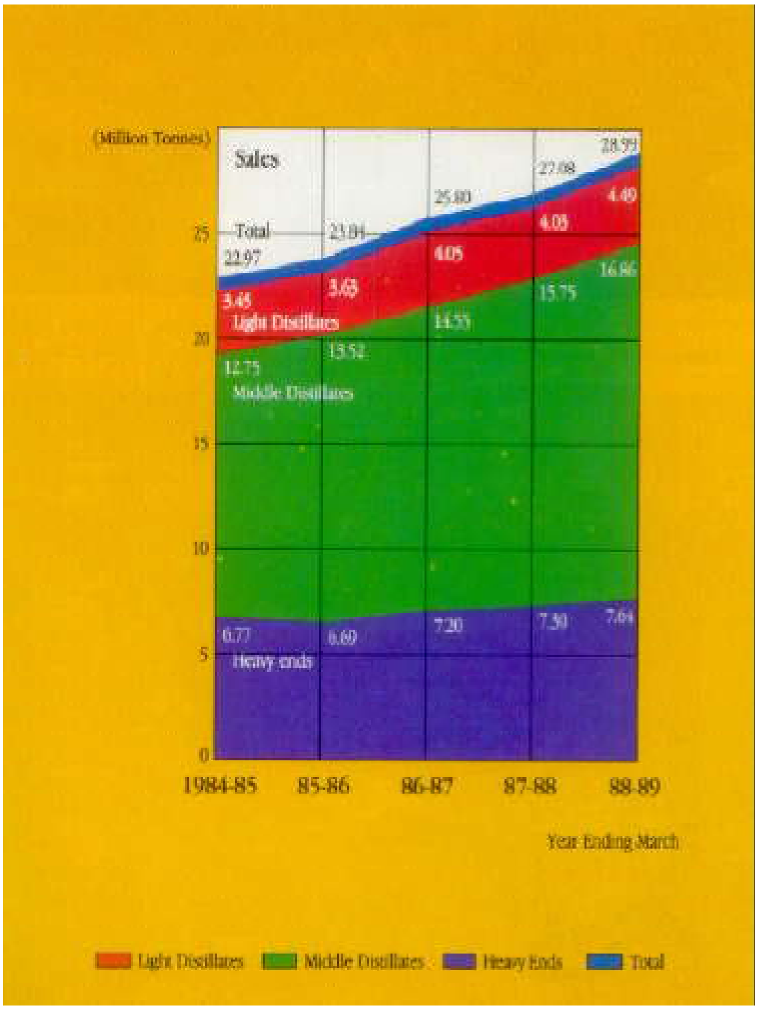
The Corporation sold 28.99 million tonnes of petroleum products during the year, representing a market participation of 58%. The industry sales during the year were 50.01 million tonnes. As compared to the previous year, the Corporation registered a growth of 7.1% against the industry growth of 7.8%. The Assam Oil Division contributed a sale of 0. 846 million tonnes.

Retail Distribution

Indianoil's marketing mission is "to achieve excellence in customer satisfaction.' This involves taking petroleum products as close to the customers' doorstep as possible. During the year, the Corporation set up a retail outlet at Kaza in the Lahaul Spiti valley of Himachal Pradesh at an altitude of 13,500 feet above sea level. This retail outlet will now replace Indianoil's retail outlet at Leh in Ladakh in the Guinness Book of World Records as one operating at the highest altitude in the world.

Efforts were continued to strengthen the dealership/ distributorship network to facilitate better services to the customers. As a result, the Corporation commissioned 170 new retail outlets (Assam Oil Division 18) during the year, thus raising the total number of outlets to 5639 (Assam Oil Division 261) as on 31st March, 1989. Seventy-two new SKO/LDO dealerships (Assam 0il Division 11) were also commissioned, thereby raising the total number of SKO/LDO dealerships to 2995 (Assam Oil Division 366).

During the year the Corporation awarded 55 retail outlet dealerships and 24 SKO/LDO dealerships to SC/ ST candidates, raising the total of such dealerships to 424 for retail outlets and 241 for SKO/LDO.



A vast network of retail outlets has been set up to meet the growing needs of vehicle users.

Directors' Report Contd...

Rural and Agricultural Sector

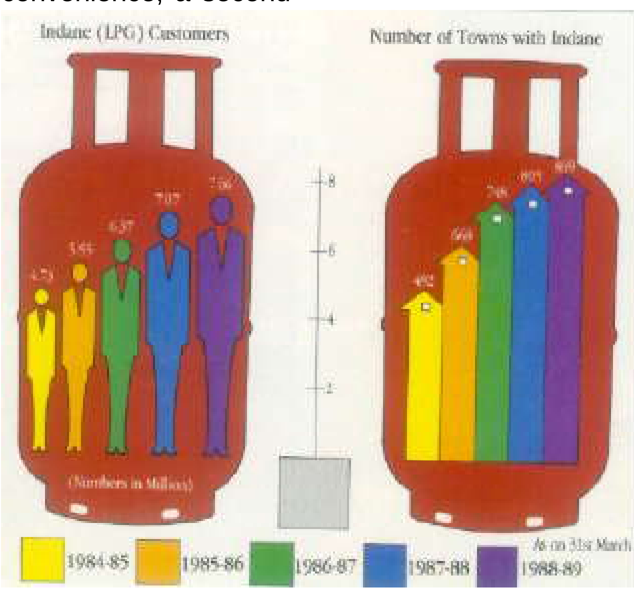
The Corporation has at present 231 multipurpose distribution centres to cater to the special needs of the rural sector. A new step in kerosene distributorship is the establishment of 'B' site SKO outlets at 11 places in hilly areas. To improve availability of kerosene in remote and far flung areas, Indianoil operates 31 Taluka Kerosene Depots (AOD 2).

Cooking Gas

With the enrolment of 588,700 new Indane customers during the year, the total number of Indane customers rose to 7.66 million. An additional 500,000 customers are planned to be enrolled during 1989-90.

One hundred and forty-four Indane Distributors were added during 1988-89 thus raising their number to 1741. Cooking Gas facility has now been, extended to 869 towns (805 in 1987-88). For user convenience, a second Cylinder each was released to 773,600 customers during 1988-89 bringing their total number to 2.87 million which represents 37.5% of the total Indane customers.

For customer convenience special kerosene outlets have been established in hilly areas, like this one it Belur in Karnataka.



To meet the increasing customer needs, the Corporation added eight new bottling plants at Delhi (Tikrikalan), Karnal, Haldwani, Ajmer, Bhopal, Jamshedpur, Balasore and Parwanoo (Baddi). With this, the bottling capacity of the Corporation at its 25 plants goes up by 2,49,000 tonnes per annum representing a 36% increase over the previous years' capacity of 6,98,500 tonnes. Two more bottling plants are under construction and will be commissioned during 1989-90. In order to satisfy the growing demand of LPG in the country, it is proposed to set up facilities for import of LPG at Hazira and Kandla.

To render better customer service, several initiatives have been taken. Some of which are:

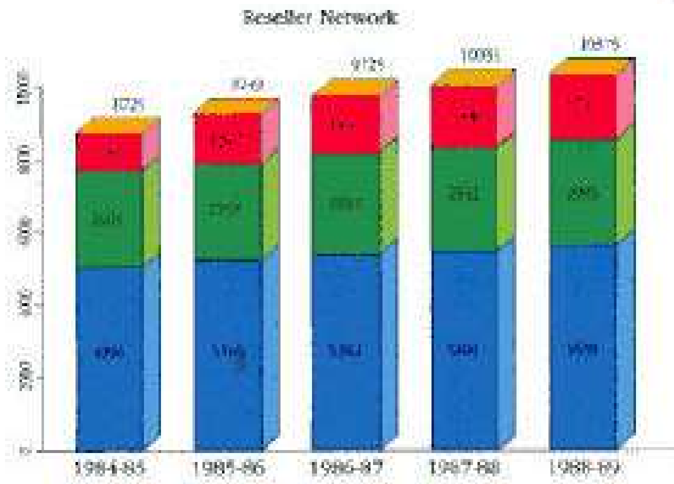
– Customer Service Cells are in operation in all the 30 LPG Area offices.

– Thirteen Emergency Service Cells were commissioned during 1988-89 raising their total number to 28. These cells attend to leakage complaints after working hours of the distributors and on holidays.

– More than 3100 customer education programmes and Indane safety clinics were conducted during the year.

– Forty training programmes (including refresher courses)were organised for Indane distributors by the LPG Area Offices. One hundred and eighty-eight training programmes and 2707 refresher courses were conducted for delivery boys and mechanics of Indane distributors to upgrade their skills in the fields of safety and service.

High safety standards at the bottling plants helped the Corporationearn 15 national and international safety Awards. Substantial improvements were also achieved in plant operating performance. Major thrust areas have also been identified to achieve higher standards of safety, maintenance, quality control and productivity. To achieve greater safety while transporting LPG by road special training courses for drivers were introduced and transport operators required to follow specified routes with designated halting goints. Drivers so trained are required to carry special identification cards.

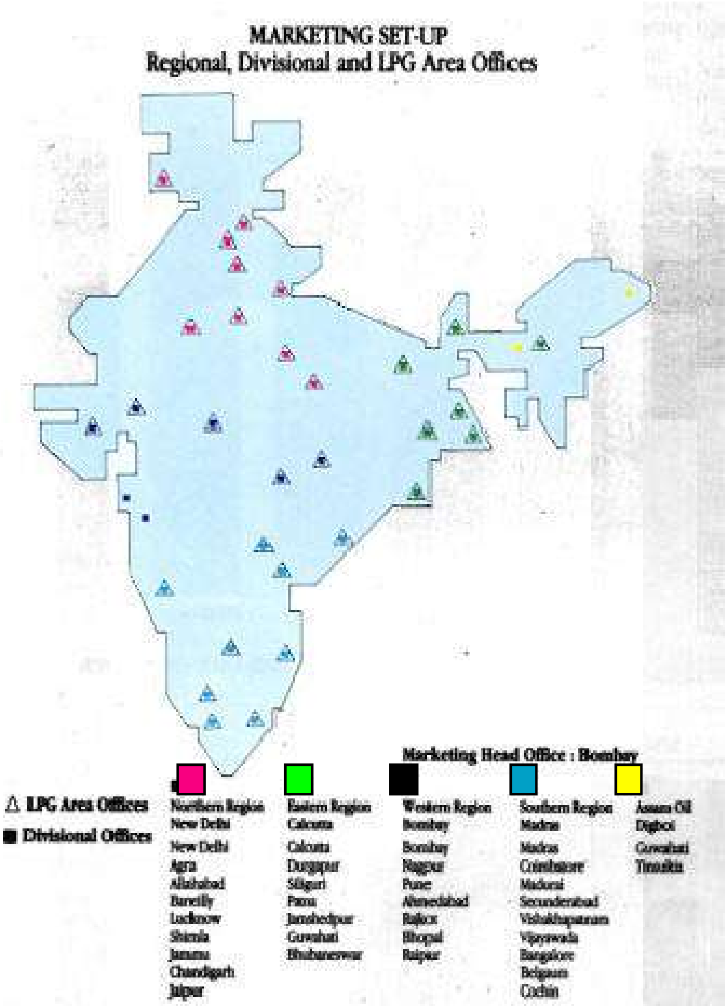


Storage & Distribution

The Corporation had a total of 36 installations (18 port, 12 pipeline and 6 inland) at the end of the year. With the addition of depots at Renigunta in Andhra Pradesh and Panbari in Assam, the total number of depots stood at 116 as on 31st March, 1989.

Modern LPG bottlingplants are being established to meet the growing demand of cooking gas.

Directors' Report *Contd...*



During the year there was a net addition of 43,000 kl to the tankage at installations and depots. The total tankage available stood at 32,11,000 kl.

The total number of consumer outlets as on 31 st March, 1989 stood at 3704, after taking into account the net addition of 156 outlets during the year 1988-89. The Corporation's fleet strength of 427 tank trucks, recorded an impressive average utilisation factor of 21.73 lakh kl x km per month per truck during the year.

Shipping

It Is a matter of pride that in spite of the disruptions caused by the Gulf war, Indianoil maintained uninterrupted supplies of crude oil and finished products. A total of 681 shipments were handled during the year which is 18 % higher than the corresponding figure last year. The optimum utilisation of the Madras Foreshore Terminal and lighterage operations at Vasco are other highlights of shipping operations. These resulted in substantial savings in demurrage, mostly in foreign exchange.

Bitumen

Bitumen sales during the year recorded an all time high of 722,100 tonnes. Bulk sales constituted 49. 8 % of the total sales-yet another record.

Aviation

Indianoil continued to maintain its premier position with Aviation Turbine Fuel (ATF) sales of 1.16 milllion tonnes during the year. The Corporation's participation in aviation fuel business stood at 67.8%of the total industry business. With the addition of five more international airlines into its fold, Indianoil is now serving the needs of 29 international airlines. Another significant achievement during the year was conclusion of a long term agreement with the Ministry ol Defence for supply of aviation fuels for a period of 20 years.

An International Seminar on Aviation fuel was conducted at Kathmandu in February, 1989 in association with Nepal Corporation (NOC) which attracted 54 delegates representing 15 countries. Indianoil continues to render assistance to the Government of Maldives at Hulule and has recently reached an agreement with the Government of Bhutan for construction of an Aviation fuel Station at Paro.

Lubricants

During the year 1988-89 the Corporation sold a total of 4,22,700 tonnes of lubricants. The Lube Blending Plant at Madras achieved a production level of 1, 73, 000 tonnes against 1,46,000 tonnes achieved in the previous year. A total of 54.7 million small containers were filled during the year as compared to the previous year's figure of 44.41 million containers. With the progressive introduction of 210-litre capacity barrels, there has been a substantial saving in the use of steel.

Indianoil's Servo brand lubricants received approvals from 3 foreign and 29 indigenous engine builders/ equipment manufacturers. Our specialists conducted lubrication surveys and offered technical assistance to over 400 consumers in order to help them in selecting the right type of lubricants Continuous interaction with our customers and exchange of information form an essential part of our technical services. Over 150 seminars and workshops were organised by our engineers for the benefit of industrial customers. The technical magazine "SERVO NEWS" with its large readership enabled our customers to update their information. Product development activity was maintained at a high level and 12 new grades were introduced with the help of the R&D Centre to meet specific customer needs.

Quality Control

Indianoil's marketing philosophy recognises the key-role of quality control in distribution and sales of petroleum products. The Marketing Division's quality assurance group has an inspections and a laboratory wing. Quality Audits are carried out by the Inspection Wing to ensure implementation of manuals. The quality of products is checked at 36 laboratories spread all over the country. A total of 67,750 samples were tested by the Marketing Division laboratories during the year. Indianoil has developed its own system of indexing the quality control performance level at its storage points and AFSs. These levels are monitored regularly to upgrade quality standards on a continuous basis. The Corporation's mobile laboratories Operating in the four regions of the Marketing Division and Assam Oil Division, to test samples at retail outlets have greatly helped in ensuring supply of quality products to customers.

INTERNATIONAL TRADE

The Corporation continued to be the canalising agency for import and export of crude oil and petroleum products on behalf of the oil industry in India. A comparative picture of imports and exports by the Corporation during the

Left (Facing Page):
Indianoil meets nearly 68% of the aviation fuel needs of the nation. This includes national and international airlines, besides the Defence services.

Indianoil organised a Petroleum And Natural Gas seminar at Calcutta to focus attention on achievements of India's oil industry during forty years of Independence and to Commemorate the birth Centenary of Pandit Jawaharlal Nehru.

Directors' Report Contd...

past three years is as follows:

	1986-87		1987-88		1988-89	
	Quantity (million tonnes)	Value (Rs. crores)	Quantity (million tonnes)	Value (Rs. crores)	Quantity (million tonnes)	Value (Rs. crores)
Imports						
Crude	15.812	2029.92	18.361	2958.45	17.332	2651.07
Fuel Products	2.302	458.16	3.729	861.84	6.044	1398.48
Lubricants	0.225	84.56	0.220	87.65	0.287	137.73
Exports						
Fuel Products	2.303	355.13	3.208	594.79	2.063	457.17

Of the imports during 1988-89, crude oil on rupee payment amounted to Rs 707.02 crores, while products amounted to Rs 578.22 crores.

During the year, we have earned/saved valuable foreign exchange for the country amounting to Rs 138.97 crores

Special retail outlets have been set up at the water fronts along the coastline to cater exclusively to fishing trawlers like this one at Cochin.

as follows :

Activity	Amount in Rs. crores
Supplies of Aviation Fuel to International airlines	110.85
Supplies of bunker fuel and marine lubricants to foreign flag vessels at Indian ports	10.28
Upliftment of bunker fuel/marine lubricants by Indian flag vessels on foreign run at Indian ports	17.79
Commission for supplies of marine lubricants to Indian flag vessels at foreign ports.	0.05
Total :	138.97

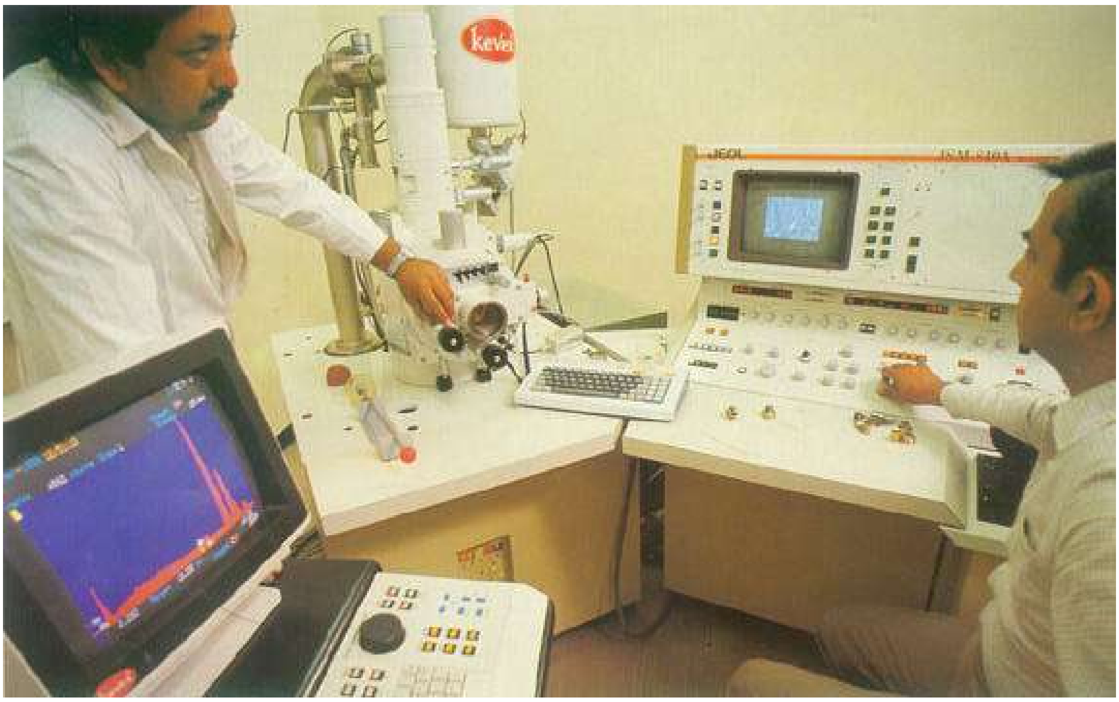
RESEARCH & DEVELOPMENT

The Corporation incurred an expenditure of Rs.11.89 crores during 1988-89 on research and development programmes in the areas of :

– Lubricants and Specialities
– Fuels
– Refinery Processes
– Waxy Crude Transportation
– Material Failure Analysis
– Indigenous Engine Tests

During the year, 130 formulations covering lubricating oils, greases and specialities were developed for a wide range of applications. Some of the new products developed this year are synthetic phosphate ester based compressor oils, synthetic grinding fluid, rust preventive oil for antifriction bearings, forging oil, DG set oils and chain grease. A higher performance 2-stroke oil has also been developed. Field trials were organised with various customers on 37 newly developed products as a pre-requisite for their approvals, while actual approvals on 30 products were obtained. Shipboard trials on Marine Diesel Engine oil formulations were successfully completed for major engine builders like Sulzer, MAN-B&W and SEMT, & Pielstick. A component based formulation for ALCO locomotives has been approved by Railways after exhaustive trials.

