

INDIAN OIL
CORPORATION
LIMITED

ANNUAL
REPORT
1965-66



CORRECTION SLIP ANNUAL REPORT FOR 1965-66

Page 62 Para 7 (iii) Profit after tax for 1965-66
should be read as 88.70 instead of 77.70

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INDIAN OIL CORPORATION LTD.

BOARD OF DIRECTORS :

N. N. Kashyap, I.C.S., Chairman
Kamaljit Singh
Maj. Gen. Sarda Nand Singh (Retd.)
S. K. Guha
M. V. Rao
A. A. Peerbhoy
C. S. Loganathan
P. K. J. Menon
R. S. Gupta
P. H. Trivedi
K. T. Satarawala
R. T. Sinha
S. Ghosh
E. P. W. da Costa

SECRETARY :

D. B. Puri

BANKERS :

State Bank of India

AUDITORS :

M/s. A. F. Ferguson & Company
M/s. S. P. Chopra & Company
M/s. P. K. Mitra & Company

**REGISTERED OFFICE AND
MARKETING DIVISION
HEADQUARTERS :**

254-C, Dr. Annie Besant Road,
Worli, BOMBAY-18

MARKETING DIVISION :**Branches :**

Bombay, New Delhi, Calcutta, Madras

REFINERIES DIVISION :**Headquarters :**

Link House, Bahadur Shah Zafar Marg,
New Delhi-I

PIPELINES DIVISION:**Headquarters :**

18, Jor Bagh
New Delhi-3

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Indian Oil Corporation Limited will be held at the Company's Registered Office at 254-C, Dr. Annie Besant Road, Worli, Bombay, at 12.45 p.m. on Saturday, the 26th November, 1966, to transact the following business.

1. ORDINARY BUSINESS :

"To receive, consider and adopt the Balance Sheets, Profit & Loss Account. Reports of the Auditors and Directors thereon for the financial year ended 31st March, 1966".

2. SPECIAL BUSINESS :

"To consider and if thought fit to pass the following resolution with or without modification as special resolution :

SPECIAL RESOLUTION

"RESOLVED that in place of existing Article 95(a) the following be substituted."

"95(a)

The President may appoint one or more of the Directors to be the Managing Director(s)/ Executive Director(s) and may appoint one or more Financial Controller(s), General Manager, Barauni Refinery; General Manager Gauhati Refinery; General Manager, Koyali Refinery; General Manager, Marketing Division, for such term and at such remuneration as he may think fit and may from time to time remove him or them from office and appoint another or others in his or their place or places".

By Order of the Board

D. B. PURI

Secretary

Bombay

Dated 25th November, 1966.

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

2. A printed copy of Balance Sheet, Profit and Loss Account and Auditors' and Directors' Reports thereon is enclosed.

3. Explanatory statement on special resolution as required vide Section 173 of the Companies Act, 1956 is enclosed.

**EXPLANATORY STATEMENT TO SPECIAL RESOLUTION AS PER
SECTION 173 OF THE COMPANIES ACT, 1956.**

As per Article 116(23) of the Articles of Association of the Corporation, the right to appoint some senior officers is vested with the President of India.

Recently the Government of India has notified that they have included the following posts also in the classified four Schedules—'A', 'B' 'C' and 'D'—maintained by the Government for filling top posts in Public Undertakings:—

1. General Manager, Barauni Refinery
2. General Manager, Gauhati Refinery
3. General Manager, Koyali Refinery.
4. General Manager, Marketing Division.

The Government has, as such, requested the Corporation to amend its Articles accordingly.

The resolution is placed before the members for their consideration to enable action on the request of the Government.

INDIAN OIL CORPORATION LTD.

DIRECTORS' REPORT 1965-66

To,

THE SHAREHOLDERS OF INDIAN OIL CORPORATION LIMITED

Gentlemen,

I have pleasure in presenting to you on behalf of your Board of Directors the Seventh Annual Report containing Balance Sheet and Profit and Loss Account and Auditors' Report thereon for the financial year ended 31st March, 1966.

RESULTS

Turnover for the year amounted to Rs. 1,70,20,81,917 as against Rs. 77,81,94,904 for the previous year.

Net profit for the year amounted to Rs. 1,01,26,380 as against Rs. 75,64,091 for the previous year, after providing depreciation for Rs. 3,33,26,901 and interest charges for Rs. 3,50,76,438 as against Rs. 1,32,88,921 and Rs. 3,46,25,090 in the previous year respectively.

Net profit of Rs. 1,01,26,380 for the year under review works out to 1.55% of the Paid-up Capital as against 1.71% of the previous year. Out of the net profit of Rs. 1,01,26,380 earned during the year a sum of Rs. 59,19,366 has been adjusted against debit balance in Profit and Loss Account of the previous year's Balance Sheet leaving a balance amount of Rs. 42,07,014, which your Directors recommend may be carried forward.

The profits of the Corporation have been substantially affected by devaluation. As much as a sum of Rs. 4,37,14,873 has been provided as loss on devaluation in the Profit and Loss Account for the year under review.

Besides, the Corporation's Marketing Division had to undergo a substantial amount of loss on account of under-recovery of freight and central sales tax. A sum of Rs. 161.33 lakhs has been provided on that account in the Profit and Loss Account for the year as against Rs. 104.17 lakhs in the previous year.

But for the above two factors your Company would have shown substantially higher profits.

FINANCE

During the year under review the changes in share capital and loan received by the Corporation from the Central Government were as follows:

| | Balance as on 31 -3- 1965 | Additions during 1965-66 | Balance as on 31 -3- 1966 |
|---------------|------------------------------|-----------------------------|------------------------------|
| Share Capital | 44,26,22,000 | 21,03,00,000 | 65,29,22,000 |
| Loan | 45,52,11,111 | 24,82,54,445 | 70,34,65,556 |
| | <u>89,78,33,111</u> | <u>45,85,54,445</u> | <u>1,35,63,87,556</u> |

REFINERIES DIVISION

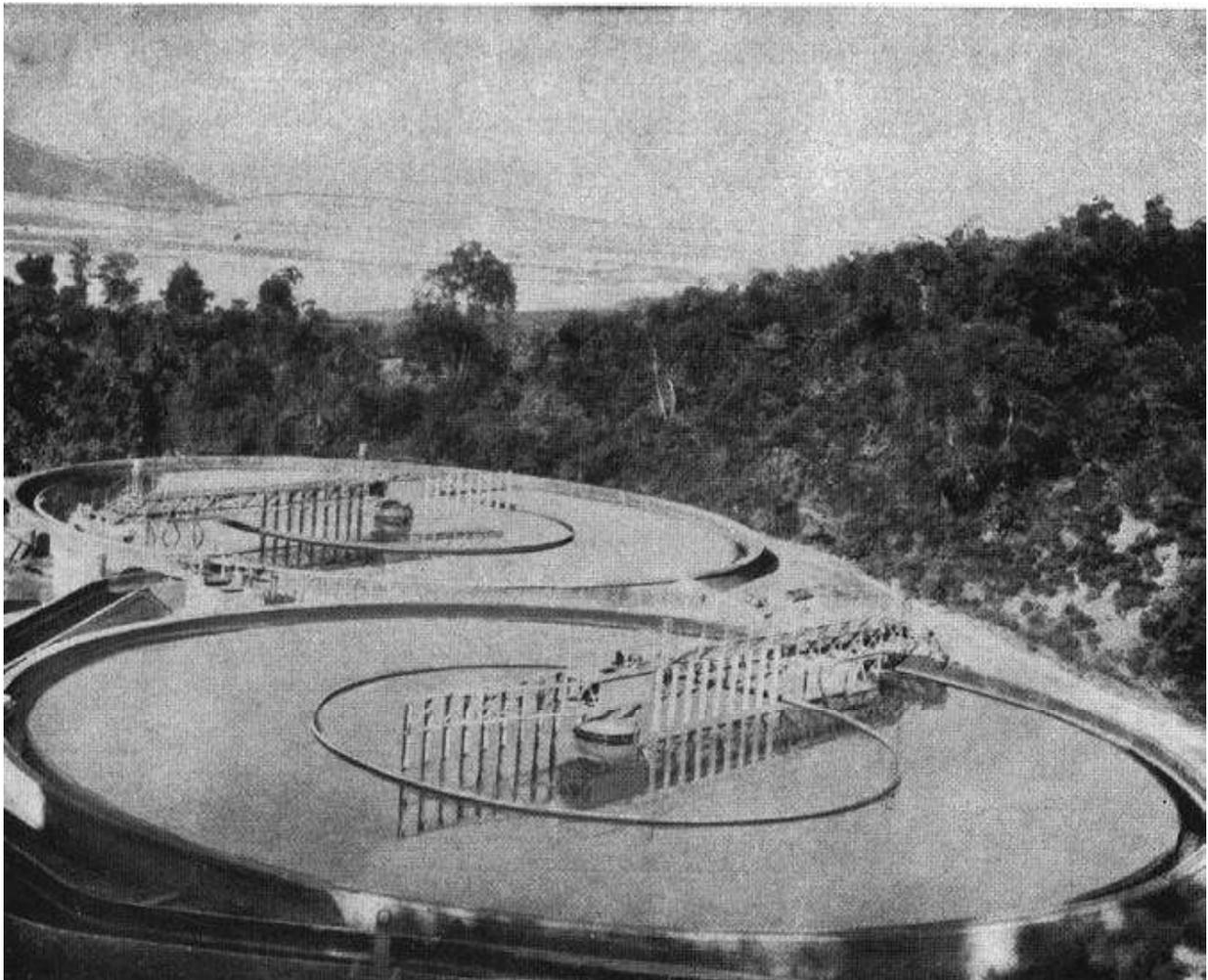
GAUHATI REFINERY

Against a designed throughput of 0.75 million metric tonnes, the refinery processed 7,99,434 tonnes of crude oil. In addition to the crude oil produced in the Naharkatiya and Moran regions of upper Assam by Oil India Ltd., the Gauhati Refinery has been processing about 500 metric tonnes of crude oil per week supplied by the Oil and Natural Gas Commission by tank wagons from the Rudrasagar Oilfields since April 1966. This quantity is proposed to be progressively increased.

TRAINING

Various training programmes ranging from 6 months to 2 years training have been introduced and the training programme for refresher course for technicians and trade apprentices has shown good results. As soon as the new training centre is ready, the training programme will become more exhaustive.

Water treatment plant at Gauhati Refinery.



WELFARE

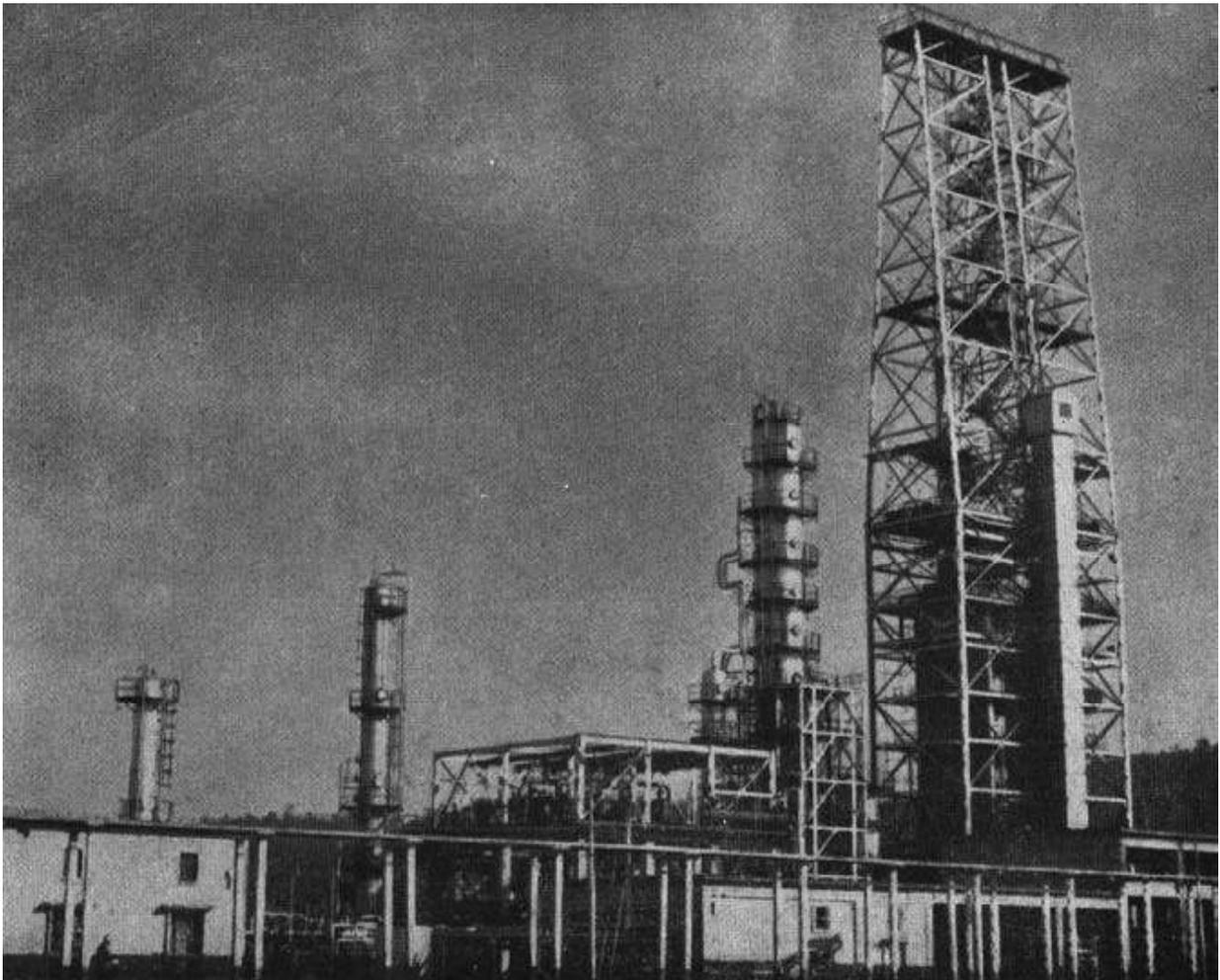
Relations between the Management and the workers continued to be harmonious. The Refinery Workers' Union has been recognised. The following welfare benefits have been provided:

- i) Free medical aid.
- ii) Subsidised food in canteen
- iii) Quarters or subsidy for workers living in the town.
- iv) Primary education for children
- v) Training and refresher courses.
- vi) Transport facilities both for bringing workers to the Refinery and back and for shopping.
- vii) Welfare of families such as sewing and cutting classes.

All help is given for organising cultural programmes, sports and tournaments.

Three consumer stores and a Co-operative Credit Bank are functioning satisfactorily.

Coking Unit at Gauhati Refinery.



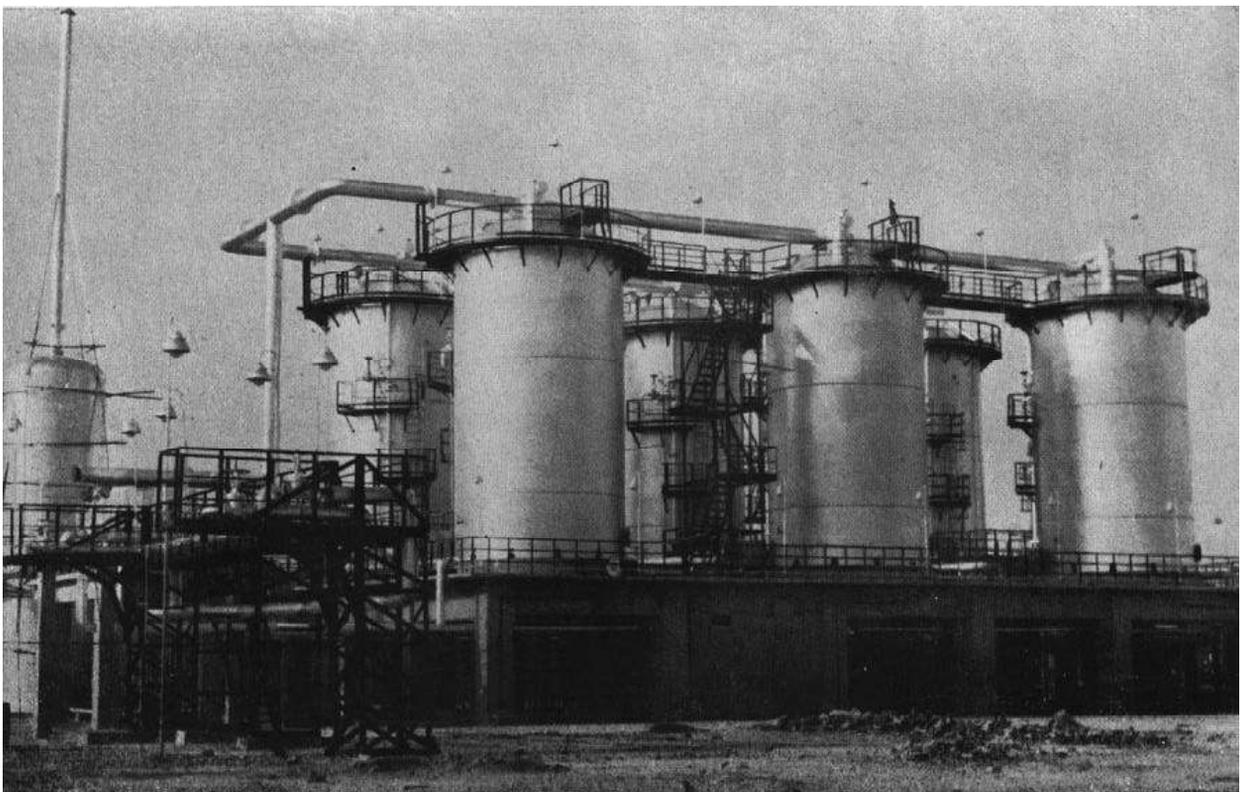
BARAUNI REFINERY

The Atmospheric Vacuum Unit-I and Kerosene Treating Unit-I operated satisfactorily throughout the year. A shut down of the Coking Unit is programmed in November 1966 to undertake major modifications to achieve higher capacity.

