

INDIAN OIL CORPORATION LIMITED



Annual Report 1967-68

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INDIAN OIL CORPORATION LTD.

BOARD OF DIRECTORS:	N. N. Kashyap, I.C.S. <i>Chairman</i> Kamaljit Singh Maj. Gen. Sarda Nand Singh (Retd.) P. K. Rau A. A. Peerbhoy M. V, Rajwade R. S. Gupta Dharmananda Das F. N. Rana K. L. N. Prasad M. Ct. Pethachi S. Ghosh E. P. W. da Costa Arun Roy Choudhury
SECRETARY :	D. B. Puri
BANKERS :	State Bank of India
AUDITORS :	M/s. A. F. Ferguson & Company M/s. Lovelock & Lewes M/s. P. K. Mitra & Company
REGISTERED OFFICE AND MARKETING DIVISION HEADQUARTERS :	254-C, Dr. Annie Besant Road, Prabhadevi, Bombay-25 DD.
MARKETING DIVISION :	
Branches :	Bombay, New Delhi, Calcutta, Madras
REFINERIES DIVISION :	
Headquarters :	Link House, Bahadur Singh Shah Zafar Marg, New Delhi-110001.



NOTICE

Notice is hereby given that the Ninth 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, Pradhadevi, Bombay-25 DD at 13.15 hrs. on Saturday, the 16th November 1968 to transact the following business:

ORDINARY BUSINESS:

1. "To receive, consider and adopt the Balance Sheet, Profit and Loss Account and Reports of the Auditors and Directors thereon for the financial year ended 31st March 1968."
2. To declare the dividend.

BY Order of the Board

D. B. PURI
Secretary

Bombay :

Dated : 25th October, 1968

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.



INDIAN OIL CORPORATION LTD.

DIRECTORS' REPORT 1967-68

To

THE SHAREHOLDERS OF INDIAN OIL CORPORATION LIMITED

Gentlemen,

Your Board of Directors have pleasure in placing before you the Ninth Annual Report on the working of the Corporation during the financial year 1967-68 along with the Balance Sheet, Profit and Loss Account and Auditors's Report thereon as required under Section-210 of the Companies Act, 1956.

FINANCIAL RESULTS

Turnover for the year amounted to Rs. 430.68 crores as against Rs. 338.35 crores and Rs. 220.05 crores for the previous year and the year 1965-66 respectively. The increase in turnover works out to approximately 27.3% over the previous year.

Profit for the year amounts to Rs. 10.83 crores before development rebate as against Rs. 6.26 crores for the previous year. In arriving at the profit, the provision for the depreciation and interest charges has been made at Rs. 5.79 crores and Rs. 5.71 crores respectively. The provision of depreciation and interest made is higher as against the provision made during the previous two years which was on depreciation Rs. 5.02 crores and Rs. 3.33 crores and on interest Rs. 4.93 crores and Rs. 3.50 crores respectively.

Depreciation has been charged on the "straight line" method in arriving at the profit. It may, however, be stated that for the purpose of income tax, depreciation is charged according to the "written down value" method as per Income Tax Rules. Our profit had not been taxable till the previous year. This year too, profit is free of tax because of our entitlement to claim development rebate from the taxable profit.

However, a provision for development rebate in the sum of Rs. 3 crores is being made and the net profit will therefore be Rs. 7.83 crores.

On a comparable basis profit for the year works out to 15.22% of the paid-up capital as against 9.3% and 1.7% in the previous two years i.e. 1966-67 and 1965-66 respectively. With the carry forward of last year amounting to Rs. 90,985 and other amounts started as under, the available surplus amounts to Rs. 11.09 crores as detailed below :—

	Rs.
Balance of Profit brought forward	90,985
Profit for the year	10,82,67,168
Excess provision of dividend (1967) written back	7,49,753
Provision for Income tax written back	2,07,224
Development Rebate reserve written back	15,75,924
Available for appropriation	<u>11,08,91,054</u>

We recommend that this amount be appropriated as follows:—

	Rs.	
Provision for Development Rebate	3,00,00,000	
Income tax for prior years	1,52,803	
Share issue expenses written off	1,50,000	
Provision for dividend @7% on 7,11,772 shares of Rs. 1000 each	4,98,24,040	
Transfer to General Reserves	<u>3,00,00,000</u>	<u>11,01,26,843</u>
Balance carried forward		7,64,211



As may be observed, with the increased turnover, the profit of the Corporation have continued to rise. It may, however, be stated that the adverse effects of the under-recoveries of freight and Central sales tax continue to erode into our profits. The amounts of under-recoveries on these two accounts amount to Rs. 1.08 crores and Rs. 1.76 crores respectively on freight and Central sales tax as compared to Rs. 1.13 crores and Rs. 1.76 crores respectively for the previous year and against Rs. 1.10 crores and Rs. 0.51 crores for the year 1965-66. In addition to these under-recoveries, the Corporation had to bear during the year certain extra expenses on account of coastal movements for the Cochin Refinery products and losses due to exports in the highly competitive foreign markets.

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 <u>31-3-1967</u>	Additions during <u>1967-68</u>	Balance as on <u>31-3-1968</u>
Share Capital	Rs. 67,06,22,000 (including held by State Government of Gujarat)	4,11,50,000	71,17,72,000
Loan	Rs. <u>73,30,97,625</u> Rs. 1,40,37,19,625	(—) 30,50,305 3,80,99,695	<u>73,00,47,320</u> 1,44,18,19,320

REFINERIES DIVISION

GAUHATI REFINERY

During the year under review, this Refinery processed 8,11,718 tonnes of Crude Oil as against the target of 7,50,000 tonnes. This was the highest throughput achieved in any year at this Refinery.

PERFORMANCE OF MAJOR PROCESS UNITS

During the period under review, the major process units of the Refinery operated as under:—

(a) Crude Distillation Unit	346½ days
(b) Kerosene Refining Unit	151 days
(c) Coking Unit	329½ days

The Coking Unit had a record continuous run of 104 days during the period November 1967 to March 1968. Three test runs for the production of LPG were successfully carried out in the Stabiliser Section of the Coking Unit.

LEVELS OF PRODUCTION AND DESPATCHES

7,39,739 tonnes of finished products were produced and 7,40,799 tonnes were despatched from the Refinery during the year.

JP-4 has been added to the products produced at this Refinery. Its despatches commenced on 1st April 1967.



SUMMARY OF OPERATIONAL RESULTS FOR THE LAST THREE YEARS IN RESPECT OF THROUGHPUT OF THE REFINERY

Year	Throughput
(i) 1965-66	7,99,434 tonnes
(ii) 1966-67	7,42,946 tonnes
(iii) 1967-68	8,11,718 tonnes

FUTURE PLANS

A Liquefied Petroleum Gas Plant of 2,500 tonnes per year capacity is under construction. It is expected to be ready by the 1st quarter of 1969. This unit can be expanded ultimately to achieve a production rate of 6,000 tonnes/year.

Modification work has commenced for the production of Aviation Turbine Fuel.

IMPORT SUBSTITUTION

A sum of about Rs. 8.2 lakhs was saved by using indigenously manufactured items instead of imported items, like Coke Chamber studs, nuts, gaskets and instrumentation charts, pens, non-return valves, explosion-proof motors, electrical fittings etc.

WELFARE FACILITIES

The following facilities have been provided at the Refinery for the welfare of its employees :—

- (a) Free Medical Aid,
- (b) Canteen,
- (c) Nursery and Primary Schools,
- (d) Club,
- (e) Co-operative Stores and Bank.

TRANSPORT FACILITIES

The employees are provided with transport facilities at a subsidised rate.

Indianoil refineries provide several amenities for its employees. Picture shows children playing in a refinery school



NATIONAL INTEGRATION SAMITI

During the year under report, a National Integration Samiti was formed at the Gauhati Refinery with the objective of fostering amity and better relations between the employees belonging to different regions of the country.

BARAUNI REFINERY

The Refinery processed 16,29,625 tonnes of Crude Oil as compared to the target of 16,00,000 tonnes during the year under review.

PERFORMANCE OF MAJOR PROCESS UNITS

During the period under review, the major process units of the Refinery operated as under :—

(a) Atmospheri Vacuum Distillation Unit No. I	..	..	..	302 days
(b) Atmospheri Vacuum Distillation Unit No. II	..	..	..	326 days
(c) Coking Unit	..	..	..	293 days
(d) Kerosene Treating Unit No. I	..	..	..	333 days

COMMISSIONING OF LUBE OIL COMPLEX

The Lube Oil Complex was commissioned during October-November 1967, and was on trial runs during the year.

LEVELS OF PRODUCTION AND DESPATCHES

14,61,916 tonnes of finished products were manufactured and 14,68,056 tonnes despatched from the Refinery during the year.

INTRODUCTION OF NEW PRODUCTION

Three new products viz., Mixed Naphtha, Lube Oil (Indrex 30-B) and Bitumen were introduced, thus increasing the range of products manufactured in the Refinery to 16.

A view of the power house in the Barauni Refinery.



SUMMARY OF OPERATIONAL RESULTS FOR THE LAST THREE YEARS IN RESPECT OF THE THROUGHPUT OF THE REFINERY

	Year					Throughput
(i)	1965-66	..	..	..	..	7,44,540 tonnes
(ii)	1966-67	..	..	..	..	11,13,885 tonnes
(iii)	1967-68	..	..	..	..	16,29,625 tonnes

CONSTRUCTION OF THIRD MILLION TONNES UNIT

The construction work on the third million tonne expansion unit is nearing completion. The Unit is likely to be tested before end of 1968.

INTERRUPTIONS IN THE REFINERY OPERATIONS

Due to fear of water pollution in the river Ganga, all the processing units of the Refinery were shut down on 7th March, 1968. The units remained shut down for 13 to 19 days.

FUTURE PLANS

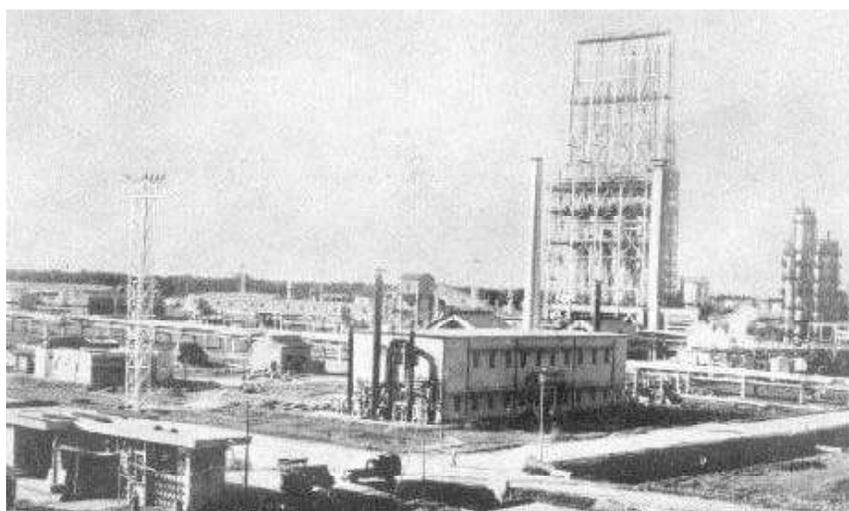
Preliminary work in connection with the setting up of a plant for the calcination of raw petroleum coke from the Barauni Refinery with a designed capacity of 60,000 tonnes per year has already started.