Indianoil's R&D Centre at Faridabad is the only one of its kind in the country. It is equipped with the latest equipment like this Scanning Electron Microscope.



Directors' Report Contd...

In view of increasing emphasis on the need to improve fuel quality in the country, studies were conducted to upgrade gasoline and diesel qualities to international standards.

In the area of refinery processes, full capability has been developed for FCC catalyst evaluation. Condition monitoring of catalysts from the refineries is also being carried out on a regular basis.

The operations of the Pilot Pipeline Test Loop (PPTL) have been stabilised and meaningful data are now being generated.

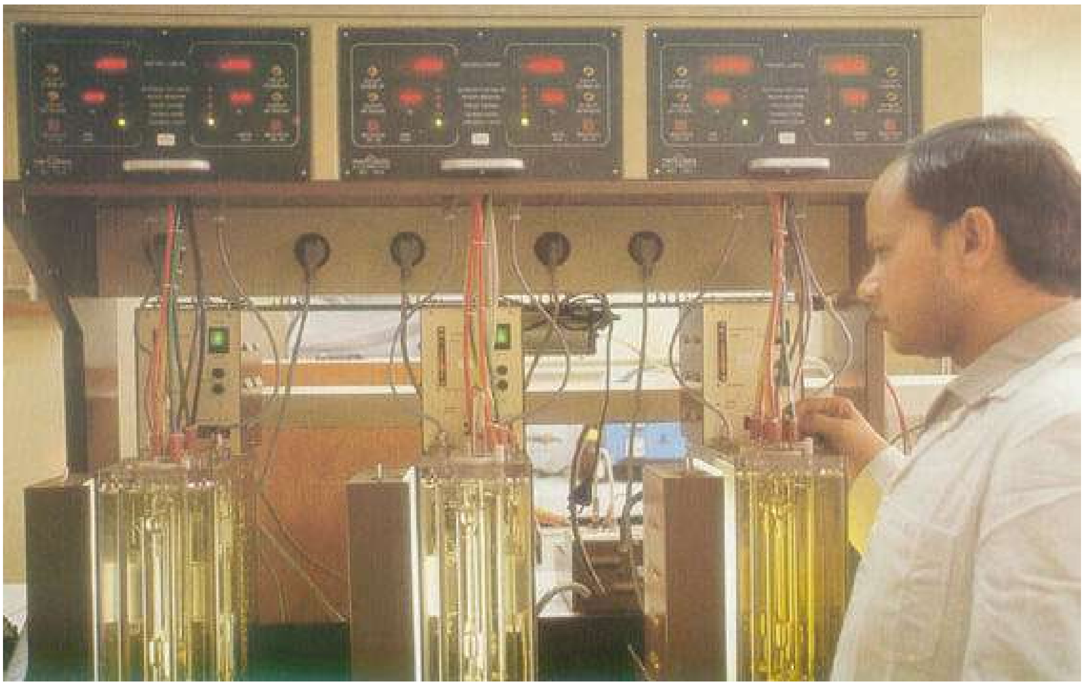
A number of material failure and on the spot metallographic studies at the refineries were undertaken. Work was also initiated on the assessment of residual life of furnace tubes at the refineries in association with the National Metallurgical Laboratory.

Development of test methods on indigenous engines for performance evaluation of lubricants and for the study of the effects of fuels and lubricants on engines has been a major activity during the year. As a result, a method for the evaluation of diesel engine oil thickening characteristics has been developed on indigenous Leyland AL 370 engine. Similarly using a Maruti engine, a test has been developed for the evaluation of high temperature oxidative oil thickening in gasoline engines. A method for fuel efficiency tests on gasoline engine oils has also been developed on a Maruti engine.

A new rigs laboratory for the performance evaluation of industrial oils, metal working oils and greases has been commissioned during the year. It is equipped with 40 long and short duration test rigs. New equipment include a Scanning Electron Microscope, SAE No. 2 Machine, LFW-I Friction/Wear Tester and Navy Work Factor rigs. A number of new methods for performance evaluation of greases and metal working oils have been developed.

The Library and Documentation Centre has moved into a permanent complex with the latest facilities for literature search.

The automatic viscometer at the R&D Centre.



Directors' Report Contd...

ASSAM OIL DIVISION

The Assam Oil Division, formed in October 1981, has taken significant strides over the years. The Digboi refinery has achieved over 100% capacity utilisation consistently for the past seven years. Its crude oil throughput has gone up from 0.496 million tonnes in 1981-82 to 0.574 million tonnes in 1988-89.

Product sales of AOD went up from 0.430 million tonnes in 1981-82 to 0.846 million tonnes during 1988-89. Assam Oil Division continued its position as a market leader in the north-east through a network of 261 retail outlets, 366 SKO/LDO leaders and 43 consumer outlets. Supplies are effected from AOD's installation and nine depots, as well as from the Marketing Division storage points. The total tankage of AOD depots stood at 39,154 kl on 31st March,1989 as against 3800 kl in 1981-82.

The Division commenced LPG marketing in 1982 and on 31st March, 1989 had over 1,71,600 customers on its rolls served by 83 LPG distributors covering 59 towns of the north-east.

PROJECTS

The Corporation incurred a capital expenditure of Rs.278.50 crores during the year on various projects.

The Digboi refinery in Assam is one of the world's oldest operating refineries with a capacity of 0.5 million tonnes per annum. Plans are afoot to modernise the refinery by addition of a new crude distillation unit, coking unit and a captive power plant.

Directors' Report Contd...

The following major projects are under implementation:

Sl. No.	Project	Estimated Cost (Rs. crores)	Completion Schedule
1.	Additional secondary processing facilities at Gujarat refinery in the form of Hydrocracker for conversion of heavy ends into light/middle distillates	635.00	February, 1992
2.	Facilities for increasing production of Slack Wax at Barauni refinery	12.70	August, 1991
3.	Heat exchanger train optimisation and unit revamp of crude distillation units AVU-I and II of Barauni refinery	11.00	February, 1990
4.	OCC approved tankage schemes for Marketing Division (86 proposals)	358.96	Tankage of 14400 kl at 9 locations completed. Balance tankage expected to be completed progressively from 1989-90 to 1992-93.
5.	Modernisation of small can filling plants/construction of blending-cum-small plants (5 locations)	16.22	Mini blending-cum-small can filling plants at Khapri and Tadepalli to be commissioned by March, 1991. Modernisation of Allahabad, Shakurbasti and Trombay small can filling plants to be completed by March, 1991.

Contents

Index

PARTICIPATION IN JOINT VENDTURE REFINERY AT KARNAL

The Detailed Project Report (DPR) submitted by the Corporation in association with Tata Chemicals ltd. in May 1988 for setting up of six million tonnes grassroots refinery at Baholi village in Karnal District of Haryana State, was reviewed in an Inter-Ministerial Meeting held in September, 1988, wherein it was decided to recast the report taking into consideration the changed demand scenario of petroleum products in the country. In the meantime, the Soviet offer for both technical assistance and turnkey operations were received in July and November, 1988 respectively. These were reviewed and comments forwarded to the Soviet organisation which has submitted revised offers and these are under consideration.

ENERGY CONSERVATION

The Corporation continues to place great emphasis on conservation of fuel and reduction of hydrocarbon losses in all its plants and units including the refineries.

Two major energy conservation projects involving retrofitting of air preheaters in process furnaces of crude/vacuum units of Haldia and Mathura refineries which were mechanically completed in 1987-88 have been hooked up in planned shutdown during the current year. In addition the heat exchanger optimisation and unit revamp projects of AU-I and AU-II at Gujarat refinery were commissioned in December 1988 and April 1988 respectively. These energy conservation projects will result is fuel savings to the tune of 43,750 tonnes per year.

SAFETY AWARDS

The high standards of safety set by the Corporation have enabled it to earn recognition in the form of National and International Safety Awards.

National

- The Guwahati refinery bagged three National Safety Awards-Winner Award for lowest average frequency rate for the year 1986 and Runner Up Awards for longest accident free period for 1986 and 1987. All the awards were declared during the year.
- The Gujarat refinery won the National Safety Award for longest accidendt free period in 1985. This award was also declared during the year.
- The first Oil Industry Safety Directorate (OISD) award for overall best safety performance among refineries in India, was won by the Gujarat refinery for the year 1987-88.
- The Oil Industry Safety Directorate (OISD) award was also won by the Marketing Division for safe LPG marketing operations.
- Vadinar Station of Pipelines received the Safety Certificate from Gujarat Safety Council in January, 1989 for Minimum Accident Rate.

International

Many units of the Marketing Division also won the British Safety Council Awards for excellence in safety record. These comprise eight LPG bottling plants, ten terminals, three depots and four AFSs.

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

Sl. No.	Item	Cost (Rs.crores)	Fuel Savings (Tonnes/Yr)	Completion Schedule
	Schemes Commissioned during 1988-89			
1.	Heat Exchanger Train Optimisation & Unit Revamp in AU-II at Gujarat refinery.	9.40	11000	April, 1988
2.	Efficiency improvement of CDU & VDU Heaters at Haldia refinery.	5.72	8650	Completed in 1987-88
3.	Efficiency improvement of AVU heaters at Mathura refinery.	8.50	17500	Completed in 1987-88
4	Heat Exchanger Train Optimisation & Unit Revamp in AU-I at Gujarat refinery	8.40	6600	Dec., 1988
	Total:		43750	
	Ongoing Scheme			
1.	Heat Exchanger Train Optimisation & Unit Revamp of AVU-I & II at Barauni refinery	11.00	29000	Feb. 1990

Directors' Report *Contd...*

ENVIRONMENT PROTECTION

The Corporation, with a strong commitment for environmental protection, has initiated a number of projects for reducing the lead content in motor spirit produced in the eastern sector. In addition, many other schemes have been implemented, particularly in the effluent treatment plants.

Pollution Control

In the refineries, pollution control cells monitor performance of facilities on a day-to-day basis. To meet the stringent quality standards on a sustained basis, special treatment systems have been augmented in the refineries and some major projects commissioned during the year are :

	Cost (Rs crores)
– Provision of Guard Pond at Guwahati refinery	0.29
– Debottlenecking & Augmentation of Effluent Treatment Plant at Haldia.	1.20
– Modernisation of Effluent Treatment and Collection system at Digboi.	6.83

Air Pollution Control

Ambient air quality was monitored regularly by all the refineries and the concentration levels found to be well within the national standards.

In Agra-Mathura-Bharatpur region, data collected from the ambient air monitoring stations during the year indicated no adverse impact on air quality, due to the refinery at Mathura. Stack emission surveys were conducted by all refineries with the help of portable kits.

Water Pollution Control

The quality of treated effluent at refineries was monitored on a daily basis for better operational control.

The results from the scientific study conducted at the farm which has been

As part of environment protection elaborate effluent treatment facilities have been installed at Indianoil refineries.

set up on an experimental basis at Mathura in 1987, to determine the long term effect of using treated effluent for irrigation purposes have so far been encouraging.

With the commissioning of additional facilities at Guwahati, Haldia and Digboi refineries, the quality of the effluent has improved. The installation of bio-treater at Barauni refinery is also nearing completion.

Marketing Division units are also ensuring that pollutants in effluents discharged are well within permissible limits.

Tree Plantation

As part of our efforts to restore ecological balance by increasing treecover, the Corporation launched a special drive to plant saplings/trees at refineries, storage terminals, depots, bottling plants and AFSs. More than 75,000 saplings/trees were planted during the year.

Recognition to Laboratories
The quality control laboratories at Mathura and Barauni refineries were recognised by the Department of Environment, Government of India as Environmental Laboratory under the Environment Protection Act, 1986 and notified in the Gazette. The quality control laboratory at the Gujarat refinery had earned this recognition earlier.

OFFICE AUTOMATION

Significant progress was achieved in computerisation of various functions.

Personal Computers (PCs) were made available to executives and information retrieval at the touch of a button, greatly helped the decision making process. Sophisticated fascimile machines were positioned at strategic locations for speedier communication.

With a view to introduce 'network' culture INDONET facilities offered by M/s Computer Maintenance Corporation (CMC) were used. A computer model for planning and distribution of bulk petroleum products on an industry basis has already been in existence in Indianoil for the past 8 years. This linear programming model takes into consideration the various constraints on the production and other loading facilities etc. and optimises the movement of products. To facilitate the concurrent updation of petroleum products' prices, a module has been developed which enables the new prices to be arrived at immediately and circulated to locations. In Refineries & Pipelines Division, based on the detailed computerisation plan, Management Information Services department has been formed at the refineries/ pipeline units as well as at Headquarters.

IMPORT SUBSTITUTION

The Corporation's emphasis on indigenising imported equipment, spare parts and other stores, has resulted in a saving of Rs.68.96 lakhs in the R&P Division.

The development of three indigenous lubricants alone is expected to result in substantial foreign exchange savings.

Digital Distributed Control Systems (DDCS) at Mathura refinery help achieve optimum productivity and improve stability and safety in operations.

Directors' Report *Contd...*

DEVELOPMENT OF ANCILLARY AND SMALL SCALE INDUSTRIES

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

Efforts were made to promote and encourage small scale units for supply of spare parts, consumables and other fabricated items like bitumen drums, lids, tube-bundles, re-conditioning of valves etc. Purchases worth Rs.30.21 crores were made by the Refineries & Pipelines Division alone from small scale industries during 1988-89.

MEASURES FOR HIGHER PRODUCTIVITY

The Corporation has been laying great emphasis on increasing the overall productivity.

- Principles of Zero Base Budgeting were continued to be followed in respect of major controllable items of expense.
- Strict control on working capital and inventories was maintained by fixing targets and constant monitoring.
- After a comprehensive review of the marketing cost systems and procedures, draft Cost Accounting Procedures Manual is under consideration for implementation. In the next stage, study of refineries' cost systems and procedures is being taken up.

CORPORATE PLANNING

Corporate planning system was further strengthened during the year by deciding to create separate cells in the divisions for Long Range/Perspective Planning.

During 1988-89, Perspective Plan-IOC 1995 was updated in the form of Corporate Perspective Plan-IOC 2000.

MOU BETWEEN MINISTRY AND INDIANOIL FOR 1989-90

Indianoil joined the select group of Public Sector Undertakings when it signed a Memorandum of Understanding (MOU) with the Government of India on 15th May, 1989. The philosophy behind the MOU is to grant greater autonomy to the Public Sector.

PERSONNEL

The Corporation had a manpower of 33,100 including 7,840 officers as on 31st March, 1989.

Welfare of Employees

Firmly committed to the concept of welfare of employees, the Corporation continued to follow and upgrde its policies and programmes aimed at promoting welfare of the employees. These include liberal medical facilities, concessional loans for house building and conveyance, contributory mortgage redemption scheme through LIC to cover employees' liability towards house building advance, transport and canteen facilities, education facilities for children of the employees in Refinery townships, classes for workers' education, sports and recreational facilities, assistance to employee clubs, leave travel/ fare assistance, facility of holiday homes, cooperative credit and consumer societies, incentives for family planning, medical leave and special medical leave facilities for employees suffering from serious ailments, group savings-linked insurance scheme through LIC for providing the twin benefits of life insurance and savings, and ex-gratia lump sum payment to employees suffering permanent disablement/death on account of accidents arising out of and in the course of employment. For the welfare of the retired employees, both officers and non-officers, a post-retirement medical attendance scheme is in operation, providing for domiciliary treatment and hospitalisation within laid down limits. Retired employees also enjoy a monthly recurring benefit of a voluntary and contributory superannuation benefit fund scheme.

Shri S.L. Khosla, Chairman, Indianoil and Shri H.K. Khan, Secretary, Ministry of Petroleum & Natural Gas, signed a Memorandum of Understanding (MOU) setting performance targets for 1989-90.

Directors' Report *Contd...*

Employee's Participation in Management

A Workers' Participation Scheme is in operation for a number of years through shop level and plant level councils at most of the Refinery & Pipeline units.

As of 31st March, 1989, 64 shop councils and 15 plant level councils were set up. Participative behaviour has also taken roots in the form of canteen committees, grievance committees, safety committees, welfare societies, house allotment committees, works committees, consumer cooperatives, recreational clubs, PF Trusteeship etc.

Welfare of Weaker Sections

The Corporation 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 1988-89, the Corporation recruited 922 employees, out of which 276 belonged to SC/ST communities, 31 were physically handicapped persons and 30 ex-servicemen.

Under the Indianoil Scholarship scheme for SC/ST students, 90 students pursuing studies in different disciplines of Engineering, Medicine and Business Administration/ Management were each receiving a stipend (Scholarship Allowance) of Rs.750/- per month, during the year.

Sports

The Corporation has been actively participating in the various tournaments and athletic meets, organised under the aegis of the Petroleum Sports Control Board as well as the All India Public Sector Sports Control Board. Comprehensive facilities and requisite training and coaching are being provided to our sports persons, thereby encouraging them to excel and bring honour to the organisation and the country.

At present the Corporation has six players of international standing- three each in Table Tennis and Badminton. Two of our players- Miss Niyati Roy and Shri Sujay Ghorpade represented the country at the Seoul Olympics.

Industrial Relations

Industrial Relations in the Corporation during the year generally continued to be cordial and harmonious. There was, however, a temporary disturbance in the later half of the year, owing to some workmen resorting to agitational activities, demanding early decision on the nature of interim relief which was earlier sanctioned to them under the guidelines issued by the BPE.

Negotiations with unions for a fresh Long Term Settlement were successfully concluded in February, 1989. This Long Term Settlement, which will be applicable to the entire strength of workmen till June, 1990 was signed for both the R&P and Marketing Divisions.

Indianoil units located away from major towns have self-contained health and welfare facilities including well equipped hospitals.

Directors' Report *Contd...*

Shri Vasant Sathe, Union Minister for Energy presenting the Industrial Peace Gold Medal, instituted by the National Material Handling Council, to Shri S.L.Kholsla, Chairman, Indianoil. For Indianoil it was a second feather in its cap. In 1985 the All India Organisation of Employers had presented Indianoil with an award for its outstanding achievement in Industrial Relations and also for establishing a record in industrial peace and harmony.

Training

During the year, training efforts were intensified to meet the challenges posed by changing technologies and modernisation plans of the Divisions. More than 6,900 officers and 11,415 non-officers were exposed to the various technical, managerial and skill development training programmes. Special attention was given to training of SC/ST employees.

Technical training programmes on 'Coker Operations' for personnel from Kuwait National Petroleum Co. and Training of Pipeline Operations' for nominees of Sudan Government were also organised during 1988-89. The operators and engineers from Kuwait were also given theoretical as well as on-the-job inputs in refineries and pipelines operations and maintenance.

Human Resource Development

Human resource is the most vital of all resources. In realisation of this philosophy, the Corporation introduced Human Resource Development Programme in 1984 and in fact adopted it as a strategy for the growth of our Corporation. The year 1988-89 was a year of consolidation and sustained implementation of systems. Workmen survey based action plans were initiated during the year.

A CORPORATE CITIZEN

Donations

To encourage developmental efforts, particularly in the fields of education, management and medicine, and as a part of social obligations to the community, the Corporation donated Rs.1.73 crores. The donations also included contributions to the various Chief Ministers' Relief Funds and as reported in the last year's Directors' Report, Rupees One crore to the Prime Minister's National Relief Fund.

Some of the institutions, which received our donation included Shankar Netralaya, Madras; KEM

Shri S.L. Khosla, Chairman, Indianoil honouring the noted Hindi Scholar Shri Shiv Sagar Mishra in line with the Corporation's practice of honouring two Hindi scholars every year. The other scholar honoured this year was Dr. Gopal Sharma.

Hospital, Bombay; Indian Medical Association, Bhopal; Gujarat Heart Relief Society, Baroda; Noonmati LP School; Guwahati College; International Management Institute, New Delhi; Indian Institute of Chemical Engineers; International Centre for Public Enterprise; Foundation for Organisational Research, New Delhi and Society for Promotion of Wasteland Development.

Social Obligations

Under the new 20 Point programme, over Rs.85 lakhs were spent on various schemes in the vicinity of refineries, terminals, depots, LPG bottling plants and AFSs. These included scholarship assistance to SC/ST engineering, medical and management students, provision of facilities for clean drinking water, health check-up camps and distribution of medicines, family welfare camps to propagate two children norm, distribution of books and other teaching aids for expansion of education, assistance to women to make them self-reliant, opportunities to youth like sports and games, besides various schemes for the protection of environment etc.