The refinery processed 7,44,540 metric tonnes of crude oil and produced 6,20,114 M.T. of finished petroleum products, as compared to 1,70,143 M.T. of finished products in 1964-65, 3,40,332 tonnes of crude oil have been processed from 1st April to 31st July, 1966 as against 186,282 tonnes over the corresponding period last year.

Along with the above production, the construction work also continued and the second million tonne Atmospheric Vacuum Unit-II and the Kerosene Treating Unit-II have been completed. The third phase comprising the Lube Oil and Bitumen Units, except for the Dewaxing Unit, have also been completed and commissioned. The throughput of the refinery is now raised to 1.5 million tonnes. It is expected that the Dewaxing Unit will be completed in November 1966 and production of Lube Oil will start before the end of the year. The refinery is expected to reach the designed capacity of 2 million tonnes a year in December 1966.

Bitumen unit of the Barauni Refinery.



CONSTRUCTION

Earth filling and grading of site for location of the third million tonne unit, storage tanks and ancillary facilities have been completed. Contracts for civil works have been awarded and construction work is expected to start soon.

WELFARE

A subsidised canteen, three co-operative stores, two Hindi medium and one English medium schools, two clubs and two recreation centres are functioning satisfactorily.

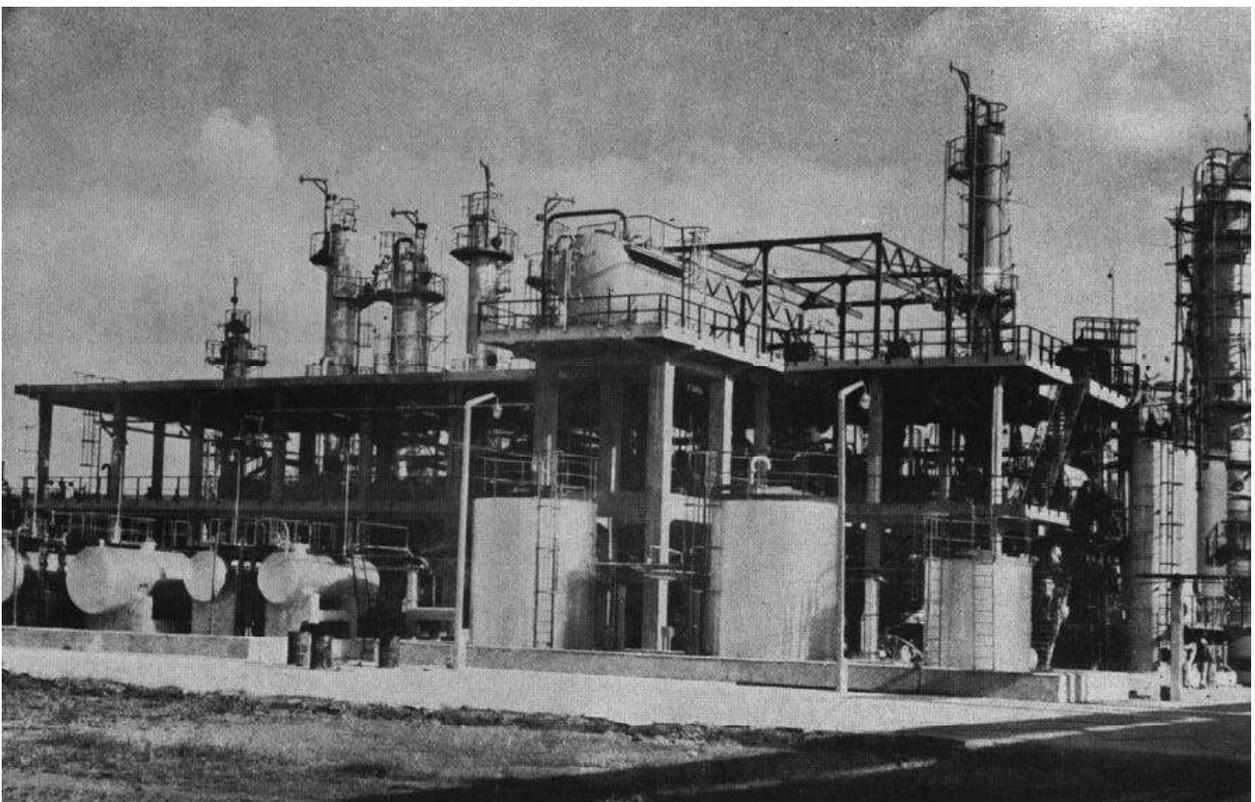
Cultural activities are organised periodically and the Dramatic club of the Indo-Soviet Cultural Society is functioning satisfactorily.

Free medical aid is provided to all regular employees and their families. A 12-bed hospital is under construction and is expected to start functioning by December 1966.

Transport is provided to employees on subsidised charges.

Relationship between Management and employees has been cordial.

A view of one of the two kerosene units of the Barauni Refinery.



GUJARAT REFINERY

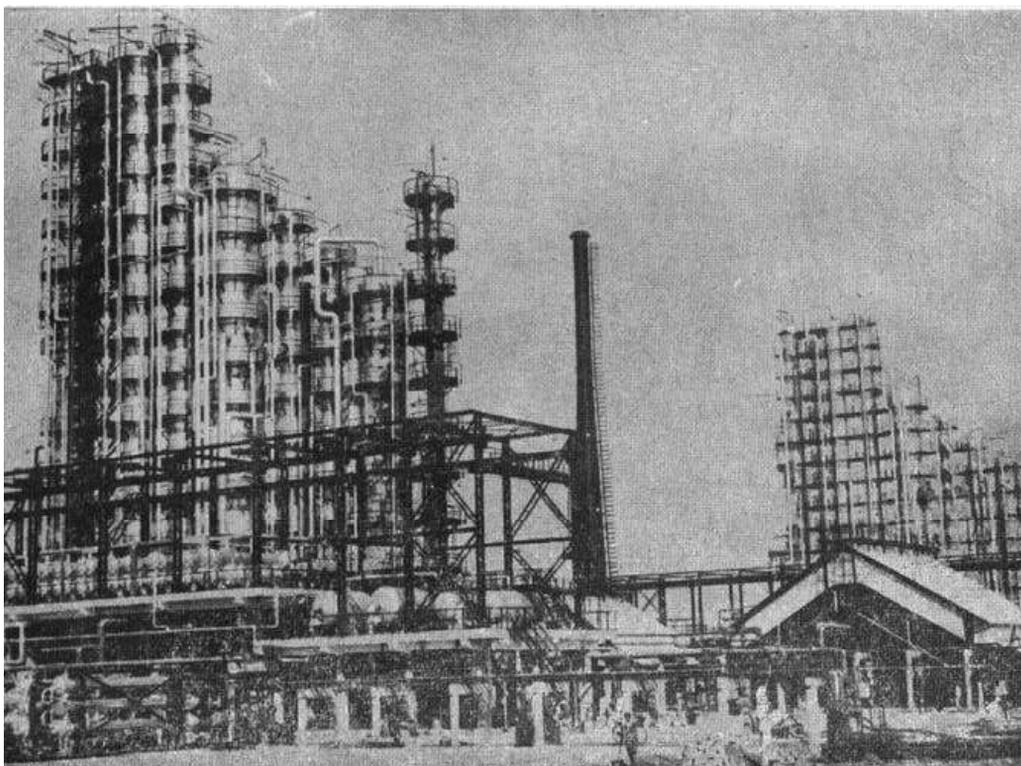
The first million tonne Crude Distillation Unit was commissioned for trial production on 11th October, 1965 and full production at the rated capacity was achieved on 6th December, 1965. The throughput was further increased by 20% beyond the designed capacity in January 1966. During the year 1965-66 (from October 1965 to March 1966) the refinery received 4,28,768 tonnes of crude oil, processed 4,09,378 tonnes and produced 3,54,817 tonnes of finished products (excluding ethylised gasoline) of which 3,13,145 tonnes of products were sold. The throughput varies from month to month depending upon the rate of upliftment and the storage space but the highest throughput was achieved during March 1966 when it was possible to process 1,01,704 tonnes of Crude oil excluding slops. The operations of the first million stage have indicated that the refinery can be run at a throughput of about 1.2 million tonnes per year. 3,97,241 tonnes of crude oil were processed during the period 1st April to 31st July, 1966. Production of finished petroleum products from October 1965 to 31st July, 1966 was 7,42,880.

The second crude distillation unit became ready for operation by the end of June 1966 but it was not possible to operate it as the Catalytic Reforming Unit was not ready. Both started operating on 18th October, 1966.

UDEX PLANT

Major portion of the drawings in respect of this plant have been received from the Italian collaborators, based on which civil tenders for earth work have been issued. Indenting for indigenous material for the plant is in progress.

Atmospheric Units No. 1 and No. 2 at the Gujarat Refinery.



CENTRAL DESIGNS ORGANISATION

All the design work of expansion schemed for Gujarat and Barauni Refineries has been executed in the Central Design Organisation manned by Indian technicians and assisted by a small team of Russian specialists.

TOWNSHIP

Two townships viz. Northern and Southern have been built with 168 and 932 houses respectively. All quarters, out of which 100 have been allotted to Russian technicians have now been occupied by the employees. These townships have been provided with requisite shopping centres.

WELFARE

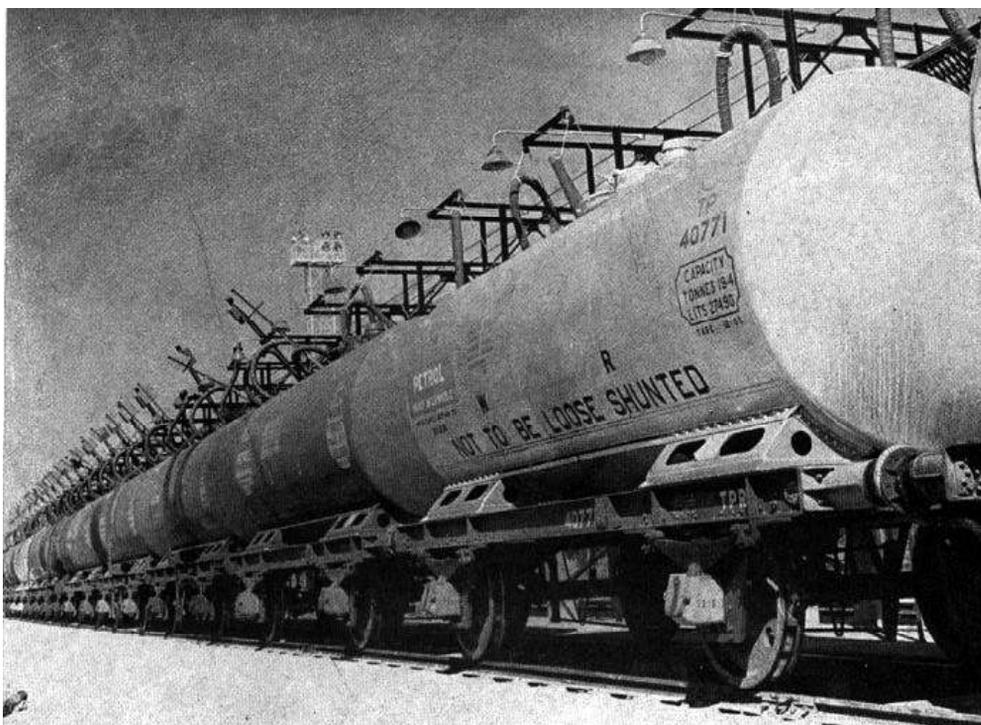
There are four schools in the refinery area, of which three are fully subsidised and the fourth (English medium) is run by the Gujarat Refinery Education Committee.

The Gujarat Refinery Employees Consumers' Co-operative Society formed in 1963 is now well established and had a turnover of approximately Rs. 4 lakhs during 1964-65. The society also undertook the cultivation of unutilized land acquired for the petro-chemical complex and has already raised sizeable crops of wheat and bajra as its contribution towards "Grow More Food". There are at present two Institutes—one in each township—and an Officers' Club.

The Industrial Canteen started in 1965 is functioning well. It is run departmentally and provides meals to employees at a subsidised cost of 60 paise per vegetarian Thal.

Relations between labour and management have been very satisfactory.

Tank wagons roll out of the Refinery in Gujarat.



PIPELINES DIVISION

GAUHATI-SILIGURI PRODUCTS PIPELINE

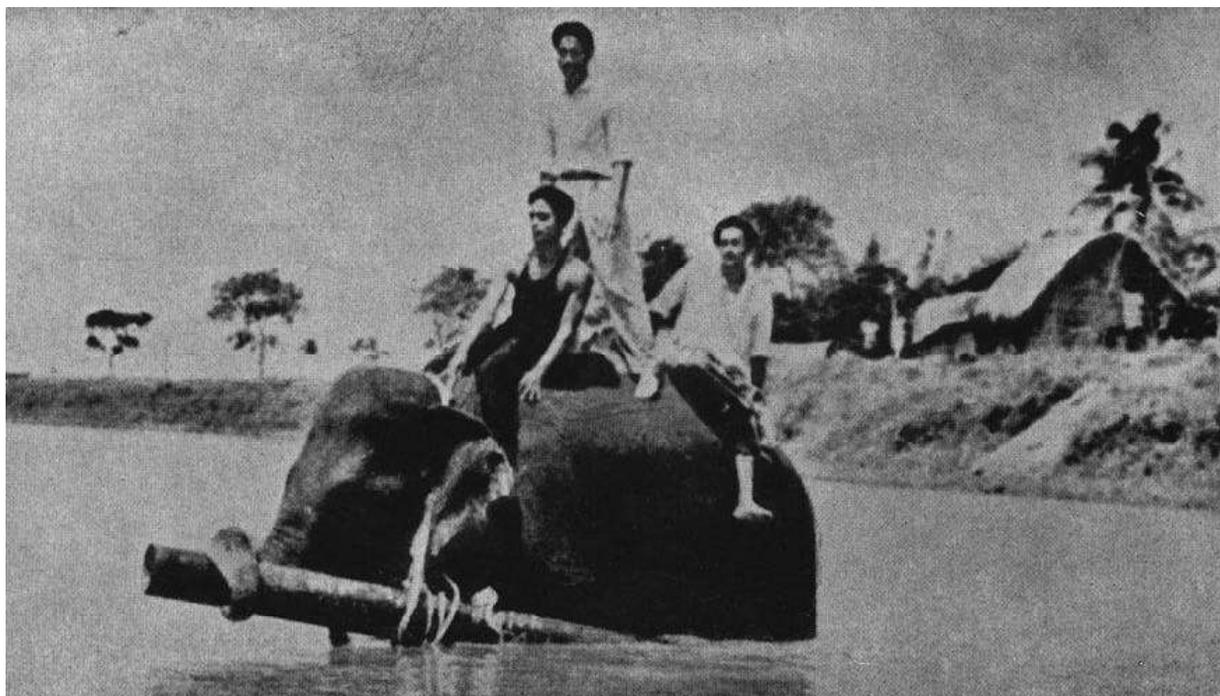
The Gauhati-Siliguri Products Pipeline was commissioned in October 1964 and since then a total of 6,73,708 M.T. of petroleum products have been transported from the Gauhati Refinery to Siliguri terminal till 31st August, 1966. During the year under review (1st April, 1965 to 31st March, 1966), 3,66,488 M.T. of products were moved through the pipeline and the gross earnings to the Division were about Rs. 107 lakhs, of which Rs. 22.01 lakhs was the net profit after providing for interest on loans and depreciation.

The maintenance of the pipeline is being done by M/s. Oil India Limited as our line is also located on the common Right-of-Way with their crude oil line at an agreed rate of service charge. The pipeline has been operating satisfactorily with only one Pump Station at Gauhati, and an average operating factor of 71.3% has been realised. A series of pilot experiments were conducted to determine the feasibility of pumping LDO through the system, and the results obtained have been promising. Arrangements are now being made to undertake full-scale trials and if they are successful, transport of this product by the pipeline will be introduced which will enable the realisation of the full 90% operating factor.

During the year under review, considerable headway has been made to get substitutes for imported materials from indigenous sources. Studies are under way to develop indigenous capacity so as to eliminate imports altogether in a short time.

During the heavy monsoons of 1965, there were several washouts and one near Raidok-II was a very serious one, exposing the pipeline for quite some length. The remedial measures envisaged the diversion of the line and this work, without interruption of the operations, was

Laying of pipelines for transporting refined petroleum products involves cumbersome operations.
Trained elephants were utilised in Assam to ferry pipelines across the rivers



successfully carried out. The power supply at Siliguri terminal was very uncertain and to get an uninterrupted supply, separate generators have been installed,

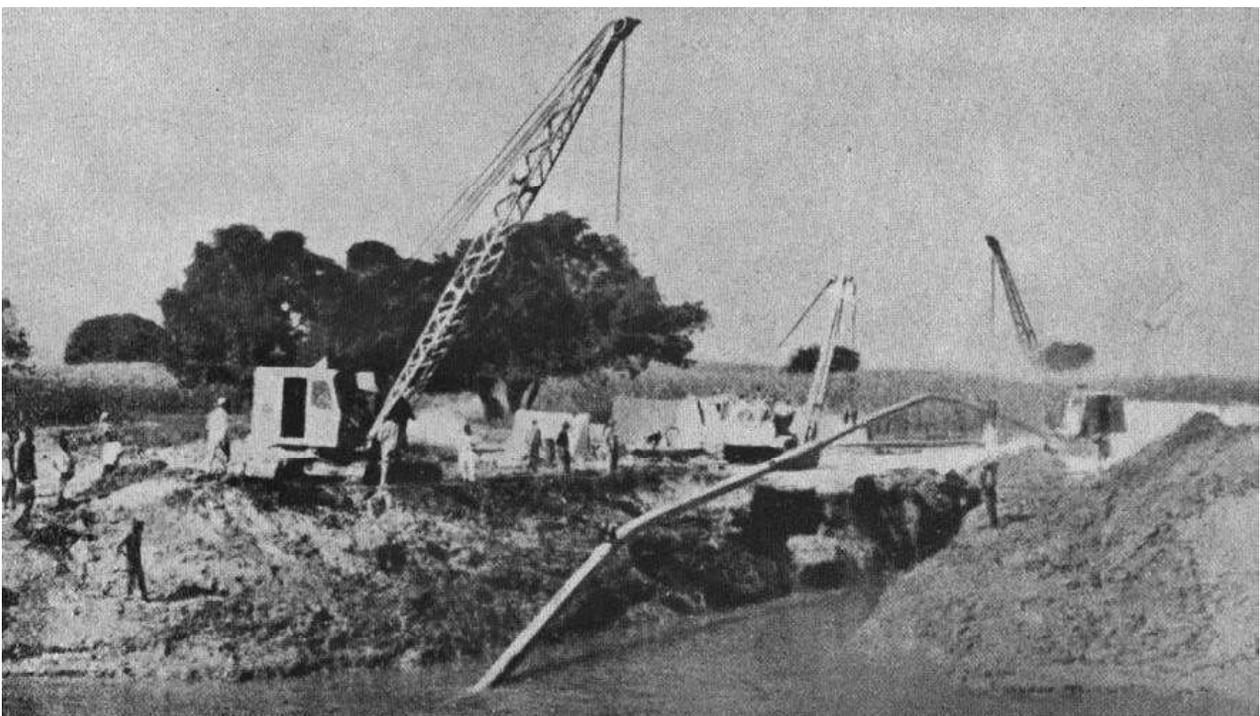
HALDIA-BARAUNI-KANPUR PIPELINES PROJECT

This is the biggest pipeline project in this country so far. The project consists of two 12" lines—one from Barauni to Kanpur, and another from Barauni to Haldia, involving a total length of 1192 km. The design contract for this pipeline system was awarded to M/s. SNAM-Progetti in 1962. The construction contract was awarded to M/s. SNAM-Saipem on 31st July, 1963. The contract for the management and supervision, for about 22 months, was awarded to M/s. Bechtel Corporation on 13th September, 1963 and the construction work was started on 8th March, 1964. On the expiry of the contract with M/s. Bechtel, the supervision and management involved in the construction was taken over by the Indian Oil Corporation Limited (Pipelines Division) and the work was carried out entirely by Indian engineers from 1st July, 1965.