The design, erection and commissioning of this plant has been entrusted to the Engineers India Ltd., a Government of India Undertaking, on a turn-key basis.

A scheme for the modernisation of the LPG bottling plant is to be taken up shortly.

The proposal for providing additional storage tanks and handling facilities to meet the requirements of the Refinery at 2.4 million tonnes throughput has been approved.

The Barauni Refinery's Coking Unit.



WELFARE FACILITIES

The following amenities have been provided at the Refinery for the welfare of its employees:—

- (a) Free Medical Aid,
- (b) Co-operative Stores,
- (c) Clubs and Recreational Centres,
- (d) Subsidised Canteen,
- (e) Kalyan Kendra,
- (f) Schools—
 - (i) Two Hindi Medium Schools,
 - (ii) One English Medium Schools,

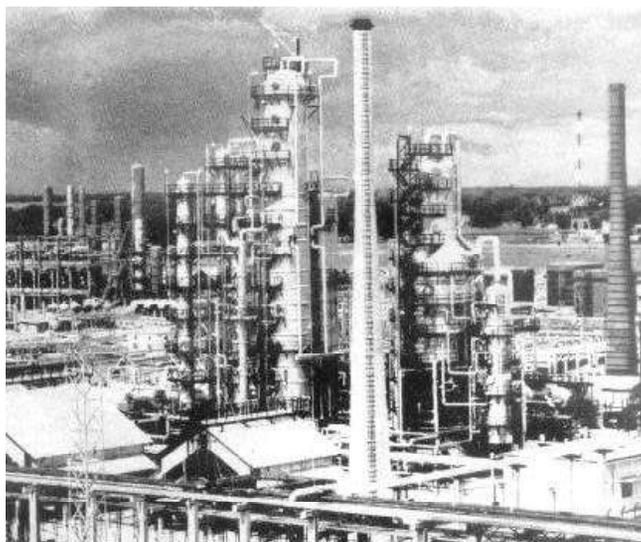
NATIONAL INTEGRATION SAMITI

With the object of promoting understanding and goodwill among persons coming from different parts of the country, a National Integration Samiti has been constituted at the Refinery.

TRANSPORT FACILITIES

Transport facilities are provided to the Refinery employees at a subsidised rate.

Atmospheric Unit of the Gujarat Refinery.



GUJARAT REFINERY

The Refinery processed 19,18,293 tonnes of Crude Oil and also utilised 5,130 tonnes of Furnace Oil received from Bombay for LDO blending, as against the target of 18,00,000 tonnes crude oil.

PERFORMANCE OF MAJOR PROCESS UNITS

During the period under review, the major process units of the Refinery operated as under:—

(a) Atmospheric Unit No. I	313½ days
(b) Atmospheric Unit No. II	343½ days
(c) Atmospheric Unit No. III	63 days
(d) Catalytic Reforming Unit	364 days

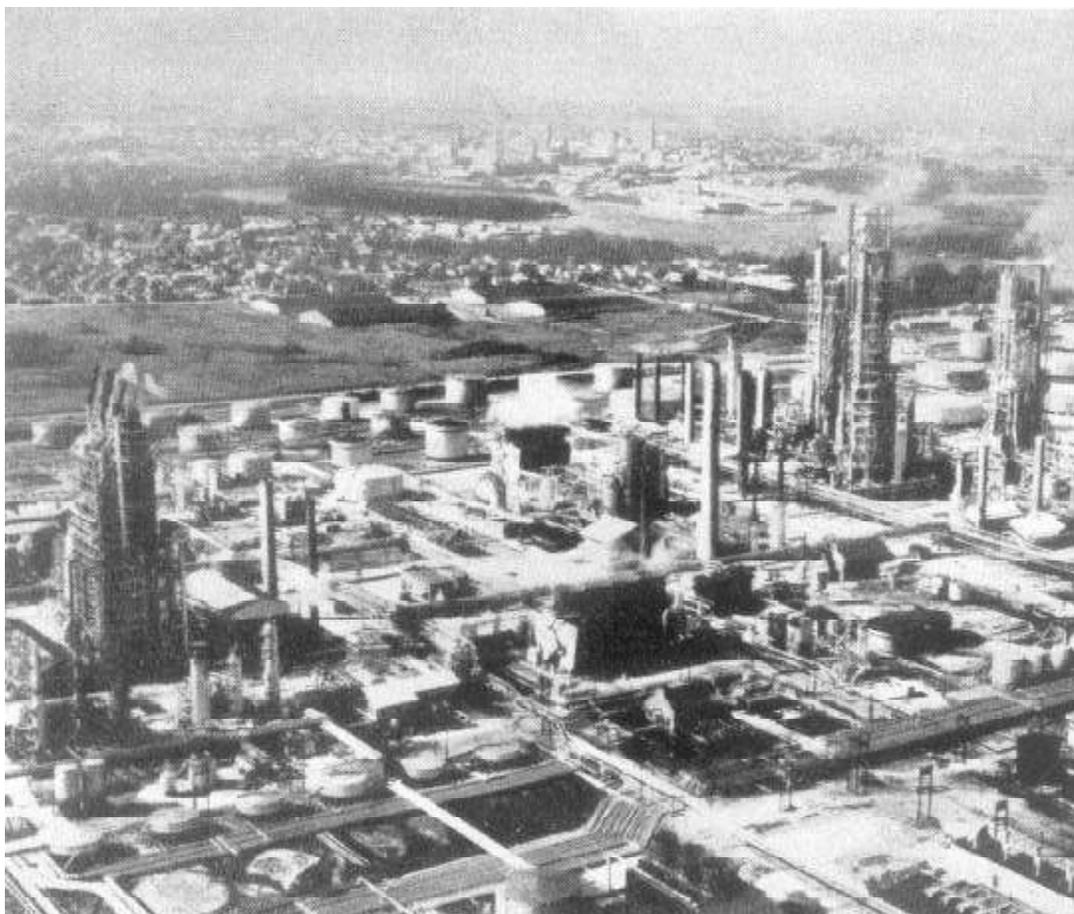
COMMISSIONING OF THIRD MILLION TONNE UNIT

The third million tonne unit (Atmospheric Unit III) was commissioned during this year and went on trial production from 28th September 1967. The plant operations stabilised by December 1967.

LEVELS OF PRODUCTION AND DESPATCHES

17,30,113 tonnes of finished products were produced and 17,42,631 tonnes of finished products were despatched from the Refinery during the year under review.

An impressive aerial view of the sprawling Gujarat Refinery.



INTRODUCTION OF NEW PRODUCTS

During the year under review, the Refinery introduced three new products namely LDO, LPG and Naphtha in addition to six products produced during the last year.

SUMMARY OF OPERATIONAL RESULTS FOR THE LAST THREE YEARS IN RESPECT OF THE THROUGHPUT OF THE REFINERY

Year	Throughput
(i) 1965-66	.. ... .. .. ..4,09,378 tonnes
(ii) 1966-67	.. ... .. ..14,11,702* tonnes
(iii) 1967-68	.. ... .. ..19,18,293 tonnes

*inclusive of high octane component and slops.

UPEX PLANT

The erection work for this unit has been nearly completed. This unit is likely to be commissioned in the last quarter of 1968. It will produce 33,000 tonnes of Benzene and 14,000 tonnes of Toluene per year. These products will serve as raw materials for petrochemical industries.

SAFETY AWARDS

The National Safety Award from the Government of India, Ministry of Labour, Employment and Rehabilitation, with a prize of Rs. 2,500 for the longest accident-free period was given to the Gujarat Refinery. This Refinery also received the Award of Merit from the National Safety Council, Chicago, USA, as the Refinery exceeded its own record by working 1.22 million man-hours without an accident involving loss of time during the period 30th August 1967 to 28th November 1967.

FUTURE PLANS

A plant is envisaged to be set up by 1970-71 to produce 'food grade' commercial Hexane. The capacity of this plant will be 20,000 tonnes per year. After the start-up of the Udex Plant, the project work of

Life at Gujarat Refinery is rich in culture. Picture shows a colourful 'Garba' dance in which both Indian and Russian women participated.



this plant will be taken up as the raffinate from the Udex Plant will serve as a raw material for the production of commercial Hexane. LPG bulk loading facilities were commissioned in August 1968 and thereafter bulk supplies of LPG were started.

A pilot plant is planned to be set up by IIP at the Gujarat Refinery for experimenting the production of protein from Gas Oil. This proposal has been accepted in principle and details are being worked out.

WELFARE FACILITIES

The following amenities have been provided at the Refinery for the welfare of its employees:—

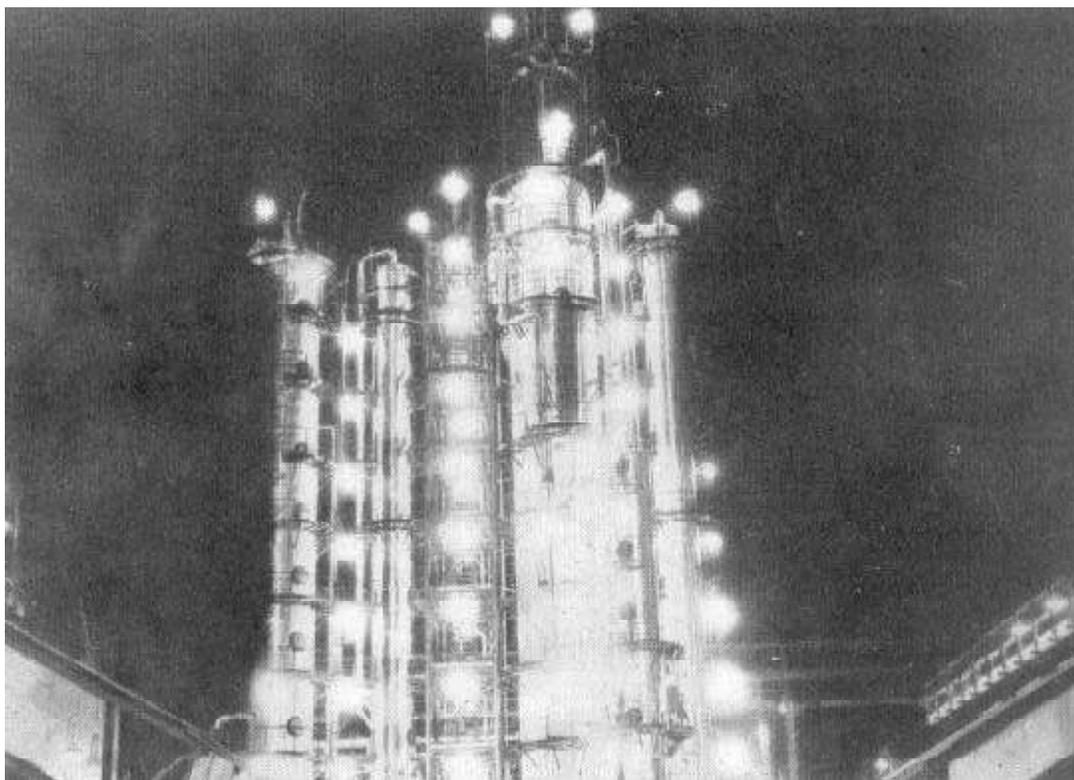
- (a) Free Medical Aid,
- (b) Co-operative Society,
- (c) Club,
- (d) Canteen,
- (e) Schools —
 - (i) Gujarati Bal Mandir,
 - (ii) Gujarati Primary Schools,
 - (iii) Hindi Medium Nursery and KG School,
 - (iv) English Medium Primary School.