HINDI IMPLEMENTATION

In accordance with the Official Languages Act, 1963 and Official Language Rules 1976, efforts were intensified for the progressive use of Hindi in official work during 1988-89.

– More than 70 Hindi workshops were organised for training employees in Hindi noting and drafting.
– Twenty-three typists and two stenographers were trained in Hindi typewriting and stenography respectively.
– 39 bilingual (electronic) and 30 manual Hindi typewriters were made available for use, during the year.
– Steps were taken to progressively bilingualise forms and standard formats of correspondence; 534 such forms were translated in Hindi during the year.
– House Journals like 'Tel Bharati', 'Raj Bhashika', 'Tel Manthan', 'Sneh Dhara', 'Tel Anusandhan', 'Tel Darshan', 'Parivartak', R&P News Bulletin etc. were brough out in Hindi.
– Seven offices of the Marketing Division, Barauni refinery, Pipeline office at Delhi and R&D Centre were notified under the Official Language Rules, 1976.

INDIAN OIL BLENDING LIMITED

The Annual Accounts and Directors' Report of Indian Oil Blending Limited (IOBL), a wholly owned subsidiary of the Corporation are annexed. IOBL has earned a net profit of Rs.1.03 crores as against Rs.52 lakhs in the previous year after providing for depreciation of Rs.34.35 lakhs and tax provision of Rs.40 lakhs. A dividend of 10% has been recommended for the year 1988-89.

The Lube Blending Plants at Bombay and Calcutta produced 2,09,936 kl and 1,47,270 kl respectively thus attaining a capacity utilisation of 139.96% and 147.27%. Grease production at the Bombay Plant was 7307 tonnes as compared to 7048 tonnes during the previous year. A Grease plant at Vashi, New Bombay is expected to be operational by the end of November, 1989. Preliminary work connected with the setting up of lube blending plant at Asaoti, Northern Region, with a capacity of 1,50,000 MTs at an

Directors' Report *Contd...*

estimated cost of Rs.18.04 crores has begun and the project is likely to be completed by 1991-92.

FOREIGN TOURS

Out of 139 tours undertaken by officers during 1988-89, 14 were for attending training programmes. The total expenditure on foreign tours was Rs.59.75 lakhs.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 1988-89 stood at Rs.8.36 lakhs.

BOARD OF DIRECTORS

Shri S.K. Nayak retired on 18th August, 1988 as Director (Refineries & Pipelines) and Shri T.S. Krishnamurthi took over as Director (Refineries & Pipelines) effective 22nd September, 1988.

Consequent upon their transfer Shri T.N.R. Rao and Shri Arvind Varma ceased to be the Directors of the Corporation from 7th February, 1989 and 7th June, 1989 respectively. Shri S. Bannerjee and Shri H.C. Gupta have been appointed as Directors of the Corporation with effect from 28th July, 1989.

PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 (as amended by the Companies Amendment Act, 1988) and Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1988 are annexed.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

New Delhi S.L.KHOSLA
Date:22 August, 1989 *Chairman*

Performance at a Glance

	1988-89	1987-88	1986-87	1985-86	1984-85
A) PHYSICAL:					
REFINERIES THROUGHPUT (in million tonnes)	22.00	21.79	21.02	20.79	20.57
PERCENTAGE UTILISATION OF CAPACITY*	103.5	102.5	102.8	101.6	100.6
PIPELINES THROUGHPUT (in million tonnes)	20.28	19.63	18.60	18.61	17.90
PRODUCT SALES (in million tonnes)	28.99	27.08	25.80	23.84	22.97

(Rs. in Crores)

	1988-89	1987-88	1986-87	1985-86	1984-85
B) FINANCIAL:					
TURNOVER	15,342.87	14,303.77	12,907.80	11,362.24	11,051.03
PROFIT – before depreciation, interest payment & tax	1,029.98	857.89	930.48	492.70	404.90
PROFIT – before depreciation and tax	886.92	769.53	874.21	421.17	326.38
PROFIT – before tax	676.41	571.76	671.22	194.15	162.35
PROFIT – after tax	514.33	409.76	428.22	128.97	83.51
LOANS REPAID – from internal resources	21.58	57.87	33.62	34.65	36.89
DIVIDEND	24.65	22.19	19.72	17.26	17.26
RESERVES & SURPLUS – cumulative	2,100.60	1,610.92	1,223.36	814.86	703.15

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

NOTE: Figures include prior year & extraordinary adjustments.

How Funds Generated and Utlised

(Rs. in Crores)

Description	For the Year ended 31st March					
	1989	1988	1987	1986	1985	1984
A. SOURCE OF FUNDS:						
1. Internal Resources						
– Retained Profit	489	388	408	112	66	65
– Depreciation	202	186	194	218	160	178
	691	574	602	330	226	243
2. External Resources						
– Unsecured Borrowings	976	398	218	(121)	14	188
– Secured Borrowings	(30)	26	(222)	343	(236)	(29)
	946	424	(4)	222	(222)	159
Total Funds	1637	998	598	552	4	402
B. UTILISATION OF FUNDS:						
– Increase in Fixed Assets (Net)	278	244	268	234	231	186
– Investments	1324	652	540	----	----	----
– Net Increase/Decrease in Working Capital	35	102	(210)	318	(227)	216
	1637	998	598	552	4	402
CHANGES IN WORKING CAPITAL:						
A. Current Assets:						
1. Inventories	56	36	(255)	612	144	247
2. Book Debts	1	59	56	(83)	50	(52)
3. Cash and Bank Balance	(22)	7	(12)	(17)	76	(5)
4. Loans and Advances	27	214	11	158	(128)	(30)
5. Interest accrued on Investments	23	14	8	----	----	----
Less:	85	330	(192)	670	142	160
B. Current Liabilities & Provisions	50	228	18	352	369	(56)
C. Working Capital (A-B):	35	102	(210)	318	(227)	216

NOTE: Figures in bracket denote minus.

Statement of Added Value – 1988- 89

	1988-89		1987-88		1986-87	
	Rs./Crs.	Percentage	Rs./Crs	Percentage	Rs./Crs.	Percentage
REFINERY OPERATIONS:						
Value of Productions	4917		4932		4484	
Cost of Direct Materials	4527		4456		4069	
	390		476		415	
Marketing operations	584		467		363	
Pipeline operations	112		77		82	
Research & Development	9		8		4	
Value Added	1095		1028		864	
Investment & Interest Earnings	196		115		33	
Prior year & Extraordinary Income	187		26		304	
	1478		1169		1201	
SHARED TOWARDS:						
1. Operations:						
Employees' Benefits						
(Salaries, Wages &Other Benefits)	212	14.3	160	13.7	143	11.9
Other costs	236	16.0	151	12.9	128	10.7
	448		311		271	
2. Financing:						
Interest	143	9.7	88	7.5	56	4.6
Dividend	25	1.7	22	1.9	20	1.7
	168		110		76	
3. Taxation	162	11.0	162	13.9	243	20.2
4. Expansion and Growth:						
Depreciation	211	14.2	198	16.9	203	16.9
Retained Profit	489	33.1	388	33.2	408	34.0
	700		586		611	
TOTAL :	1478	100.0	1169	100.0	1201	100.0

A Ten - Year Profile

		1988-89	1987-88	1986-87
WHAT WE OWE:	Share Capital	123	123	123
	Reserves	2,100	1,611	1,223
	Net Worth	2,223	1,734	1,346
	Borrowings	2,087	1,141	717
		4,310	**2,875**	**2,063**
WHAT WE OWN:	Fixed Assets	2,793	2,515	2,271
	Less: Depreciation	1,633	1,431	1,245
		1,160	1,084	1,026
	Investments	2,516	1,192	540
	Working Capital	634	599	497
		4,310	**2,875**	**2,063**
INCOME:	Sales	15,343	14,304	12,908
	Accretion/Decretion in Stock	185	(8)	133
	Other	264	181	113
		15,792	**14,477**	**13,154**
EXPENDITURE:	Purchase & Manufacturing Expenses	14,351	13,347	11,982
	Establishment, Admn. & Selling Expense.	411	272	242
	Depreciation	211	198	203
	Interest	143	88	56
		15,116	**13,905**	**12,483**
PROFIT BEFORE TAX		676	572	671
PROFIT AFTER TAX		514	410	428
DIVIDEND		25	22	20
RETAINED EARNINGS		489	388	408
RATIOS:	Profit after tax as % to average net worth	26.0	26.6	37.5
	Earning per Equity Share (Rupees)	4,173	3,324	3,474
	Net Worth/Equity Share (Rupees)	18,041	14,069	10,925

NOTE: Figures in bracket denote minus.

A Ten - Year Profile Contd...

(Rupees in Crores)

1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80
123	123	123	123	123	82	82
815	703	637	572	472	424	355
938	826	760	695	595	506	437
721	499	721	562	705	778	380
1,659	**1,325**	**1,481**	**1,257**	**1,300**	**1,284**	**817**
2,003	1,769	1,538	1,352	1,206	1,018	855
1,051	833	673	495	391	320	262
952	936	865	857	815	698	593
—	—	—	—	—	—	—
707	389	616	400	485	586	224
1,659	**1,325**	**1,481**	**1,257**	**1,300**	**1,284**	**817**
11,362	11,051	10,293	9,792	7,958	5,719	4,502
239	(19)	42	205	98	51	155
80	71	61	62	62	85	27
11,681	**11,103**	**10,396**	**10,059**	**8,118**	**5,855**	**4,684**
10,979	10,509	9,820	9,597	7,742	5,544	4,435
210	189	160	133	93	73	64
227	164	183	106	74	57	52
71	79	89	73	95	73	5
11,487	**10,941**	**10,252**	**9,909**	**8,004**	**5,747**	**4,556**
194	162	144	150	114	108	128
129	83	82	117	106	81	74
17	17	17	17	17	12	10
112	66	65	100	89	69	64
14.6	10.5	11.3	18.1	19.3	17.2	18.3
1,046	677	670	948	864	981	894
7,611	6,704	6,167	5,637	4,829	6,156	5,314

Review of Accounts

Review of the Accounts of Indian Oil Corporation Limited for the year ended 31st March, 1989 by the Comptroller and Auditor General of India.

1. Financial Position:

a) The Financial Position of the Company as on 31st March, for the last three years is given below.

As at 31st March (Rs. in lakhs)

	1987	1988	1989
Assets:			
i) Net Fixed Assets	72,841.17	75,675.97	85,261.22
ii) Capital Work-in-Progress	29,714.67	32,704.60	30,765.68
iii) Investments	*54,046.03	1,19,245.17	2,51,613.40
	1,56,601.87	2,27,625.74	3,67,640.30
iv) Working Capital:			
a) Current Assets, Loans & Advances	2,54,218.34	2,87,213.95	2,95,697.60
b) Less:Current Liabilities(Including Provisions)	2,04,490.85	2,27,265.27	2,32,262.66
	49,727.49	59,948.68	63,434.94
TOTAL ASSETS	2,06,329.36	2,87,574.42	4,31,075.24
Less :			
Long Term Loans	9,838.70	3,964.67	1.636.58
Short Term Loans	42,493.24	1,00,945.93	2,01,592.86
Public Deposits	19,335.26	9,244.57	5,458.77
NET WORTH	1,34,662.16	1,73,419.25	2,22,387.03
Net worth shown above is represented by:			
Paid up capital	12,326.58	12,326.58	12,326.58
Reserves & Surplus	1,22,335.58	1,61,092.67	2,10,060.45
	1,34,662.16	1,73,419.25	2,22,387.03

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

b) The paid up capital was increased from Rs.8,217.72 lakhs to Rs.12,326.58 lakhs by issue of Bonus Shares for Rs.4,108.86 Lakhs in 1981-82 and is maintained at that level since then.

c) The Debt Equity Ratio of the Company was 2.37:1 in 1986-87, 1.07:1 in 1987-88 and 0.57:1 in 1988-89.

d) The Company had declared dividend on the Equity Capital at the rate of 16% during 1986-87, 18% during 1987-88 and has proposed dividends at the rate of 20% for 1988-89 accounting for Rs.2,465.32 lakhs.

2. Capital Work-in-Progress :

The Company has a number of capital works in hand. The expenditure on these as on 31st March, 1989 amounted to Rs.30,765.68 lakhs.

Review of Accounts Contd...

3. Working Capital :

a) The working capital of the Company for the year ended 31/3/1987, 31/3/1988 & 31/3/1989 was Rs.49,727 lakhs, Rs.59,949 lakhs and Rs.63,435 lakhs respectively which has been financed by bank borrowings and internal generation of funds.

b) The Current Assets and Loans & Advances are analysed below:

i) **Inventory:** The inventory position at the close of the last 3 years is as follows:

(Rs. in lakhs)

	1986-87	**1987-88**	**1988-89**
1. Raw Materials (Crude, Lube base stock etc.)	57,505	58,789	47,246
2. Stores & Spares, Catalysts & Chemicals	15,528	18,605	16,884
3. Stock-in process	6,888	6,672	9,031
4. Finished Goods	1,02,143	1,01,585	1,17,751
5. Other Stores (Stock of Empty Barrels)	253	262	553

The stock of Raw Materials is equivalent to about 1.20 month's consumption in 1988-89 as compared to 1.52 month's in 1987-88 and 1.62 month's in 1986-87.

The Stores & Spares, Catalysts and Chemicals at the end of 1988-89 represented 10.21 month's consumption as against 14.45 month's in 1987-88 and 13.03 month's in 1986-87.

The stock-in-process at the end of 1988-89 represented about 0.071 month's value of business as against 0.056 month's and 0.067 month's at the end of 1987-88 and 1986-87 respectively.

The finished Goods at the end of 1988-89 amounted to about 0.93 month's sale as compared to 0.85 month's in 1987-88 and 0.97 month's in 1986-87.

ii) Sundry Debtors: The Sundry Debtors as on 31/3/1987, 31/3/1988 and 31/3/1989 amounted to Rs.29,899.09 lakhs, Rs.35,764.07 lakhs and Rs.35,728.56 lakhs respectively of which Rs.1,227.51 lakhs, Rs.1,183,07 lakhs and Rs.1,087,59 lakhs as on 31/3/1987, 31/3/1988 and 31/3/1989 were considered doubtful and provided for. The percentage of debtors to sales was 2.37%, 2.50% and 2.35% as on 31/3/1987, 31/3/1988 and 31/3/1989 respectively.

iii) Cash & Bank Balances: The balance under this head had decreased from Rs.6,968.18 lakhs as on 31/3/1988 to Rs.4,796.21 lakhs owing mainly due to decrease in the amount on Cash Balances (including cheques in hand) and Fixed Deposit Account with Scheduled Banks as on 31/3/1989 compared to the Previous year.

iv) Loans & Advances: The balance has gone up from Rs.59,428.60 lakhs as on 31/3/1988 to Rs.62,073.23 lakhs as on 31st March, 1989. This amount also includes a sum of Rs.3,981.38 lakhs representing claims made against other agencies.

Review of Accounts *Contd...*

4. Working Results:

The working results for the three years ended 31st March, 1989 are given below :

(Rs. in lakhs)

		1986-87	1987-88	1988-89
a)	**Income:**			
i)	Sale of products and crude including Company's use of own oil	12,63,009	14,29,223	15,17,372
ii)	Recovery of main installation and other charges	233	371	368
iii)	Increase/Decrease in finished goods	13,316	(775)	18,526
iv)	Interest	3,459	11,525	14,015
v)	Other Income	2,469	3,238	8,433
vi)	Provision for Doubtful Debts written back	545	458	735
vii)	Recovery under an Award	654	—	—
viii)	Income relating to extraordinary items (Net)	29,122	2,945	10,449
	Total Income (a)	13,12,807	14,46,985	15,69,898
b)	**Expenditure:**			
i)	Purchase of products and crude for resale	5,51,359	6,47,481	7,05,187
ii)	Raw-Materials consumed	4,26,350	4,64,627	4,73,075
iii)	Stores & Spares consumed	14,302	15,446	19,845
iv)	Power & Fuel	1,341	2,136	2,497
v)	Repairs & Maintenance	7,796	7,228	8,147
vi)	Payments to Employees	14,282	15,404	18,591
vii)	Office Admn. Selling & Other Expenses	9,798	11,670	14,634
viii)	Depreciation	20,252	19,955	20,924
ix)	Duties	1,52,902	1,61,354	1,84,667
x)	Interest	5,574	8,844	14,292
xi)	Others	42,740	36,092	41,520
	Less: Transfer to Capital Accounts	428	1,076	1,240
	Total Expenditure (b)	12,46,268	13,89,161	15,02,139
c)	Profit for the year (a-b)	66,539	57,824	67,759
d)	Prior year adjustment	583	(648)	(118)
e)	Profit before tax (c+d)	67,122	57,176	67,641

With the provision for taxation of Rs.16,208 lakhs the disposable profit for the year comes to Rs.51,433 lakhs.

The profit for the year constituted 5.07%, 4.00% and 4.32% of the total income for the years 1986-87, 1987-88 and 1988-89 respectively.

The total Income for 1988-89 has registered an increase of 8.49% over that of 1987-88, while the total expenditure for 1988-89 rose by 8.13% over that of 1987-88. The increase in the total Income is attributable to increased quantity of products sold.

Review of Accounts *Contd...*

5. Capacity Utilisation of Refineries and Sales Performance of the Company.

A. Capacity Utilisation of Refineries :

a) The thruput, capacity utilisation of the Six-Refineries of the Company during 1987-88 and 1988-89 is indicated below :

(In Million MTs)

	Refineries at	Capacity	Capacity adopted by OCC for Pricing Purpose	Actual thruput (% capacity) 1987-88	Actual thruput (% capacity) 1988-89
i)	Guwahati	0.85	0.80	0.82 (96%)	0.76 (89%)
ii)	Barauni	3.30	2.80	2.64 (80%)	2.82 (85%)
iii)	Gujarat	8.10	8.00	8.44 (104%)	8.66 (107%)
iv)	Haldia	2.50	2.50	2.81 (112%)	2.63 (105%)
v)	Mathura	6.00	6.20	6.53 (109%)	6.56 (109%)
vi)	Digboi	0.50	0.50	0.55 (110%)	0.57 (114%)
		21.25	20.80	21.79 (103%)	22.00 (104%)

b) Reasons for decrease in actual capacity Utilisation for Guwahati and Haldia refineries for 1988-89 as compared to 1987-88 are as under :

Guwahati : Lower crude availability.

Haldia: Lower operating days on account of annual turnaround.

B. Sales Performance of the Company:

Sales volume, Company's share in the over all market,growth rates of sales of Indian Oil Corporation and Industry during the three years ended 31st March, 1989 are given below :

Year ended 31st March	Sales Volume (in MMT)	IOC's share in Market (%)	IOC's growth rate of sales (%)	Industry growth (%)
1987	25.80	59.2	8.2	6.7
1988	27.08	58.4	5.0	6.4
1989	28.99	58.1	7.1	7.5

Review of Accounts *Contd...*

6. Fuel & Loss:

i) Fuel & Loss Percentage in the Six Refineries of the Company during 1987-88 and 1988-89 are compared below with OCRC Norms

Refineries at	OCRC Norms (%) (*)		Actual (%)	
	1987-88	1988-89	1987-88	1988-89
a) Guwahati	10.13	9.13	8.63	8.29
b) Barauni	8.47	9.00	8.96	8.59
c) Gujarat	7.50	6.15	6.05	6.44
d) Haldia	10.13	10.00	9.05	8.34
e) Mathura	6.61	5.81	5.42	5.54
f) Digboi	3.40	14.60@	3.80	3.42

* Revised in the current year with retrospective effect from 1/4/1987.

@ Subject to adjustment for purchased gas on actual basis.

ii) The reasons for higher Fuel & Loss during 1988-89 at Gujarat is mainly due to the presence of water in crude as a result of commissioning of ONGC's Gandhar Crude Pipeline and this water content escaped detection in autosampler.