BARAUNI-KANPUR LINE

The Barauni-Kanpur line was completed, tested and made operational in March 1966. After completion of the terminal facilities the line was commissioned on 26th of September, 1966. Its length is about 668 Km. and enables white oil products of Barauni Refinery to be moved to Kanpur by pipeline and thereafter by rail for distribution throughout the northern region. There are delivery stations on the line at Patna, Mughal Sarai, Allahabad and Kanpur. The operation of this pipeline will have a major impact on the economy of Northern India and the profitability of IOC.

Pipelines traverse through hilly terrains and marshy areas. Picture shows work in progress at a submerged crossing.



BARAUNI-HALDIA LINE

This line, about 524 Km. long, enables the Barauni Refinery products to be moved towards Calcutta and pumping in the reverse direction has also been provided.

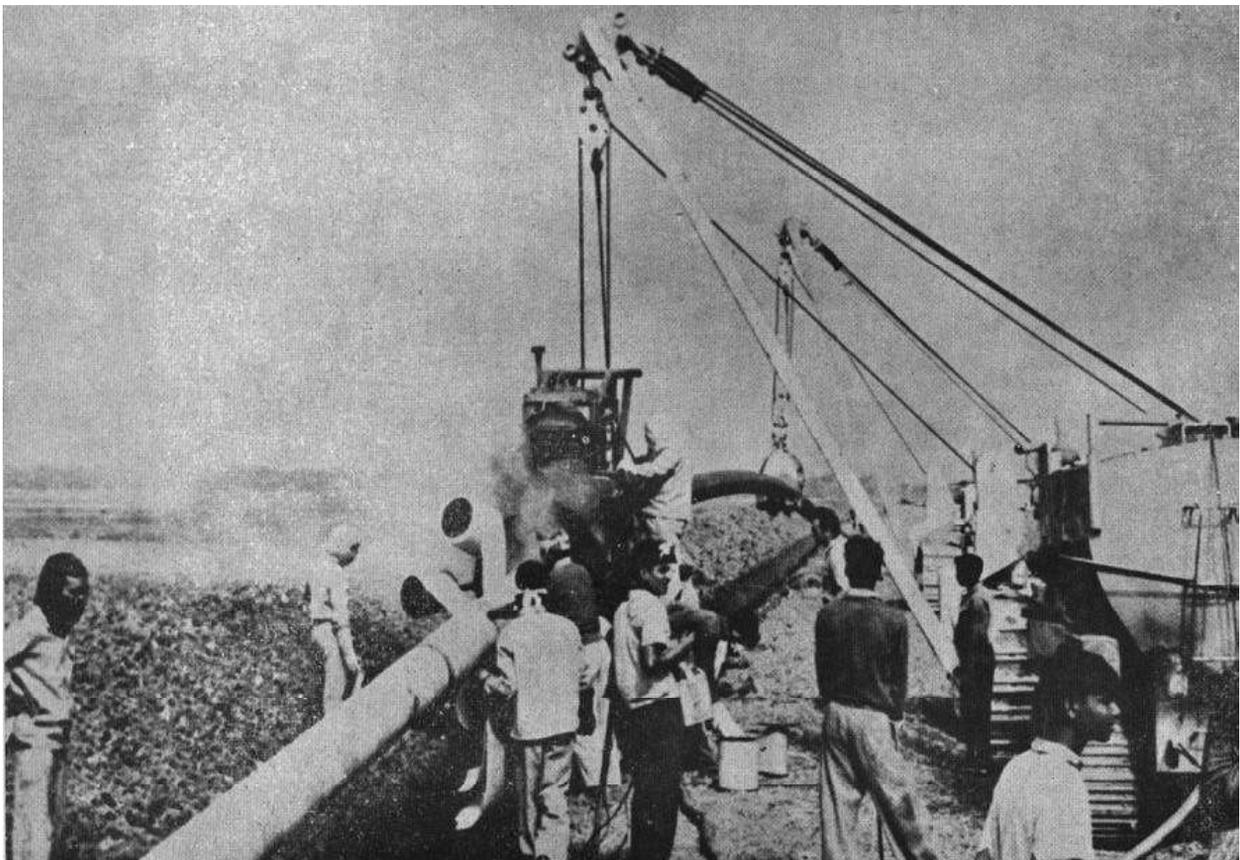
Laying of the line has been completed and at present two floating-roof tanks of 33,500 kl capacity are under construction at Haldia. These two tanks will enable export of surplus white products, if necessary, from Barauni. It is hoped that the line will be ready for commissioning early in 1967.

In February 1966, sanction was received from the Government for a Branch line from Baradabar to Maurigram (58 Km.) which will enable the movement to the big Calcutta market of white products from Barauni as well as imports through Haldia and later from the Haldia refinery. The line has been laid and work at the terminal is under way.

GUJARAT PIPELINES

The crude oil line from Ankleshwar to Koyali was completed and the line commissioned on 11th September, 1965, to enable the refinery to go on stream. The Cambay-Dhuwaran gas line to supply gas from the Cambay field to the Dhuwaran power station was commissioned on 14th December, 1964. The Ankleshwar-Uttaran gas line was also commissioned on 20th September, 1965 to

Pipelines need coating and wrapping before they are put into commission.



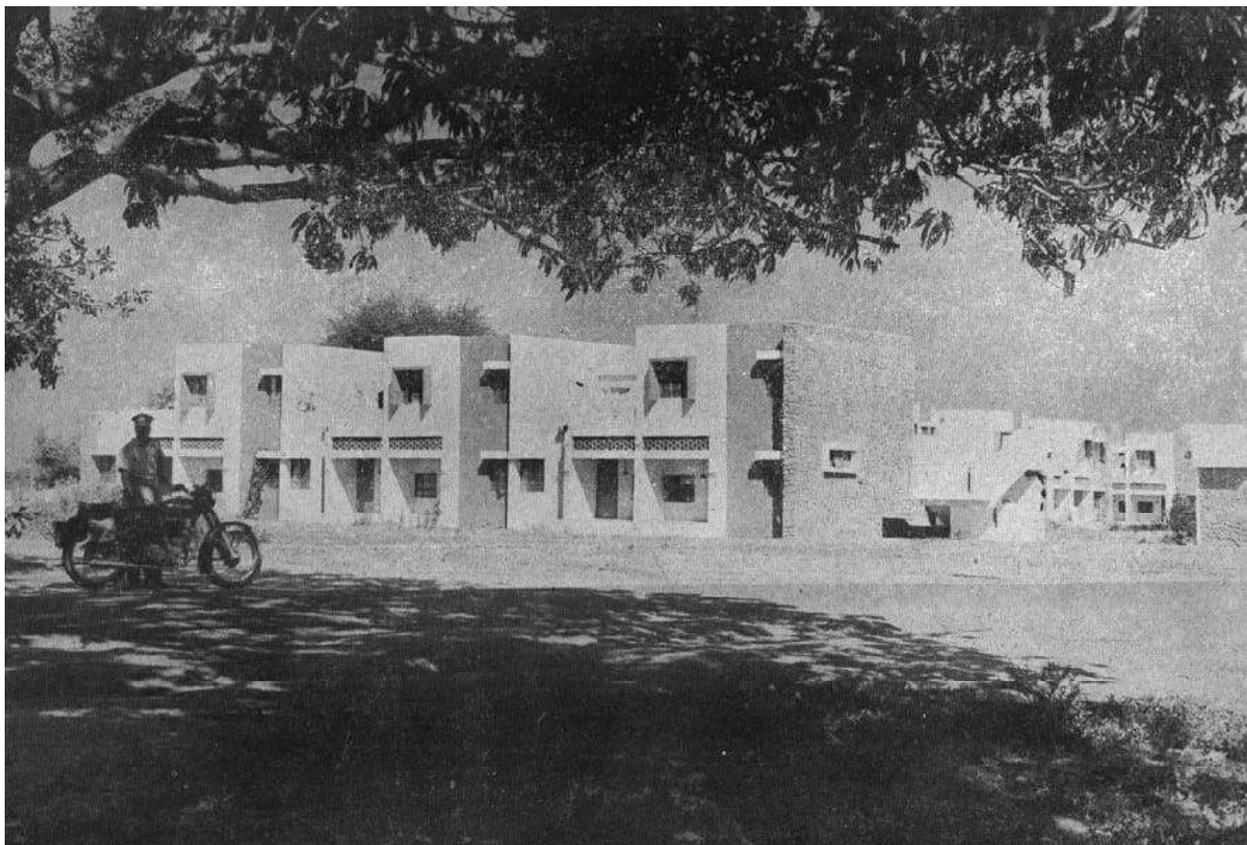
effect a steady supply of gas to the Uttaran Power Station. The products line from Gujarat Refinery to Ahmedabad and the gas line from Ankleshwar oilfields to Baroda and the gas-grid system at Baroda were also in an advanced stage of construction when the IOC (Pipelines Division) handed over the management of Gujarat Pipelines to ONGC on 1st October, 1965.

On the 1st of April 1966, the products line from Koyali to Ahmedabad (114 Km. long 8.5/8" O.D.) was taken over by the IOC (Pipelines Division) from the Oil & Natural Gas Commission and it was commissioned the same day. Since then it has been operating satisfactorily and moving white products to Sabarmati for distribution in the meter gauge areas.

COCHIN-COIMBATORE PRODUCTS PIPELINE PROJECT

In addition to the above, the Pipelines Division is also engaged in the study, investigation, survey and design of new arteries for the transport of oil products in the country. During the year under review, the work on survey, design and investigation in respect of the Cochin Coimbatore Products Pipelines to transport white products from the new Cochin Refinery to the industrial centre of Coimbatore was started. This is now nearing completion.

A section of the township of the Gujarat Refinery.



MARKETING DIVISION

STORAGE & DISTRIBUTION FACILITIES

During the year the following three new installations were commissioned to augment storage capacity:

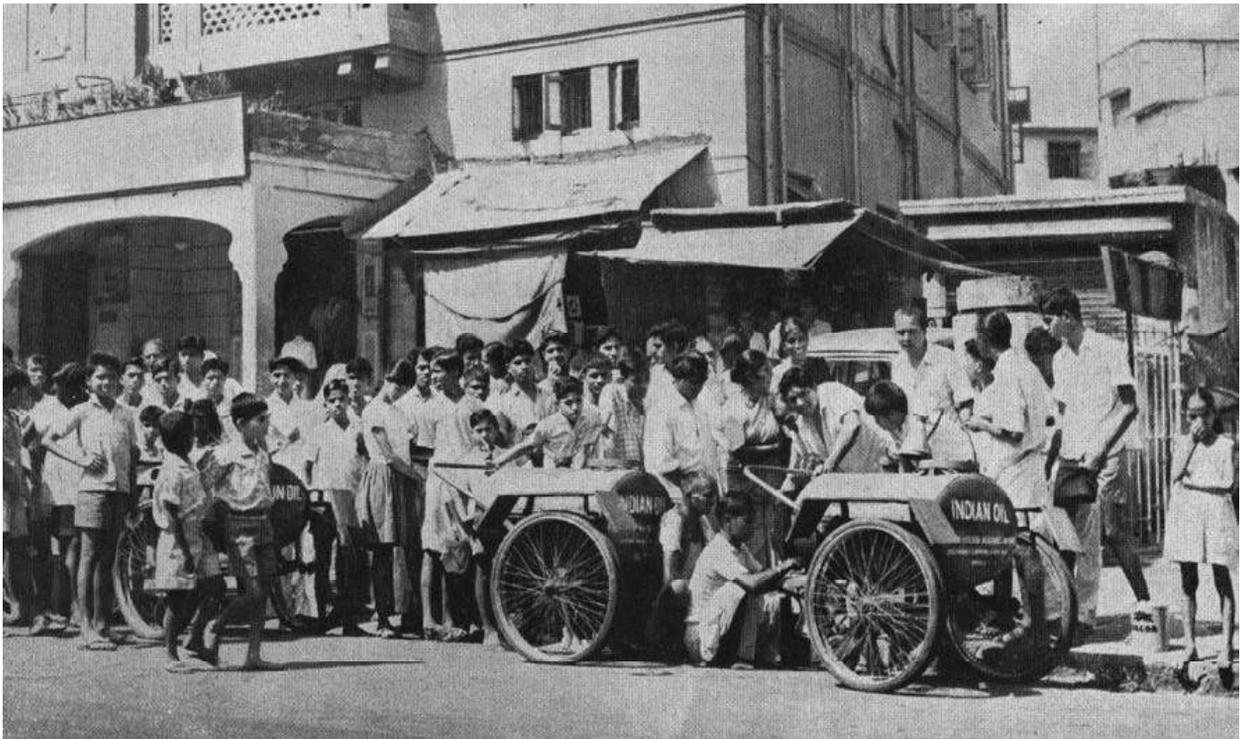
| | | | | | | |
|-----------|----|----|----|----|----|------------|
| Ernakulam | .. | .. | .. | .. | .. | 11,000 KL. |
| Sewree | .. | .. | .. | .. | .. | 25,500 KL. |
| Royapuram | .. | .. | .. | .. | .. | 7,000 KL. |

Besides, one installation at Sabarmati (Ahmedabad) to serve the Product Pipeline from Koyali Refinery was commissioned with a capacity of 16,040 kl. and more tankage is nearing completion at this installation.

With the above additions, the Corporation has been operating, as on 31st March, 1966, twelve Main Port and three Inland Installations and the total tankage stood at 493,700 kl. as against nine Port and two Inland Installations with a capacity of 406,900 kl. on 31.3.1965.

The number of Bulk Depots operated by the Corporation stood at 102 by the end of the year 1965-66 and the total tankage at these depots was 52,410 kl. as compared to 94 depots with a tankage of 44,140 kl. at the end of 1964-65. The total number of Consumer Depots was 46 with a tankage of 37,910 kl. as compared to 29 with a tankage of 25,700 kl. at the end of the previous

Quick and timely, remedial measures were taken in different parts of the country which experienced sporadic kerosene shortages. Picture shows scores of hand carts moving into localities distributing the vitally needed product to the consumers.



year. The number of Satellite Depots/Relay tankages rose from 52 to 70 while the number of Retail outlets rose from 1353 to 2523.

At Port Blair, the Corporation completed an installation with 18,350 kl. capacity.

SALES

During the year the Corporation's sales totalled 3.65 million kilolitres against 1.71 million kilolitres sold in 1964-65. During the year under review, Indianoil handled the task of distributing the entire deficit of the bulk petroleum products. There was a marked retail outlet development during the year under review establishing 444 retail outlets against 138 during the previous year. It is pertinent to mention that during the conflict With Pakistan, IOC played a significant role in maintaining essential supplies to the Defence.

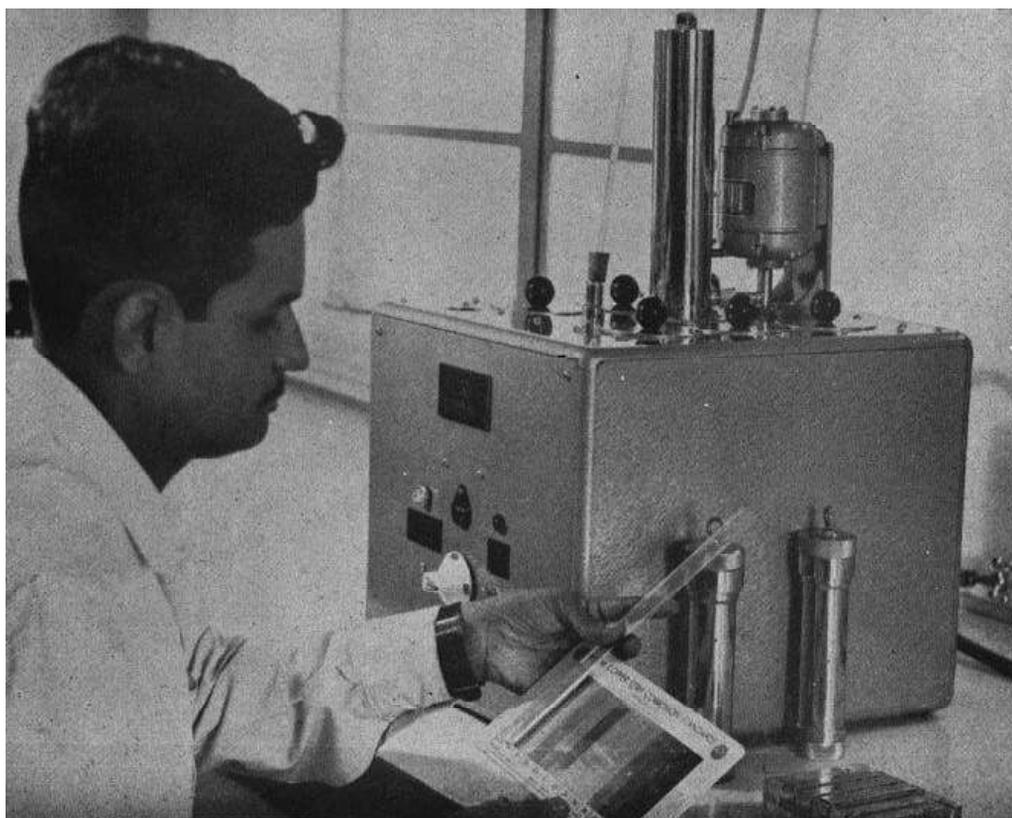
AVIATION

As on 31.3.1966, the Corporation was operating 15 bulk petroleum installations at different airfields with a total tankage of 24,760 kl.