The Gujarati Bal Mandir and Hindi Medium Nursery and KG School are fully subsidised. The English Primary School pays for itself, and in the Gujarati Primary School education up to the 4th Standard is free and from the 5th, a nominal fee is being charged.

NATIONAL INTEGRATION SAMITI

With a view to promote understanding and goodwill among persons coming from different parts of the country, a National Integration Samiti has been constituted at the Refinery.

An illuminated view of the third million tonne unit of the Gujarat Refinery.



TRANSPORT FACILITIES

Employees residing at Baroda are provided free transport facility to and from the Refinery. Subsidised transport facilities are being provided to school-going children of the employees to attend schools in Baroda City.

LABOUR RELATIONS IN THE REFINERIES DIVISION

Labour Relations in the Refineries Division remained satisfactory. The following events deserve mention:

A three-year settlement was signed with the representatives of workers of Gauhati, Barauni and Gujarat Refineries in May/June 1967. The settlement was the result of bipartite negotiations which started in October 1966 consequent upon a charter of demands given by representative Unions. Benefits of the settlement were extended by the Management of its own accord to the employees of Delhi, Calcutta and Bombay Offices, where there were no Unions in existence then.

Certain differences between the Management and the Workers' Union at Gujarat Refinery on the implementation of the settlement have now been referred to Arbitration by mutual consent. The dispute about the payment of bonus for the year 1965-66 is under adjudication. The one for the year 1966-67 was amicably settled through bipartite negotiations.

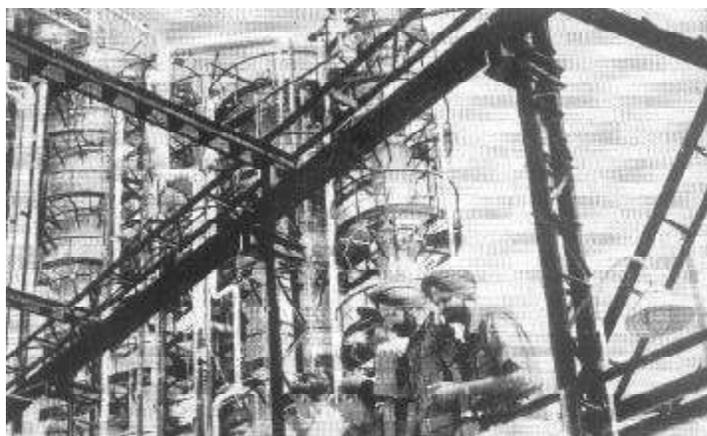
As a result of the completion of Barauni and Gujarat Projects, a large number of construction workers—regular, workcharged and daily rated—has been rendered surplus. Efforts have been made to get these personnel absorbed in suitable vacancies in other Public Sector Undertakings. Retrenchment/Rehabilitation compensation on very liberal scales has also been sanctioned.

HALDIA REFINERY PROJECT

A 2.5 million tonne Refinery is to be set up at Haldia in collaboration with Messrs. TECHNIP/ENSA of France and INDUSTRIAL EXPORT of Rumania. Process and Design drawings are being drawn up in both countries and a large share of the work is being performed by Engineers India Limited under their supervision.

Site filling is being done by Calcutta Port Commissioners before handing over the area to IOC.

Personnel drawn from the Defence Services participate in the training courses for handling petroleum products. The courses are organised by the Administrative Staff College, Picture shows Defence personnel in the Gujarat Refinery.



PIPELINES SECTION

On the examination of the recommendations made by the Committee on Public Undertakings, the Government of India abolished the Pipelines Division with effect from 23rd February 1968 and its work was entrusted to the Managing Director, Refineries Division.

Performance

GAUHATI-SILIGURI PRODUCTS PIPELINE

A total of 4,36,951 tonnes of products were moved through the pipeline. This represents a utilization factor of 91.4% with respect to the installed capacity of the pipeline. During March 1968, the pipeline attained a record throughput of 41,688 tonnes, thus exceeding the designed capacity.

Operational Results for the Last Three Years

Targets and achievements for the last three years have been as under :—

	Year				Target	Throughput
(i)	1965-66	..	..	..	4,27,000 tonnes	3,66,488 tonnes
(ii)	1966-67	..	..	..	4,12,000 tonnes	3,71,720 tonnes
(iii)	1967-68	..	..	..	3,97,000 tonnes	4,36,951 tonnes

HALDIA-BARAUNI-KANPUR PRODUCTS PIPELINE

(a) Barauni-Kanpur Line

During the year under review 4,40,117 tonnes of products were moved through the pipeline as against the target of 4,90,000 tonnes.

(b) Barauni-Haldia Line

The pipeline Barauni-Baradabar-Maurigram was commissioned on 23rd September 1967 for trial run in stages. The section from Baradabar to Haldia was commissioned on 2nd August, 1968, for onward coastal movement of surplus petroleum products of the Brauni Refinery to the Southern region. During the period September 1967 to March 1968, a total of 1,07,620 tonnes of products was transported against the target of 1,38,000 tonnes.

The two floating roof tanks of 33,500 kls. capacity each at Haldia are ready. The required piping work to connect the Jetty has also been completed and the first tank commissioned.

KOYALI-AHMEDABAD PRODUCTS PIPELINE

During the year under review, this pipeline moved 3,88,769 tonnes of products (against the target of 4,26,000 tonnes) compared to 2,83,436 tonnes during 1966-67. The throughput of this line has been improving since March 1967. It exceeded its designed throughput consecutively in May and June 1968. It is anticipated that with the increased production at the Gauhati Refinery more and more products will have to be transported by the Gauhati-Siliguri Pipeline, thus necessitating the installation of an additional booster station. Necessary action to augment the line capacity by installing certain spare pumps at Bongaigon has already been taken.

Modifications required in the Haldia-Barauni-Kanpur Pipeline to plan the movement of LDO and Naphtha are in hand, including the provision of additional facilities such as Filter Separators and modifications in piping work, etc.

LABOUR RELATIONS AND WELFARE

Labour relations during the year remained cordial.

Quarters have been constructed at Patna, Mughalsarai, Allahabad and Kanpur for housing the pipe-lines staff. Similar colonies at Rajbandh and Haldia are expected to be completed shortly. A three-year agreement was signed between the Management and the staff which gave the employees an increase of about 20% in pay apart from other benefits.

Personnel

The total number of employees in the Refineries and Pipelines Division as at the end of the year was 7,343 as against the number of 7,723 at the close of the previous year. The surplus number of employees as at the end of the year was 1,609 as against the number of 2,221 at the close of the previous year. It will be noted that the number of surplus employees came down by 612 and efforts are being made to bring down this number further.

MARKETING DIVISION

SALES

The sales of the Corporation reached a level of 6.46 million kilolitres during the year under review as against 4.89 million kilolitres in the previous year and 3.79 million kilolitres in the year 1965-66. The increase amounts to 32% over the previous year. The Corporation, whose market participation increased during the year from 34.2% to 40.3%, is now the largest selling organization in the field of petroleum products.



Indian Oil Corporation Limited donated a sum of Rs. 50,000/- to the Prime Minister's National Relief Fund for Flood Relief Operations in the country. Picture shows the Prime Minister, Shrimati Indira Gandhi, receiving a cheque from the Chairman Shri N.N. Kashyap.

With the anticipated increase in demand in petroleum products and the enhanced refining capacity envisaged we anticipate that our sales may be around 8.5 million kilolitres during the current year and may rise progressively to over 20 million kilolitres by the year 1973-74.

RETAIL OUTLETS

The Corporation has been trying hard to enlarge its retail sales by increasing the number of retail outlets. However, due to non-availability of sufficient number of suitable sites and the rising land prices in metropolitan cities and other large towns, development of new retail outlets has been an extremely arduous job. In spite of these handicaps, we added 526 new retail outlets during the year as against 491 in the year 1966-67. With the implementation of the Retail Outlets Committee Report, we may in the course of the next few years get some good sites in the metropolitan towns—thus giving us additional participation in retail business. The total number of retail outlets at the end of the year was 1,737.

LIQUEFIED PETROLEUM GAS

Indane, the brand name of our Liquefied Petroleum Gas, was introduced in 13 towns up to the end of the year under report. 26,600 new customers were enrolled, registering an increased turnover of 152% over the previous year's sales. Continuous efforts are being made to exploit the large potential for this product. Difficulties in regard to the supply of LPG cylinders, which had been the major handicap in our plans to enlarge Indane marketing, have now been resolved to a considerable extent and we plan to introduce the product in several new markets during the current year and the next.

A gaily-lit Indianoil retail outlet.



At present, we are concentrating on the sale of LPG for domestic consumption in households, hotels, restaurants and canteens. Gradually, we plan to cater to the requirements of industrial customers also. The outlook for Indane sales now appears bright.

BITUMEN

Bitumen is one of the new items in the range of petroleum products that we started selling during the year. During the year 32,931 MTs of product was sold. It is expected that during the current year and the years following, our sales of this product will progressively increase.

MARINE BUNKER BUSINESS

Another important field in which the Corporation entered during the year is the supply of "bunkers" to Indian and foreign flag vessels. We anticipate that with increased availability of fuel oil, our bunker business will continue to grow during the current year and the years following.