Bombay
Dated: 26th August, 1989

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

Auditors' Report

Auditors'Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1989 and the Profit and Loss Account of the Corporation annexed thereto for the year ended on that date in which are incorporated the accounts of certain refineries/divisions audited by other auditors and report that:

1. As required by the Manufacturing and other Companies (auditors' Report) Order, 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 paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of the books;
   c) The allocation of work between the auditors has been followed as per directions contained in the letter No.17/190/85/ISC dated 16th December, 1988 addressed to Indian Oil Corporation Limited by the Government of India, Ministry of Industry & Company Affairs, Department of Company Affairs, New Delhi;
   d) The reports on the accounts audited by the respective Branch Auditors were received and properly dealt witk 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, 1989,

      and

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

RAY & RAY Chartered Accountants	P.K. CHOPRA & CO. Chartered Accountants	P.C. HANSOTIA & CO. Chartered Accountants
Sd/- S.C. SAHA Partner	Sd/- SAMIR CHOPRA Partner	Sd/- R. RAGHAVAN Partner

New Delhi
Dated: 4th July, 1989

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 particulars 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 three 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 durmg the year by the Management and the stock 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 read with pare 12 below, 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 M/s 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. However, loss, if any, on unserviceable, damaged and/or surplus stores and packages has not been provided as the quantum thereof is stated to be determinable at the time of disposal.

Auditors' Report *Contd...*

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 3 Ist March, 1989 in respect of undisputed income tax, wealth 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 by virtue of the provisions of clause (d) of Section 3 of the Act.

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.

RAY & RAY Chartered Accountants	P.K. CHOPRA & CO. Chartered Accountants	P.C. HANSOTIA & CO. Chartered Accountants
Sd/- S.C. SAHA Partner	Sd/- SAMIR CHOPRA Partner	Sd/- R. RAGHAVAN Partner

New Delhi
Dated: 4th July, 1989

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:

1.3.1 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 for full year on assets capitalised/sold/disposed off/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. Subsequent exchange fluctuations are charged to revenue in the year of payment.

2. CURRENT ASSETS, LOANS AND ADVANCES:

2.1 Valuation of Inventories:

2.1.1 Raw Materials:

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

2.1.1.2 Process Stock is valued at raw material cost.

2.1.2 Stock-in-Trade:

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

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

Accounting Policies Contd...

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

2.1.2.3 Imported products in transit are valued at CIF cost.

2.2 Claims:

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

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

3. LIABILITIES & PROVISIONS:

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

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

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

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

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

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

New Delhi
Dated: 4th July, 1989

Balance Sheet

Balance Sheet As at 31st March, 1989

	Schedule	Rupees (in lakes)	Rupees (in lakhs)	1988 Rupees (in lakhs)
I. SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Share Capital	'A'	12,326.58		12,326.58
b) Reserves and Surplus	'B'	2,10,060.45		1,61,092.67
			2,22,387.03	1,73,419.25
2. Loan Funds:				
a) Secured	'C'	11,770.86		14,784.07
b) Unsecured	'D'	1,96,917.35		99,371.10
			2,08,688.21	1,14,155.17
TOTAL:			4,31,075.24	2,87,574.42
II. APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block	'E'	2,48,584.84		2,18,796.10
b) Less: Depreciation		1,63,323.62		1,43,120.13
		85,261.22		75,675.97
c) Construction Work-in-Progress and Capital Goods in Stock	'F'	30,765.68		32,704.60
			1,16,026.90	1,08,380.57
2. Investments	'G'		2,51,613.40	1,19,245.17
3. Current Assets, Loans and Advances:				
A. Current Assets:				
a) Interest accrued on Investments		4,534.21		2,179.65
b) Inventories	'H'	1,91,464.78		1,85,912.80
c) Book Debts	'I'	34,640.97		34,581.00
d) Cash balances including imprest and cheques in hand		4,002.51		5,602.04
C/F......		2,34,642.47		2,28,275.49
Carried Forward.....			3,67,640.30	2,27,625.74

Balance Sheet Contd..

	Schedule	Rupees (in lakes)	Rupees (in lakhs)	1988 Rupees (in lakhs)
Brought Forward...			3,67,640.30	2,27,625.74
B/F...		2,34,642.47		2,28,275.49
e) Bank Balances :				
With Scheduled Banks :				
i) On Current Account		261.49		276.64
ii) On fixed Deposit Account (including **Rs. 15.54 lakhs**; 1988: Rs. 15.54 lakhs lodged with outside parties)		478.16		1,044.93
iii) On Blocked Account (including on Fixed Deposit Account **Rs. 49.01 lakhs**; 1988: Rs. 41.38 lakhs)		54.02		44.54
iv) With Post Office: In Savings Account		0.03		0.03
		2,35,436.17		2,29,641.63
B. Loans and Advances	'J'	60,261.43		57,572.32
		2,95,697.60		2,87,213.95
Less: Current Liabilities and Provisions:	'K'	2,32,262.66		2,27,265.27
Net Current Assets			63,434.94	59,948.68
TOTAL:			4,31,075.24	2,87,574.42
4. Contingent Liabilities not provided for (Refer Schedule "P" Note-1)				
5. Notes forming part of Accounts	'P'			

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

As per our Report attached

RAY & RAY	P.K. CHOPRA & CO.	P.C. HANSOTIA & CO.
Chartered Accountants	Chartered AccountantS	Chartered Accountants
Sd/- -	Sd/-	Sd/-
S.C. SAHA	SAMIR CHOPRA	R. RAGHAVAN
Partner	Partner	Partner

New Delhi

Dated: 4th July, 1989

Profit and Loss Account

Profit and Loss Account for the year ended 31st March, 1989

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
INCOME:				
1. i) Sale of Products and Crude and Transfers under Product Exchange		15,15,888.96		14,27,945.00
ii) Less: Commission and Discounts		814.75		838.39
		15,15,074.21		14,27,106.61
2. Company's use of own oil		2,297.83		2,116.17
			15,17,372.04	14,29,222.78
3. Recovery of Main Installation and Other Charges			367.56	371.43
4. Increase/(Decrease) in Stocks Closing Stock as on 31st March, 1989:				
Finished Products		1,17,751.46		1,01,584.81
Stock-in-Process		9,030.91		6,671.68
		1,26,782.37		1,08,256.49
Less: Opening Stock as on 1st April, 1988: Finished Products		1,01,584.81		1,02,143.41
Stock-in-Process		6,671.68		6,888.25
		1,08,256.49		1,09,031.66
			18,525.88	(775.17)
5. Interest On:				
i) Loans and Advances		778.75		2,042.26
ii) Fixed deposits with Banks		486.87		364.03
iii) Customers Outstandings		1,322.17		201.77
iv) Fully paid Bonds (Tax Free) of Govt. Companies		8,380.73		2,847.92
v) Investment under Portfolio Management/ Other Schemes		882.32		6,068.95
vi) Government Securities (Gross) (Tax deducted at source **Rs. 192.61 lakhs;** 1988: Rs. NIL)		2,163.94		0.43
			14,014.78	11,525.36
6. Other Income	'L'		8,433.09	3,237.46
7. Provision for Doubtful Debts, Advances, Claims and Stores written back			734.73	458.31
TOTAL:			15,59,448.08	14,44,040.17

Profit and Loss Account Contd...

	Schedule	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
EXPENDITURE:				
1. Purchase of Products and Crude for resale and transfer under Product Exchange			7,05,186.48	6,47,480.73
2. Manufacturing, Administration, Selling and Other Expenses	'M'		5,77,971.45	5,52,357.66
3. Duties			1,84,666.99	1,61,353.66
4. Depreciation and Amortisation			20,923.74	19,954.75
5. Main Installation Charges Paid to Other Oil Companies			337.00	246.20
6. Interest:				
a) On Fixed period loans				
i) Government of India		109.36		206.03
ii) Oil Industry Development Board		187.41		405.51
iii) Oil Co-ordination Committee				155.11
iv) Deferred Foreign Credit		12.77		18.61
v) Public Deposits		1,151.97		2,156.81
b) On short term loans from Banks		11,861.73		5,565.53
c) Others		969.22		336 97
			14,292.46	8,844.57
			15,03,378.12	13,90,237.57
7. Less:				
i) Amount transferred to Construction period expenses pending allocation (Net of recovery of **Rs. 23.69 lakhs**; 1988: Rs. 15.42 lakhs)		1,085.78		934.57
ii) Expenses transferred to Manufacturing of drums		153.62		141.60
			1,239.40	1,076.17
TOTAL:			15,02,138.72	13,89,161.40
8. PROFIT before extra-ordinary and prior period Adjustments			57,309.36	54,878.77
9. Income/(Expenditure) relating to extra-ordinary items (Net)	'0-1'		10,449.51	2,944.86
10. **PROFIT FOR THE YEAR**	Carried Forward		67,758.87	57,823.63

Profit and Loss Account *Contd...*

	Schedule	Rupees (in lakhs)	1988 Rupees (in lakhs)
10. **PROFIT FOR THE YEAR**	Brought Forward	67,758.87	57,823.63
11. Income/(Expenditure) relating to prior period (Net)	**'O'**	(118.02)	(647.75)
12. **PROFIT BEFORE TAX**		67,640.85	57,175.88
13. Taxation (including Rs. 107.75 lakhs relating to prior years; 1988: Rs. NIL)		16,207.75	16,200.00
14. **PROFIT AFTER TAX**		51,433.10	40,975.88
15. Balance brought forward from last year's Account		0.14	0.05
16. **DISPOSABLE PROFIT**		51,433.24	40,975.93

APPROPRIATIONS:

	Schedule	Rupees (in lakhs)	1988 Rupees (in lakhs)
17. Proposed Dividend		2,465.32	2,218.79
18. Export Profit Reserve Account		—	3,011.00
19. Insurance Reserve Account		30.00	30.00
20. General Reserve		48,937.00	35,716.00
21. **BALANCE CARRIED TO BALANCE SHEET**		0.92	0.14
TOTAL:		51,433.24	40,975.93
22. Notes forming part of Accounts	**'P'**		

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

As per our Report attached

RAY & RAY	P.K. CHOPRA & CO.	P.C. HANSOTIA & CO.
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
S.C. SAHA	SAMIR CHOPRA	R. RAGHAVAN
Partner	Partner	Partner

New Delhi

Dated: 4th July, 1989

Schedules

SCHEDULE 'A'—Share Capital

	Rupees (in lakhs)	1988 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

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
Capital Reserve:			
As per last Account		15.82	15.82
General Reserve:			
As per last Account	1,37,885.71		1,02,169.71
Add: Transferred from Profit and Loss Account	48,937.00		35,716.00
		1,86,822.71	1,37,885.71
Insurance Reserve:			
As per last Account	220.00		190.00
Add: Transferred from Profit and Loss Account	30.00		30.00
		250.00	220.00
Investment Allowance (Utilised) Reserve:			
As per last Account		17,030.00	17,030.00
Export Profit Reserve:			
As per last Account	5,941.00		2,930.00
Add: Transferred from Profit and Loss Account	–		3,011.00
		5,941.00	5,941.00
Profit and Loss Account:			
As per Annexed Account		0.92	0.14
TOTAL:		2,10,060.45	1,61,092.67

Schedules *Contd...*

SCHEDULE 'C' — Secured Loans

	Rupees (in lakhs)	1988 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.)	11,766.35	14,733.17
Interest accrued and due on above	4.51	50.90
TOTAL:	11,770.86	14,784.07

SCHEDULE 'D' — Unsecured Loans

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
1. **Short Term Loans and Advances from Bank** (due for payment within one year)		1,89,822.00	86,161.86
2. **Deferred Foreign Credit** (including **Rs. 148.50 lakhs**; 1988: Rs. 183.14 lakes due for payment within one year)		167.55	341.06
3. **Other Loans and Advances:**			
i) From the Government of India (including **Rs. 682.63 lakhs**; 1988: Rs. 682 .62 lakhs due for payment within one year)	682.63		1,365.25
ii) From Oil Industry Development Board (including **Rs. 440.58 lakhs**; 1988: Rs. 1,476.29 lakhs due for payment within one year)	786.40		2,258.21
iii) Public Deposits (including **Rs. 4,973.14 lakhs**; 1988: Rs. 3,929.23 lakhs due for payment within one year)	5,458.77		9,244.57
		6,927.80	12,868.03
4. **Interest Accrued and due on Loans and Advances**		–	0.15
TOTAL:		1,96,917.35	99,371.10

Schedules *Contd...*

SCHEDULE 'E' — Fixed Assets

	AT COST		
	Gross Block as at 31st March, 1988	Additions during the year	Transfers from construction work-in-progress
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
LAND – Freehold	2,301.80	188.47	–
– Leasehold	1,340.46	143.00	–
– Right of way	86.73	0.02	–
BUILDINGS, ROADS ETC.@	22,042.68	357.47	3,879.52
ENABLING ASSETS**	225.56	0.83	13.08
PLANT AND MACHINERY	1,79,001.50	10,433.87	14,873.43
TRANSPORT EQUIPMENTS	4,519.98	89.08	140.66
FURNITURE AND FIXTURES	1,459.88	98.86	61.62
RAILWAY SIDINGS	1,892.16	135.22	180.01
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	5,895.26	0.13	255.14
SUNDRY ASSETS	30.09	0.92	–
TOTAL:	2,18,796.10	11,447.87	19,403.46
PREVIOUS YEAR'S TOTAL:	1,97,359.97	11,278.31	11,783.50

* Includes Rs. 167.07 lakhs (1988—Rs. 171.59 lakhs) in respect of extra-ordinary/prior period items.

@ Buildings Include:

i) **Rs. 0.37 lakhs** (1988—Rs. 0.37 lakhs) towards value of 741 (1988—731) Shares in Co-operative Housing Societies towards membership of such Societies for purchase of flats;

ii) **Rs. 46.67 lakhs** (1988—Rs. 46.67 lakhs) on account of Leasehold premises.

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

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.	:	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%
Sundry Assets	:	12%; 10%

Schedules *Contd...*

SCHEDULE 'E' — Fixed Assets (Contd...)

				NET DEPRECIATED BLOCK	
Transfers/ deductions/ reclassi- fications	Gross Block as at 31st March, 1989	Depreciation and Amortisa- tion charged this years*	Total Depre- ciation and Amortisation upto 31st March, 1989	As at 31st March, 1989	As at 31st March, 1988
Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
(46.12)	2,444.15	-	-	2,444.15	2,301.80
40 95	1,524.41	24.46	139.98	1,384.43	1,219.93
-	86.75	-	0.03	86.72	86.70
178.86	26,458.53	781.40	4,708.53	21,750.00	18,111.27
22.12	261.59	26.66	186.24	75.35	69.34
(1,081.40)	2,03,227.40	19,224.41	1,48,551.22	54,676.18	48,930.02
(116.18)	4,633.54	392.67	3,235.91	1,397.63	1,568.09
(3.66)	1,616.70	149.89	675.62	941.08	931.25
(57.09)	2,150.30	119.32	892.44	1,257.86	1,093.93
(0.01)	6,150.52	369.50	4,911.35	1,239.17	1,353.41
(0.06)	30.95	2.50	22.30	8.65	10.23
(1,062.59)	2,48,584.84	21,090.81	1,63,323.62	85,261.22	75,675.97
(1,625.68)	2,18,796.10	19,783.16	1,43,120.13	75,675.97	

Schedules Contd...

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

				1988
		Runees (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)		19,108.60	21,518.23
2.	Capital Stores (at cost) (including materials worth **Rs. 586.14 lakhs**; 1988: Rs. 460.24 lakhs lying with Contractors)		7,714.30	8,442.04
3.	Miscellaneous Capital Stores (at or under cost)		54.25	59.08
4.	Capital Goods-in-Transit (at cost)		2,120.09	1,390.55
5.	Construction period expenses pending allocation:			
	Balance as at 1st April, 1988	1,294.70		457.53
	Add : Adjustments relating to extra-ordinary items	0.02		0.37
	Add : Adjustments relating to prior period	1.02		(0.30)
		1,295.74		457.60
	Add : Expenditure during the year :			
	Establishment Charges	90.69		131.99
	Interest	0.39		0.07
	Depreciation	39.87		6.07
	Others	978.52		811.86
		2,405.21		1,407.59
		23.69		15.42
	Less : Recovenes	2,381.52		1,392.17
	Less : Allocated to Assets/Construction work-in-progress during the year (Includes **Rs. 2.50 lakhs** transferred to expenses—1988: Rs. Nil)	613.08		97.47
			1,768.44	1,294.70
	TOTAL:		30,765.68	32,704.60

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)	1988 Rupees (in lakhs)
1. In Fully Paid Government Securities (Quoted):						
Govt. of India—loan-2007	13,00,000, Govt. of India Inscribed stock of the 11.50% loan	1,000/-		13,041.03		–
Govt. of India—loan,2008	5,00,000, Govt. of India Inscribed stock of the 11.50% loan	1,000/-		5,013.18		–
Govt. of India—loan-2008	10,00,000, Govt. of India Inscribed stock of the 11.50% loan (III Issue)	1,000/-		10,000.00		–
Govt. of India—loan-2008	5,00,000, Govt. of India Inscribed stock of the 11.50% loan (IV Issue)	1,000/-		5,000.00		–
Govt. of India—loan-2015	2,50,000, Govt. of India Inscribed stock of the 11.50% loan (Aggregate Market value of the above mentioned securities is Rs. 357,07,00,000)	1,000/-		2,493.37		–
					35,547-58	–
2. In Units of Unit Trust of India (Unquoted):	68,82,50,000 (1988: Nil) Units of Unit Trust of India 1964 Scheme	10/-			94,183.21	–
3. In Fully Paid Bonds of Government Companies (Unquoted):						
A) i) National Thermal Power Corporation Limited	10,000 (1988: Nil) 10% Secured (Tax Free) Redeemable Bonds (I Series-1986)	1,000/-	108.50			–
ii) National Thermal Power Corporation Limited	12,00,000 (1988: 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	8,00,000 (1988: 5,00,000) 9% Secured (Tax Free) Redeemable Bonds (III Public Issue-1988)	1,000/-	8,042.50			5,000.00
				20,151 00		17,000.00
B) i) Mahanagar Telephone Nigam Limited	5,00,000 (1988: 5,00,000) 10% Secured (Tax Free) Redeemable Bonds (I Series)	1,000/-	5,000.00			5,000.00
ii) Mahanagar Telephone Nigam Limited	2,50,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (III Series)	1,000/-	2,443.75			–
				7,443.75		5,000.00
	C/F...			27,594.75		22,000.00
	Carried Forward...				1,29,730.79	–

Schedules *Contd...*

SCHEDULE—'G' *Contd...*

		No. and Particulars of Shares/Bonds	Face Value per Share/ Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
		Brought Forward...				1,29,730.79	
		B/F...			27,594.75		22,000.00
C)	Indian Telephone Industries Limited	5,00,000 (1988: 5,00,000) 10% Secured (Tax Free) Redeemable Bonds (B-Series-1987)	1,000/-		5,000.00		5.000.00
D) i)	Indian Railway Finance Corporation Limited	2,80,000 (1988: 2,00,000) 10% Secured (Tax Free) Redeemable Bonds (I Series 1987)	1,000/-	2,868.00			2,000.00
ii)	Indian Railway Finance Corporation Limited	3,00,000 (1988: 3,00,000) 9% Secured (Tax Free) Redeemable Bonds (I Series 1987)	1,000/-	3,000.00			3,000.00
iii)	Indian Railway Finance Corporation Limited	12,50,000 (1988: 12,50,000) 9% Secured (Tax Free) Redeemable Bonds (II Series 1988)	1,000/-	12,500.00			12,500.00
iv)	Indian Railway Finance Corporation Limited	10,00,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (III 'A' Series-1989)	1,000/-	10,000.00			–
					28,368.00		17,500.00
E) i)	National Hydro Electric Power Corporation Limited	2,00,000 (1988: 2,00,000) 9% Secured (Tax Free) Redeemable Bonds (B Series)	1,000/-	2,000.00			2,000.00
ii)	National Hydro Electric Power Corporation Limited	8,50,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (C Series)	1,000/-	8,481.25			–
					10,481.25		2,000.00
F) i)	Neyveli Lignite Corporation Limited	1,70,000 (1988: 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	3,00,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (C Series-1988)	1,000/-	2,985.00			–
iii)	Neyveli Lignite Corporation Limited	1,50,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (D Series-1989)	1,000/-	1,462.50			–
					6,147.50		1,700.00
G) i)	Power Finance Corporation Limited	8,40,000 (1988: 4,00,000) 9% Secured (Tax Free) Redeemable Bonds (I Series)	1,000/-	8,351.60			4,000.00
ii)	Power Finance Corporation Limited	9,90,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (II Series)	1,000/-	9,953.00			–
					18,304.60		4,000.00
		C/F...			95,896.10		52,200.00
		Carried Forward...				1,29,730.79	–

Schedules Contd...