Aviation fuels from the Corporation's depots and installations are available for delivery to the aircraft at most of the airfields and another 10 installations are under development at various airfields.

Maximum emphasis is laid on quality control of Aviation fuels, which is of utmost importance for the safety of aircraft and occupants.

The Aviation fuel is subjected to strict quality control test at the laboratory.



L.P.G.

Marketing of LPG under the brand name of INDANE was commenced in the Eastern Markets during the year under review and later in the Northern markets. Presently over 12,000 housewives are enjoying the benefits of this modern cooking fuel in Calcutta, Patna, Jamshedpur, Allahabad and Varanasi. The Corporation has plans to make INDANE available initially for domestic use in other important towns of Northern and Western India and will also introduce it for industrial application. With the proposed production of LPG in the new Public Sector Refineries in the next few years, INDANE will be sold throughout the country.

STOCK LOSS CONTROL

The Operations Department has made great progress in reducing stock losses. The throughput of all products rose from 28,62,942 kl. in 1964-65 to 61,44,104 kl. in 1965-66, an increase of 115%. The actual loss in 1965-66 was 6,555 kl. as against 4,977 kl. in the previous

Indane demonstration at the showroom at Allahabad.



year, an increase of about 32% only. The loss per kl. throughput improved by 35% in 1965-66 compared to that of 1964-65. Our value loss per kl. of the throughput handled came down to 49P during 1965-66 from 76P of 1964-65.

The above achievements were made through an intensive stock loss control programme covering detailed training courses imparted to all field staff, standardisation of field equipment, streamlining of stock loss accounting procedures, efficiency, incentives, etc.

TRAINING

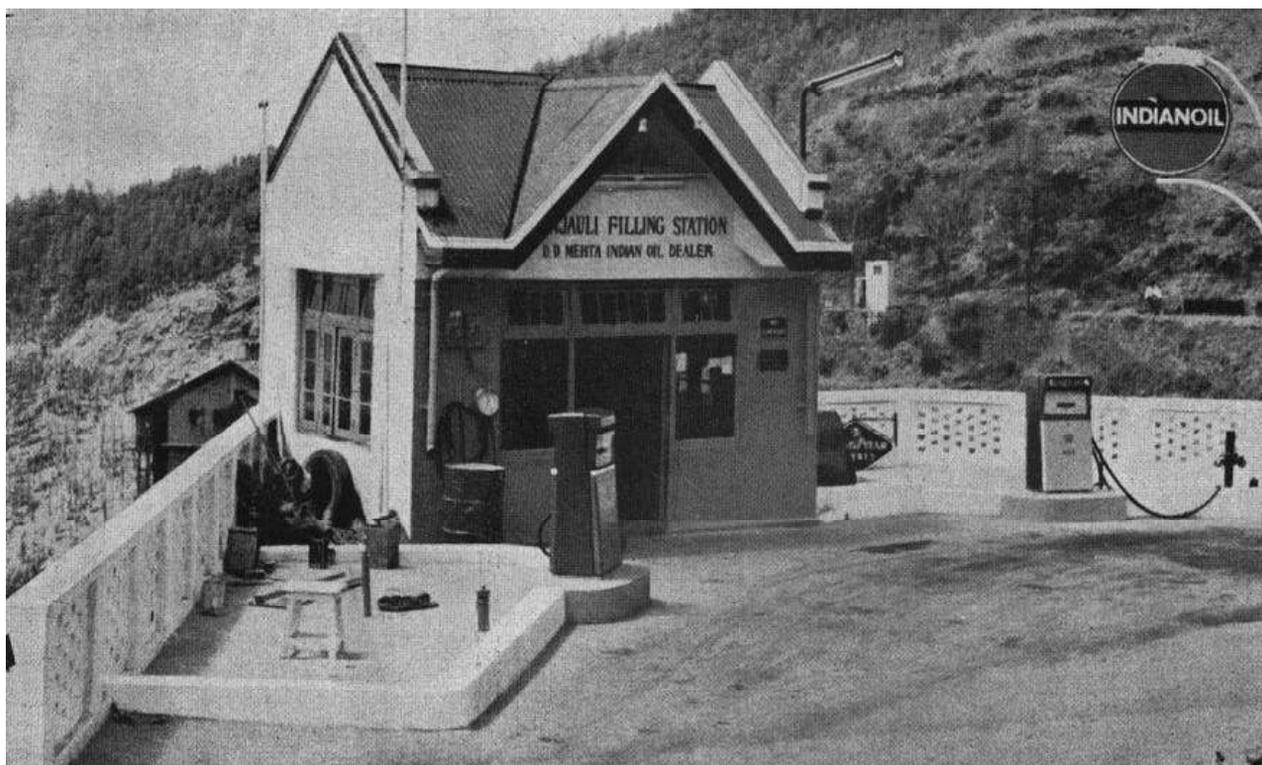
Considerable progress has been made in the field of training during last year. A total number of 598 officers have so far been trained as under:

INDIANOIL :

| | | | | | | |
|-----------------------|----|----|----|----|----|-----|
| Operations Department | .. | .. | .. | .. | .. | 386 |
| Sales Department | .. | .. | .. | .. | .. | 30 |
| Accounts Department | .. | .. | .. | .. | .. | 3 |
| ARMY OFFICERS | .. | .. | .. | .. | .. | 84 |
| AIR FORCE OFFICERS | .. | .. | .. | .. | .. | 95 |

In order to meet all training needs of the Corporation, an Administrative Staff College has been set up to systematically look after the training needs of all Departments of the Marketing Division.

A picturesque view of the first retail outlet at Sanjauli in Simla.



PERSONNEL

As on 31st March, 1966 the Marketing Division's strength was 5,528 employees as against 3,784 at the close of the previous year.

The Marketing Division reached a negotiated settlement with the unions for a period of three years. The employer-employee relations continue to be cordial and satisfactory.

IMPORTS

During the period under review, the Corporation imported 24,00,261 kilolitres of refined oils and 64,939 kilolitres of lubricating oils as against 11,98,172 kilolitres and 76,134 kilolitres respectively imported during the previous year. The imports of POL products during the year ended 31.3.1966 amounted to Rs. 2437.62 lacs.

Various items of machinery and equipment valued at Rs. 2,85,24,364.60 have been imported by the Refineries Division during the year. The Marketing Division has imported spares and components worth Rs. 6,69,838 and drum sheets and tin plates worth Rs. 53,28,164.84 during the year.

IMPORT SUBSTITUTION

In view of the difficult foreign exchange position of the country, import substitution has been engaging the Corporation's particular attention in all the Divisions. Till recently oil companies in India used to depend mainly on imports for their requirements. The Corporation has all along been on the look out for indigenous sources for its needs and to achieve its end the Corporation has been encouraging some suppliers to develop and design components to substitute imported ones.

A fully dressed-up Service Station in Bombay.



It is with a sense of satisfaction that we record that the policy has been a success.

The Refineries Division has been able to secure spares indigenously for Rs. 834,923 and the Marketing Division for Rs. 30,196 which till recently were imported. In addition, 1793.05 M.T. of tin plates worth Rs. 36,34,123 have been procured indigenously. Also, our Aviation Department has been able to develop complex Aviation equipment, such as Refuellers, Floating Suctions, Light weight pumps, Pressure Delivery Nozzles, etc. which were hitherto being imported. By developing indigenously components for fabrication of Refuellers our Aviation Department has been able to save foreign exchange to the extent of Rs. 1,38,000. Such components were imported during the previous year involving that much of foreign exchange.

PUBLIC RELATIONS

Public Relations activities of the Corporation were intensified through various media of communications. One of the important features was Indianoil's participation in the India 1965 exhibition held at Allahabad. Our pavilion was adjudged as one of the best and awarded a Silver Trophy for excellence in design and display.

INDIAN OIL BLENDING LIMITED

The two electronically controlled Lube Plants at Bombay and Calcutta of IOBL, a joint venture of Mobil Petroleum Company and IOC on a 50:50 basis, commenced production in August 1964 and September 1964 respectively. Base Stock Oils are imported in bulk and are blended to various specifications against the previous practice of importing finished products thus saving considerable

Exterior view of the pavilion at the India 1965 Exhibition at Allahabad.



foreign exchange. An agreement has also been reached to manufacture premium Grade Greases in the plant at Bombay.

BOARD OF DIRECTORS

Since the appointment of the Board of Directors after the last Annual General Meeting held on 27th November, 1965, Shri D. N. Chopra ceased to be a Director of the Corporation with effect from 2.2.1966.

During the year, 8 meetings of the Board of Directors were held and the average attendance of the Directors was 64%.

In addition, three meetings of the Sub-Committee of Directors were held.

GENERAL

Your Board is aware of the enormous responsibilities cast on it and the ever increasing volume of work, but is confident of the continued progress of the Corporation. It also wishes to place on record its satisfaction at the good work done at all levels by the staff during the year.

BOMBAY,

Dated: 25th October 1966.