AVIATION

Our aviation business continues to grow. During the year under review, the market participation of the Corporation for the total aviation fuel requirements of the country rose to 48.2% as against 40% during the previous year. As against the supply of 2,51,100 kls. of aviation fuel during the last year, the supply this year comes to 3,51,000 kls. We anticipate that our sales during the current year may aggregate about 4,00,000 kilolitres. During the year, 19 air-field stations were commissioned. With this, the total number of air-field stations commissioned up to the end of the year 1967-68 comes to 53. During the current year, further increases are anticipated.

For the first time Indianoil arranged for bulk delivery of lubricants for ships. Picture shows bulk delivery operations at Calcutta Port.



Import substitution for equipment in the aviation business has been our aim and during the year, we have saved foreign exchange worth about Rs. 13 lakhs on this account. All facilities are being provided for indigenous development of specialised items.

The operating cost at our air-field stations has been under constant check and at the end of the year it has come down by about 20% as compared to the previous year. The most stringent quality control measures have been adopted and several new laboratories have been set up to increase the frequency of tests on the aviation products. Our foreign exchange earnings during the year under report on account of supplies of aviation fuels to international airlines totalled Rs. 35 lakhs. The number of such airlines presently being served by the Corporation is seven.

EXPORTS

During the period under review, the exports made by the Corporation resulted in a sale of 3,80,188 MTs of petroleum products valued at Rs. 507.49 lakhs as against 18,772 MTs of petroleum products valued at Rs. 34.52 lakhs during the previous year. The Corporation expects to export during 1968-69 about 4,60,000 tonnes of petroleum products, viz., Mogas, HSD, Asphalt and Naphtha valued at about Rs. 7 crores.

Indianoil's aviation service is made available to both national and international airlines. The following are some of the airlines refuelled by Indianoil.



STORAGE AND DISTRIBUTION FACILITIES

During the year 1967-68, storage capacity at 13 Port Installations, 1 Inland Installation and 8 Pipeline Installations was increased to 7,15,976 kilolitres from 6,46,019 kilolitres which existed at the end of the year 1966-67.

As on 31st March 1968, the Corporation operated 110 bulk depots with a storage capacity of 1,03,200 kls. as compared to 108 bulk depots with a storage capacity of 73,408 kls. at the close of the previous year. The number of consumer depots and Relay/Satellite depots commissioned are 23 and 4 with tankage capacity of 7,020 kls. and 100 kls. respectively. This capacity is being further increased during the current year by 7,618 kls. in the case of consumer depots and 1,330 kls. in case of Relay/Satellite depots respectively.

TANK TRUCK OPERATIONS

The fleet of tank trucks was reduced further to 311 during the year from 318 during the previous year. The utilization of the fleet has been more intensive so that, the deliveries by the tank truck have increased during the year by 36.5% while the distance travelled has increased by 22.6%.

STOCK LOSS CONTROL

Notwithstanding the total throughput of all products rising from 82,97,982 kls. in the year 1966-67 to 1,29,47,379, the product loss was brought down to 6,642 kls. from 7,824 kls. in the previous year thereby showing a decrease in loss ratio by about 46% during the year. This has been achieved by constant check and strict control.

A view of the new housing colony in Andheri, Bombay.



INVENTORY CONTROL

A separate department was organised in June 1967 to control inventories. The department envisages a set-up with procedures carrying self-checking mechanism for control of purchase and movements of inventories by the use of scientific techniques of inventory control. Disposable surplus is being ascertained with a view to liquidating them, especially by diverting the surpluses to new projects. By judicious screening of requisition for purchases, we have been able to reduce the closing stock of inventories as on 31st March 1968 by about 20% as compared to last year.

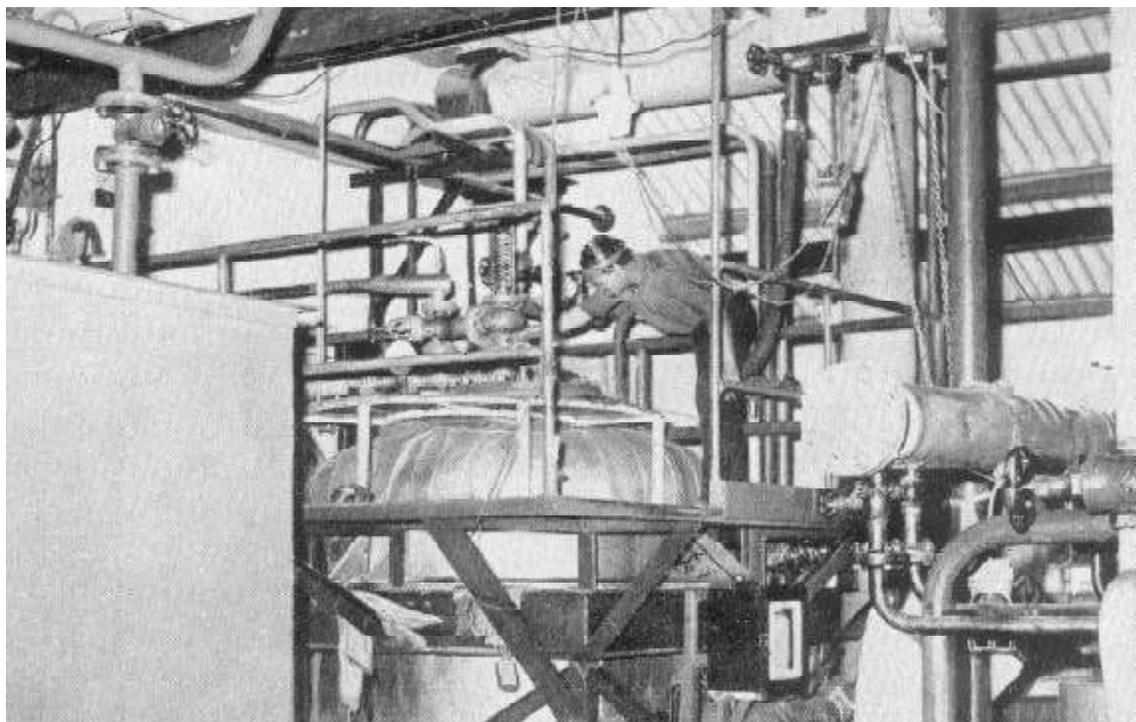
IMPORTS

During the period under review, the Corporation imported 6,96,093 kls. of refined oils and 2,00,967 kls. of lubricating oils as against 17,34,618 and 1,57,195 kls. respectively imported during the previous year. The value of imports of these products during the year ended 31st March 1968 amounted to Rs. 2,509.58 lakhs as against the previous year's import value of Rs. 3,675.17 lakhs. During the year, the Corporation organised for the first time imports of lubricating oil from rupee sources for meeting the entire requirements of the oil industry in the country.

PERSONNEL

The total number of employees in the Marketing Division as at the end of the year was 6,931 as against 6,375 at the close of the previous year. Personnel management has been strengthened by positioning qualified hands in the department so as to put personnel management on a scientific footing. Various methods and procedures in regard to merit-rating, selection of personnel and allied

The grease plant of Indian Oil Blending Limited.



subjects have been devised and put into effect. During the year, to cater to the long-term requirements of the Corporation, a new cadre of Management Trainee was recruited from amongst candidates who had attained the highest degree of proficiency in educational fields.

LABOUR RELATIONS AND WELFARE

Labour relations continued to be satisfactory during the year. Sporadic situations which had arisen in some Branches of the Marketing Division were resolved to mutual satisfaction. During the year, the Maharashtra Housing Board handed over the Housing Colony at Andheri consisting of 224 flats of various types. In addition, a limited number of houses was built during the year for employees at Gauhati, Barauni, Siliguri, Koyali and Sabarmati Installations.

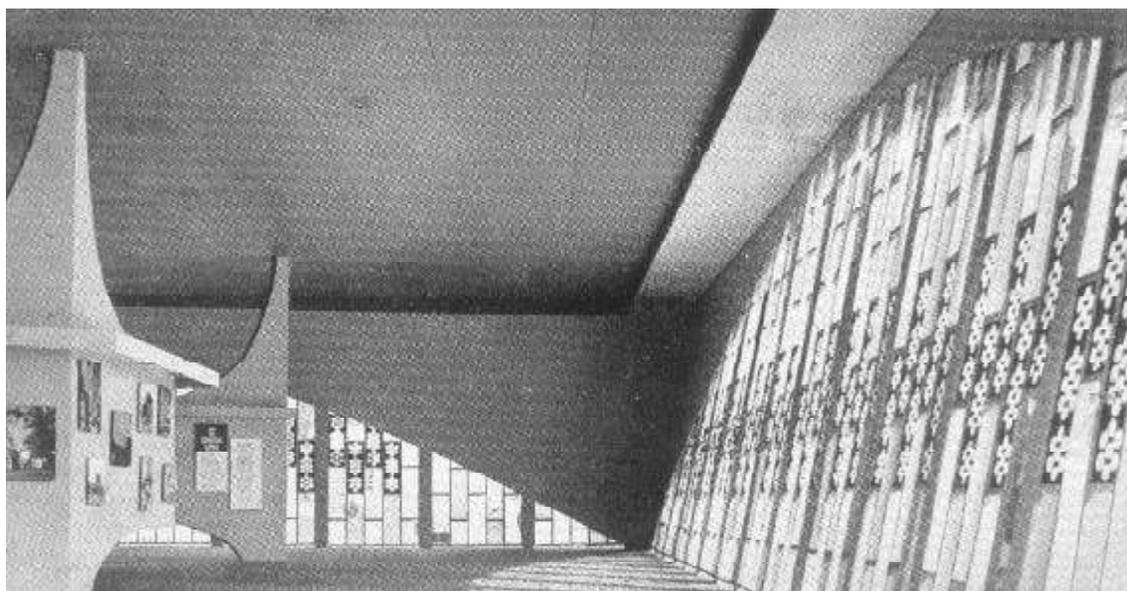
TRAINING

The Indianoil Administrative Staff College continued to make progress in the field of training. A series of courses was held at Delhi, Calcutta, Madras and Bombay on 'Financial Control and Management' for senior officers, on 'Productivity' for different categories of officers and on 'Product Knowledge and Dynamic Selling Methods' for officers from all the departments. In addition, 128 Army and Air Force Officers were trained during the year. On an average 3 to 4 training courses are in progress every day at different centres. Also various studies of the practical problems were undertaken as a part of the training programme. Some officers were nominated on various courses conducted by other professional bodies in various fields of management.

ACCOUNTING SYSTEMS

Elaborate cost accounting systems were introduced during the year. Cost cells have been formed at the Head Office and Branch Offices which are manned by qualified cost accountants. The expenses of the organisation are classified functionwise and cost centrewise and cost reports are submitted to the Management at various levels. These cost reports provide for comparison of costs during a current quarter with those of the preceding quarter.