SCHEDULE—'G' *Contd...*

		No. and Particulars of Shares/Bonds	Face Value per Share/ Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
		Brought Forward...				1,29.730.79	–
		B/F...					
H)	Housing & Urban Development Corporation Limited	2,50,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds			95,896.10		52,200.00
		(I Series-1988)	1,000/-		2,481.50		–
I)	i) Rural Electrification Corporation Limited	6,65,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (XV Series-1997)	1,000/-	6,621.75			–
	ii) Rural Electrification Corporation Limited	9,25,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (XVII Series-1998)	1,000/-	9,288.02			–
					15,909.77		–
J)	Nuclear Power Corporation Limited	7,50,000 (1988: Nil) 9% Secured (Tax Free) Redeemable Bonds (B Series)	1,000/-		7,550.75		–
						1,21,838.12	52,200.00
4.	Under Port Folio Management Scheme through Scheduled Banks:						
A)	In Government Securities (Quoted) (Market value not indicated, since these are realisable at par)	i) 11 1/2% G.O.I. 2006		–			36,860.74
		ii) 11 1/2% G.O.I 2007		–			2,000.00
		iii) 11 1/2% G.O.I 2015		–			19,999.98
B)	In fully paid Bonds of Government Companies(Unquoted):				–		58,860.72
	i) Mahanagar Telephone Nigam Limited	1,00,000 - 14% Secured Redeemable Bonds	1,000/-	–			1,000.00
	ii) Hindustan Photo Films Limited	50,000 - 13% Secured Redeemable Bonds.	1,000/-	–			500.00
	iii) Indian Telephones Industries Limited	1,50,000 - 13% Secured Redeemable Bonds	1,000/-	–			1,500.00
	iv) Indian Telephones Industries Limited	52,400 - 14% Secured Redeemable Bonds	1,000/-	–			524.00
	v) Rural Electrification Corporation Limited	33,000—14% Secured Redeemable Bonds	1,000/-	–			330.00
	vi) Indian Petro Chemical Limited	9,600—14% Secured Redeemable Bonds	1,000/-	–			96.00
	vii) National Thermal Power Corporation Limited	2,00,000—14% Secured Redeemable Bonds	1,000/-	–			2,000.00
	viii) Industrial Development Bank of India	45,000 - 11% Secured Redeemable Bonds	1,000/-	–			450.00
				–	–	–	6,400.00
		C/F...			–		65,260.72
		Carried Forward...			2,51,568.91		52,200.00

Schedules *Contd...*

SCHEDULE—'G' *Contd...*

	No. and Particulars of Shares/Bonds	Face Value per Share/ Bond/Unit (Rs.)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
	Brought Forward...				2,51,568.91	52,200.00
	B/F...			—		65,260.72
C) In the Units of Unit Trust of India				—		1,139.24
D) Balance with Scheduled Banks				—		600.04
					–	67,000.00
5) In Subsidiary Company (Unquoted): Indian Oil Blending Limited	8,000 Equity shares each Fully paid in Cash	500/-			40.00	40.00
6) In Government Securities (Unquoted): (including Rs. 15,400/- 1988-Rs. 5O,740 deposited with various Bodies)					2.09	2.78
7) Other Investments (Unquoted):						
A) International Co-operative Petroleum Association	350 shares Fully paid and part paid common stock of $72.31 of $100 each	$ 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	*833 Equity shares each fully paid in cash	10/-				
e) Indian Oil Employees' Consumer Co-operative Society Ltd., Bombay	170 Equity shares each fully paid in cash	10/-	0.28			0.27
f) Indian Oil Employees' Co-operative Consumers' Stores Ltd., Madras	700 Equity shares each fully paid in Cash	10/-				
g) Indian Oil Employees' Co-operative Consumers' Stores Ltd., Delhi	375 Equity shares each fully paid in cash	10/-				
				0.28		0.27
					2.40	2.39
		TOTAL:			2,51,613.40	1,19,245.17

* Out of 833 Shares, 89 (1988:75) Shares have been issued during the year in lieu of Dividend. During the year, following investments were purchased and sold:

Particulars	Number	Face Value (Rupees)
Units of Unit Trust of India	30,00,00,000	300,00,00,000

Schedules *Contd...*

SCHEDULE 'H' - Inventories

			1988
	Rupees (in lakhs)	**Rupees (in lakhs)**	**Rupees (in lakhs)**
1. Stores, Spares etc. (at or under cost)* (including in transit **Rs. 1,046.80 lakhs**; 1988: Rs. 1,981.19 lakhs)	16,923.03		18,614.10
Less: Provision for Losses	39.23		8.66
		16,883.80	18,605.44
2. Raw Materials (at cost)** (including in transit **Rs. 7,338.88 lakhs**; 1988: Rs. 8,384.41 lakhs)		47,245.82	58,788.80
3. Stock-in-Trade:			
a) Oil Stock (at cost or net realisable value whichever is lower)*** (including in transit **Rs. 11,801.30 lakhs**; 1988: Rs. 6,398.36 lakhs)	1,17,751.46		1,01,584.81
b) Stock-in-process (at raw material cost)	9,030.91		6,671.68
		1,26,782.37	1,08,256.49
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)****		552.79	262.07
TOTAL :		1,91,464.78	1,85,912.80

* Includes stock lying with Contractors **Rs. 299.87 lakhs** (1988: Rs. 543.00 lakhs)

** Includes stock lying with Other Oil Companies on loan **Rs. 79.66 lakhs** (1988: Rs. 11,849.39 lakhs)

*** Includes stock lying with Other Oil Companies on loan **Rs. 12,538.28 lakhs** (1988: Rs.14,760.38 lakhs) and with others **Rs. 301.94 lakhs** (1988: Rs. 1,241.53 lakhs)

**** Includes stock lying with Others **Rs. 114.39 lakhs** (1988: Rs. 45.26 lakhs)

Schedules Contd...

SCHEDULE 'I'—Book Debts

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
Over Six Months :			
a) Secured, Considered Good	1.92		1.35
b) Unsecured, Considered Good	11,604.87		10,785.72
c) Unsecured, Considered Doubtful	1,049.10		1,183.07
		12,655.89	11,970.14
Other Debts :			
a) Secured, Considered Good	1.83		7.70
b) Unsecured, Considered Good	23,032.35		23,786.23
c) Unsecured, Considered Doubtful	38.49		
		23,072.67	23,793.93
		35,728.56	35,764.07
Less: Provision for Doubtful Debts		1,087.59	1,183.07
TOTAL:		34,640.97	34,581.00

Schedules *Contd...*

SCHEDULE 'J'—Loans and Advances

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
1. Loans—Unsecured, Considered Good:			
i) To Indian Oil Blending Limited (A Subsidiary) including interest accrued **Rs. 55.52 lakhs** (1988: Rs. 17.15 lakhs)	675.58		157.20
ii) To Others (including interest accrued **Rs. Nil**) (1988: Rs. 113.62 lakhs)	—		14,613.62
		675.58	14,770.82
2. Advances recoverable in cash or in kind or for value to be received:			
a) Secured, Considered Good*	5,804.84		4,423.59
b) Unsecured, Considered Good*	9,151.85		12,004.06
c) Unsecured, Considered Doubtful	86.74		53.30
	15,043.43		16,480.95
d) Less: Provision for Doubtful Advances	86.74		53.30
		14,956.69	16,427.65
3. Amount recoverable from Industry Pool Account			
Unsecured, Considered Good		15,136.55	—
4. Claims Recoverable:			
a) Secured, Considered Good	21.06		26.53
b) Unsecured, Considered Good	2,235.66		3,027.21
c) Unsecured, Considered Doubtful	1,724.66		1,802.59
	3,981.38		4,856.33
d) Less: Provision for Doubtful Claims	1,724.66		1,802.59
		2,256.72	3,053.74
Carried Forward…		33,025.54	34,252.21

Schedules *Contd...*

SCHEDULE—'J' *Contd...*

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
Brought Forward…		33,025.54	34,252.21
5. Materials on Loan:			
a) Secured, Considered Good	197.97		103.69
b) Unsecured, Considered Good	7.69		1.96
		205.66	105.65
6. Deposit under Companies Deposits (Surcharge on Income-tax) Scheme			
Unsecured, Considered Good		320.92	320.92
7. Investment Deposit Scheme Unsecured, Considered Good		4,175.00	4,175.00
8. Balance with Customs, Port Trust and Excise Authorities			
Unsecured, Considered Good		4,140.32	1,763.08
9. Sundry Deposits: (including amount adjustable on receipt of Final bills)			
a) Secured, Considered Good	17,865.27		16,529.08
b) Unsecured, Considered Good	528.72		426.38
c) Unsecured, Considered Doubtful	0.40		0.39
	18,394.39		16,955.85
d) Less: Provision for Doubtful Deposits	0.40		0.39
		18,393.99	16,955.46
TOTAL:		63,261.43	57,572.32

* Includes:

1. Rs. 3,01,342 (1988: Rs. 4,01,625) due from Directors (Maximum Rs. 3,51,125—1988: Rs. 4,50,919)

2. Rs. 24,74,506 (1988: Rs. 20,06,598) due from other Officers (Maximum Rs. 30,00,238—1988: Rs. 29,76,440)

Schedules *Contd...*

SCHEDULE 'K'—Current Liabilities and Provisions

	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
A. CURRENT LIABILITIES:				
1. Sundry Creditors		1,49,079.47		1,21,091.75
2. Due to Indian Oil Blending Limited (Subsidiary Company)		138.47		5.97
3. Security Deposits	70,448.37			70,996.16
Less: Investments and Deposits with Banks lodged by outside parties	89.09			60.71
		70,359.28		70,935.45
4. Interest accrued but not due on loans		5,117.86		2,556.89
5. Amount payable to Industry Pool Account		—		22,291.03
			2,24,695.08	2,16,881.09
B. PROVISIONS:				
6. Provision for Taxation	57,400.12			48,825.40
Less: Advance Payments	52,297.86			40,660.01
		5,102.26		8,165.39
7. Proposed Dividend		2,465.32		2,218.79
			7,567.58	10,384.18
TOTAL:			2,32,262.66	2,27,265.27

SCHEDULE 'L'—Other Income

		1988
1. Sale of Power and Water	166.24	171.93
2. Profit on sale and disposal of Assets	314.55	491.18
3. Dividend received: (Gross)		
a) From a Subsidiary-	4.00	4.00
b) From Unit Trust of India	4,950.00	—
(Tax deducted at Source Rs. 0.90 lakhs—1988: Rs. 0.86 lakhs)		
4. Royalty and Technical Know-how Fees	0.78	2.37
5. Unclaimed/Unspent Liabilities written back	513.30	420.45
6. Miscellaneous Income	2,484.22	2,147.53
TOTAL:	8.433.09	3,237.46

Schedules *Contd...*

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

		Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
1.	Raw Materials Consumed:			
	Opening Balance as on Ist April, 1988	58,788.80		57,505.40
	Add : Purchases	4,61,532.05		4,65,910.84
		5,20,320.85		5,23,416.24
	Less : Closing Stock	47,245.82		58,788.80
			4,73,075.03	4,64,627.44
2.	Consumption:			
	i) Stores and Spares (including Consumables)	6,153.50		5,118.50
	ii) Packages	13,691.41		10,327.13
			19,844.91	15,445.63
3.	Power and Fuel	20,401.99		16,505.96
	Less : Fuel of own Production	17,904.60		14,369.91
			2,497.39	2,136.05
4.	Processing Fees, Blending Fees, Royalty and Other Charges		1,178.84	1,103.11
5.	Repairs and Maintenance:			
	a) Plant and Machinery	6,140.77		5,555.50
	b) Buildings	1,189.13		922.93
	c) Others	816.76		749.49
			8,146.66	7,227.92
6.	Freight and Transportation Charges (net of recoveries from Industry Pool Account)		40,003.63	34,743.01
7.	Payments to and Provisions for Employees:			
	a) Salaries, Wages, Bonus etc.	15,407.46		12,643.15
	b) Contribution to Provident and Other Funds	895.11		725.42
	c) Staff Welfare Expenses	1,957.86		1,769.77
	d) Contribution to Gratuity Fund	302.08		239.96
	e) Gratuity and Ex-Gratia	28.29		26.20
			18,590.80	15,404.50
8.	Office Administration, Selling and Other Expenses (Schedule 'N')		14,634.19	11,670.00
	TOTAL:		5,77,971.45	5,52,357.66

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

		Rupees (in lakhs)	Rupees (in lakhs	1988 Rupees (in lakhs)
1.	Rent		1,566.22	1,553.39
2.	Insurance		870.16	640.61
3.	Rates and Taxes		570.22	418.13
4	Donations		172.98	57.05
5.	Payment to Auditors:			
	a) Audit Fees	5.00		5.00
	b) Tax Audit Fees	2.79		1.26
	c) Other Services (for issuing certificates etc.)	0.84		0.66
	d) Out of Pocket Expenses	4.04		5.29
			12.67	12.21
6.	Travelling and Conveyance		1,920.30	1,528.83
7.	Communication Expenses		1,250.77	849.00
8.	Printing and Stationery		469.87	373.21
9	Electricity and Water		809.56	665.60
10.	Other Expenses *		4,738.77	3,718.58
11.	Bad Debts, Advances and Claims written off		343.92	88.73
12.	Loss on Assets sold, lost or written off		70.26	255.51
13.	Technical Assistance Fees		515.62	461.18
14.	Exchange Fluctuations (Net)		17.81	4.09
15.	Provision for Doubtful Debts, Advances and Claims		625.34	472.41
16.	Security Force Expenses		664.25	560.86
17.	Pollution Control Expenses		15.47	10.61
	TOTAL:		14,634.19	11,670.00

* Includes—Bank Charges **Rs. 303.24 lakhs** (1988 Rs. 304.02 lakhs) and contribution for Rural Development Programme **Rs. 12.83 lakhs** (1988 Rs. 5.22 lakhs)

Schedules *Contd...*

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

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
INCOME :			
1. Sale of Products and Crude for resale and transfers under Product Exchange	(148.25)		(269.27)
2. Company's use of own oil	—		(9 34)
		(148.25)	(278.61)
3. Interest on — Advances	—		33.41
— Customers Oustandings	79.14		(25.42)
— Investments	(1.54)		—
		77.60	7.99
4. Profit on Sale and Disposal of Assets		(15.01)	—
5. Miscellaneous Income		(26.95)	32.13
TOTAL INCOME:		(112.61)	(238.49)

SCHEDULE—'O' *Contd...*

	Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
EXPENDITURE:			
1. Purchase of Products and Crude for resale and transfers under Product Exchange		114.47	8.44
2. Raw Materials Consumed		5.59	132.38
3. Consumption:			
i) Stores and Spares (including consumables)	(32.75)		0.87
ii) Packages	(3.59)		10.68
		(36.34)	11.55
4. Repairs and Maintenance:			
i) Plant and Machinery	22.49		(13.02)
ii) Buildings	0.20		2.23
iii) Others	(7.25)		(46.55)
		15.44	(57.34)
5. Freight and Transportation Charges (Net of recoveries from Industry Pool Account)		9.54	91.85
6. Payments to and Provisions for Employees:			
i) Salaries, Wages, Bonus, etc.	(6.62)		(3.77)
ii) Contribution to Provident and Other Funds	(0.32)		10.44
iii) Staff Welfare Expenses	(15.36)		172.17
iv) Gratuity, Ex-Gratia and Pension	—		(72.91)
		(22.30)	105.93
7. Rent		(0.16)	—
8. Insurance		—	(0.09)
9. Communication Expenses		—	11.55
10. Duties		1.16	(0.85)
11. Depreciation and Amortisation		(80.13)	111.16
12. Interest—Others		(5.27)	(9.64)
13. Security Force Expenses		5.68	17.89
14. Rates and Taxes		1.56	(10.36)
15. Main Installation Charges paid to Other Marketing Companies		7.80	—
16. Technical Fees		2.18	—
17. Other Expenses		(12.79)	(3.51)
		6.43	408.96
Less: Amount transfered to/from construction period expenses pending allocation		1.02	(0.30)
TOTAL EXPENDITURE:		5.41	409.26
NET INCOME/(EXPENDITURE):		(118.02)	(647.75)

Schedules *Contd...*

SCHEDULE '0-1'—Income/(Expenditure) Relating to Extra Ordinary Items

		Rupees (in lakhs)	Rupees (in lakhs)	1988 Rupees (in lakhs)
INCOME:				
1.	Sale of products and Crude and transfers under Product Exchange		19,361.44	3,539.35
2.	Interest on—Advances and Claims		—	281.87
	— Customers Outstandings		626.40	—
3.	Profit on Sale and Disposal of Assets		(95.47)	—
4.	Miscellaneous Income		3.89	—
	TOTAL INCOME:		19,896.26	3,821.22
EXPENDITURE:				
1.	Purchase of Products and Crude for resale and transfers under Product Exchange		—	354.80
2.	Consumption of Raw Materials		4.47	(114.06)
3.	Duties		(210.51)	—
4.	Freight and Transpotation Charges (Net of Recoveries from Industry Pool Account)		481.18	(18.52)
5.	Payment to and Provision for Employees:			
	a) Salaries, Wages and Bonus	2,533.36		535.96
	b) Staff Welfare Expenses	—		77.71
	c) Contribution to Provident Fund & Other Funds	159.96		—
	d) Contribution to Gratuity Fund	35.68		—
			2,729.00	613.67
6.	Interest - Others		19.00	—
7.	Rent		—	103.86
8.	Power and Fuel		56.92	97.95
9.	Depreciation and Amortisation		247.20	(282.75)
10.	Repairs and Maintenance—Plant and Machinery		(166.43)	—
11.	Loss on Sale of Investments		5,958.75	—
12.	Petty Assets upto Rs. 1000 each written off		—	121.78
13.	Expenses net of Insurance Claim for Gantry fire at Mathura		252.07	—
14.	Transfer to Construction Period Expenses Pending Allocation		(0.02)	(0.37)
15.	Processing Charges		75.12	—
	TOTAL EXPENDITURE:		9,446.75	876.36
	NET INCOME/(EXPENDITURE):		10,449.51	2,944.86

SCHEDULE 'P'—Notes on the Accounts for the Year Ended 31st March, 1989

1. Contingent Liabilities not provided for in respect of:
   - a) Claims against the Corporation not acknowledged as debts **Rs. 24,849.40 lakhs** (1988—Rs. 13,113.40 lakhs). These include:
     - i) **Rs. 2,198.28 lakhs** (1988—Rs. 2,469.99 lakhs) being the demands raised by the Central Excise Authorities.
     - ii) **Rs. 840.13 lakhs** (1988—Rs. 830.43 lakhs) in respect of Sales Tax demands.
     - iii) **Rs. 1,517.54 lakhs** (1988—Rs. 1,200.47 lakhs) for which suits have been filed in the Courts or cases are lying with arbitrators.
     - iv) **Rs. 17,835.65 lakhs** (1988—Rs. 5,605.96 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. 3,825.81 lakhs** (1988—Rs. 5,809.47 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. 21,692.15 lakhs (1988—Rs. 9,497.36 lakhs).
3. a) Title Deeds for Land and Residential Apartments of the book value of **Rs. 2,050.98 lakhs** (1988—Rs. 1,999.43 lakhs) as also, Lease and other agreements in respect of certain other lands/buildings are pending execution or renewal and are, therefore, not available for verification.
   - b) Pending the decision of the Government, no liability could be determined and provided for in respect of:
     - i) Claims in respect of land acquired for Mathura Refinery.
     - ii) Additional compensation, if any, payable to the land owners and the Government for land earlier acquired.
4. The stock of High Volatile Raw Petroleum Coke at Digboi Refinery has been valued at the Retention price fixed by the Government of India less adjustment for the quality of volatile contents therein, although the exact realisable value of these stocks is not readily ascertainable.
5. 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 and Rs. 1,778.29 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.
6. The change in the method of accounting for interest from customers from cash to accrual basis has increased the profit for the year by Rs. 609 lakhs after doubtful provision of Rs. 135 lakhs.
7. Remuneration paid or payable to whole-time Directors:

	1988-89 Rupees	**1987-88 Rupees**
i) Salaries & Allowances	6,47,919	5,56,383
ii) Contribution to Provident Fund	45,225	45,564
iii) Contribution to Gratuity Fund	17,039	15,000
iv) Other Benefits and Perquisites	1,36,266	1,23,387
TOTAL:	8,46,449	7,40,334

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.