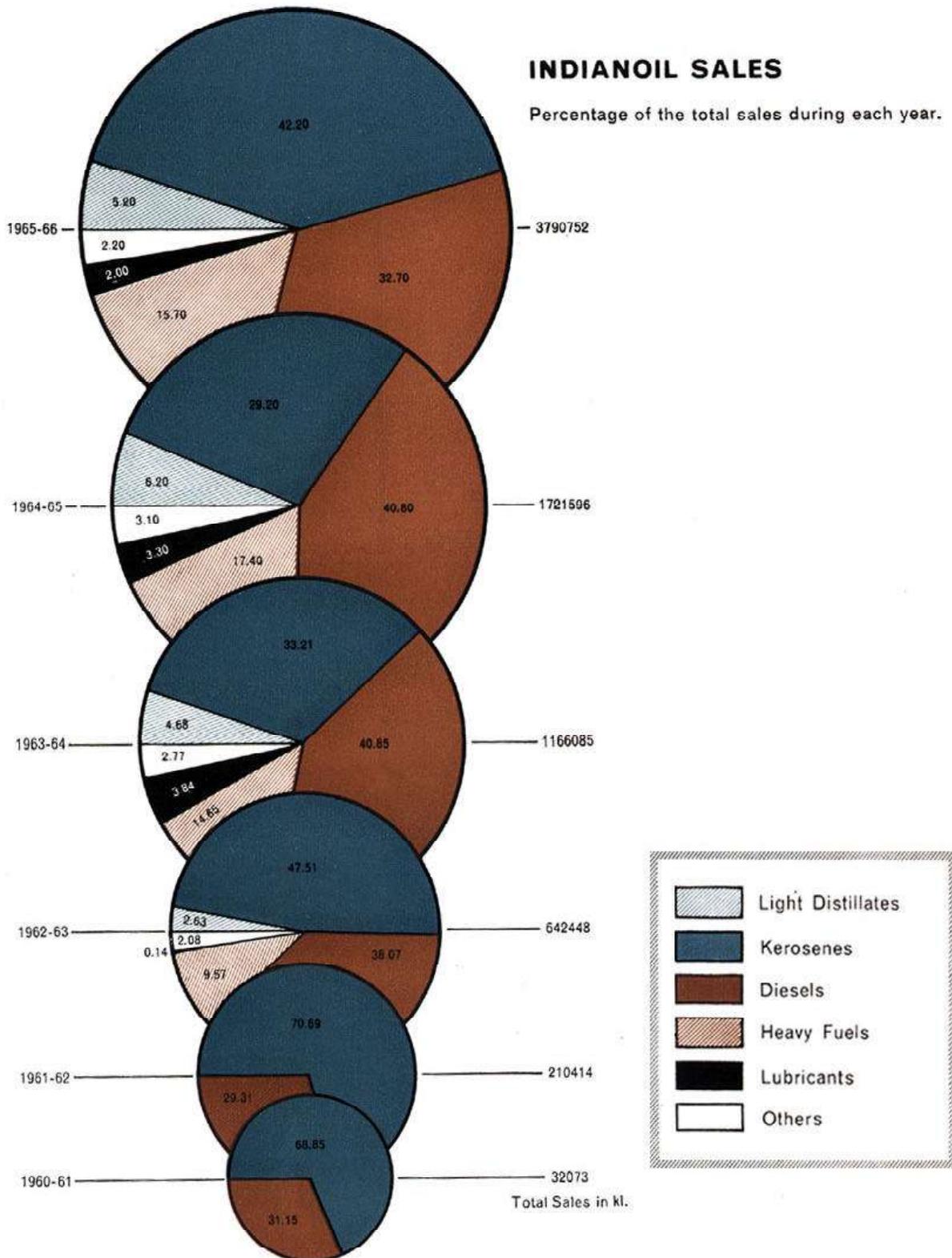
For and on behalf of the Board

N. N. KASHYAP

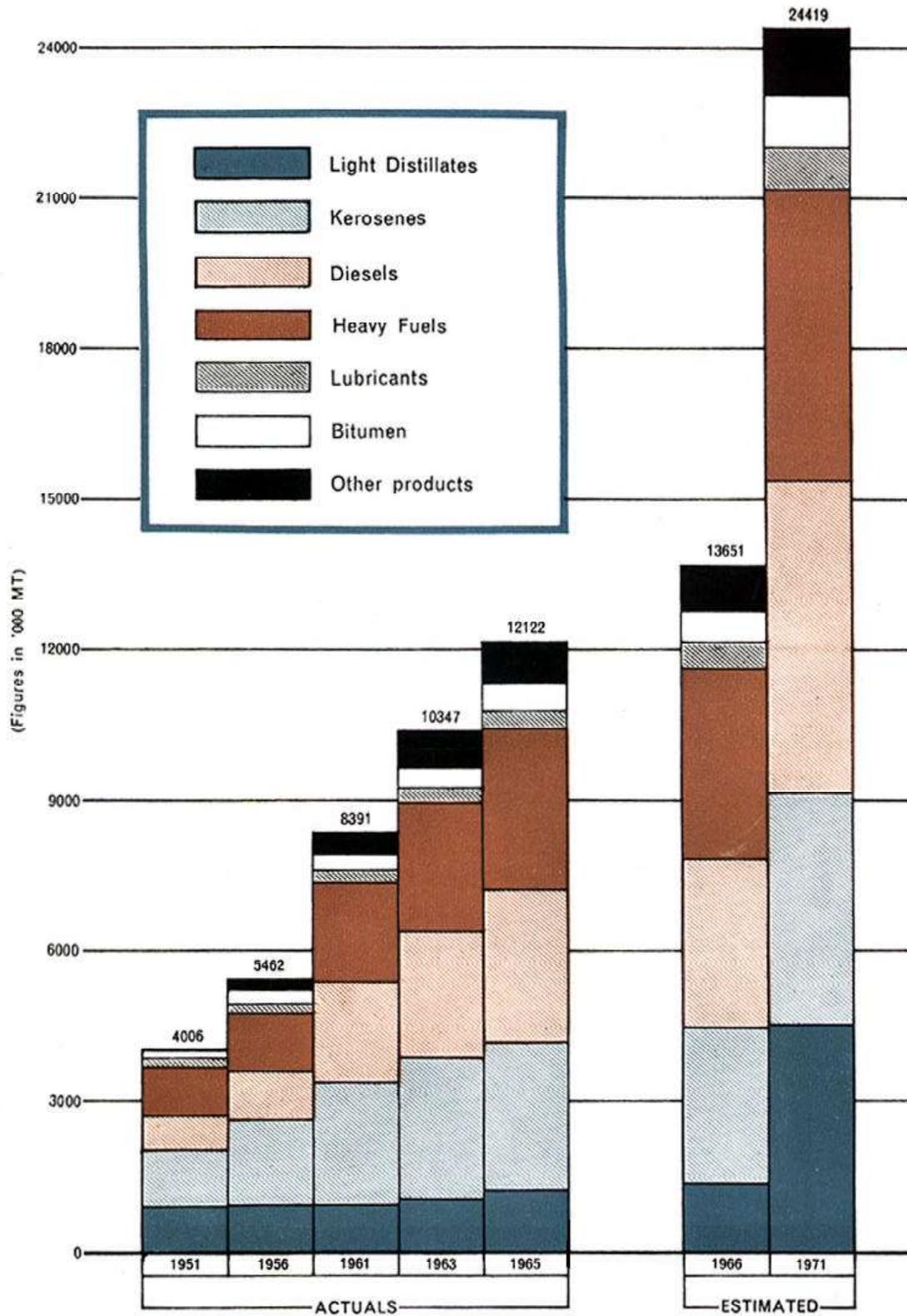
Chairman

INDIANOIL SALES

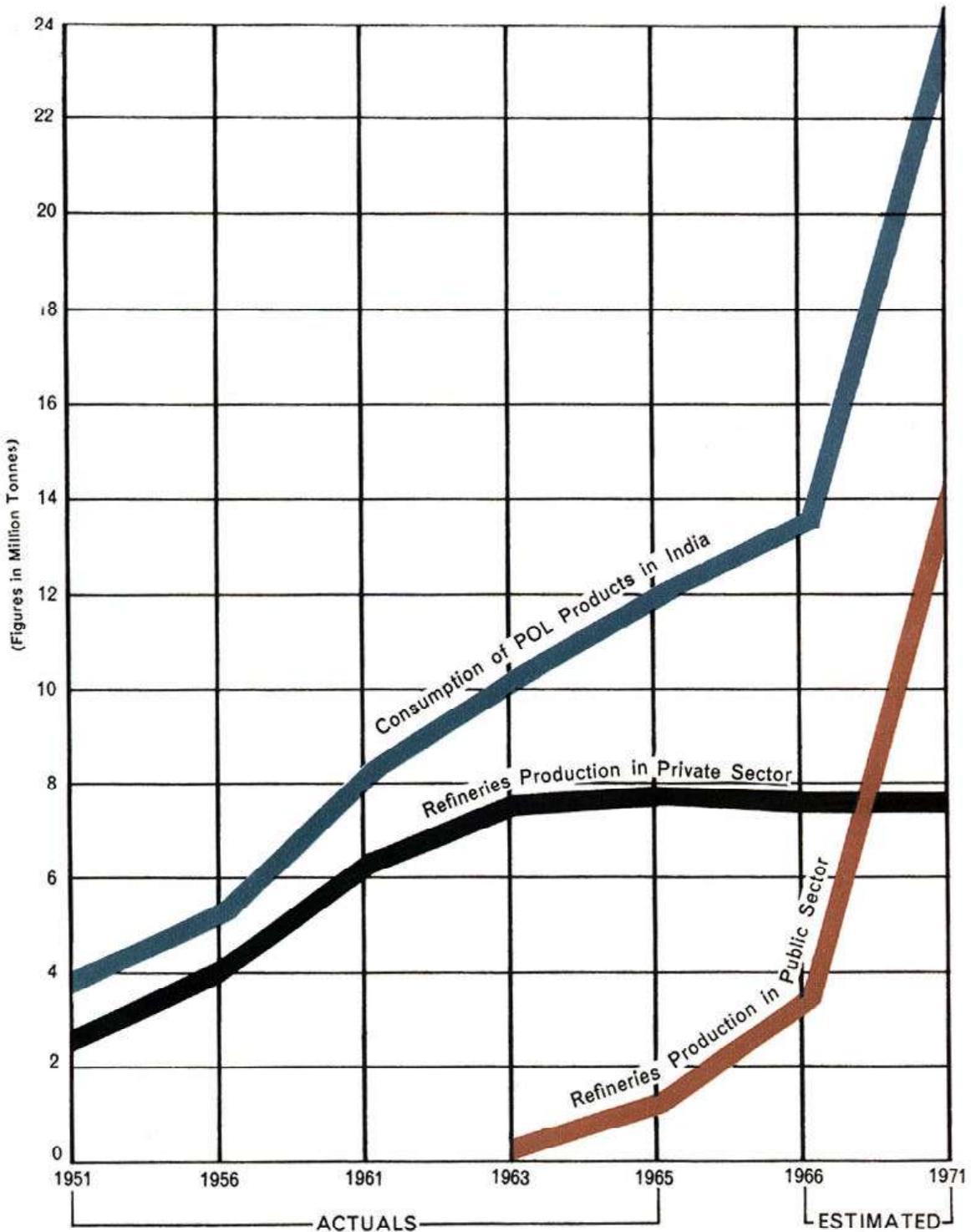
Percentage of the total sales during each year.



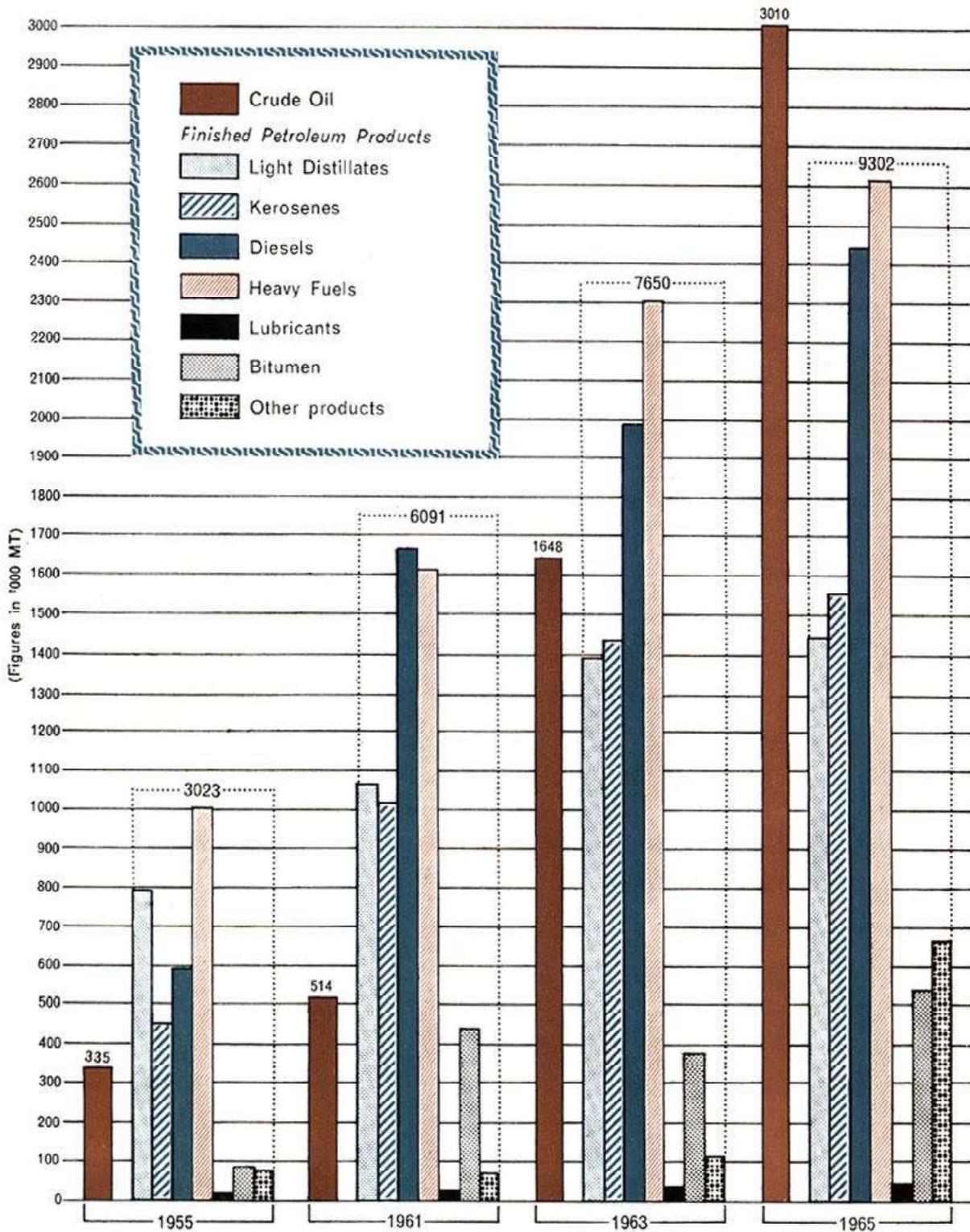
CONSUMPTION OF PETROLEUM PRODUCTS IN INDIA

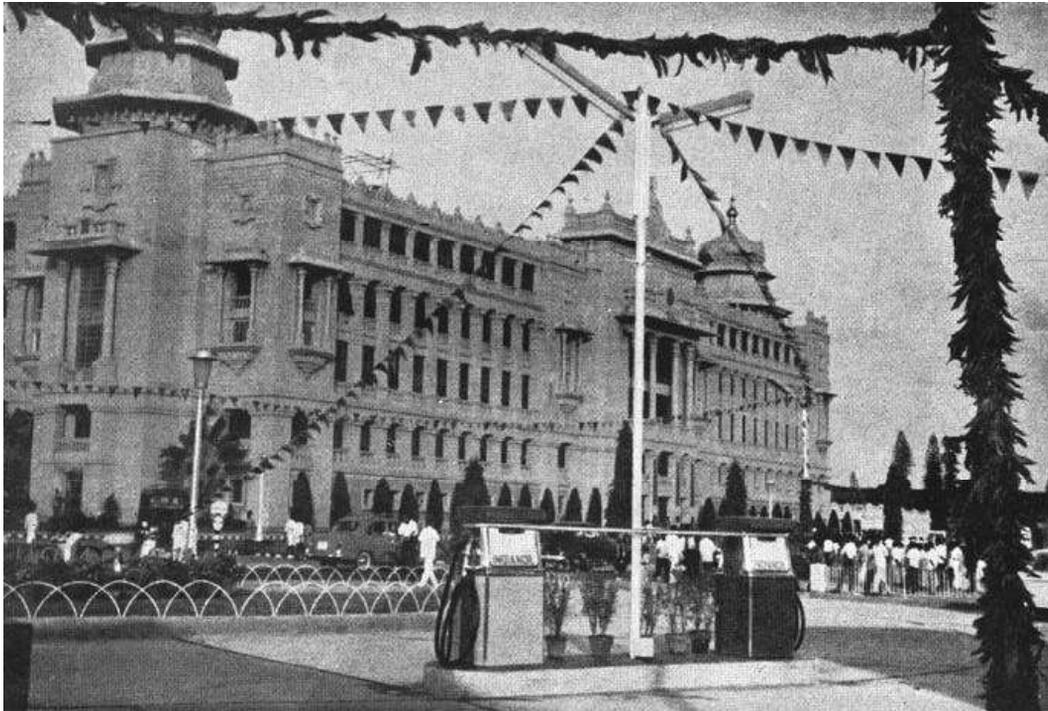


TOTAL PETROLEUM DEMAND AND REFINERIES PRODUCTION OF PETROLEUM PRODUCTS IN INDIA



INDIGENOUS PRODUCTION OF PETROLEUM PRODUCTS





A picturesque view of Inidanoil's retail outlet facing Vidhan Soudha, Bangalore.

Refuelling service to Indian Airlines Caravelle in progress.



BALANCE SHEET AT A GLANCE

| <u>1964-65</u> (Rs. in lakhs) | | | <u>1965-66</u> (Rs. in lakhs) | |
|----------------------------------|-------------|---|----------------------------------|--------------|
| | | I. WHAT WE OWN | | |
| | | FIXED ASSETS | | |
| 18 | | 1. INVESTMENTS | 34 | |
| | | 2. LAND, BUILDING, PLANT & EQUIPMENT | <u>13411</u> | |
| <u>9586</u> | 9604 | | | 13445 |
| | | CURRENT ASSETS | | |
| 1648 | | 3. SUNDRY DEBTORS | 2622 | |
| 1336 | | 4. STOCK AND STORES | 2093 | |
| 6 | | 5. OTHER ASSETS | 5 | |
| 291 | | 6. LOANS AND ADVANCES | 428 | |
| 287 | | 7. DEPOSITS | 500 | |
| <u>595</u> | | 8. CASH AND BANK BALANCES | <u>636</u> | |
| | <u>4163</u> | | | <u>6284</u> |
| | 13767 | | | 19729 |
| | | II. WHAT WE OWE | | |
| 4552 | | 9. LOAN FROM GOVERNMENT | 7035 | |
| 1639 | | 10. LOAN FROM BANK | 1346 | |
| <u>3058</u> | | 11. SUNDRY CREDITORS AND OTHER CURRENT LIABILITIES | <u>4626</u> | |
| | <u>9249</u> | | | <u>13007</u> |
| | <u>4518</u> | NET WORTH | | <u>6722</u> |
| | | III. NET WORTH REPRESENTED BY | | |
| 4426 | | 12. EQUITY SHARE CAPITAL | 6529 | |
| <u>92</u> | | 13. RESERVES & SURPLUS | <u>193</u> | |
| | <u>4518</u> | | | <u>6722</u> |

PROFIT AND LOSS ACCOUNT AT A GLANCE

| 1964-65 (Rs. in lakhs) | | | 1965-66 (Rs. in lakhs) | |
|---------------------------|------|---|---------------------------|-------|
| 7782 | | I. WE EARNED FROM | 17022 | |
| 2144 | | 1. SALES | | |
| 35 | | 2. TRANSFERS ON ACCOUNT OF PRODUCT EXCHANGE (NET) | 3602 | |
| | 9961 | 3. OTHER INCOME | 53 | 20677 |
| 5329 | | II. WE SPENT OR PROVIDED FOR | | |
| 3242 | | 4. RAW MATERIALS INCLUDING OIL STOCKS | 10435 | |
| 133 | | 5. EXCISE DUTY | 6860 | |
| | | 6. DEPRECIATION | 347 | |
| 312 | | 7. GENERAL EXPENDITURE: | | |
| 346 | | a) Salaries, Wages & Bonus | 501 | |
| 883 | | b) Interest | 504 | |
| | | c) Other Expenses | 2312 | |
| 1541 | | | 3317 | |
| 10245 | | | 20959 | |
| 360 | | LESS: CONSTRUCTION PERIOD EXPENSES | 383 | 20576 |
| | 9885 | | | |
| | 76 | III. OUR PROFIT WAS | | |
| — | | 8. PROFIT BEFORE TAXATION | | 101 |
| — | | 9. TAXATION ON PROFIT FOR THE YEAR | — | |
| | — | 10. TAXATION ADJUSTMENT OF PREVIOUS YEARS | — | — |
| | 76 | NET PROFIT AFTER TAXATION | | 101 |
| | — | DIVIDENDS | | — |
| | 76 | RETAINED IN BUSINESS | | 101 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH 1966

| Previous Year | LIABILITIES | | |
|------------------|---|---------------|------------------|
| | SHARE CAPITAL; | | |
| | <i>Authorised :</i> | | |
| Rs. 75,00,00,000 | 8,50,000 Equity Shares of Rs. 1,000/- each .. | | Rs. 85,00,00,000 |
| | Issued and Subscribed : | | |
| 44,26,22,000 | 6,52,922 Equity Shares of Rs. 1,000/- each fully paid | | 65,29,22,000 |
| | (Of the above, 3,76,497 Shares and 1,00,000 Shares were allotted as fully paid pursuant to the Petroleum Companies Amalgamation Order, 1964 and the Gujarat Refinery Project Undertaking (Transfer) (Amendment) Order, 1965 respectively, without payment having been received in cash) | | |
| | RESERVES AND SURPLUS : | | |
| | General Reserve : | | |
| 76,00,000 | Balance brought forward .. Rs. 76,00,000 | | |
| | Less - Debit Balance in | | |
| 59,19,366 | Profit and Loss Account | | |
| 16,80,634 | | Rs. 76,00,000 | |
| | Development Rebate Reserve : | | |
| | (100% of the rebate claimed) | | |
| 76,79,200 | Balance brought forward .. 75,02,602 | | |
| | Transferred to Profit | | |
| 1,76,598 | and Loss Account | | |
| 75,02,602 | | 75,02,602 | |
| | <i>Profit and Loss Account :</i> | | |
| 91,83,236 | | 42,07,014 | 1,93,09,616 |
| | SECURED LOANS : | | |
| | <i>Loans and Advances from Bank :</i> | | |
| | Cash Credit Account with State Bank of India (against hypothecation of Oil Stocks, Book Debts, Outstanding monies recoverable, Claims, Contracts and Engagements etc. guaranteed by the President of India) | | 11,56,12,385 |
| 16,20,44,974 | | | |
| Rs. 61,38,50,210 | Carried forward .. | | Rs. 78,78,44,001 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH 1966 (Cont.....)

| Previous Year | ASSETS | | |
|--------------------|--|--|--------------------|
| | FIXED ASSETS: | | |
| Rs. 83,67,18,403 | As per Schedule 'A' | | Rs 1,28,38,93,036 |
| | Capital goods in Stores (at cost) including Rs. 34,33,049 lying with Contractors - (Previous year Rs. 3,59,19,554) | | 1,04,54,351 |
| 3,75,52,020 | | | |
| 1,12,17,918 | Capital Goods-in-Transit | | 42,02,376 |
| | Construction Period Expenses Pending Allocation as per Schedule 'G' | | 4,25,24,375 |
| 7,31,39,296 | | | |
| | | | Rs. 1,34,10,74,138 |
| | INVESTMENTS: Unquote (at cost) | | |
| 57,350 | In Government Securities (As per Schedule 'C').. | | 82,760 |
| | Trade Investments: | | |
| | Indian Oil Blending Limited (a body corporate in the same group) 4,000 Equity Shares of Rs. 500 each fully paid in cash. (including 2,000 Shares acquired during the year Rs. 10,00,000) .. | | 20,00,000 |
| 10,00,000 | | | |
| — | International Co-Operative Petroleum Association (194 Shares of \$ 100 each fully paid acquired during the year) | | 91,909 |
| | <i>Other Investments:</i> | | |
| 7,84,295 | Lodged by outside parties | | 12,00,873 |
| — | " " Employees | | 3,000 |
| | | | 33,78,542 |
| | CURRENT ASSETS, LOANS AND ADVANCES: | | |
| | A. <i>Current Assets:</i> | | |
| 35,79,09,853 | As per Schedule 'D' | | 53,51,91,695 |
| | B. <i>Loans and Advances:</i> | | |
| 5,77,29,805 | As per Schedule 'E' | | 9,28,08,486 |
| | | | 62,80,00,181 |
| Rs. 1,37,61,08,940 | Carried forward .. | | Rs. 1,97,24,52,861 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH 1966

| Previous Year | LIABILITIES | | |
|--------------------|---|------------------|--------------------|
| Rs. 61,38,50,210 | Brought forward .. | | Rs. 78,78,44,001 |
| | UNSECURED LOANS: | | |
| | Other Loans and Advances: | | |
| 45,52,11,111 | From the Government of India (including Rs. 6,06,04,331 due for payment before 31-3-67) | Rs. 70,34,65,556 | |
| 8,81,31,428 | Foreign Credit | 7,63,20,364 | |
| 1,84,619 | Interest accrued and due on loans | 3,34,866 | |
| 18.72,216 | Cash Credit Account with State Bank of India (against Government guarantee) | 1,89,78,283 | |
| | | | 79,90,99,069 |
| | CURRENT LIABILITIES AND PROVISIONS: | | |
| 21,74,35,391 | As per Schedule 'F' | | 38,59,78,962 |
| 61,478 | INTER UNIT SUSPENSE: | | — |
| | I. CONTINGENT LIABILITIES NOT PROVIDED FOR: | | |
| | i) Suits filed against the Corporation for compensation, damages etc. Rs. 569.20 lakhs (1965: Rs. 3.33 lakhs) | | |
| | ii) Claims against the Corporation not acknowledged as debts Rs. 1,164.70 lakhs (1965: Rs. 1,644.68 lakhs) | | |
| | iii) Claims from the Ministry of Defence in respect of rent of property etc. at Vizag and Cochin Installations. Amount not known | | |
| | iv) Counter Guarantees have been given to State Bank of India by the Corporation in addition to the guarantee issued by the Government of India for Rs. 838.93 lakhs (1965: Rs. 856.78 lakhs) in respect of the guarantees issued by them to the foreign contractors. The Government of India has also given guarantee for Rs. 18825 lakhs (1965: Rs. 242.82 lakhs) in favour of foreign suppliers on behalf of the Corporation | | |
| Rs. 1,37,67,46,453 | Carried forward .. | | Rs. 1,97,29,22,032 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH 1966

| Previous Year | LIABILITIES | |
|--------------------|---|--------------------|
| Rs 1,37,67,46,453 | Brought forward .. | Rs. 1,97,29,22,032 |
| | I. CONTINGENT LIABILITIES NOT PROVIDED FOR: (Contd.) | |
| | This includes Rs. 17.18 lakhs for Koyali - Ahmedabad Products Pipe Line of O.N.G.C. This has been subsequently transferred to the Corporation. .. | |
| | v) The Corporation has given guarantees and counter guarantees to banks and others in respect of advances made by the banks to Indian Oil Blending Ltd. for maximum amounts of Rs. 62.50 lakhs. As at 31st March 1966, the amounts drawn by Indian Oil Blending Ltd. for which the Corporation may be liable was Rs. 58.91 lakhs. | |
| | vi) The Corporation has given a counter guarantee to State Bank of India in consideration of their having issued a guarantee to the Northern Railway for Rs. 1,05,441 in regard to the lease of land for LPG Depot at Shakurbasti. | |
| | II. Estimated amount of contracts remaining to be executed on capital account and not provided of Rs. 780.18 lakhs (Previous year Rs. 850.22 lakhs) | |
| Rs. 1 37,67,46,453 | | Rs. 1,97,29,22,032 |