A striking interior view of the multi-coloured Indianoil pavilion at the Indian International Trade and Industries Fair in Madras.



Budget procedures were reoriented to meet the functional requirements and to make the budget an effective tool in the hands of the Management for planning, co-ordinating and controlling the activities of the organisation. The budget for the year 1968-69 was prepared on this basis.

Machine accounting has been introduced effectively in all the branches and most of the accounting work like stock accounting, sales accounting and financial accounting is now being done on the machines. This has enabled the preparation of various accounting statements well in time and has thereby helped in the speedy collection of dues from the customers.

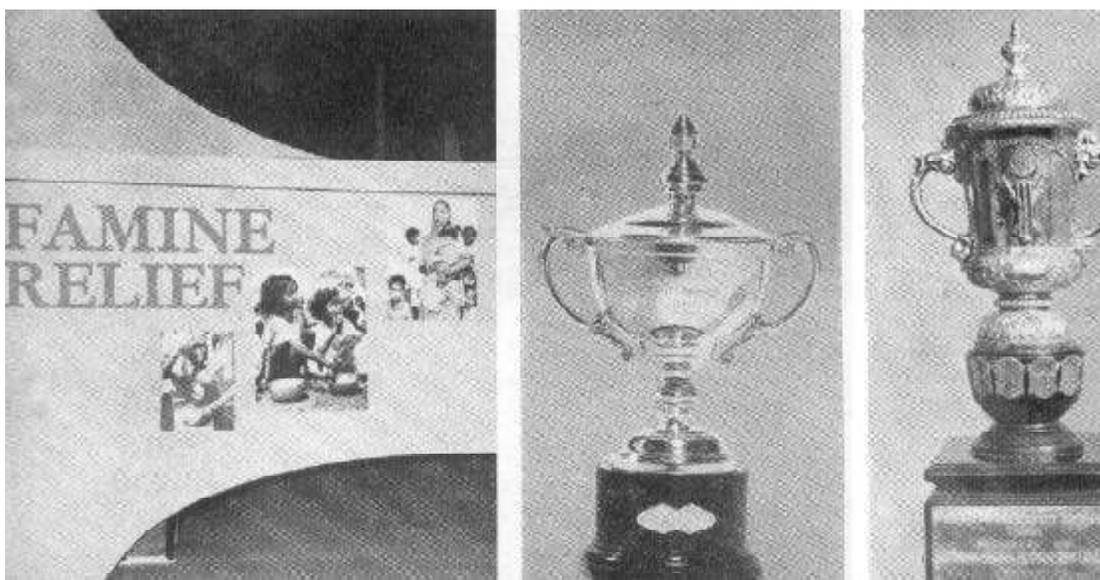
EFFICIENCY RESEARCH

A total saving of Rs. 4.00 crores in working capital plus 40.00 lakhs per year is expected from the implementation of Efficiency Research work. Working capital savings have been achieved by a review of product exchange arrangements, bridging expenses, depot paper work, DGS & D outstandings, Sales Officers' working etc. A team of Efficiency Research Officers has completed a study of the Gujarat Refinery and substantial savings are expected by implementation of the team's recommendations.

PUBLIC RELATIONS

The Corporation's image was further built up through the various media of communication in India and abroad. The Corporation participated in the International Tourist Fair in Bombay, sponsored by the Government of Maharashtra, and was awarded a special prize for its efforts in promoting the cause of tourism in India. At the International Trade and Industries Fair held in Madras, which was visited by over 30 lakhs of people and participated in by 40 countries, Indianoil's pavilion was adjudged as the second best and won a silver trophy.

A close-up of a pavilion panel at the Fair portrays the famine relief operations undertaken by Indianoil. Indianoil's pavilion was adjudged the second best and won a silver trophy (centre), Indianoil won another trophy by winning the Inter-Oil Companies Cricket Tournament in Bombay.



INDIAN OIL BLENDING LIMITED

The two lube blending plants at Trombay and Calcutta and a grease manufacturing plant at Bombay belonging to the Indian Oil Blending Limited (a joint venture of Indian Oil Corporation Limited and Mobil Petroleum Company Inc., on a 50:50 basis), made satisfactory progress in its manufacturing plans during the year under review. The Company had a throughput of 89,900 kls. of Lube Oil as against 67,700 kls. during the preceding year. The throughput of grease plant which was commissioned on 6th May 1967 was 24,25,000 lbs. The target for the year 1968-69 is to increase the production to full capacity i.e. 96,000 kls. of Lube Oils and 50,00,000 lbs. of greases. Three storage tanks of 3,165 kls. each were added during the year and 4 additive storage tanks are proposed to be added during 1968-69 to receive additives from indigenous sources which will save foreign exchange on account of imported additives. It has also been decided to erect 5 finished product storage tanks to keep the Defence requirements ready for delivery.

Indian Oil Blending Limited declared a maiden dividend of 20% on its paid-up capital. The Corporation holding 50% capital, received Rs. 4.00 lakhs as gross dividend for the year 1967-68.

BOARD OF DIRECTORS

During the course of the year, the Government of India decided to abolish the Pipelines Division and as such the Director-in-charge, Shri S.K. Guha ceased to be a Director of the Corporation with effect from 23rd February 1968. The work of the erstwhile Pipelines Division is being looked after by the Managing Director, Refineries Division.

Shri F.N. Rana was appointed as a Director of the Corporation with effect from 23rd November 1967.

Your Board held 11 meeting during the year with the average attendance at 82%. Various intricate and technical problems were handled by the Sub-Committees of the Board which met 9 times during the year.

For and on behalf of the Board,

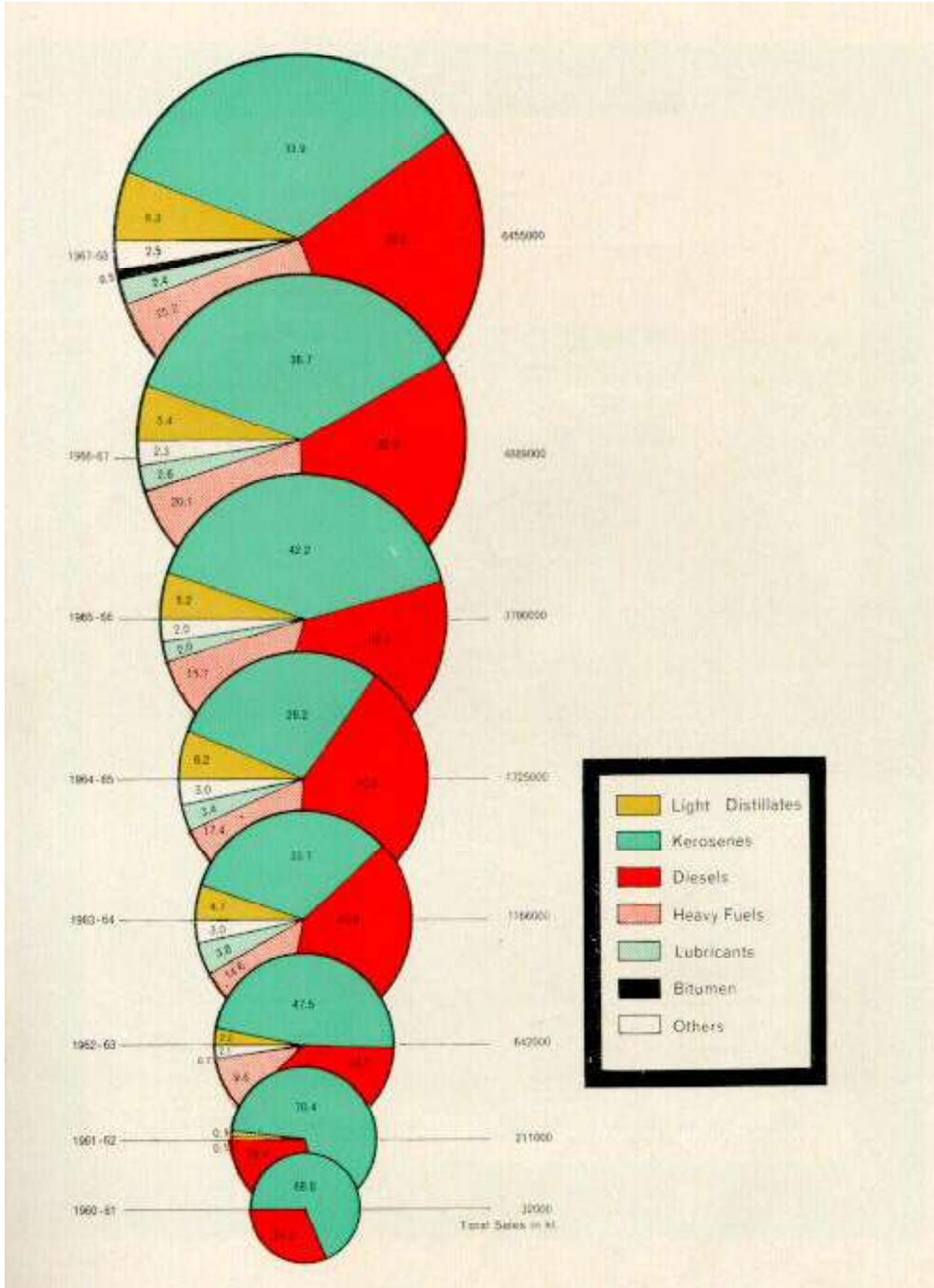
BOMBAY,
Dated 2nd November, 1968.