Schedules *Contd...*

SCHEDULE—'P' *Contd...*

8. Loans and Advances include Rs. 984.00 lakhs (1988—Rs. 891.00 lakhs) recoverable from the proposed joint venture company in respect of Karnal Refinery Project for which the Corporation is a Co-promoter.

9. The Profit and Loss Account includes:

   a) Expenditure on Public Relations and Publicity amounting to Rs. 205.63 lakhs (1988—Rs. 197.73 lakhs) which is inclusive of Rs. 48.28 lakhs (1988—Rs. 46.88 lakhs) on account of Staff and Establishment and Rs. 157.35 lakhs (1988—Rs. 150.85 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00014:1 (1988—0.00014:1)

   b) Entertainment Expenses Rs. 8.36 lakhs (1988—Rs. 5.72 lakhs)

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

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

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

New Delhi
Dared: 4th July, 1989

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

	CrudeThroughput		LubricatingOil		Wax/Bitumen/ Asphalt/Lube Oil Drums		Oxygen Plant	
	1989 MTs (in lakhs)	1988 MTs (in lakhs)	1989 MTs (in lakhs)	1988 MTs (in lakhs)	1989 NOs. (in lakhs)	1988 NOs. (in lakhs)	1989 CUM. (in lakhs)	1988 CUM. (in lakhs)
1. Licensed Capacity*	203.50	203.50	1.70	1.70	15.00 0.04 MTs	15.00 0.04 MTs	Not Specified	Not Specified
2. Installed Capacity**	212.50	212.50	1.40@	1.40@	15.00@	15.00@	0.84	0.84
3. Actual Throughput	220.00	217.83	—	—	—	—	—	—
4. Actual Production (in own Refineries)***	204.58	203.48	1.78	1.49	10.86	9.10	0.35	0.37
5. Products Processed/ Manufactured by others (Nos.)	—	—	1.46 2.08 KLs	1.29 1.86 KLs	20.26	18.63	—	—

NOTES: *— Licensed Capacity of Refinery is not Specified for Assam Oil Division.

— The crude distillation units of Gujarat and Mathura Refineries have been mechanically completed during the year to raise the capacities by 29,00,000 MTs, and the same is not included pending Government approval.

** 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		
	Quantity		Value	Quantity		Value
	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)
1. Petroleum Products:						
Year ended 31.03.89	11.87	24.29	92,439.09	54.62	237.13	7,07,018.08
Year ended 31.03.88	13.32	23.36	92,864.51	49.97	207.62	6,24,122.91
2. Lubricants and Greases:						
Year ended 31.03.89	0.15	0.59	9,145.64	0.22	0.02	2,342.27
Year ended 31.03.88	0.12	0.65	9,278.83	0.11	0.22	2,184.62
3. Crude Oil:						
Year ended 31.03.89	—	—	—	79.67	—	1,21,868.07
Year ended 31.03.88	—	—	—	80.54	—	1,31,741.57
4. Base Oil and Additives:						
Year ended 31.03.89	—	—	—	0.07	2.33	14,749.51
Year ended 31.03.88	—	—	—	—	1.77	10,833.09
5. Other than Petroleum Products (Barrels)‡						
Year ended 31.03.89	—	—	—	—	—	—
Year ended 31.03.88	—	—	—	—	—	—
6. Oxygen Gas@:						
Year ended 31.03.89	0.01	—	0.08	—	—	—
Year ended 31.03.88	0.01	—	0.07	—	—	—
TOTAL:						
Year ended 31.03.89	0.01 @					
	12.02	24.88	1,01,584.81	134.58	239.48	8,45,977.93
Year ended 31.03.88	0.01 @					
	13.44	24.01	1,02,143.41	130.62	209.61	7,68,882.19

‡ Numbers

@ Cubic Metres

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, except mformation in respect of opening and closing stock of drums manufactured is not feasible.

SCHEDULE 'R'—Finished Products—Quantity and Value Particulars (Contd...)

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)
105.09	406.96	13,01,685.34	14.36	23.08	1,04,770.00
303.73	382.53	12,14,958.12	11.87	24.29	92,439.09
0.88	4.67	77,531.11	0.14	0.81	12,661.05
0.89	4.62	69,667.16	0.15	0.59	9,145.64
79.67	—	1,21,868.07	—	—	—
80.54	—	1,31,741.57	—	—	—
—	2.33	14,802.37	0.07	—	320.28
—	1.77	11,567.23	—	—	—
—	—	—	—	—	
—	0.02	8.50	—	—	—
0.14	—	2.07	0.01	—	0.13
0.18	—	2.42	0.01	—	0.08
0.14@	—‡		0.01@		
185.64	413.96	15,15,888.96	14.57	23.89	1,17,751.46
0.18@	0.02‡		0.01@		
385.16	388.92	14,27,945.00	12.02	24.88	1,01,584.81

Schedules Contd...

SCHEDULE 'S'—Consumption Particulars of Raw Materials

	1989			1988		
	Quantity		Value	Quantity		Value
	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)	MTs (in lakhs)	KLs (in lakhs)	Rupees (in lakhs)
Crude Oil	219.97	-	4,28,344.15	217.87	-	4,26,129.52
Base Oils	1.31	3.51	33,800.43	1.07	2.98	29,052.49
Additives	0.11	0.15	10,930.45	0.08	0.13	9,445.43
Steel Coils and Sheets*	0.39	-	4,745.64	0.35	-	3,504.12
TOTAL:	221.78	3.66	4,77,820.67	219.37	3.11	4,68,131.56

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 extra-ordinary nature.

* Shown under "Package Consumed" in the Profit and Loss Account.

SCHEDULE 'T'—Details of Employees Drawing Not Less Than Rs. 72,000 (1988: Rs. 36,000) Per Annum or Rs. 6,000 (1988: Rs. 3,000) Per Month

		1989 Rupees (in lakhs)		1988 Rupees (in lakhs)
1. Employed throughout the year Number:	2113		19503	
a) Salaries, Wages, Bonus etc.		1,567.61		8,659.76
b) Contribution to Provident Fund and other Funds		122.15		591.74
TOTAL:		1,689.76		9,251.50
2. Employed for a part of the year Number:	187		332	
a) Salaries, Wages, Bonus etc.		74.83		109.16
b) Contribution to Provident and Other Funds		3.58		6.54
c) Gratuity Paid		0.58		6.02
TOTAL:		78.99		121.72

NOTE: The above excludes amount booked under "prior period" and "extra ordinary items".

SCHEDULE 'U'—Expenditure in Foreign Currency

	Rupees (in lakhs)	1988 Rupees (in lakhs)
1. Royalty (Gross) and Technical Service Fees	488.38	184.51
2. Professional consultation fees including legal expenses	48.17	53.30
3. Interest	11,874.50	5,565.95
4. Others	59.37	37.58
TOTAL:	12,470.42	5,841.34

SCHEDULE 'V'—Earnings in Foreign Exchange

	Rupees (in lakhs)	1988 Rupees (in lakhs)
1. Export of Crude Oil and Petroleum Products calculated on FOB basis	65,135.54*	75,661.74
2. Other Income including penalty, inventory carrying cost, etc.	0.65	61.30
TOTAL:	65,136.19	75,723.04

* Includes Rs. 18,186.54 lakhs (1988: Rs. 13,809.21 lakhs) received in Indian Currency out of repatriable funds of foreign customers and other export sales through canalising agencies.

SCHEDULE 'W'—CIF Value of Imports

	Rupees (in lakhs)	1988 Rupees (in lakhs)
Crude Oil	2,72,323.66	3,04,935.45
Base Oils	11,434.44	7,755.09
Additives	1,054.34	642.64
Capital Goods	381.29	2,267.23
Revenue Stores, Components, Spare Parts and Chemicals	1,702.68	2,250.61
TOTAL:	2,86,896.41	3,17,851.02

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

	1989				1988			
	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
1. Crude Oil	1,65,549.27	39	2,62,794.88	61	1,63,723.00	38	2,62,406.52	62
2. Base Oil & Additives	18,204.13	41	26,526.75	59	14,548.47	38	23,949.45	62
3. Steel Coils/Sheets / Stores/Spare Parts and Components	5,387.86	42	7,347.51	58	3,355.89	33	6,678.56	67
TOTAL:	1,89,141.26		2,96,669.14		1,81,627.36		2,93,034.53	

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, 1989 Indian Oil Blending Limited	8,000	40,00,000
	For the Financial year ended 31st March, 1989 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:	107.49	334.55
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	51.11

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

New Delhi
Dated: 4th July, 1989

Schedules *Contd...*

Schedule of Fixed Assets (Township)

	AT COST			
	Gross Block as at 31st March, 1988	Additions during the year	Transfers from construction Work-in-Progress	Transfers, Deductions & Reclassification
	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)	Rupees (in lakhs)
1. LAND—FREEHOLD	199.56	18.71	—	—
— LEASEHOLD	174.32	—	—	(29.18)
2. BUILDINGS, ROADS ETC.	6,282.73	57.04	718.08	(24.98)
3. PLANT & MACHINERY	355.72	3.01	2.22	5.18
4. DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	555.97	0.07	11.66	—
5. EQUIPMENT AND APPLIANCES	148.48	27.19	8.64	(1.61)
6. FURNITURE & FIXTURES	54.37	3.60	—	(5.17)
7. VEHICLES	95.76	1.04	—	(6.38)
8. SUNDRY ASSETS	2.90	—	—	—
TOTAL:	7,869.81	110.66	740.60	(62.14)
PREVIOUS YEAR:	7,399.75	121.79	364.85	(16.85)

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

			NET DEPRECIATED BLOCK	
Gross Block as at 31st March, 1989	Depreciation and Amortisation provided during the year	Total Depreciation and Amortisation upto 31st March, 1989	As at 31st March, 1989	As at 31st March, 1988
Rupees (in Lakhs)	Rupees (in Lakhs)	Rupees (in Lakhs)	Rupees (in Lakhs)	Rupees (in Lakhs)
218.27	—	—	218.27	199.56
145.14	0.62	17.36	127.78	157.58
7,032.87	153.71	1,171.94	5,860.93	5,263.91
366.13	37.21	189.95	176.18	203.46
567.70	37.32	365.64	202.06	227.65
182.70	14.27	100.60	82.10	61.83
52.80	(0.48)	21.16	31.64	31.82
90.42	6.59	69.94	20.48	29.18
2.90	0.21	2.40	0.50	0.72
8,658.93	249.45	1,938.99	6,719.94	6,175.71
7,869.81	249.42	1,694.10	6,175.71	

Income and Expenditure Account

Income and Expenditure Account for the Year ended 31st March, 1989 on provision of Township, Education, Medical and Other Facilities

		Rupees (in lakhs)	1988 Rupees (in lakhs)
INCOME:			
1.	Recovery of House Rent	143.47	130.74
2.	Recovery of Utilities: Power and Water	13.79	13.54
3.	Recovery of Transport Charges	6.10	6.24
4.	Other Recoveries	124.93	170.14
5.	Excess of Expenditure over Income	3,321.32	2,931.63
	TOTAL:	3,609.61	3,252.29
EXPENDITURE:			
1.	Salaries, Wages and PF Contribution	751.48	671.63
2.	Consumable Stores and Medicines	337.21	237.96
3.	Subsidies for Social and Cultural Activities	80.45	79.83
4.	Repairs and Maintenance	548.60	528.50
5.	Interest	569.73	520.81
6.	Depreciation	251.54	249.42
7.	Miscellaneous Expenses: Taxes, Licence Fees, Insurance	303.12	273.36
8.	Utilities: Power and Gas	741.92	668.29
9.	Land Rent	2.79	2.49
10.	Welfare (School)	1.53	1.40
11.	Bus Hire Charges	20.13	17.62
12.	Club and Recreation	1.11	0.98
	TOTAL:	3,609.61	3,252.29

CAG Comments

Comments of the Comptroller and Auditor General of India Under Section 619 (4) of the Companies Act, 1956 on the Accounts of Indian Oil Corporation Limited, for the year ended 31st March, 1989.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the auditor's report under section 619 (4) of the Companies Act, 1956 on the accounts of Indian Oil Corporation Limited, for the year ended 3lst March, 1989.

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

Bombay
Dated: 26th August, 1989

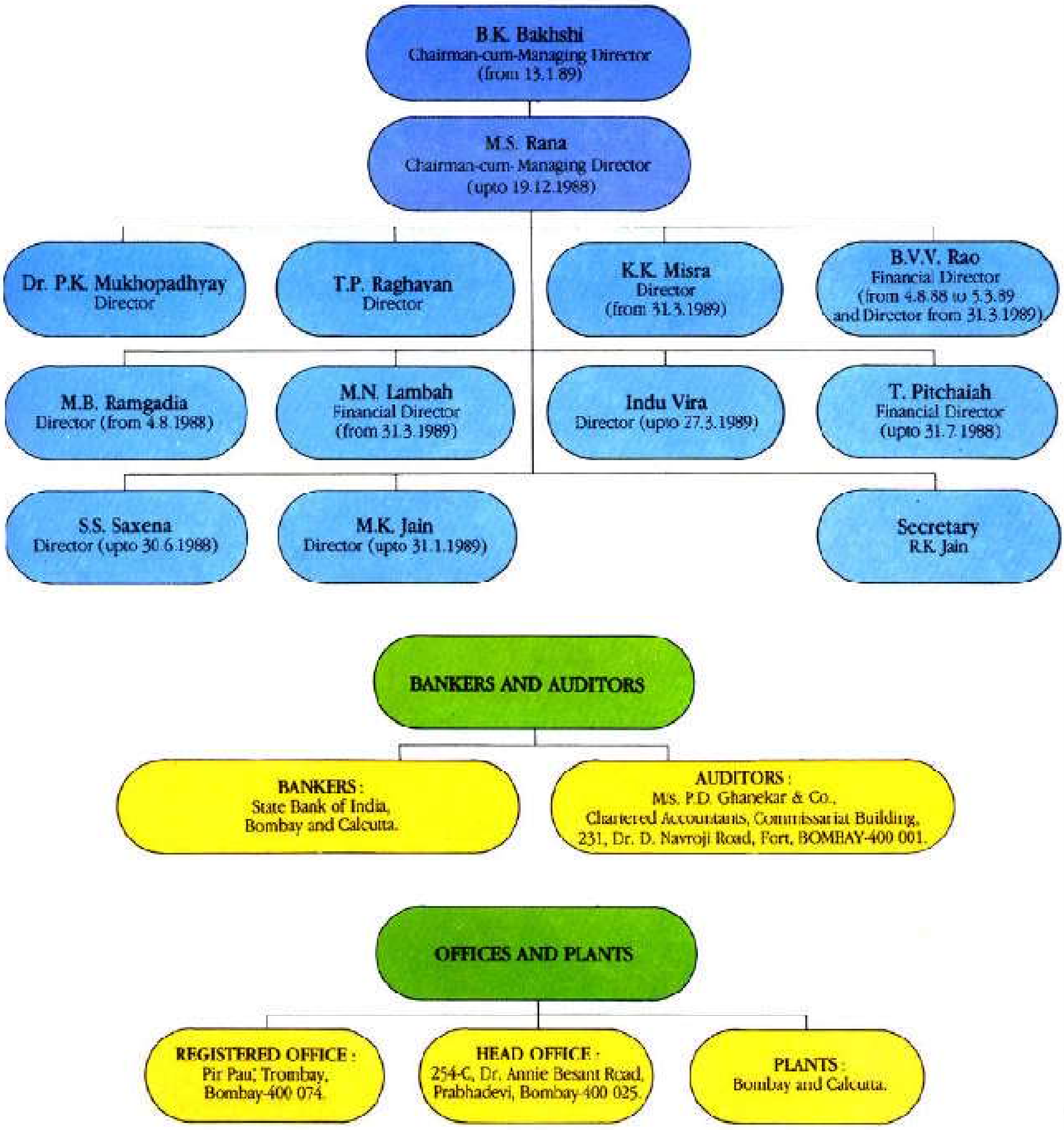
Indian Oil Blending Limited

(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

Annual Report

1988-89

Board of Directors



Notice

NOTICE is hereby given that the Twenty-sixth annual General Meeting of the Shareholders of INDIAN OIL BLENDING LIMITED will be held on Thursday, the 27th July, 1989, at 1230 hours, at the Head Office of the Company, situated at 254-C, Dr. Annie Besant Road, Prabhadevi, Bombay - 400 025, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account, reports of the Directors and Auditors thereon for the financial year ended 31st March, 1989;
2. To declare a divident;
3. To appoint Director in place of Dr. P.K. Mukhopadhyay, who retires at the conclusion of the Annual General Meeting and is eligible for re-appointment;
4. To appoint Director in place of Shri T.P. Raghavan, who retires at the conslusion of the Annual General Meeting and is eligible for re-appointment;
5. To appoint director in place of Shri K.K. Mishra, who retires at the conslusion of the Annual General meeting and is eligible for re-appoitment;
6. To appoint Director in place of Shri B.V.V. Rao, who retires at the conslusion of the Annual General Meeting and is eligible for re-appointment;
7. To appoint Director in place of Shri M.B. Ramgadia, who retires at the conslusion of the Annual General meeting and is eligible for re-appointment;
8. 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.

By Order of the Board

Sd/-
(R.K. JAIN)
Secretary

Bombay
Dated: July 6, 1989.

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. P.D. Ghanekar & Co., Chartered Accountants, Bombay. (Statutory Auditors)

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

Directors' Report to the Shareholders

Gentlemen,

On behalf of the Board of Directors, I have great pleasure in presenting the 26th Annual Report on the working of the Company for the financial year ended 31st March, 1989, together with the Audited Statement of Accounts.

FINANCIAL RESULTS

During the year, the Company has made a gross profit of Rs 1,79,60,511, as against Rs 1,95,05,201 during 1987-88. The comparative figures of gross profit, depreciation, provision for taxation, investment allowance etc., are given hereunder:-

		1988-89 Rs	1987-88 Rs
a)	Gross Profit before Depreciation and Investment Allowance	1,79,60,511	1,95,05,201
b)	Depreciation	34,35,264	81,23,030
c)	Expenses of prior years	2,47,003	9,45,982
d)	Provision for taxation	40,00,000	52,70,000
e)	Net Profit after tax	1,02,78,244	51,66,189
f)	Prior year adjustments	1,67,749	2,14,457
g)	Investment Allowance Reserve written back	2,98,000	2,98,000
h)	Excess provision of Income tax written back	2,88,626	
i)	Refund of tax received for prior years	-	1,91,715
j)	Disposable profit	1,10,32,619	58,70,361
k)	Provision for dividend	4,00,000	4,00,000
l)	Short provision of taxation in respect of earlier year	-	15,676
m)	Appropriated to General Reserve	1,06,30,000	54,50,000
n)	Balance carried to Balance Sheet	2,619	4,685

Dividend and Reserves

Your Directors have recommended a dividend of Rs 50 per equity share, aggregating to Rs 4 lacs being 10% of the paid-up capital, for which provision, as also appropriation, has been made in the accounts, as required under law. After making the aforesaid provision for dividend, the balance available from the net surplus works out to Rs 1,06,32,619. Out of this surplus amount, a sum of Rs 1,06,30,000 has been transferred to General Reserve Account, thereby leaving a balance of Rs 2,619 in the Profit and Loss Account to be carried forward. The balance of General Reserve at the beginning of the year was Rs 3,22,51,000 and, after the current year's transfer of Rs 1,06,30,000 as above, the balance in the General Reserve Account has risen to Rs 4,28,81,000 as on 31st March, 1989.

The Investment Allowance Account showed a balance of Rs 33,68,000 as on 31st March, 1988. Out of this, an amount of Rs 2,98,000 has been written back and transferred to Profit and Loss Account. As such, the net balance under this head of account as on 31st March, 1989 is Rs 30,70,000.

Profitability

The profit before taxes stood at Rs 1,45,25,247, as against the previous year's figure of Rs 1,13,82,171. The major factors attributable to increased profit are:

1) **Increase in net Blending Fee :** The net blending and manufacturing fee received by your Company during the year rose to Rs 7,46,39,955 as against Rs 6,75,60,584 during 1987-88, mainly due to rise in production.
2) **Reduction in Depreciation Provision:** The company has provided depreciation by adopting the new rates, in accordance with the Companies Act, 1956, as amended by the Companies Amendment Act, 1988. Accordingly, the depreciation provided in the Books of Accounts for the year was Rs 34,35,264, as against the previous year's provision of Rs 81,23,030.
3) **Reduction in Interest Liability:** The total interest liability during the year was Rs 38,70,636. Out of this amount, the interest liability on fixed loan taken from the Parent Company was Rs 38,37,731 from which as sum of Rs 26,93,374 has been transferred to Capital Work-in-Progress Account. As such, the net interest liability for the year was Rs 11,77,262, as against the previous year's figure of Rs l6,68,743.