As per our report attached

A. F. FERGUSON & CO.

S. P. CHOPRA & CO.

P. K. MITRA & CO.

Chartered Accountants

Bombay, 4th October, 1966



INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH 1966

| Previous Year | ASSETS | | |
|---------------------------|-----------------|--|---------------------------|
| Rs. 1,37,67,46,453 | Brought forward | | Rs. 1,97,29,22,032 |
| <u>Rs. 1,37,67,46,453</u> | | | <u>Rs. 1,97,29,22,032</u> |

D.B. PURI
Secretary

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M.V. RAO
Director

S.K. GUHA
Director

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1966

| <u>Previous Year</u> | | | |
|----------------------|---|-----------------|--------------------|
| | Opening Stock as on 1st April, 1965 | | |
| Rs. 6,74,03,087 | Finished Goods | Rs. 7,60,96,682 | |
| 5,52,349 | Adjustment in valuation | — | |
| 37,24,916 | Stock-in-Process | 44,76,264 | |
| | | | Rs. 8,05,72,946 |
| | Purchases and Transfers under Product Exchange: | | |
| 45,82,84,681 | Purchases | 92,33,14,900 | |
| 9,34,97,374 | Transfers from other Oil Companies .. | 13,89,72,791 | |
| | | | 1,06,22,87,691 |
| — | Cost of Liquid Petroleum Gas Accessories sold | | 95,590 |
| | Raw Materials consumed: | | |
| 50,68,321 | Opening Stock as on 1st April, 1965 .. | 1,99,08,992 | |
| 9,83,69,277 | Add: Purchases | 17,15,91,915 | |
| | | 19,15,00,907 | |
| (1,99,08,993) | Less: Closing Stock as on 31st March, 1966 | 1,74,65,799 | |
| | | | 17,40,35,108 |
| — | Loss on Devaluation | | 4,37,14,873 |
| 74,15,896 | Power and Fuel | 1,23,24,643 | |
| (59,03,653) | Less: Fuel of own production | 96,62,371 | |
| | | | 26,62,272 |
| 11,20,047 | Blending Fees, Royalty and other charges .. | | 35,07,311 |
| | Consumption of Stores, Spare Parts and Chemicals and cost of Tins sold (including Rs. 7,58,059 Company's use of oil credited to Sales at Selling Price; previous year Rs. 8,84,364) | 2,65,25,817 | |
| 1,59,88,211 | Less: Capitalised | 39,01,716 | |
| (13,18,865) | | | 2,26,24,101 |
| 32,42,31,189 | Excise Duty | | 68,59,89,036 |
| | Freight and Transportation Charges (Less: recoveries under Product Exchange Transaction) | | 9,62,90,032 |
| 3,81,56,442 | | | |
| Rs. 1,08,66,80,279 | Carried forward .. | | Rs. 2,17,17,78,960 |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1966 (Contd.....)

| <u>Previous Year</u> | | | |
|----------------------|---|------------------|--------------------|
| Rs. 77,81,94,904 | Sales (Less: Commission and Discounts) .. | | Rs. 1,70,20,81,917 |
| 30,79,14,688 | Transfers to other oil Companies under Product Exchange | | 49,92,36,177 |
| — | Sale of Liquid Petroleum Gas Accessories .. | | 1,03,220 |
| 2,80,390 | Interest on Advances | | 3,77,820 |
| 58,614 | Profit on Sale and Disposal of Assets .. | | 3,032 |
| 190 | Income from Investments | | 270 |
| — | Dividends Received | | 1,517 |
| 31,52,453 | Miscellaneous Income | | 49,06,256 |
| 32,511 | Provision for doubtful debts written back .. | | 3,205 |
| | Closing Stock as on 31st March, 1966: | | |
| 7,60,96,682 | Finished Goods | Rs. 12,36,44,847 | |
| 44,76,264 | Stock-in-Process | 1,08,40,873 | 13,44,85,720 |
| Rs. 1,17,02,06,696 | Carried forward .. | | Rs. 2,34,11,99,134 |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1966

| Previous Year | | | |
|--------------------|---|-------|--------------------|
| Rs. 1,08,66,80,279 | Brought forward | .. | Rs. 2,17,17,78,960 |
| 2,92,05,456 | Salaries, Wages and Bonus | .. .. | Rs. 4,84,06,370 |
| 11,89,466 | Contribution to Provident Fund | .. .. | 24,60,483 |
| 9,35,051 | Staff Welfare Expenses | .. .. | 14,96,378 |
| | | | 5,23,63,231 |
| (1,49,684) | Less: Capitalised | .. .. | 22,51,756 |
| | | | 5,01,11,475 |
| 31,61,935 | Rent | .. .. | 71,26,778 |
| | Repairs and Maintenance: | .. .. |  |
| 36,99,201 | a) Plant and Machinery | .. .. | 58,25,925 |
| 7,41,613 | b) Buildings | .. .. | 10,22,455 |
| 28,61,556 | c) Others | .. .. | 46,21,115 |
| | | | 1,14,69,495 |
| 8,04,244 | Insurance | .. .. | 46,19,334 |
| — | Less: Capitalised | .. .. | 12,980 |
| | | | 46,06,354 |
| | Interest: | | |
| 2,26,08,499 | On Government Loan for fixed period | .. .. | 3,24,70,938 |
| 34,49,212 | On Foreign Credit for fixed period | .. .. | 46,58,923 |
| 85,67,379 | Others | .. .. | 1,32,64,836 |
| | | | 5,03,94,697 |
| | Rates and Taxes (including irrecoverable Sales Tax Rs. 51.19 Lakhs - Previous year Rs. 35.25 Lakhs) | .. .. | 1,18,86,218 |
| 62,25,881 | Office Administrative, Selling and Other Expenses | .. .. | 2,36,14,133 |
| 1,46,78,172 | Survey and Investigation | .. .. | 3,893 |
| — | Donations | .. .. | 56,405 |
| 50,000 | Directors' Fees | .. .. | 900 |
| 150 | Payments to Auditors: | | |
| 1,14,000 | 1) Audit Fees | .. .. | 1,42,000 |
| 2,950 | 2) Other Services | .. .. | 14,325 |
| 18,314 | 3) Out of Pocket Expenses | .. .. | 27,904 |
| | | | 1,84,229 |
| Rs. 1,18,48,43,674 | Carried forward | .. | 2,33,12,33,537 |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST

MARCH, 1966 (Contd...)

| | | | |
|--------------------|-----------------|----|--------------------|
| Previous Year | | | |
| Rs. 1,17,02,06,696 | Brought forward | .. | Rs. 2,34,11,99,134 |
| Rs. 1,17,02,06,696 | Carried forward | .. | 2,34,11,99,134 |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1966

| | | | |
|--------------------|--|-----------------|--------------------|
| Previous Year | | | |
| Rs. 1,18,48,43,674 | Brought forward .. | | Rs. 2,33,12,33,537 |
| 1,20,571 | Bad Debts, Advances and Insurance Claims written off | | 55,506 |
| 81,101 | Loss of Assets due to Fire | | — |
| 2,94,870 | Loss of Assets, revalued, sold, lost or written off | | 4,24,042 |
| — | Outside Road Development Expenses .. | | 6,62,602 |
| — | Provision for Doubtful Debts & Advances and Claims | | 22,86,632 |
| 1,32,88,921 | Depreciation | | 3,47,22,537 |
| 1,19,86,29,137 | | | 2,36,93,84,856 |
| 3,59,49,978 | Less: Transfer to Construction period Expenses | Rs. 3,84,06,927 | |
| 36,554 | Proportionate Recovery from Gujarat Pipelines Project .. | 47,373 | |
| — | Capitalised | (1,42,198) | 3,83,12,102 |
| 1,16,26,42,605 | | | 2,33,10,72,754 |
| 75,64,091 | Net Profit carried down | | 1,01,26,380 |
| Rs. 1,17,02,06,696 | | | Rs. 2,34,11,99,134 |
| — | Balance as per last year's Accounts .. | | Rs. 59,19,366 |
| Rs. 1,05,12,268 | Debit Balance in Profit and Loss Account of the former Indian Refineries Ltd. as at 1st April 1964 | | — |
| 49,00,947 | Previous years' Adjustment (See Note 4) | | — |
| — | Balance carried forward | | 42,07,014 |
| Rs. 1,54,13,215 | | | Rs. 1,01,26,380 |

As per our report attached to the Balance Sheet

A. F. FERGUSON & CO
S.P. CHOPRA & CO.
P.K. MITRA & CO.
Chartered Accountant

Bombay 4th October, 1966



INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1966

| | | |
|--|--|---------------------------|
| Previous Year <u>Rs. 1,17,02,06,696</u> | Brought forward.. Expenses include Managerial... Remuneration paid to Directors : Rs. 1,97,681 (previous year Rs. 1,37,106) | Rs. 2,34,11,99,134 |
| <u>Rs. 1,17,02,06,696</u> | | <u>Rs. 2,34,11,99,134</u> |
| Rs. 7,217 | Balance as per last years Accounts .. | — |
| 75,64,091 | Net Profit brought down .. | Rs. 1,01,26,380 |
| 19,22,541 | Previous Years' Adjustment (See Note 4) | — |
| 59,19,366 | Balance carried forward .. | |
| <u>Rs. 1,54,13,215</u> | | <u>Rs. 1,01,26,380</u> |

D.B. PURI
Secretary

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M.V. RAO
Director

S.K. GUHA
Director

INDIAN OIL CORPORATION LTD.

SCHEDULE OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

SCHEDULE 'A'

| | Gross Block as at 31st March, 1965 | Assets taken over from Oil & Natural Gas Commissions* | Other Additions |
|--|---------------------------------------|---|----------------------|
| LAND | | | |
| Freehold .. | Rs. 41,56,474 | Rs. 1,11,84,181 | Rs. 4,10,925 |
| Leasehold .. | 7,62,708 | — | 31,804 |
| Right of way .. | 16,35,089 | — | — |
| BUILDINGS, ROADS ETC. .. | 5,13,15,505 | 1,20,63,615 | 1,78,71,352 |
| PLANT AND MACHINERY .. | 25,13,79,998 | 49,54,532 | 7,10,03,147 |
| TRANSPORT EQUIPMENT | 1,50,11,708 | 12,32,384 | 1,02,98,466 |
| FURNITURE AND FIXTURES | 72,06,760 | 3,98,487 | 34,47,174 |
| RAILWAY SIDING .. | 72,03,043 | 8,20,326 | 5,18,397 |
| DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM .. | 1,45,57,767 | 17,71,439 | 95,93,778 |
| SUNDRY ASSETS .. | 5,22,123 | 7,565 | 1,69,481 |
| | Rs.35,57,51,175 | Rs.3,24,32,529 | Rs.11,33,44,524 |
| | <u>(6,35,58,410)</u> | <u>(16,27,03,728) **</u> | <u>(4,13,47,516)</u> |
| Capital Work-in-Progress (including unallocated capital expenditure and materials at site) as per Schedule 'B' | | | |

Notes : 1) Figure shown in Brackets are for the previous year

As per report attached

2) Some of the above assets may be subject to reclassification or adjustment on receipt of completion report and finalisation of bills

A.F. FERGUSON & CO.
S.P. CHOPRA & CO.
P.K. MITRA & CO.

3) * At written down value as at 31st March, 1965

Chartered Accountants

4) ** Assets taken over from Indian Refineries Limited as at 31st March, 1964

INDIAN OIL CORPORATION LTD.

SCHEDULE OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

SCHEDULE "A"

| Transfer, Deductions and Reclassification | Gross Block as at 31st March, 1966 | Total Depreciation upto 31st March, 1966 | Net Depreciated Block as at 31st March, 1966 |
|--|---------------------------------------|---|---|
| (+)1,31,53,755 | Rs.2,89,05,335 | — | Rs.2,89,05,335 |
| (+)10,000 | 8,04,512 | Rs.17,116 | (41,56,474) |
| (-)3,20,000 | 13,15,089 | — | 7,87,396 |
| (+)3,83,77,866 | 11,96,28,338 | 45,52,969 | (7,56,310) |
| (+)27,70,05,712 | 60,43,43,389 | 3,69,62,279 | 13,15,089 |
| (-)2,20,451 | 2,63,22,107 | 37,69,490 | (16,35,089) |
| (-)56,049 | 1,09,96,372 | 7,05,770 | 11,50,75,369 |
| (+)53,14,083 | 1,38,55,849 | 4,96,625 | (4,97,05,272) |
| (+)7,74,63,225 | 10,33,86,209 | 42,63,168 | 56,73,81,110 |
| (+)14,467 | 7,13,636 | 1,31,274 | (23,98,48,043) |
| | | | 2,25,52,617 |
| | | | (1,31,84,847) |
| | | | 1,02,90,602 |
| | | | (68,44,761) |
| | | | 1,33,59,224 |
| | | | (69,87,584) |
| | | | 9,91,23,041 |
| | | | 5,82,362 |
| | | | (4,68,144) |
| Rs. (+)41,07,42,608 | Rs.91,02,70,836 | Rs.5,08,98,691 | Rs.85,93,72,145 |
| <u>(8,61,41,521)</u> | <u>(35,37,51,175)</u> | <u>(1,62,60,005)</u> | <u>(33,74,91,170)</u> |
| | | | 42,45,20,891 |
| | | | (49,92,27,233) |
| | | | Rs.1,28,38,93,036 |
| | | | <u>(83,67,18,403)</u> |

D.B. PURI
Secretary

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M.V.RAO
Director

S.K. GUHA
Director

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS (INCLUDING UNALLOCATED CAPITAL EXPENDITURE) FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

| | | SCHEDULE 'B' |
|---|---|-----------------------------------|
| | | Balance as on 31st March, 1965 |
| I. CONSTRUCTION WORK-IN-PROGRESS | | |
| A) | Buildings and Roads | Rs.3,17,22,181 |
| B) | Plant and Machinery | 34,93,49,831 |
| C) | Drainage, Sewage and Water Supply System | 2,96,96,362 |
| D) | Railway Siding | 7,60,168 |
| E) | Service Stations | 1,38,53,864 |
| F) | Others | 36,80,686 |
| | | <u>42,90,63,092</u> |
| II. OTHER UNALLOCATED CAPITAL EXPENDITURE | | |
| A) | Land Acquisition | 18,08,961 |
| B) | Site levelling and Grading | 46,51,258 |
| C) | Technical Assistance, Designing, Crude Oil Analysis, Project Report, L.P.G. Facilities | 2,17,74,238 |
| D) | Freight, Customs Duty and Incidentals | 3,92,04,579 |
| E) | Transport Expenses on oversized Consignments | 4,17,669 |
| F) | Other Expenses | 23,07,436 |
| | | <u>7,01,64,141</u> |
| SUMMARY : | I | 42,90,63,092 |
| | II | 7,01,64,141 |
| Total Transferred to Schedule 'A' | | <u>Rs.49,92,27,233</u> |

* Includes Plant and Machinery at site Rs. 3,26,92,266 of Refinery Division (Spares out of which if any, for maintenance, will be duly adjusted)

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S.P. CHOPRA & CO.
P.K. MITRA & CO.
Chartered Accountants

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS (INCLUDING UNALLOCATED CAPITAL EXPENDITURE) FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

SCHEDULE 'B'

| Assets taken over from Oil Natural Gas Commission | Other additions | Transfers, Deductions & Reclassifications | Balance as on 31st March, 1966* |
|--|------------------------|--|------------------------------------|
| Rs. 56,24,077 | Rs.2,17,22,234 | Rs.4,96,82,171 | Rs.93,86,321 |
| 9,19,18,451 | 17,98,37,480 | 25,27,64,097 | 36,83,41,665 |
| 1,52,53,636 | 1,96,85,856 | 6,14,18,149 | 32,17,705 |
| 13,12,095 | 39,91,474 | 52,56,953 | 8,06,784 |
| — | 19,27,941 | 1,46,76,636 | 11,05,169 |
| — | 1,00,79,672 | 50,01,993 | 87,58,365 |
| <u>11,41,08,259</u> | <u>23,72,44,657</u> | <u>38,87,99,999</u> | <u>39,16,16,009</u> |
| 5,33,272 | 12,37,953 | 1,87,829 | 33,92,357 |
| 20,81,764 | 9,76,970 | 21,22,839 | 55,87,153 |
| 1,06,75,954 | 33,81,662 | 1,97,33,344 | 1,60,98,510 |
| 95,885 | 12,75,803 | 3,60,57,237 | 45,19,030 |
| — | 4,414 | 4,22,083 | Nil |
| — | 27,38,564 | 17,38,168 | 33,07,832 |
| <u>1,33,86,875</u> | <u>96,15,366</u> | <u>6,02,61,500</u> | <u>3,29,04,882</u> |
| 11,41,08,259 | 23,72,44,657 | 38,87,99,999 | 39,16,16,009 |
| 1,33,86,875 | 96,15,366 | 6,02,61,500 | 3,29,04,882 |
| <u>Rs.12,74,95,134</u> | <u>Rs.24,68,60,023</u> | <u>Rs.44,90,61,499</u> | <u>Rs.42,45,20,891</u> |

D.B. PURI
Secretary

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M.V. RAO
Director

S.K. GUHA
Director

INDIAN OIL CORPORATION LTD.