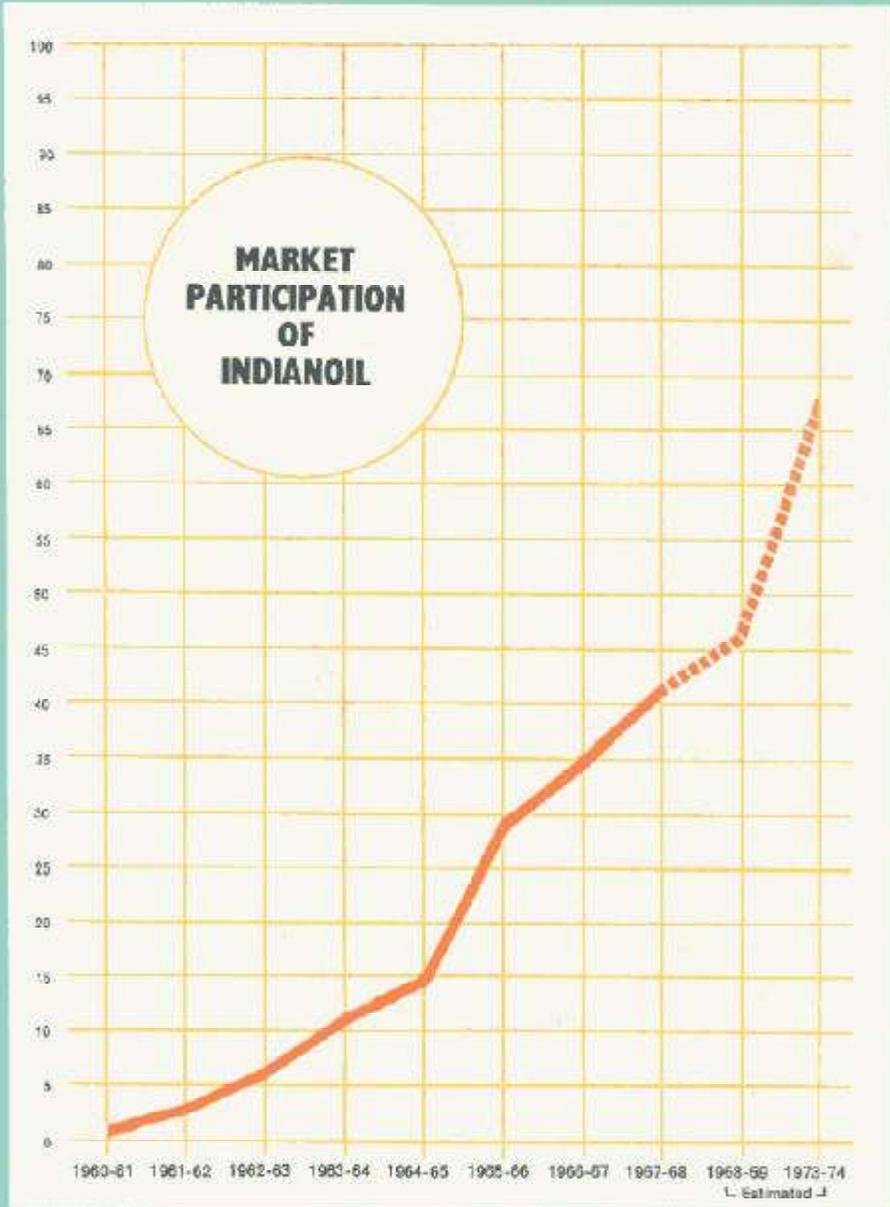
N. N. KASHYAP
Chairman



INDIANOIL SALES

Percentage of the total sales during each year

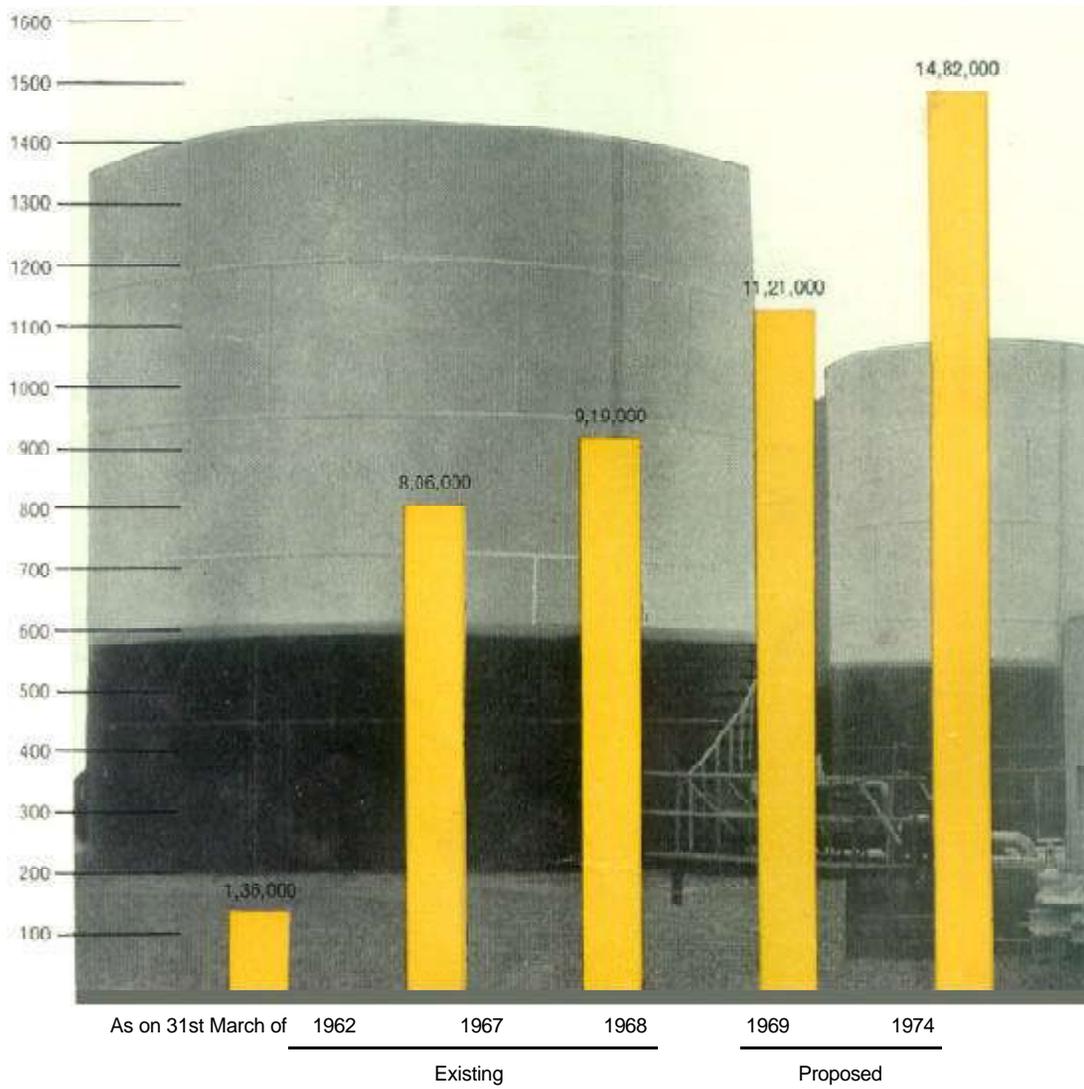




(market participation, in percentage, is given in relation to the products handled by Indianoil)