However, the total operating expenses excluding interest for the current year amounted to Rs 5,70,11,876 as against the previous year's figure of Rs 4,80,23,535, mainly due to increased production achieved during the year and inflationary trends in prices.

PRODUCTION

a) **LUBES:** The lube production during the year at both Bombay and Calcutta Plants was the highest ever achieved and stood at 3,57,206 kls.

as against 3,20,003 KLs in previous year. Lube production at Bombay Plant was 2,09,936 KLs dunng the year, as against 1,90,305 KLs during the previous year. Lube production at Calcutta Plant was 1,47,270 KLs during the year, as against 1,29,698 KLs during the previous year.

b) GREASES: The grease production at Bombay Plant during the year was also the highest ever achieved and stood at 7,307 MTs, as against 7,048 MTs during the previous year.

Capacity Utilisation

During the year, the Bombay and Calcutta Lube Plants of the Company achieved capacity utilisation of 139.96% and 147.27% respectively.

Comparative Production

The production figures for the last 4 years are given below for the purpose of comparison:-

	Bombay Plant		Calcutta Plant		Total	
Year	Lubes kl	Greases MT	Lubes kl	Greases MT	Lubes kl	Greases MT
1985-86	1,65,993	6,908	1,25,216	-	2,91,209	6,908
1986-87	1,92,308	7,273	1,30,022	-	3,22,330	7,273
1987-88	1,90,305	7,048	1,29,698	-	3,20,003	7,048
1988-89	2,09,936	7,307	1,47,270	-	3,57,206	7,307

PROJECTS UNDER VII PLAN

An out lay of Rs 883 lacs was approved for the VII Plan period. However, with the addition of new projects, the anticipated expenditure will go upto approximately Rs 1,739.6 lacs and the phasing out of expenditure is as under:

	Rs lacs
1985-86	193.0
1986-87	43.7
1987-88	137.3
1988-89	565.6
1989-90	800.0
	1,739.6

MAJOR PROJECTS

Major projects under consideration during the VII plan are:

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 883 lacs. As on date, a cumulative project progress of 72.77% has been achieved. MIs. Kinetic Technology of India Ltd. are the consultants for the project. Imported equipments are expected around end July ’89. The foreign exchange component is aproximately Rs 68 lacs. The Trombay Grease Plant will be closed and the new Grease Plant at New Bombay is expected to be operational by end of Nov.’89. The salient features of this project are high level of automation and introducing Digital Instruments Distributed Control System (DIDC) for the first time in India for a Multi Product Multipath Project. The total project cost is likely to be contained within the approved outlay.

Closesupervision and automatic filling machines ensure quality and quantity in lubricant tins

Directors' Report *Contd...*

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 lacs was approved in September '88. The configuration of railway siding has been finalised with Central Railway and land acquisition is under progress. IOBL is also in the process of selecting a suitable consultant for implementing this project. This project is likey to be completed by 1991-92. This plant, apart from fulfilling the regional requirements, will also meet the requirements of strategic areas in Northern Region.

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:-

1. **Microprocessor Based Tank Level Measurement Systems :** This project has been completed at a cost of Rs 65.00 lacs at both Bombay and Calcutta. The facilities have been commissioned at Bombay and Calcutta Plants during 1988-89. The system will be upgraded for MIS purposes in 1989-90.

2. **Automatic Batch Blending Systems:** Orders have been placed for auto batch blending systems at Bombay and Calcutta at a total cost of Rs 120 lacs. This will improve the existing batch blending operations in terms of updation of technology, increased productivity and management reporting systems. The system is likely to be commissioned towards end of 1989. This constitutes phase I of Auto Batching System. Phase II will includes Supervisory Control and Phase III will be Lube Oil Administration. These are expected to be done during VIII plan period.

3. To meet the increasing demand of Small Cans in Eastern region, it is planned to import a high speed piston filler/sealer for 5 litre containers (90 cans per minute). Technical bids were opened and negotiations have been held with foreign bidders and the system is likely to be made available by the end of 1990. The cost of the project will be around Rs 141 lacs. The system has high level automation in filling, sealing and cartonising, besides reducing the manual interface.

4. **14" Pipeline From Pir Pau to Jetty:** In order to improve the tanker performance and reduction of demurrages, Bombay Port Trust has permitted the Company for laying a new l4" pipeline from Pir Pau Jetty toTrombay at a cost of Rs 130 lacs. The project is expected to be commissioned by end of 1989-90.

FUTURE OUTLOOK (VIII PLAN)

Based on the demand profile for lubricants and greases, during VIII Plan and considering the Report on Distribution and Marketing of Petroleum Products by the sub-group constituted by the Planning Commission, IOBL has submitted its project profile during VIII Plan. The major projects apart from the Lube Blending Plant at Asaoti, as above, are as under:

1. **Speciality Complex at Thane:** It is proposed to set up a speciality complex to produce speciality greases, lubes and certain additives. The project cost is around Rs 2,000 lacs. The expenditure during VIII plan is likely to be Rs 1,885 lacs and the plant expected to be operational by 1991-92.

2. **Lube Blending Plant at Eastern Region:** In addition to the existing Lube Blending Plant at Paharpur, it is proposed to set up one more lube blending plant with a capacity of 1,50,000 MTs on single shift basis in Eastern Region at a cost of Rs 3,000 lacs. The expenditure is likely to be Rs 2,500 lacs during VIII plan and the plant is expected to be commissioned during 1991-92.

3. **Grease Plant at Asaoti:** To meet the increased demand of greases in the Northern Reg ion, it is proposed to set up a Grease Plant at Asaoti adjacent to the proposed lube blending plant with a capacity of 11,000 MTPA on two shift basis. The cost of the project is expected to be Rs 2,000 lacs and the plant is likely to be ready for operation around 1991-92.

4. **Lube Blending Plant at Karnal:** By the year 2000, in order to meet the growing requirements of lubes, Northern Region would need an additional lube blending plant, apart from the one at Asaoti. Hence, initial work is likely to commence during the VIII plan and Rs 100 lacs is expected to be spent in 1994-95. The Plant is expected to be completed during IX plan.

5. **Manufacture of Extra HVI Oils:** To meet the shortfall in the availability of lube base oils in the country during the VIII and IX plan and to utilise the by-products of the refinery into useful lube base oils, it is prop osed to set up a manufacturing plant for 'X' HVI oils from slack wax or TCO of the

refinery. These are equivalent to synthetic PAO's. Based on the estimate available for PAO's, it will cost Rs 10,000 lacs for a project of 20,000 MTPA and the investment during the VIII plan is expected to be around Rs 5,000 lacs.

6. **Modernizing of Existing Plants:** As stated earlier, the existing plants at Bombay and Calcutta are 25 years old. To improve the operating conditions, safety and productivity, a sum of Rs 500 lacs has been budgeted during the VIII plan period. Some of the modernization activities include automation in material handling system, beside modernizing of the lube oil pipelines at Calcutta etc.
7. **Housing Projects**: To provide accommodation for the employees, an amount of Rs 500 lacs is earmarked during VIII plan period.

QUALITY CONTROL AND DEVELOPMENT

Quality Control and Development aspects remained in the forefront in the operations of the Company, keeping in view the latest technological innovation and industrial growth. IOBL assisted the Parent Company in development and the following new grades were developed and introduced during the year:-

a) Servo Spark 3
b) Servo System 22
c) Servo System HCLP 22
d) Servo Grease CVJ
e) Servo Shocstal
f) Servo Therm Super
g) Servochain Compound
h) Servo Prime 32 T

Assistance was also rendered in developing many cost effective formulations and introducing automatic lubricants during the year.

SAFETY

With a view to ensure that the safety requirements are strictly complied with, each plant has been posted with a safety officer. The safety audit and fire drills are being carried out periodically on a regular basis and all the directives issued by the Oil Industry Safety Directorate are being strictly followed by both the plants.

PERSONNEL

The total number of employees as on 31/3/89 stood at 676 (138 Officers and 538 Workmen) as compared to 672 as on 31/3/1988.

EMPLOYEE RELATIONS/ LABOUR SITUATIONS

Employee relations continued to be very cordial during the year. A Memorandum of Settlement was signed between the Company and the Workmen on 29/3/1989 covering a period from 1/5/1986 to 30/6/1990. This Long Term Settlement provides for substantial wage increase and other allowances, benefits and perquisites to the workmen and is exp- ected to bring about a very healthy industrial climate in the coming years.

A memorandum of Settlement regarding the introduction of self generated Superannuation Benefit Fund Scheme was signed with Calcutta Workmen Union on 14/4/1989. All officers have already been covered under Superannuation Benefit Fund Scheme with effect from November, 1987.

INTEGRATION OF OFFICERS' CADRE OF IOC (MARKETING DIVISION) AND IOBL

On the basis of the recommendations of the Committee (consisting of representatives of IOC, IOBL and Indian Oil Officers' Association) appointed by the Chairman of the Parent Company (IOC), a Memorandum of Understanding has been signed on 29/4/1989 between IOC/IOBL and Indian Oil Officers' Association on the issue of merger of Officers' cadre of IOC (MD) and IOBL (by way of total integration of the Officers' cadre in IOC (MD) and IOBL).

HUMAN RESOURCE DEVELOPMENT AND TRAINING

HRD Programme is being given high priority and attention.

During the year, the following activities were conducted:

Climate Creation

– Intensive Training to HRD Facilitators on the role of 'HRD Internal Change Agents'.
– HRD Appreciation Programme for IOBL officers at Lube Blending Plant, Madras
– HRD Seminar held at Panjim (Goa) for Bombay based Union Representatives. HRD Action Plan prepared.
– Mass HRD Communication Meeting held in Bombay Plant covering 300 workmen and Officers.
– Three HRD Workshops for Collectives held covering 37 Bombay based workmen.
– SWOT Analysis carried out at both the Plants and necessary HRD interventions are being monitored. Periodical HRD Review Meetings were held.
– All Managers in 'D' and above Grades were appreciated to Goal Setting Skills.

Directors' Report *Contd...*

Systems

– Head Office and Plants' Key Result Areas/problems identified, Plant Role Analysis completed. Goal Setting for 'D' and above Grades in Plants implemented.
– Finalisation of Plans for Career Path Models for Officers is under progress.
– Forty-one Officers attended various external Training Progr ammes, twenty-eight Officers were nominated for various out-company Seminars, Congress and Symposia. Altogether, two hundred and eighty-six Officers attended various Incompany Training Programmes. Training Programmes for Safety, Operations, Productivity etc. were organised for workmen.
– HRD perspective plan prepared.
– Qualification Profile for Officers analysed and specialist cadre identified.
– Data Bank for Officers is in the final stage of completion.

Welfare of Employees

Various welfare oriented programmes such as house building loans, vehicle loans, subsidised transport and canteen facilities, medical facilities, provision of uniforms, leave travel concession, Group Savings Linked Insurance Scheme etc., continued to be implemented during the year. Group Insurance Scheme in res- pect of HBA Mortagage redemption covering both as introduced during the year. A cultural programme was also organised by the employees of the Calcutta Plant.

Workers' Participation in Management

In accordance with the Government scheme, your Company is committed to the concept of employee participation in management and continued its efforts in accelerating this process by establishing various Committees like Canteen Committee, Safety Committee, Works Committee spots Committee etc. at both the plants.

Welfare of Weaker Sections

The Company continued to follow all the Presidential Directives for recruitment and promotion of Scheduled Castes and Scheduled Tribes Community, Ex-Servicemen, Physically Handicapped and Females. During the year, the Company recruited 9 employees, out of which 3 belonged to ST and 1 Ex-Serviceman. Relaxation in age continued to be given to these candidates as per Government directives. Special drive is being launched to wipe out the back-log in the matter of recruitment.

Hindi Implementation

A Parliamentary Committee on Official.Languages visited IOBL, HQ, in September 1988 and reviewed the progress of Hindi implementation in the Company. An inspection on the progress of Hindi implementation was also carried out in September 1988, by the Official Languages Department in the Ministry of Petroleum and Natural Gas. One Hindi Workshop was conducted at HO for HODs an Sr. Managers in co-ordination with IOC (M) during March 1989. Various forms/circulars/notices are issued in bilingual. Rules/ Codes/Manuals etc. are translated into Hindi and made in bilingual. A Hindi electronic typewriter was also procured. Hindi correspondence competition was organised during the year.

In order to accelerate the progress in implementation of Hindi in the Company, action is being taken to position a suitable person as Hindi Officer.

SPORTS

Your Company continued to be a member of Petroleum Sports Control Board. Local sports events were conducted at Calcutta Plant during the year and the employees and their family members took active part in such events.

FOREIGN TOUR

During the year, 2 officers of the Company had undertaken foreign tour. Of these, one officer was deputed by the Parent Company (IOC) to Somo, Bughdad, to settle the claim regarding supply of off specification 150 Solvent Neutral Oil. The other officer was sent to London for attending the Shell Commercial and Research Conference. The total expenses incurred on foreign tour during the year amounted to Rs 52,560/-.

ENTERTAINMENT EXPENSES

The entertainment expenses incurred by your Company during the year amounted to Rs 13,968/-.

DIRECTORS

Shri M.S. Rana relinquished charge of the post of Chairman-cum-Managing Director of the Company on 20/12/ 1988. Thereafter, Shri B.K. Bakhshi, Director (Marketing), IOC, was appointed as Chairman-cum-Managing-Director of Indian Oil Blending Ltd.

Shri S.S. Saxena resigned the post of Director with effect from 1/7/1988 and, in his place, Shri M.B. Ramgadia was appointed as Director of the Company effective 4/8/1988. Shri T. Pitchaiah resigned the post of Financial Director effective 1/8/1988.

and, in his place, Shri B.V.V. Rao was appointed as Financial Director with effect from 4/8/1988.

Shri M.K.Jain resigned the post of Director of the Company effective 1/2/1989. Shri B.V.V. Rao resigned the post of Financial Director of the Company with effect from 6/3/1989. However, Shri B.V.V. Rao was subsequently appointed as Director of the Company with effect from 31/3/1989 to fill the vacancy caused by the resignation of Shri M. K. Jain Shri M.N. Lambah was appointed as Financial Director of the Company with effect from 31/3/1989. Shri Indu Vira resigned the post of Director of the Company effective 28/3/1989 and, in his place, Shri K. K. Misra was appointed as Director with effect from 31/3/1989.

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

1) Dr. P.K. Mukhopadhyay
2) ShriT.P. Raghavan
3) Shri K.K. Misra
4) ShriB.V.V.Rao
5) ShriM.B.Ramgadia
6) ShriM.N. Lambah

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 control in of $C0_2$ content in the flue-gases. $C0_2$ analysers have been installed to monitor the efficiency of boiler burner. Condensate recovery is done to a large extent, so that heat input by burning excess fuel is avoided. For recovering condensate, the performance of steam traps are being monitored regularly.

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

Power factor improvers are being installed at a cost of Rs 1.5 lacs in the Resited Grease Plant, New Bombay. Inertia losses due to reduction gear in positive displacement pumps are under study. Efforts are being made to replace gear pumps by reduction gear to direct driven screw pumps.

(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:

As a result of the measures taken at (a) and (b) above, the average consumption of energy per kl of production has shown declining trend to the extent of 4% approximately, during the year.

(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; and export plans:

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

(g) Total foreign exchange used and earned:

During the year, no foreign exchange is earned. There is a foreign exchange outgo of Rs 5,71,228/- on account of import of spare parts, capital goods, foreign travel etc.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees, pursuant to Sec. 21 7(2A) of the Companies Act, 1956 (as amended by the Companies Amendment Act, 1988) and the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1988, is annexed hereto.

ACKNOWLEDGEMENTS

The most vital resource of the Company is its employees and the growth of the Company depends largely on their commitment. The

Directors' Report *Contd...*

excellent results and achievements of y our Company during the year have been made possible on account of the initiative, hard work and dedicated efforts of all the employees. Your Directors wish to place on record its deep appreciation for their commendable work. The Directors also acknowledge their gratitude for all the assistance and support received from the Government and its Holding Company, Indian Oil Corporation Limited.

For and on behalf of the Board,

(B.K. BAKHSHI)
Chairman-cum-Managjng Director

"Addendum to the Directors' Report dt. 19.6.89 signed by Chairman-cum-Managing Director:

In the Schedule IX to the Annual Accounts for 1988-89 the following para had been included regarding LTA :

Quote : Pending approval of the Government in respect of long term settlement agreement finalised with the employees, no liability has been provided for revision of emoluments.

Unquote

The Government has now approved the LTA in respect of IOC. This approval ipso facto applies to IOBL also, since IOBL follows all the personnel policies of IOC. The total impact of the LTA works out approx. to Rs. 1.14 crores for the period from 1.5.86 to 31.3.89 (excluding Interim Relief of approx. Rs. 20 lacs already paid). The actual payments of LTA arrears to the workmen have been made during the current year (1989-90). The formula for payment of blending fee by IOC (Parent Company to IOBL, inter alia, includes reimbursement of financial implications on account of LTA and interim relief of IOBL. As such, the amount is recoverable from IOC (Parent Company). Necessary accounting adjustments will be carried out in the Company's current year (1989-90) accounts.

For and on behalf of the Board,

(B.K. BAKHSHI)
Chairman-cum-Managing Director

Bombay
Dated: 1st July, 1989

Auditors' Report

Auditors' Report to the Shareholders

The Members,
Messrs Indian Oil Blending Limited,
Bombay

Dear Sirs,

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1989 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 accounts 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 accounts.
4. Subject to Note No.3 regarding change in the rates of depreciation; and Note No.4 regarding change in the method of accounting of interest accrued from employees on vehicle loans, the result of which is that depreciation is less by Rs. 64,23,505 and interest is more by Rs. 63,319, consequently profits for the current year are overstated by Rs. 64,86,824.

   Subject to the foregoing, 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:

   i) In the case of Balance Sheet of the state of affairs of the Company as on 31st March, 1989 and
   ii) In the case of the Profit and Loss Account of the Profit for the year ended on that date.

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 Para 4 of the said order as far as applicable to the Company that :

i) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
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) In our opinion, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
v) The discrepancies noticed on verification between the physical stocks and the 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 earlier years.
vii) The Company has not taken any loans, secured or unsecured from the companies, firms and other parties listed in the register maintained under section 301 and 370 (1-C) of the Companies Act, 1956.

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-C) 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 and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, components, plant and machinery, equipment and other assets.

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

xii) According to the information and explanations given to us, the Company has a regular procedure for determining unserviceable or damaged stores and adequate provisions has been made in the accounts for the loss arising on the items so determined.

xiii) The Company has not accepted any deposits from public.

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 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 31st March, 1989 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 Company is not a sick industrial company within the meaning of clause (d) of sub-section(1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Yours faithfully,

For P.D. GHANEKAR AND COMPANY
Chartered Accountants

Bombay
Dated: l0th June, 1989

Sd/-
(S.P. GHANEKAR)
Partner

Balance Sheet

Balance Sheet As at 31st March, 1989

	Schedule	Rupees	As at 31st March, 1988 Rupees
I. SOURCES OF FUNDS:			
1. Shareholders' Funds :			
(a) Capital	I	40,00,000	40,00,000
(b) Reserves & Surplus	II	4,59,53,619	3,56,23,685
		4,99,53,619	3,96,23,685
2. Loan Funds:			
(a) Unsecured Loans	III	6,75,58,360	1,67,83,069
		6,75,58,360	1,67,83,069
TOTAL :		11,75,11,979	5,64,06,754
II. APPLICATION OF FUNDS :			
1. Fixed Assets:	IV		
(a) Gross Block		8,30,74,690	6,98,92,860
(b) Depreciation		4,52,01,275	4,22,47,183
(c) Net Block		3,78,73,415	2,76,45,677
(d) Capital work-in-progress		4,69,37,452	87,25,305
		8,48,10,867	3,63,70,982
2. Current Assets, Loans and Adva ces:	V		
(a) Inventories		22,88,093	19,86,660
(b) Sundry Debtors		12,50,087	6,44,307
(c) Cash & Bank Balances		81,40,121	1,43,993
(d) Loans & Advances		4,61,29,618	4,40,50,780
C/F.....		5,78,07,919	4,68,25,740
Carried Forward		8,48,10,867	3,63,70,982

Balance Sheet As at 31st March, 1989 (Contd...)