SCHEDULE OF INVESTMENTS IN GOVERNMENT SECURITIES

SCHEDULE 'C'

| Previous Year | | Rs. |
|---------------|--|---------------|
| Rs. | | |
| 4,000 | National Defence Certificates in Hand | — |
| 15,000 | National Plan Savings Certificates deposited with Commercial Tax Officer, Vizag | 15,000 |
| 30,000 | National Defence Certificates deposited with Commercial Tax Officer, Madras | 30,000 |
| — | National Defence Certificates deposited with W.B. State Electricity Board | 14,350 |
| 1,350 | National Defence Certificates Deposited with Commercial Tax Officer, Kurda | 1,350 |
| — | National Savings Certificates deposited with Orissa State Electricity Board, Bhubaneswar | 60 |
| 7,000 | National Plan Savings Certificates lodged as Security with Central Excise | 22,000 |
| <u>57,350</u> | TOTAL RUPEES | <u>82,760</u> |

A.F. FERGUSON & CO.

D.B. PURI

N.N. KASHYAP

KAMALJIT SINGH

M.V. RAO

S.K. GUHA

S.P. CHOPRA & CO.

*Secretary**Chairman**Director**Director**Director*

P.K. MITRA & CO.

Chartered Accounts

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CURRENT ASSETS

SCHEDULE 'D'

| Previous Year Rs | | Rs. | Rs. | Rs. |
|---------------------|---|--------------|--------------|--------------|
| 390 | 1. INTEREST ACCRUED ON INVESTMENTS : | | | 660 |
| 2,95,13,474 | 2. INVENTORIES : (as valued and certified by the Management) | | 5,33,79,441 | |
| 1,71,657 | a) Stores and Spare Parts (at or under cost) (including maintenance materials Rs.1,34,498 with Oil India Ltd.) | | 1,53,554 | |
| — | b) Loose Tools | | | |
| 25,31,971 | C) Liquid Petroleum Gas Accessories (at cost) | | 13,19,906 | |
| 1,99,08,993 | d) Stores in transit (at cost) | | 9,11,526 | |
| 7,60,96,682 | e) Stock-in-Trade : | | | |
| 44,76,264 | i) Raw Materials (at cost) | 1,74,65,799 | | |
| 8,79,627 | ii) Oil Stocks (at cost or net realisable value whichever is lower) | 12,36,44,847 | | |
| | iii) Process Stock (at or under cost) | 1,08,40,873 | | |
| | f) Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower) | | 15,19,51,519 | |
| | | | 16,22,041 | 20,93,37,987 |
| | 3. SUNDRY DEBTORS : | | | |
| 5,36,491 | a) Over six months old : | | | |
| 4,22,09,238 | Secured considered good | | 13,55,393 | |
| 7,32,383 | Unsecured considered good | | 5,44,89,827 | |
| | Unsecured considered doubtful | | 31,84,041 | |
| 28,06,176 | b) Less than six months old : | | | |
| 11,92,77,889 | Secured considered good | | 28,93,604 | |
| 22,686 | Unsecured considered good | | 20,33,09,457 | |
| | Unsecured considered doubtful | | 8,833 | |
| | | | 26,52,41,155 | |
| | | | 30,32,451 | |
| (7,53,431) | Less : Provision for doubtful debts Doubtful Debts not provided for Rs. 1,60,423 (Previous year Rs. 1,638) | | | 26,22,08,704 |
| | <i>Note</i> : See Schedule H for Debts due from Companies under the same Management | | | |
| | 4) CASH BALANCES : | | | |
| 16,51,590 | a) Cash including Imprest and cheques on hand | | 9,27,826 | |
| 2,17,03,242 | b) Remittances in Transit | | 92,90,753 | 1,02,18,579 |
| | 5) BANK BALANCES : | | | |
| 3,61,29,531 | a) With Scheduled Bank on Current Account | | 5,31,43,948 | |
| 15,000 | b) With Scheduled Bank on Fixed Deposit Account (including Rs.2,71,234- 1965 Rs.15,000 lodged by outside parties) | | 2,81,817 | 5,34,25,765 |
| 35,79,09,853 | TOTAL RUPEES | | | 53,51,91,695 |

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Secretary

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M.V. RAO
Director

S.K. GUHA
Director



INDIAN OIL CORPORATION LTD.

SCHEDULE OF LOANS AND ADVANCES

SCHEDULE 'E'

| Previous Year Rs. | | Rs. | Rs. | Rs. |
|----------------------|---|-----------------|-----------------|--------------------|
| | (Unsecured considered good unless otherwise stated) | | | |
| | Bills of Exchange | | | 19,71,902 |
| | Advances Recoverable in cash or in kind or for value to be received including cost of materials supplied to contractors. .. | | | |
| 23,07,718 | (a) Secured Considered Good .. | 25,49,509 | | |
| 2,06,09,534 | (b) Unsecured Considered Good | 2,72,48,647 | | |
| 2,11,088 | (c) Unsecured Considered Doubtful | <u>1,46,679</u> | | |
| | | | 2,99,44,835 | |
| (2,11,088) | Less: Provision for Doubtful Advances (Doubtful Advances not provided for Rs. 16 Previous year Rs. Nil) | | <u>1,46,663</u> | 2,97,98,172 |
| | Claims Recoverable: | | | |
| 57,09,124 | (a) Unsecured Considered Good | 1,03,28,970 | | |
| 53,659 | (b) Unsecured Considered Doubtful | <u>1,55,400</u> | | |
| | | | 1,04,84,370 | |
| (2,969) | Less: Provision (Doubtful Claims not provided for Rs. 88,245 Previous year Rs. 50,690) | | <u>67,155</u> | 1,04,17,215 |
| | Debtors for loan of Materials: | | | |
| 17,006 | (a) Secured considered Good .. | | — | |
| 3,92,801 | (b) Unsecured considered Good | | <u>6,12,955</u> | |
| | Sundry Deposits including amounts adjustable on receipt and settlement of final bills | | | 6,12,955 |
| 1,33,23,703 | | | | 1,91,95,541 |
| 1,53,19,229 | Balances with Customs, Port Trust etc. .. | | | 3,08,12,701 |
| <u>5,77,29,805</u> | TOTAL RUPEES | | | <u>9,28,08,486</u> |

See Schedule 'I' for Loans and Advances due from companies under the same Management.

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MV. RAO

S. K. GUHA

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Secretary

Chairman

Director

Director

Director

P. K. MITRA & CO.

Chartered Accountants

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CURRENT LIABILITIES AND PROVISIONS

SCHEDULE 'F'

| Previous Year Rs. | | Rs. | Rs. |
|----------------------|--|--------------|---------------------|
| | A. CURRENT LIABILITIES | | |
| 4,22,36,528 | Acceptances | 7,49,98,040 | |
| 14,55,90,110 | Sundry Creditors | 27,46,22,931 | |
| | Security Deposits (including Rs. 2,71,234 deposit with the bank as per contra - Previous year Rs. 15,000 and investments lodged by outside parties as per contra Rs.12,03,873 - previous year Rs. 7,84, 295) | 1,61,89,920 | |
| 1,13,24,900 | | | |
| 1,48,12,366 | Interest accrued but not due on loans .. | 1,62,80,704 | |
| 5,76,555 | Other Finance | 9,86,312 | |
| 1,94,932 | Creditors for materials on Joan .. | 2,01,055 | |
| | | | 38,32,78,962 |
| | B. PROVISIONS | | |
| 24,00,000 | Provision for Taxation | 24,00,000 | |
| 3,00,000 | Provision for Contingencies | 3,00,000 | |
| | | | 27,00,000 |
| <u>21,74,35,391</u> | TOTAL RUPEES | | <u>38,59,78,962</u> |

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Chairman

KAMALJIT SINGH
Director

MV. RAO
Director

S. K. GUHA
Director

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION EXPENSES PENDING ALLOCATION FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

SCHEDULE 'G'

| 31st March, 1965 Rs. | | Amount Rs. | Total Rs. |
|-------------------------|---|--------------------|--------------------|
| 4,63,65,833 | Balance as at 1st April 1965 | | 7,31,39,296 |
| — | Opening Balance - Gujarat Refinery | | 94,39,807 |
| 6,02,847 | Adjustments Prior Year | | 11,36,590 |
| <u>4,69,68,680</u> | | | <u>8,37,15,693</u> |
| | <i>Add: Expenditure during the year</i> | | |
| 1,83,70,708 | Raw Materials consumed | 1,05,42,844 | |
| — | Purchases of finished products | 8,95,394 | |
| 13,92,188 | Stores consumed | 4,29,783 | |
| | Salaries & Wages, Provident Fund and Welfare | | |
| 1,52,07,741 | Expenses | 1,54,83,673 | |
| 13,15,015 | Travelling and Conveyance | 9,16,232 | |
| 14,45,558 | Power Expenses | 22,73,279 | |
| 1,47,452 | Rent | 3,76,742 | |
| 6,391 | Service Charges to the Marketing Division | — | |
| 2,89,860 | Insurance | 5,41,223 | |
| 1,62,12,008 | Interest | 1,53,18,259 | |
| 33,241 | Auditors' Remuneration | 15,711 | |
| | Repairs & Maintenance: | | |
| 1,65,488 | Plant and Machinery 2,06,582 | | |
| 2,41,279 | Buildings 1,63,010 | | |
| 11,44,285 | Others 16,02,709 | | |
| | | 19,72,301 | |
| 7,20,97,903 | Excise Duty | 3,37,60,228 | |
| | Development of outside Roads | 6,63,161 | |
| 1,70,821 | Loss on Assets revalued, discarded, sold or written off | 1,52,236 | |
| 1,826 | Bad Debts written off | — | |
| 25,000 | Donations | — | |
| 28,67,637 | Other Miscellaneous Expenses | 30,17,548 | |
| — | Provision for doubtful debts | 1,251 | |
| — | Survey, Investigations & Camp expenses | 3,893 | |
| <u>13,11,34,401</u> | Carried forward Rs. | <u>8,63,63,758</u> | |
| 4,69,68,680 | Carried forward Rs. | | <u>8,37,15,693</u> |

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION EXPENSES PENDING ALLOCATION FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1966

SCHEDULE 'G'

| 31st March, 1965 Rs. | | Amount Rs. | Total Rs |
|-------------------------|--|---------------|--------------|
| 4,69,68,680 | Brought forward Rs. .. | | 8,37,15,693 |
| 13,11,34,401 | Brought forward Rs. .. | 8,63,63,758 | |
| 23,10,622 | Depreciation | 13,95,636 | |
| 13,34,45,023 | | | 8,77,59,394 |
| 18,04,13,703 | | | 17,14,75,087 |
| | <i>Less: Recoveries, receipts and adjustments:</i> | | |
| 9,03,66,956 | Transfer of Products | 4,23,84,112 | |
| 3,68,459 | Interest Received | 78,983 | |
| 12,81,004 | Miscellaneous Receipts | 19,65,066 | |
| 131 | Profit on disposal of Assets | 607 | |
| 54,78,495 | Closing stock as on 31st December, 1965 | 60,60,289 | |
| 9,74,95,045 | | | 5,04,89,057 |
| 8,29,18,658 | | | 12,09,86,030 |
| | <i>Less : Allocated to Assets during the year:</i> | | |
| | Buildings and Roads | 1,06,12,715 | |
| | Plant & Machinery | 4,62,04,555 | |
| | Railway Siding | 6,02,679 | |
| | Drainage, Sewage & Water supply | 1,36,47,467 | |
| 97,79,362 | Construction work-in-progress | 73,94,239 | |
| 97,79,362 | | | 7,84,61,655 |
| 7,31,39,296 | Balance carried to Balance sheet TOTAL RUPEES | | 4,25,24,375 |

The Gujarat Refinery was on trial runs till 31st December, 1965. The Income from the sale of products obtained in the trial runs and the expenditure thereon have been shown under construction expenses pending allocation.

A. F. FERGUSON & CO.

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MV. RAO

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Secretary

Chairman

Director

Director

Director

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Chartered Accountants

INDIAN OIL CORPORATION LTD.

SCHEDULE OF DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

SCHEDULE 'H'

| Previous Year | NAME OF THE COMPANY | |
|---------------|--|-----------|
| Rs. | | Rs. |
| 13,096 | Ashoka Hotels Limited | 67,977 |
| — | Bharat Earth Movers Ltd. | 20,479 |
| 7,448 | Bharat Electronics Ltd. | 27,993 |
| 1,09,438 | Bokaro Steel Limited | 1,45,257 |
| — | Cement Corporation of India Limited | 8 |
| — | Central Road Transport Corpn. Ltd. | 4,13,592 |
| 1,396 | Cochin Refineries Ltd. | 2,326 |
| 3,85,406 | Fertiliser Corporation | 8,63,836 |
| — | Fertilisers & Chemicals Travancore Ltd. | 1,43,163 |
| 8,256 | Garden Reach Workshop Ltd. | 82,808 |
| 7,79,263 | Heavy Electricals India Ltd. | 10,45,942 |
| 2,36,465 | Heavy Engineering Corporation Ltd. | 7,10,006 |
| 47,767 | Hindustan Aeronautics Ltd. | 4,04,369 |
| 1,55,507 | Hindustan Antibiotics Ltd. | 2,03,279 |
| 9,500 | Hindustan Housing Factory Ltd. | 13,836 |
| — | Hindustan Insecticides Ltd. | 3,522 |
| 83,015 | Hindustan Machine Tools Ltd. | 1,88,324 |
| — | Hindustan Photo Films Manufacturing Co. Ltd. | 19 |
| 17,141 | Hindustan Shipyard Ltd. | 23,260 |
| 13,199 | Hindustan Salts Ltd. | 23,327 |
| 30,03,491 | Hindustan Steel Ltd. | 27,72,301 |
| — | Hindustan Teleprinters Ltd. | 2,583 |
| 7,642 | Indian Drugs & Pharmaceuticals Ltd... .. . | 10,552 |
| 57,074 | Indian Oil Blending Ltd.* | — |
| 35,956 | Indian Rare Earths Ltd. | 26,169 |
| 24,388 | Indian Telephone Industries Ltd. | 1,03,923 |
| — | Madras Refineries Ltd. | 5,559 |
| — | Manganese Ore India Ltd. | 2,357 |
| 98,493 | Mazagon Dock Ltd. | 71,887 |
| 50,93,941 | Carried forward Rs. | 73,77,854 |

A.F. FERGUSON & Co.

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INDIAN OIL CORPORATION LTD.

SCHEDULE OF DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

SCHEDULE 'H'

| Previous Year | NAME OF THE COMPANY | |
|--------------------|---|--------------------|
| Rs. | | Rs. |
| 50,93,941 | Brought forward Rs. | 73,77,854 |
| — | Mogul Lines Ltd. | 19,345 |
| 8 | National Building Construction Co. Ltd. | 8 |
| 53,07,949 | National Coal Development Corpn. Ltd. | 53,51,849 |
| 389 | National Instruments Ltd. | 1,343 |
| — | National News Print & Paper Mills Ltd. | 67,740 |
| — | National Project Construction Corpn. Ltd. | 5,09,231 |
| 1,871 | National Seeds Corporation Ltd. | — |
| 1,056 | National Small Industries Corpn. Ltd. | 1,092 |
| 3,47,969 | National Mineral Development Corpn. Ltd. | 6,66,511 |
| — | Nahan Foundry Ltd. | 7,826 |
| 72,956 | Neyveli Lignite Corpn. Ltd. | 8,26,024 |
| — | Orissa Road Transport Company Ltd. | 7,58,079 |
| — | Praga Tools Corporation Ltd. | 16,685 |
| 37 | Rehabilitation Industries Corpn. Ltd. | 37 |
| 443 | Shipping Corporation of India Ltd. | — |
| — | Singareni Collieries Company Ltd... | 15,789 |
| — | State Trading Corporation of India Ltd. | 2,67,964 |
| <u>1,08,26,619</u> | TOTAL RUPEES | <u>1,58,87,377</u> |

*Private Companies in which directors are interested.

D. B. PURI
Secretary

N. N. KASHYAP
Chairman

KAMALJIT SINGH
Director

M. V. RAO
Director

S. K. GUHA
Director

INDIAN OIL CORPORATION LTD.