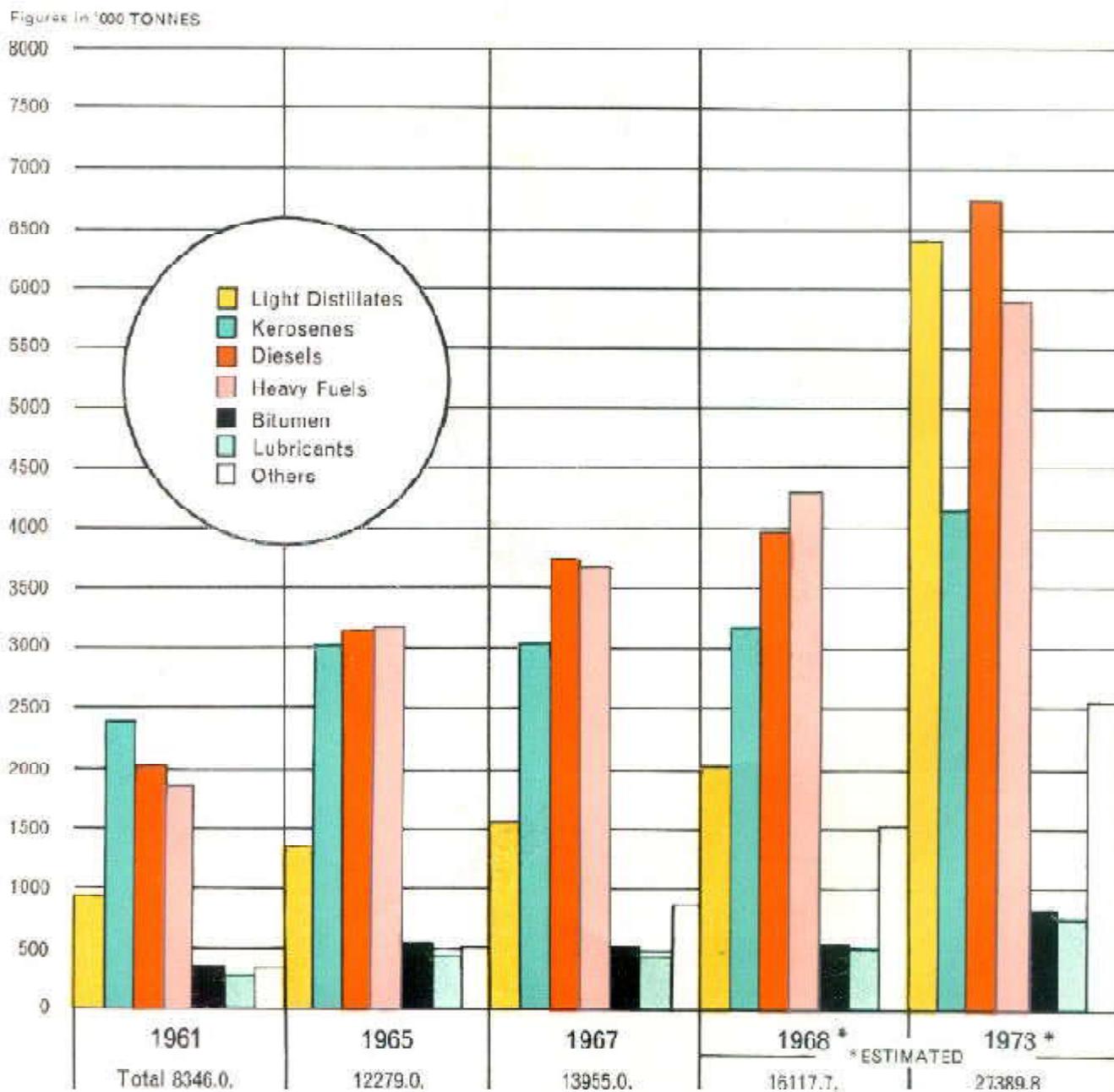


INDIANOIL'S STORAGE FACILITIES

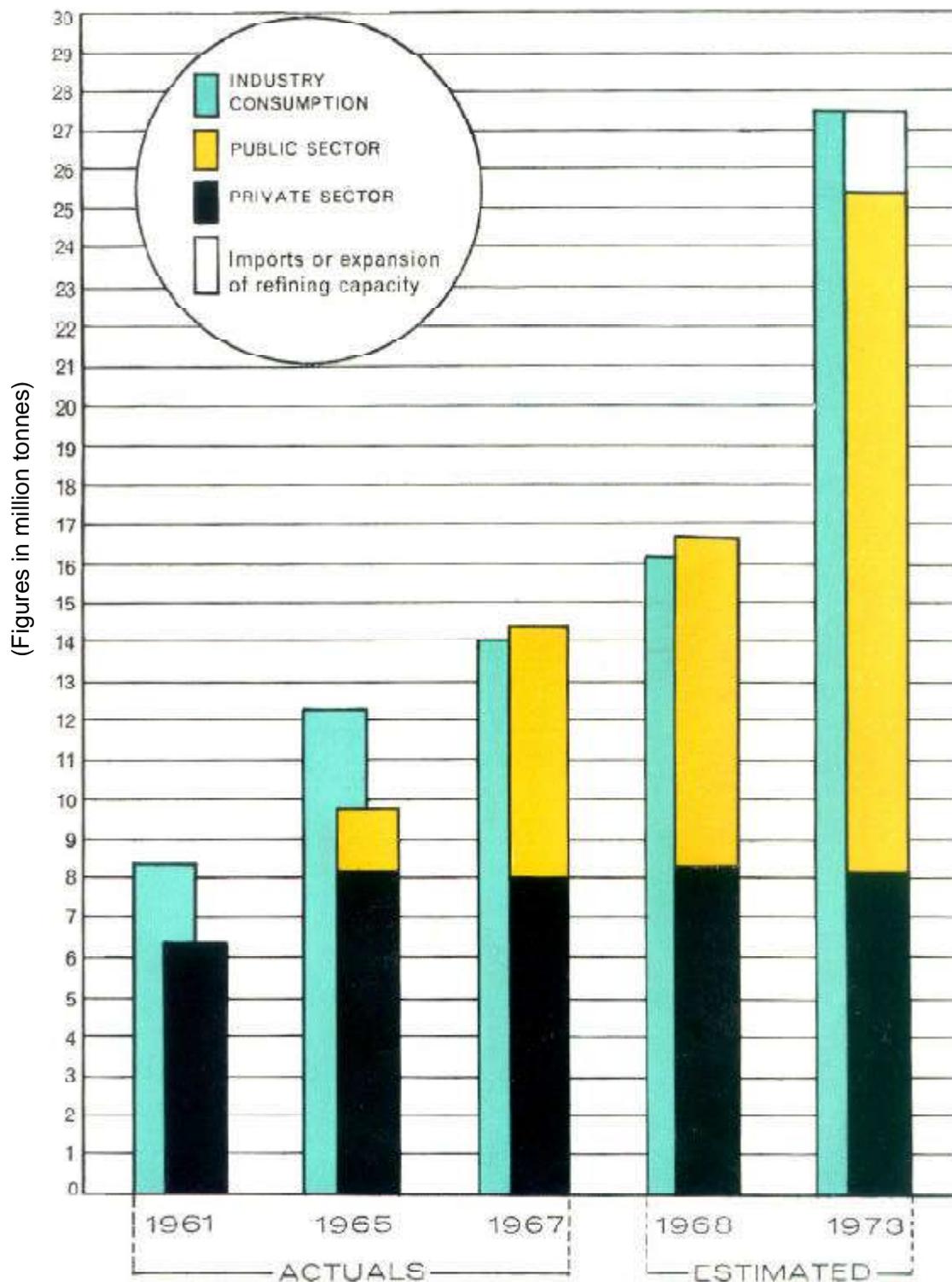


CONSUMPTION OF PETROLEUM PRODUCTS IN INDIA

Figures in '000 TONNES



CONSUMPTION OF PETROLEUM PRODUCTS AND REFINING CAPACITY IN INDIA



BALANCE SHEET AT A GLANCE

1966-67 (Rs. in lacs)			1967-68 (Rs. in lacs)	
		I. WHAT WE OWN		
		FIXED ASSETS		
38		1. INVESTMENTS	36	
		2. LAND, BUILDINGS, PLANT AND EQUIPMENT	14,923	
<u>14,700</u>	14,738			14,959
		CURRENT ASSETS		
3,332		3. SUNDRY DEBTORS	3,597	
2,922		4. STOCK AND STORES	3,589	
42		5. OTHER ASSETS	58	
372		6. LOANS AND ADVANCES	562	
356		7. DEPOSITS	367	
<u>467</u>		8. CASH AND BANK BALANCES	<u>672</u>	
	<u>7,491</u>			<u>8,845</u>
	22,229			23,804
		II. WHAT WE OWE		
7,331		9. LOAN FROM GOVERNMENT	7,300	
1,491		10. LOAN FROM BANK	1,601	
<u>5,873</u>		11. SUNDRY CREDITORS AND OTHER CURRENT LIABILITIES	<u>6,778</u>	
	<u>14,695</u>			<u>15,679</u>
	<u>7,534</u>			<u>8,125</u>
		NET WORTH		
		III. NET WORTH REPRESENTED BY		
6,706		12. EQUITY SHARE CAPITAL	7,118	
412		13. CAPITAL APPLICATION MONEY	—	
<u>416</u>		14. RESERVES AND SURPLUS	<u>1,007</u>	
	<u>7,534</u>			<u>8,125</u>

PROFIT AND LOSS ACCOUNT AT A GLANCE

1966-67 (Rs. in lacs)			1967-68 (Rs. in lacs)	
		I. WE EARNED FROM		
		1. SALES AND TRANSFERS UNDER PRODUCT EXCHANGE	43,129	
		2. OTHER INCOME	135	
				43,264
		II. WE SPENT OR PROVIDED FOR		
		3. RAW MATERIALS INCLUDING OIL STOCKS AND TRANSFERES UNDER PRODUCT EXCHANGE	22,999	
		4. EXCISE DUTY	14,176	
		5. DEPRECIATION	588	
		6. GENERAL EXPENDITURE		
		a) Salaries, Wages and Bonus	724	
		b) Interest	649	
		c) Other Expenses	3,215	
			4,588	
			42,351	
		LESS: CONSTRUCTION PERIOD EXPENSES	170	
				42,181
		II. OUR PROFIT WAS		
		7. PROFIT BEFORE TAXATION		1,083
		8. TAXATION ON PROFIT FOR THE YEAR	—	
		9. TAXATION ADJUSTMENT OF PREVIOUS YEAR	—	
				—
		NET PROFIT AFTER TAXATION		1,083
		EXCESS PROVISION WRITTEN-BACK:		
		DIVIDENDS	7	
		DEVELOPMENT REBATE RESERVE	16	
				23
				1,106
		PRELIMINARY EXPENSES WRITTEN-OFF	—	
		EXPENDITURE ON INCREASE OF SHARE CAPITAL	1	
		DIVIDENDS	498	499
		RETAINED IN BUSINESS		607

INDIAN OIL CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1968

1967	LIABILITIES		
	SHARE CAPITAL:		
	<i>Authorised:</i>		
Rs. 85,00,00,000	8,50,000 Equity Shares of Rs. 1,000 each		Rs. 85,00,00,000
	<i>Issued and Subscribed:</i>		
67,06,22,000	7,11,772 Equity Shares of Rs. 1,000 each fully paid (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 pay- ment having been received in cash)		71,17,72,000
4,11,50,000	Capital Application money pending allotment of Shares...		—
			<u>71,17,72,000</u>
	RESERVES AND SURPLUS:		
	<i>General Reserves:</i>		
76,00,000	Balance brought forward	Rs. 3,40,00,000	
2,64,00,000	Transferred from Profit and Loss Account	<u>3,00,00,000</u>	
			Rs. 6,40,00,000
	<i>Development Rebate Reserve:</i>		
75,02,602	Balance brought forward	75,02,602	
—	Transferred from Profit and Loss Account	<u>3,00,00,000</u>	
		<u>3,75,02,602</u>	
—	Less: Written back	<u>15,75,924</u>	
90,985	Profit and Loss Account	3,59,26,678 <u>7,64,211</u>	10,06,90,889
	SECURED LOANS:		
	<i>Loans and Advances from Banks:</i>		
	(Secured by hypothecation of inventories, book debts, outstanding monies recoverable, claims, contracts, and engagements etc. and guaranteed by the President of India)		
<u>12,75,46,470</u>			<u>14,52,06,398</u>
Rs. 88,09,12,057	Carried forward		Rs. 95,76,69,287



INDIAN OIL CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1968 Contd...

1967	ASSETS		
	<u>FIXED ASSETS:</u>		
Rs. 141,22,56,667	As per Schedule 'A'	Rs. 144,13,27,931	
1,92,59,904	Capital goods in Stores (at cost) including Rs. 24,11,308 lying with contractors (1967: Rs. 56,79,104)	1,69,83,982	
9,47,400	Capital Goods in transit (at cost)	8,68,752	
3,75,10,177	Construction Period Expenses pending allocation	<u>3,31,07,671</u>	Rs. 149,22,88,336
	<u>INVESTMENTS:</u> Unquoted (at cost)		
2,21,450	In Government Securities (deposited with various bodies)	2,32,400	
	<i>Trade Investments:</i>		
20,00,000	Indian Oil Blending Limited (a body corporate in the same group) 4,000 Equity Shares of Rs. 500 each fully paid in cash	20,00,000	
1,03,103	International Co-operative Petroleum Association—209 shares of \$100 each fully paid	1,03,103	
	<i>Other Investments:</i>		
2,500	Barauni Consumers' Co-operative Society (250 Equity Shares of Rs. 10 each fully paid) Rs. 2,500		
14,72,796	Lodged by outside parties 12,95,857		
3,000	Lodged by Employees 3,000	<u>13,01,357</u>	36,36,860
	<u>CURRENT ASSETS, LOANS AND ADVANCES:</u>		
	A <i>Current Assets:</i>		
67,20,77,787	As per Schedule 'C'	78,56,99,801	
	B <i>Loans and Advances:</i>		
7,28,41,229	As per Schedule 'D'	<u>9,28,75,425</u>	
Rs.221,86,96,013	Carried forward		<u>87,85,75,226</u> Rs. 237,45,00,422