	Schedule	Rupees	As at 31st March, 1988 Rupees
Brought Forward		8,48,10,867	3,63,70,782
B/F		5,78,07,919	4,68,25,740
Less: Current Liabilities and Provisions:	VI		
(a) Current Liabilities		1,15,81,807	84,79,292
(b) Provisions		1,35,25,000	1,83,10,676
		2,51,06,807	2,67,89,968
Net Current Assets .		3,27,01,112	2,00,35,772
TOTAL:		11,75,11,979	5,64,06,754
Notes on Balance Sheet	IX		

Sd/-	Sd/-	Sd/-	Sd/-
(B.K. BAKHSHI)	(M.N. LAMBAH)	(K.K. MISRA)	(R.K. JAIN)
Chairman-cum-Managing Director	Financial Director	Director	Secretary

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

BOMBAY
Dated: 19th June, 1989

Sd/-
(Partner)

Profit and Loss Account

Profit and Loss Account for the year ended 31st March, 1989

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME:				
Throughput, Blending and Manutacturing Charges	VII		7,46,39,955	6,75,60,584
Other Income	VII		15,09,694	16,36,895
			7,61,49,649	6,91,97,479
EXPENDITURE:				
Operating & Other expenses	VIII		5,70,11,876	4,80,23,535
Interest:				
On Fixed Loan		38,37,731		
Others		32,905		
		38,70,636		
Less: Transferred to Capital Work-in-Progress Account		26,93,374	11,77,262	16,68,743
Depreciation			34,35,264	81,23,030
			6,16,24,402	5,78,15,308
Profit for the year before tax			1,45,25,247	1,13,82,171
Expenses of prior years			2,47,003	9,45,982
PROFIT BEFORE TAX :			1,42,78,244	1,04,36,189
Provision for Taxation			40,00,000	52,70,000
PROFIT AFTER TAX :			1,02,78,244	51,66,189
Surplus brought forward from previous year			4,685	9,417
Investment Allowance Reserve Written back			2,98,000	2,98,000
Excess provision of Income tax adjusted for prior years			2,88,626	–
Refund of tax received for prior years			–	1,91,715
Excess provision for expenses of prior year written back			1,63,064	2,05,040
DISPOSABLE PROFIT :			1,10,32,619	58,70,361

Profit and Loss Account for the year ended 31st March, 1989 (Contd...)

	Schedule	Rupees	Previous Year Rupees
APPROPRIATIONS:			
Proposed Dividend (Subject to deduction of tax)		4,00,000	4,00,000
Short Provision for Taxation in respect of earlier year		–	15,676
General Reserve		1,06,30,000	54,50,000
Surplus carried to Balance Sheet		2,619	4,685
		1,10,32,619	58,70,361
Notes on Profit and Loss Account	IX		

Sd/-	Sd/-	Sd/-	Sd/-
(B.K. BAKHSHI)	(M.N. LAMBAH)	(K.K. MISRA)	(R.K. JAIN)
Chairman-cum-Managing Director	Financial Director	Director	Secretary

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

BOMBAY
Dated: 19th June, 1989

Sd/-
(Partner)

Schedules

Schedules Annexed to and Forming Part of the Balance Sheet As at 31st March, 1989

	Rupees	Rupees	As at 31st March. 1988 Rupees
SCHEDULE – I			
SHARE CAPITAL :			
Authorised :			
8,000 Equity Shares of Rs. 500/- each		40,00,000	40,00,000
Issued and Subscribed :			
8,000 Equity Shares of Rs. 500/- each, fully Paid-up, (The entire share capital is held by INDIAN OIL CORPORATION LIMITED, the Holding Company, and its NOminees)		40,00,000	40,00,000
TOTAL:		40,00,000	40,00,000
SCHEDULE-II			
RESERVES AND SURPLUS:			
(1) General Reserve :			
As per last Balance Sheet	3,22,51,000		2,68,01,000
Transferred from Profit & Loss Account	1,06,30,000		54,50,000
		4,28,81,000	3,22,51,000
(2) Investment Allowance Reserve :			
As per last Balance Sheet	33,68,000		36,66,000
Transferred from Profit & Loss Account	–		–
	33,68,000		36,66,000
Less: Transferred to Profit & Loss Account	2,98,000		2,98,000
		30,70,000	33,68,000
(3) Profit & Loss Account :		2,619	4,685
TOTAL:		4,59,53,619	3,56,23,685

SCHEDULE – III

	Rupees	Rupees	As at 31st March. 1988 Rupees
UNSECURED LOAN :			
Short Term Loan :			
Cash Credit from State Bank of India, Guaranteed by-Indian Oil Corporation Limited, the Holding Company		–	10,62,440
Long Term Loan:			
Loan from Indian Oil Corporation Limited, the Holding Company	6,20,06,000		1,40,06,000
Interest Accrued	55,52,360		17,14,629
		6,75,58,360	1,57,20,629
TOTAL :		6,75,58,360	1,67,83,069

Schedules *Contd...*

SCHEDULE – IV

FIXED ASSETS	GROSS BLOCK			
	As on 1.4.88	Additions	Deductions	As on 31.3.89
	Rs.	Rs.	Rs.	Rs.
Land-Leasehold	80,06,000	–	–	80,06,000
Office/Factory Bldgs	93,80,804	7,54,887	–	1,01,35,691
Residential Flat	1,62,336	–	–	1,62,336
Railway Siding	2,73,039	–	–	2,73,039
Plant & Machinery	3,90,34,067	98,02,651	2,71,345	4,85,65,373
Furniture, Fixtures and Office Equipments	42,95,748	11,19,968	–	54,15,716
Computer/Micro Processors.	2,93,791	1,51,118	–	4,44,909
Forklift Trucks	61,10,573	17,66,049	2,17,166	76,59,456
Motor Vehicles	9,20,274	1,55,615	79,947	9,95,942
RESEARCH & DEVELOPMENT:				
Building	26,483	–	–	26,483
Plant and Machinery	13,89,745	–	–	13,89,745
TOTAL:	6,98,92,860	1,37,50,288	5,68,458	8,30,74,690
PREVIOUS YEAR:	6,55,84,270	43,71,737	63,147	6,98,92,860

NOTES: (1) Res. Flat includes Rs. 3,500/- towards share value of 70 shares in Co-op. Housing Society, for purchase of flat.

(2) Lease Agreement in respect of leasehold land acquired at Thane is yet to be executed.

SCHEDULE – IV (Contd...)

DEPRECIATION				NET BLOCK	
Upto 31.3.88	Deductions/ Adjustment for earlier years	For the year	Upto 31.3.89	As on 31.3.89	As on 31.3.88
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,52,822	–	84,274	3,37,096	76,68,904	77,53,178
54,60,618	–	4,10,455	58,71,073	42,64,618	39,20,186
57,125	–	5,261	62,386	99,950	1,05,211
2,56,956	–	2,413	2,59,369	13,670	16,083
2,79,48,446	2,03,046	18,58,457	2,96,03,857	1,89,61,516	1,10,85,621
23,88,508	–	2,70,160	26,58,668	27,57,048	19,07,240
97,922	–	93,354	1,91,276	2,53,633	1,95,869
41,57,217	2,14,945	5,62,536	45,04,808	31,54,648	19,53,356
5,57,608	63,181	97,883	5,92,310	4,03,632	3,62,666
11,788	–	735	12,523	13,960	14,695
10,58,173	–	49,736	11,07,909	2,81,836	3,31,572
4,22,47,183	4,81,172	34,35,264	4,52,01,275	3,78,73,415	2,76,45,677
3,41,73,558	49,405	81,23,030	4,22,47,183		
			CAPITAL WORK-IN-PROGRESS:	4,69,37,452	87,25,305
			TOTAL:	8,48,10,867	3,63,70,982

Schedules *Contd...*

SCHEDULE – V

		Rupees	As at 31st March, 1988 Rupees
CURRENT ASSETS, LOANS & ADVANCES:			
1) CURRENT ASSETS:			
(a) Inventories:			
Stores & Spare Parts (At Cost) (as taken, valued and certified by the Management)		22,88,093	19,86,660
	TOTAL:	22,88,093	19,86,660
(b) Sundry Debtors : (Unsecured, considered good)			
Other Debts (Due from Indian Oil Corporation Limited, the Holding Company)		12,50,087	6,44,307
	TOTAL:	12,50,087	6,44,307
(c) Cash and Bank Balances:			
(i) Cash & Cheques on hand & in transit		1,12,934	90,250
(ii) Balance with a Scheduled Bank:			
In Current Account		17,42,597	53,743
In Fixed Deposit Account		62,84,590	–
	TOTAL:	81,40,121	1,43,993
2) LOANS AND ADVANCES:			
Advances recoverable in cash or in kind or for value to be received considered good			
(a) Secured		1,87,54,411	1,30,90,480
(b) Unsecured:			
(i) Due from Indian Oil Corporation Limited, the Holding Company		16,14,982	6,26,140
(ii) Others		89,57,184	1,05,08,985
		2,93,26,577	2,42,25,605
Advance Payment of Income-tax .		1,56,17,216	1,96,22,400
Deposit with Industrial Development Bank of India, in lieu of surcharge on Income-tax with accrued interest		2,75,825	2,02,775
Investment Deposit Account with Industrial Development Bank of India		9,10,000	–
	TOTAL:	4,61,29,618	4,40,50,780

SCHEDULE – VI

CURRENT LIABILITIES AND PROVISIONS:

	Rupees	Rupees	As at 31st March, 1988 Rupees
1) CURRENT LIABILITIES:			
(a) Creditors for Capital Goods		17,38,805	3,03,378
(b) Security Deposits		7,27,344	5,66,661
(c) Earnest Money Deposits		3,38,850	2,51,600
(d) Sundry Creditors for Expenses :			
Due to Indian Oil Corporation Limited	4,15,304		2,62,396
Due to others	7,90,201		5,95,885
		12,05,505	8,58,281
(e) Other Liabilities		75,71,303	64,99,372
TOTAL :		1,15,81,807	84,79,292
2) PROVISIONS:			
Taxation		1,31,25,000	1,79,10,676
Proposed Dividend		4,00,000	4,00,000
TOTAL :		1,35,25,000	1,83,10,676

Schedules Annexed to and Forming Part of the Profit and Loss Account For the year ended 31st March, 1989

SCHEDULE-VII

THROUGHPUT, BLENDING AND MANUFACTURING CHARGES:

Throughout, Blending and Manufacturing Charges	7,48,26,515	6,75,60,584
Less: Operational Loss	1,86,560	–
TOTAL:	7,46,39,955	6,75,60,584

OTHER INCOME:

Interest:		
On Staff Loans	7,98,340	6,67,774
On Others	3,48,504	37,894
	11,46,844	7,05,668
Profit on Sale of Assests	1,46,947	–
Pipeline User Charges	–	7,11,260
Miscellaneous	2,15,903	2,19,967
TOTAL:	15,09,694	16,36,895

Schedules *Contd...*

SCHEDULE – VIII

OPERATING AND OTHER EXPENSES:

	Rupees	Rupees	Previous Year Rupees
Salaries, Wages, Allowances and Bonus		2,98,57,259	2,62,62,758
Contribution to Employees' Provident Fund and Other Funds		18,18,675	12,88,603
Gratuity		3,55,151	3,49,927
Staff Welfare Expenses		75,03,868	49,86,256
Fuel, Power . & Water Charges		62,64,360	57,57,733
Stores and Spare Parts Consumed		9,01,883	8,98,749
Rent		16,80,849	9,28,365
Rates, Taxes & Licences		3,55,698	3,30,319
Material Handling Expenses		8,41,061	6,44,642
Repairs & Maintenance to:			
Buildings	10,90,509		11,81,348
Plant & Machinery	15,17,036		13,67,027
Railway Siding	1,86,503		1,78,858
Others	5,50,472		5,30,583
		33,44,520	32,57,816
Insurance		1,09,600	1,22,578
Travelling & Conveyance		8,54,289	5,71,821
Motor Vehicle Expenses		2,52,078	2,07,234
Printing & Stationery		4,66,934	3,91,946
Postage, Telegraiii & Telephones		7,49,031	5,33,465
Legal & Professional Charges		35,271	2,07,147
Donation		351	5,351
Loss on sale/scrapping of assets		144	38,742
Auditors' Remuneration:			
Audit Fees	12,000		12,000
Tax Audit Fees	4,000		4,000
Out-of-Pocket Expenses	27,892		22,719
		43,892	38,719
General Expenses		15,76,962	12,01,364
TOTAL :		5,70,11,876	4,80,23,535

SCHEDULE – IX

Schedule Annexed to and Forming Part of the Accounts for the Year Ended 31st March, 1989

			Rupees	Previous year Rupees
1.	**CONTINGENT LIABILITIES:**			
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for.		5,90,49,614	3,77,08,084
(b)	Claims against the Company, not acknowledged as debts.		13,30,857	25,000
2.	Additional information pursuant to 3, 4, 4C & 4D of Part II, to Schedule VI of the Companies Act, 1956:			
	(A) Turnover (Processing Fees)			
	Lube Blending	Kilolitres	3,57,206	3,20,003
		Rupees	6,71,54,456	6,01,60,635
	Grease	Metric Tonnes	7,307	7,048
		Rupees	76,72,059	73,99,949

NOTE: The Company has not purchased or consumed any raw materials during the year. There are no opening or closing stock of finished goods. The Company processes materials received by it from INDIAN OIL CORPORATION LIMITED, the Holding Company. Quantities mentioned above, relate to such processing operations.

(B) Break-up of expenditure incurred during the year on employees in respect of remuneration aggregating to Rs. 72,000/- or more, per year or Rs. 6,000/- per month, when employed for a part of the year.

(i)	Employed througout the Year: Number of Employees		26	402
	Salaries, Wages & Bonus	Rupees	20,66,600	1,93,95,763
	Contribution to Provident Fund and Other Funds. (1988: Rs. 36,000/- per year)	Rupees	1,25,743	9,48,117
(iii)	Employed for part of the year Number of Employees.		1	3
	Salaries, Wages & Bonus.	Rupees	84,227	36,321
	Contribution to Provident Fund and Other Funds. (1988: Rs. 3,000/- per month)	Rupees	6,002	2,646
(C)	**Remuneration to whole time Chairman & Managing Director**:			
(a)	Salary	* Rupees	74,258	91,839
(b)	Provident Fund & Other Funds	* Rupees	6,002	7,211
(c)	Other perquisities	* Rupees	9,969	21,602
			90,229	1,20,652

(* employed for part of the year. The Chairman-Managing Director employed for part of the year was also allowed the use of Company's car for private purposes upto 12,000 KMs. per annum, on a payment of Rs. 3,000/- per annum, to be recovered in instalments of Rs. 250/- per mensem. His gratuity entitlements have been settled by the Holding Company.)

(The present incumbent nominated by the Holding Company did not draw any remuneration during the year).

Schedules *Contd...*

(D) Capacity and Production:

	Lubes	Grease	Previous year Lubes	Previous year Grease
(a) Licenced Capacity	2,50,000 kl	4,536 mt	2,50,000 kl	4,536 mt
(b) *Installed Capacity	2,50,000 kl	8,500 mt	2,50,000 kl	8,500 mt
(c) **Actual Production	3,57,206 kl	7,307 mt	3,20,003 kl	7,048 mt

Government a proval for enhanced capacity in respect of grease production of 11,000 MT per annum has been obtained for the plant under resitement at New Bombay.

*As certified by the Management and accepted by the Auditors without verification.
** Includes 320 KLs. not blended but back-loaded. (previous year: 3,875 KLs).

		Rupees	Previous Year Rupees
(E)	**C.I.F. Value of Imports:**		
	Spare parts and components	2,23,658	2,69,997
	Capital goods	2,84,258	9,29,123
(F)	**Expenditure in Foreign Currency:**		
(a)	Subscription to journals	10,752	9,895
(b)	Consumable Stores	–	–
(c)	Foreign Travel	52,560	–

(G) Consumption of Spare Parts during the Year:

	Value Rupees	Percentage Rupees	Previous year Value Rupees	Previous year Percentage
Imported	1,05,767	7.56	1,36,918	16.87
Indigenous	12,94,087	92.44	6,74,493	83.13

3. The Company has provided depreciation as per the provisions of Companies Amendment Act, 1988 for the current year. The Company had hitherto provided depreciation at the rates prescribed in the Income Tax Act. If the Company had followed rates prescribed in the Income Tax Act for the current year, the depreciation provision would have been more by Rs. 64,23,505/- and net profit would have been reduced by a like amount.
4. The change from cash to accrual basis in the method of accounting for interest from employees for vehicle loans has increased the profit for the year by Rs. 63,319/-.
5. Pending approval of the Government in respect of long term settlement agreement finalised with the employees, no liability has been provided for revision of emoluments.
6. Previous year's figures have been re-grouped wherever necessary.

Signature to Schedule I to IX

Sd/-	Sd/-	Sd/-	Sd/
(B.K. BAKHSHI)	(M.N. LAMBAH)	(K.K. MISRA)	(R.K. JAIN)
Chairman-cum-Managing Director	Financial Director	Director	Secretary

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

BOMBAY
Dated: 19th June, 1989

Sd/
(Partner)

Form - A
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

	Bombay Plant		Calcutta Plant	
	Current Year 1988-89	Previous Year 1987-88	Current Year 1988-89	Previous Year 1987-88
1. ELECTRICITY				
a) Purchased:				
Unit	KW 14,04,490	KW 12,93,598	KW 7,85,510	KW 7,66,870
Total amount	Rs. 17.87 lacs	Rs. 14.54 lacs	Rs.12.22 lacs	Rs. 10.35 lacs
Rate/Unit	Rs. 1.27	Rs. 1.12	Rs. 1.55	Rs. 1.35
b) Own generation:				
i) Through Diesel Generator:				
Unit	NIL	NIL	KW 13,360	KW 6,879
Units per Ltr. of Diesel Oil	NIL	NIL	1.982	2.672
Cost/Unit	NIL	NIL	Rs. 2.12	Rs. 3.21
ii) Through Steam Turbine/Generator:				
Units	NIL	NIL	NIL	NIL
Units per Ltr. of Fuel Oil/Gas	NIL	NIL	NIL	NIL
Cost/Unit	NIL	NIL	NIL	NIL
2. COAL (Specify quality and where used) :				
Qty (Tonnes)	NIL	NIL	NIL	NIL
Total Cost	NIL	NIL	NIL	NIL
Avg. Rate	NIL	NIL	NIL	NIL

Annexure *Contd...*

	Bombay Plant		Calcutta Plant	
	Current Year 1988-89	Previous Year 1987-88	Current Year 1988-89	Previous Year 1987-88
3. FURNACE OIL/LDO:				
Qty. (KL)	570.39	517.61	146.22	169.84
Total amount (Rs. lakhs)	19.55	17.49		
Avg. Rate (Rs. per KL)	3,427.48	3,378.99	3,460.53	3,503,32
4. OTHERS/INTERNAL GENERATION:				
Qty.	NIL	NIL	NIL	NIL
Total Cost	NIL	NIL	NIL	NIL
Rate/Unit	NIL	NIL	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION:

		Bombay Plant				Calcutta Plant	
Products (with details unit)	**Standards if any**	**Current Year 1988-89**		**Previous Year 1987-88**		**Current Year 1988-89**	**Previous Year 1987-88**
		Lubes	Greases	Lubes	Greases	Lubes	Lubes
Electricity (KL/KW)	–	0.25	0.013	0.23	0.011	0.18	0.17
Furnace Oil (KL/litre)	–	1.000	0.020	0.940	0.018	1.008	0.760
Coal (Specify quality)	–	NIL	NIL	NIL	NIL	NIL	NIL
Others (Specify)	–	NIL	NIL	NIL	NIL	NIL	NIL

Annexure

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 towards technology absorption, adaptation and innovation. .	:	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.
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.
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year),following information may be finished :-		
	(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, 1989.

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors Report under Section 619(4) of the Companies Act, 1956 on the accounts of Indian Oil Blending Limited, Bombay for the year ended 31st March, 1989.

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

Bombay
Dated: 26th August, 1989