SCHEDULE OF ADVANCES DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

SCHEDULE 'I'

| Previous Year | | NAME OF THE COMPANY | | Maximum amount outstanding during the year. |
|-----------------|----------|---|-----------------|---|
| 31st March 1965 | Maximum | | | |
| Rs. | Rs. | | Rs. | Rs. |
| — | | Bharat Heavy Electrical Ltd. | 367 | 9,751 |
| 3,116 | 20,470 | Hindustan Machine Tools Ltd. | — | 5,134 |
| 19,675 | 19,675 | Hindustan Cables Ltd. | 1,040 | 20,714 |
| 50,637 | 6,89,266 | Hindustan Steel Ltd. | 2,26,088 | 8,37,712 |
| — | 6,648 | Hindustan Teleprinters Ltd... | Nil | — |
| 6,91,660 | * | Indian Oil Blending Ltd.* | Nil | * |
| — | — | Indian Telephone Industries Ltd. | 38,326 | 53,779 |
| — | 4,67,298 | National Building Construction Co. Ltd. | — | — |
| — | — | National Project Construction Co. Ltd. | 6,62,320 | 20,07,644 |
| 68,521 | 68,521 | State Trading Corporation of India Ltd. | 39,306 | 97,055 |
| <u>8,33,609</u> | | TOTAL RUPEES | <u>9,67,447</u> | |

*Not ascertainable

*Private Company in which directors are interested.

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P. K. MITRA & CO.

Chartered Accountants

INDIAN OIL CORPORATION LTD.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1966

1. The rates of Depreciation charged on the Marketing Division Assets are lower than the rates charged on the Refineries Division Assets, in accordance with the past practices of the former Indian Refineries Ltd. and Indian Oil Company Ltd.
2. Procedures followed by the different Divisions were not uniform in all respects; the consequent effect on the disclosures in the Accounts cannot be ascertained; however, it is estimated that there is no material effect on the Profit. Steps are being taken to introduce uniform procedures wherever possible.
3. As it is not practicable to show all Commissions and Discounts separately in the Accounts, they have been adjusted against Sales in the Profit & Loss Account.
4. The Profit and Loss Account includes expenses less income relating to prior years amounting to Rs. 48.25 lakhs.
5. Liability has not been provided for insurance premium for construction materials in transit for HBK line, as bills were not received and amount unascertainable.
6. Provision for demurrage (included in Purchases) payable to foreign suppliers in respect of ocean tankers has been made on the basis of the Corporation's lay-time Statements and is subject to adjustment on receipt of actual claims.
7. Complete information is not available regarding the position of the Corporation's outstanding Sales-Tax liabilities to the Central and State Governments.
8. In addition to the liabilities (less assets) in foreign currencies as at 31st March, 1966 which had not been paid before 5th June, 1966, in respect of which a Loss on Devaluation of Rs. 4,37,14,873 has been written off in the accounts, the Corporation had liabilities for purchase of Capital assets payable in foreign currencies of Rs. 7,63,20,364 which are stated on the Balance Sheet at the rates of exchange ruling on 31st March, 1966. Consequent upon the devaluation of the Indian rupee on 6th June, 1966, the rupee value of these liabilities has increased by Rs. 4,38,84,209 for which no provision has been made.
9. No provision has been made for the losses of Rs. 21.4 lakhs incurred by Indian Oil Blending Ltd. of which the share of Indian Oil Corporation would be Rs. 10.7 lakhs.
10. No provision has been made for the accrued liability in respect of Gratuities payable in future to employees in accordance with the Corporation's Rules.
11. No Provision has been made for the balance amount payable after adjustment of advance in respect of land acquired for Refineries at Gauhati and Barauni, pending finalisation of compensation. Documentation in respect of land acquired for the three Refineries and land and building acquired from the Railways at Hathidah has not been completed so far. Claims for additional compensation have been filed by the erstwhile landowners in Gujarat which have been adjudicated in their favour for land acquired for the Gujarat Refinery Against these claims

a deposit of Rs. 24.37 lakhs was made with the Court. The Company has filed an appeal, which is pending with the High Court. Suitable adjustments will be made as and when the cases are finalised. Expenditure on Railway Siding has been booked on the basis of estimates given by the Railway authorities, pending receipt and adjustment of final bills. Expenditure on the Right-of-way obtained for the Gauhati-Siliguri and Haldia-Barauni-Kanpur Pipelines has been provisionally booked pending finalisation of awards. The balance of compensation payable is unascertainable at this stage.

12. Closing Stock includes Rs. 3.47 lakhs, being stock impounded by Pakistani authorities. A claim has been lodged with the Custodian of Enemy Property.
13. Stores and Spare parts include excesses and shortages on physical verification and unserviceable materials amounting to Rs. 1,06,268; Rs. 2,65,932 and Rs. 911 respectively, which are under investigation and which will be adjusted during the current year,
14. Payments in respect of extra work orders at Barauni have been made on provisional rates, pending finalisation the amount of the additional liability, if any, is unascertainable at present
15. In addition to specific debts totalling Rs. 14,92,874, considered doubtful, further debts due from State Transport, D.G.S.&D., and other Government parties which have been outstanding for a considerable period may also not be fully recoverable. The doubtful debts shown on the Balance Sheet include an estimate of such debts. Provision for doubtful debts has been made on this basis.
16. Customs Duty has been paid on an ad hoc basis for the Barauni and the Gujarat Refineries. Consequential adjustments, if any, will be made in the Accounts on final assessment Adjustment of claims amounting to Rs. 9,31,578 with the Customs authorities and Insurance Pool, which have been filed and are being filed, will be done on the determination of these claims.
17. No provision has been made for Income tax liability on account of tax on profit of foreign Contractors payable by the Corporation ---- amount of liability not ascertainable. An advance of Rs. 5 lakhs has been made to the Contractors for payment of advance Income-tax.
18. Pending final settlement, no credit has been taken in the Accounts in respect of amounts recoverable from the Assam Government towards cost of land development and approach roads.
19. Deposits with the Railways and Electricity Authorities have been provisionally adjusted pending receipt of final bills etc.
20. It has been found that transfers from Work-in-Progress to Completed Assets have not been correctly made in several cases, mainly for want of information regarding user of asset, or pending final bills from Contractors. As a result depreciation may have been over provided or under provided in respect of such assets. Some rectifying entries, have been passed this year on the basis of physical verification of pipes in stock by the Engineering Department, on which the Auditors have placed reliance. The exact amounts involved are not ascertainable and, therefore, complete adjustment cannot be made at this stage.

21. Certain Depots and Installations have been built on Government or other lands not belonging to the Corporation; the formal agreements in respect of some of these lands are being finalised.
22. Allocation of common expenses between operation and construction has been made as per the basis decided by the Management on which the Auditors have placed reliance.
23. The Gujarat Refinery Project of the Oil and Natural Gas Commission was transferred to the Company on 1st April, 1965 as per Government Orders. The Opening Balances in the books representing a net investment of — Rs. 19,15,25,176 have been accepted by the Auditors without audit.

A. F. FERGUSON & CO.
S. P. CHOPRA & CO.
P. K. MITRA & CO.
Chartered Accountants

D. B. PURI
Secretary

N. N. KASHYAP
Chairman

M. V. RAO
Director

KAMALJIT SINGH
Director

S. K. GUHA
Director

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Ltd., as at 31st March 1966, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

The accounts of the Corporation incorporate the audited accounts of the Refineries, Pipelines and Marketing Divisions. In accordance with the directions of the Comptroller and Auditor General of India, the allocation of work amongst the three firms of Auditors was made as follows :-

- | | | |
|----|---|--|
| A. | Marketing Division : | Messrs. A. F. Ferguson & Co., Bombay |
| | Head Office Western and Southern Branches. | |
| B. | Refineries Division : | Messrs. S. P. Chopra & Co., New Delhi |
| | Head Office Gujarat Refinery | |
| | Pipelines Division: | |
| | Head Office Haldia-Barauni-Kanpur Pipelines | |
| | Marketing Division: Northern Branch | |
| C. | Refineries Division: | Messrs. P. K. Mitra & Co., Calcutta |
| | Gauhati and Barauni Refineries and Calcutta Office | |
| | Pipelines Division: | |
| | Gauhati-Siliguri Pipeline | |
| | Marketing Division: | |
| | Eastern Branch | |
| D. | Consolidated Accounts of the Corporation | Jointly |

We report that :

- (1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (2) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

- (3) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

- (4) subject to and read with the notes on the accounts, in our opinion, and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view —
 - (a) in the case of the Balance Sheet, of the state of the affairs of the Corporation as at 31st March, 1966, and

 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

A. F. FERGUSON & CO.
S. P. CHOPRA & CO.
P. K. MITRA & CO.
Chartered Accountants,

Bombay,

4th October, 1966

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED (MARKETING DIVISION) FOR THE YEAR ENDED 31ST MARCH, 1966 BY THE DIRECTOR OF COMMERCIAL AUDIT

1. Financial position

The table below summarises the financial position of the Company (Marketing Division) under broad headings for the last three years :—

| | (Rupees in lakhs) | | |
|---|-------------------|-----------------|-----------------|
| | 1963-64 | 1964-65 | 1965-66 |
| <i>Liabilities</i> | | | |
| (a) Paid-up capital (including advance for shares) | 497.25 | 661.25 | 997.25 |
| (b) Reserves and surplus | 152.86 | 125.80 | 214.49 |
| (c) Borrowings | | | |
| i) From the Government of India | 475.00 | 592.94 | 1,581.64 |
| ii) From bank-cash credit | 1,066.98 | 1,620.45 | 1,155.04 |
| (d) Trade dues and other current liabilities (including provisions and inter divisional balances) | 1,293.21 | 1,624.28 | 3,086.99 |
| Total :— | <u>3,485.30</u> | <u>4,624.72</u> | <u>7,035.41</u> |
| <i>Assets</i> | | | |
| (e) Gross block | 635.58 | 970.34 | 1,477.01 |
| (f) Less : Depreciation | 29.83 | 58.49 | 105.08 |
| (g) Net fixed assets | 605.75 | 911.85 | 1,371.93 |
| (h) Capital works-in-progress | 195.55 | 340.85 | 408.93 |
| (i) Current assets, Loans and Advances (including investments) | 2,680.27 | 3,367.91 | 5,252.12 |
| (j) Miscellaneous expenditure | 3.73 | 4.11 | 2.43 |
| Total :— | <u>3,485.30</u> | <u>4,624.72</u> | <u>7,035.41</u> |
| Capital employed | 1,992.81 | 2,655.48 | 3,537.06 |
| Net worth | 646.38 | 782.94 | 1,209.31 |

- Note:*
- Capital employed represents net fixed assets plus working capital.
 - Net worth represents paid-up capital plus reserves less intangible assets.

2. Capital structure

(a) Debt equity ratio :

The debt equity ratio for the Division was 0.96: 1 in 1963-64, 0.90: 1 in 1964-65 and 1.6: 1 in 1965-66.

(b) The amount of loans taken from the Government of India outstanding as on 31st March, 1966 was Rs. 1,581.64 lakhs, in respect of loans amounting to Rs. 406.94 lakhs, (net) and Rs. 811.00 lakhs (net) moratorium for two and three years respectively for repayment of principal was granted by the Government of India. Loans amounting to Rs. 50.00 lakhs and Rs. 811.00 lakhs were repayable in 9 and 7 annual instalments respectively whereas the other loans were repayable in 4 annual instalments.

3. Reserves and surplus

The reserves and surplus (Rs 214.49 lakhs) amounted to—

(a) 3% of the total liabilities in 1965-66 as against 2.7% in 1964-65 and 4.4% in 1963-64.

(b) 21.5 % of the equity capital (Rs. 997.25 lakhs) in 1965-66 as against 19% in 1964-65 and 30.7% in 1963-64.

4. Liquidity and solvency

(a) The proportion of current assets to total net assets varied from 76.9% in 1963-64 to 72.9% in 1964-65 and to 74.7% in 1965-66.

(b) The percentage of current assets to current liabilities (including provisions) decreased from 207.3 each in 1963-64 and 1964-65 to 170.1 in 1965-66.

(c) The percentage of quick assets (sundry debtors, advances, investments and cash and bank balances) to current liabilities [excluding inter divisional balances] increased from 157.2 in 1963-64 to 159.9 in 1964-65 and decreased to 130.5 in 1965-66.

5. Working capital

The working capital (current assets, investments, loans and advances less trade dues and current liabilities) of the Division at the close of the three years ending with 31st March, 1966 amounted to Rs. 1,387.06 lakhs, Rs. 1,743.63 lakhs and Rs. 2,165.13 lakhs respectively and represented 2.3, 1.9 and 1.2 months' value of business at cost (excluding depreciation) during these years. The working capital as on 31st March, 1966 was financed through cash credit from bank to the extent of Rs. 1,155.04 lakhs.

6. Sources and uses of funds

Funds amounting to Rs. 135.28 lakhs from internal resources (reserves, depreciation, provisions and surplus) and Rs. 2,322.00 lakhs from other sources were utilised in 1965-66 as under:—

| | (Rupees in lakhs) |
|-------------------------------|-------------------|
| i) Gross fixed assets | 506.67 |
| ii) Capital works-in-progress | 68.08 |
| iii) Other assets | 1,882.53 |
| | 2,457.28 |

7. Working results

The working results of the Division for the last three years are tabulated below:—

| | (Rupees in lakhs) | | |
|---------------------------|-------------------|----------|---------|
| | 1963-64 | 1964-65 | 1965-66 |
| i) Profit/loss before tax | 104.77 | (—) 2.59 | 88.70 |
| ii) Tax provision | 21.20 | — | — |
| iii) Profit after tax | 83.57 | (—) 2.59 | 77.70 |

I. Percentage of profit before tax

| | | | |
|---|------|--|-----|
| a) To sales (inclusive of product exchange and transfers) | 1.5 | Does not arise as the Company incurred loss during the year. | 0.4 |
| b) To gross fixed assets | 16.5 | —do— | 6.0 |
| c) To capital employed | 5.3 | —do— | 2.5 |

II. Percentage of profit after tax

| | | | |
|------------------------|------|------|-----|
| a) To net worth | 12.9 | —do— | 7.3 |
| b) To equity capital | 16.8 | —do— | 8.9 |
| c) To capital employed | 4.2 | —do— | 2.5 |

8. Cost trends

The table below indicates the percentage of cost of sales to sales during the last three years:—

| | (Rupees in lakhs) | | |
|---|-------------------|-------------|-----------|
| | 1963-64 | 1964-65 | 1965-66. |
| Sales (inclusive of product exchange and transfers) | 7,005.95 | 10,860.67 | 22,014.80 |
| Less: Profit before tax / | | | |
| Add: Loss | 104.77 | (Loss) 2.59 | 88.70 |
| Cost of .sales | 6,901.18 | 10,863.26 | 21,926.10 |
| Percentage of cost of sales to sales | 98.5 | 100.0 | 99.6 |

9. Business performance

The value of business during the last three years is worked out below:—

| | (Rupees in lakhs) | | |
|--|-------------------|-----------|-----------|
| | 1963-64 | 1964-65 | 1965-66 |
| 1. Sales (inclusive of product exchange and transfers) | 7,005.95 | 10,860.67 | 22,014.80 |
| 2. Closing stock-in-trade | 632.77 | 883.15 | 1,256.05 |
| 3. Opening stock-in-trade | 332.69 | 632.77 | 883.15 |
| 4. Value of business (1 + 2—3) | 7,306.03 | 11,111.05 | 22,387.70 |

The percentage of value of business to net worth registered a continuous increase from 1,130.3 in 1963-64 to 1,419.1 in 1964-65 and to 1,851.3 in 1965-66. The percentage of value of business to total net assets of the Division also showed a continuous rise from 209.6 in 1963-64 to 240.3 in 1964-65 and to 318.2 in 1965-66.

10. Inventory and production

The following table indicates the comparative position of the inventory and its distribution at the close of the last three years:—

| | (Rupees in lakhs) | | |
|--|-------------------|---------|----------|
| | 1963-64 | 1964-65 | 1965-66 |
| i) Stores and spare parts | 52.19 | 104.57 | 153.83 |
| ii) Loose tools | 0.53 | 0.38 | 0.43 |
| iii) Oil stocks | 632.77 | 883.15 | 1,242.85 |
| iv) Stock of empty tins and barrels. | 6.77 | 8.80 | 16.22 |
| v) Liquefied petroleum gas accessories | — | — | 13.20 |
| | 692.26 | 996.90 | 1,426.53 |

The stores and spare parts consist mostly of construction materials like steel and cement which accounted for Rs. 76.22 lakhs in 1965-66. Oil stocks represented about 1 month's sale (inclusive of product exchange and transfers) during 1963-64 and 1964-65 and 0.7 month's sale in 1965-66.

11. Sundry debtors and turnover

The following table indicates the volume of book debts and sales for the last three years:—

| As on | (Rupees in lakes) | | Sales (inclusive of product exchange and transfers) | Percentage of debtors to sales. |
|------------------|----------------------------------|---------------------|---|---------------------------------|
| | Total book debts Considered good | Considered doubtful | | |
| 31st March, 1964 | 1,392.98 | 8.00 | 7,005.95 | 20.0 |
| 31st March, 1965 | 1,586.19 | 7.44 | 10,860.67 | 14.7 |
| 31st March, 1966 | 2,525.63 | 31.70 | 22,014.80 | 11.6 |

The sundry debtors represented about 2 months' turnover each in 1963-64 and 1964-65 and about 1.4 months' in 1965-66.

New Delhi,
The 24th November, 1966.

Sd/-
(K. S. TREHAN)
For Director of Commercial Audit

**Comments under Section 619(4) of the Companies Act,
1956 on the accounts of Indian Oil Corporation Limited for
the year ended 31st March 1966.**

Notes on the Balance Sheet for the Year ended 31st March 1966

1. Contingent liabilities not provided for

(ii) Claims against the Corporation not acknowledged as debts Rs. 1,164.70 lakhs.

This includes a sum of Rs. 70.28 lakhs being the difference between the excise duty actually paid and that which is payable on certain products sold by the Company. No provision has been made for this liability on the ground that higher authorities have been approached in the matter.

Sd/

New Delhi

(K. S. TREHAN)

24th November 1966.

Fro Director of Commercial Audit

ADDENDUM TO DIRECTORS' REPORT

DATED 25TH OCTOBER 1966.

The following comments are offered on the remarks of the Comptroller and Auditor-General of India in respect of accounts for the year 1965-66.

“The remarks are self-explanatory and as such do not require any comments”.

Bombay,

For and on behalf of the Board

The 24th November, 1966.

N. N. KASHYAP

Chairman