INDIAN OIL CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1968

1967	LIABILITIES		
Rs. 88,09,12,057	Brought forward		Rs. 95,76,69,287
	UNSECURED LOANS:		
2,15,57,484	Short term loans and advances from banks (guaranteed by the Government)	Rs. 1,48,57,268	
	<i>Other Loans and Advances:</i>		
73,30,97,625	From the Government of India (including Rs. 9,50,70,520—1967: Rs. 8,46,97,305 due for payment within one year)	73,00,47,320	
11,25,71,523	Foreign Credit (including Rs. 1,90,11,035—1967: Rs. 1,82,65,969 due for payment within one year)	9,91,26,529	
2,91,859	Interest accrued and due on loans	18,35,032	84,58,66,149
47,44,83,401	CURRENT LIABILITIES AND PROVISIONS: As per Schedule 'E'		57,68,24,542
	I. CONTINGENT LIABILITIES NOT PROVIDED FOR:		
	i) Suits filed against the Corporation for compensa- tion, damages etc. Rs. 582.93 lacs (1967: Rs. 582.18 lacs).		
	ii) Claims against the Corporation not acknowledged as debts Rs. 1,009.29 lacs (1967: Rs. 1,062.29 lacs). Interest on some of the claims, if any, un- ascertainable pending awards. This includes <i>interalia</i> :		
	(a) Rs. 474.36 lacs (1967: Rs. 186.46 lacs) being the demand made by the Central Excise on certain products. The claim is disputed by the Corporation and no provision has been made pending decision by appropriate authorities.		
	(b) Rs. 154.00 lacs (1967: Rs. Nil) being the approximate amount of difference in rate of Crude Oil as paid by the Corporation and as claimed by Oil and Natural Gas Commission. The matter is under correspondence with the Government.		
	iii) No provision has been made for Installation charges payable to Cochin Refineries Ltd., under instructions from the Government amounting to Rs. 27.43 lacs, as the Corporation is contesting the charge. The provision of Rs. 9.50 lacs made in the previous year has been written back to Profit and Loss Account. (See Note 3.)		
	iv) Counter Guarantees have been given to the State Bank of India by the Corporation in addition to the guarantees issued by the Government of India for Rs. 1,035.82 lacs (1967: Rs. 1,181.45 lacs) in respect of the guarantees issued by them to foreign contractors. The Government of India has also given guarantee for Rs. 235.96 lacs (1967: Rs. 314.25 lacs) in favour of foreign suppliers on behalf of the Corporation.		
Rs. 222,29,13,949	Carried forward		Rs. 238,03,59,978



INDIAN OIL CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1968

1967	LIABILITIES	
Rs. 222,29,13,949	Brought forward	Rs. 238,03,59,978
	<p>I. <u>CONTINGENT LIABILITIES NOT PROVIDED FOR:—(Contd.)</u> This includes Rs. 21.95 lacs (1967: Rs. 28.16 lacs) for Koyali-Ahmedabad Products Pipeline which is on lease from O.N.G.C.</p> <p>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. 65 lacs (1967: Rs. 65 lacs). As at 31st March, 1968, the amount drawn by Indian Oil Blending Ltd. for which the Corporation may be liable was Rs. 17.66 lacs (1967: Rs. 43.10 lacs).</p> <p>vi) The State Bank of India has Counter Claims against the Corporation in respect of the guarantees given to the Posts & Telegraphs Department, Central Excise, Collector of Customs and Madras Port Trust Rs. 2.09 lacs (1967: Rs. 4,000).</p> <p>vii) The Corporation has given guarantees to Collector of Customs and Central Excise for Rs. 50.39 lacs in connection with execution of Customs Bond and Excise Bond on behalf of another Oil Company.</p> <p>viii) Bills discounted with the Banks under Export Letters of Credit Rs. 181.39 lacs (1967: Rs. Nil).</p> <p>ix) A Commission of Enquiry has been appointed by the Central Government to enquire into the cases of alleged pollution of River Ganga in March, 1968. Liabilities in respect of damages, if any, for Barauni Refinery have not been provided for.</p> <p>II. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 519.38 lacs (1967: Rs. 507.69 lacs).</p>	
Rs. 222,29,13,949		Rs. 238,03,59,978

Note: See Schedule 'H' for Notes on the Accounts.

As per our report attached
 A. F. FERGUSON & CO.
 LOVELOCK & LEWES
 P.K. MITRA & CO.
 Chartered Accountants

Bombay, 31st October, 1968



INDIAN OIL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968

1967			
Rs. 12,36,44,847	Stock as on 1st April, 1967:		
1,08,40,873	Finished Goods	Rs. 17,65,02,987	
	Stock in Proces	<u>1,58,87,616</u>	Rs. 19,23,90,603
149,78,84,156	Purchases and Transfers under		
	Product Exchange		178,14,35,034
20,261	Cost of Liquid Petroleum Gas		
	Accessories sold		—
1,74,65,799	Raw Materials consumed:		
40,92,91,658	Opening Stock as on 1st April, 1967	2,87,36,328	
	Add: Purchases	<u>57,47,93,884</u>	
		60,35,30,212	
(2,87,36,328)	Less: Closing Stock as on 31st March, 1968	<u>4,18,03,354</u>	56,17,26,858
	Exchange Fluctuations (including Rs. 1,08,25,929 on account		
1,24,74,806	of devaluation)		—
2,24,45,771	Power and Fuel	3,01,94,940	
(2,18,53,399)	Less: Fuel of own production	<u>2,90,42,574</u>	11,52,366
74,14,735	Blending Fees, Royalty and other charges		91,78,328
	Consumption of Stores, Spare Parts and		
	Chemicals and cost		
3,64,54,118	of Tins sold		4,55,75,260
108,16,38,393	Excise Duty		141,76,29,307
	Freight and Transportation Charges (Less: recoveries under		
12,08,39,314	Product Exchange Transaction)		15,78,64,434
6,07,50,833	Salaries, Wages and Bonus		7,24,45,430
36,35,420	Contribution to Provident Fund		44,23,436
18,14,786	Staff Welfare Expenses		24,63,560
89,24,127	Rent		1,07,06,487
Rs. 336,49,50,170	Carried forward		Rs. 425,69,91,103



INDIAN OIL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968 Contd...

1967			
Rs. 338,35,55,119	Sales and transfers under Product Exchange (<i>Less: Commission and Discounts</i>)		Rs. 430,68,22,396
33,11,256	Company's use of Oil at cost		61,07,997
—	Exchange Fluctuations (After deducting loss on devaluation Rs. 2,28,850)		12,57,387
17,590	Sale of Liquid Petroleum Gas Accessories		—
13,52,891	Sale of Power and Water		39,94,443
2,00,654	Interest on Advances (Gross—Tax deducted at source Rs. 15,616)		5,71,165
69,220	Profit on Sale and Disposal of Assets		57,216
320	Income from Investments		3,653
4,343	Dividends Received (Trade Investments):		
(1,303)	Gross	Rs. 4,644	
	<i>Less: Withheld U.S. Tax</i>	1,393	
46,52,312	Miscellaneous Income		3251
1,578	Provision for doubtful debts and advances written back		65,24,399
—	Provision for Installation Charges written back		77,634
17,65,02,987	Closing Stock as on 31st March, 1968:		9,49,541
1,58,87,616	Finished Goods	21,99,76,150	
	Stock in Process	1,57,08,575	
			23,56,84,725
<u>Rs. 358,55,54,583</u>	Carried forward		<u>Rs. 456,20,53,807</u>



INDIAN OIL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968

1967			
Rs. 336,49,50,170	Brought forward		Rs. 425,69,91,103
	Repairs and Maintenance:		
90,44,853	(a) Plant and Machinery	Rs. 99,63,788	
13,63,641	(b) Buildings	19,37,101	
33,95,819	(c) Others	<u>24,03,011</u>	
			1,43,03,900
22,13,426	Insurance		30,84,812
	Interest:		
4,23,31,730	On Government Loan for fixed period	4,21,21,873	
71,07,174	On Foreign Credit for fixed period	57,42,098	
1,17,98,800	Others	<u>1,70,40,946</u>	
			6,49,04,917
2,72,04,939	Rates and Taxes (including irrecoverable Sales Tax Rs. 176.43 lacs—1967: Rs. 176.06 lacs)		3,06,01,357
2,87,76,530	Office Administrative, Selling and other Expenses		3,54,66,233
50,210	Donations		61,400
1,825	Directors' Fees		3,550
	Payments to Auditors:		
1,38,000	1) Audit Fees	1,65,000	
9,639	2) Other Services	56,297	
35,260	3) Out of Pocket Expenses	<u>51,540</u>	
			2,72,837
30,283	Bad Debts, Advances and Insurance Claims written off		22,224
12,130	Loss of Assets due to Fire		—
2,88,703	Loss of Assets, revalued, sold, lost or written off		9,70,957
9,49,541	Provision for Installation Charges (See Note 3)		—
<u>Rs. 349,97,02,673</u>	Carried forward		<u>Rs. 440,66,83,290</u>



INDIAN OIL CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968 Contd...

1967			
Rs. 358,55,54,583	Brought forward		Rs. 456,20,53,807
Rs. 358,55,54,583	Carried forward		Rs. 456,20,53,807



INDIAN OIL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968 Contd...

1967		
Rs. 349,97,02,673	Brought forward	Rs. 440,66,83,290
5,669	Provision for Doubtful Debts, Advances and Claims	6,42,889
11,93,800	Provision for renewal of Catalyst	10,83,712
2,88,700	Provision for Gratuity	36,35,954
5,11,74,562	Depreciation	587,75,834
<u>355,23,65,404</u>		
(2,94,50,861)	Less: Expenses Capitalised or Transferred to Construction	447,08,216,79
<u>352,29,14,543</u>	Period Expenses	1,70,35,040
6,26,40,040		<u>445,37,86,639</u>
<u>Rs.358,55,54,583</u>	Net Profit carried down	10,82,67,168
		<u>Rs. 456,20,53,807</u>
Rs. 76,422	Preliminary Expenses written off	—
42,327	Income Tax for prior years	Rs. 1,52,803
—	Expenditure on increase of Share written off	1,50,000
—	Transfer to Development Rebate Reserve	3,00,00,000
4,02,37,320	Proposed Dividend (Rs. 70 per share)	4,98,24,040
2,64,00,000	Transfer to General Reserve	3,00,00,000
90,985	Balance carried forward	7,64,211
<u>Rs. 6,68,47,054</u>		<u>Rs. 11,08,91,054</u>

Note: See Schedule 'H' for Notes on the Accounts.

As per our report attached to the Balance Sheet

A. F. FERGUSON & CO.

LOVELOCK & LEWES

P. K. MITRA & CO.

Chartered Accountants

Bombay, 31st October, 1968



INDIAN OIL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1968 Contd...

1967			
Rs. 358,55,54,583	Brought forward		Rs. 456,20,53,807
<u>Rs. 358,55,54,583</u>			<u>Rs. 456,20,53,807</u>
Rs. 42,07,014	Balance brought forward		Rs. 90,985
6,26,40,040	Net Profit brought down		10,82,67,168
—	Proposed Dividend (1967) excess written back		7,49,753
—	Provision for Income Tax written back		2,07,224
—	Development Rebate Reserve written back		15,75,924
<u>Rs. 6,68,47,054</u>			<u>Rs. 11,08,91,054</u>
N.N. KASHYAP CHAIRMAN	KAMALJIT SINGH Managing Director	P.K. RAU Director	D.B. PURI Secretary



INDIAN OIL CORPORATION LIMITED

FIXED ASSETS

SCHEDULE 'A'

	<i>Gross Block as at 31st March, 1967</i>	<i>Additions during the year</i>
LAND:		
Freehold	Rs. 2,91,35,786	Rs. 5,76,521
Leasehold	8,07,233	6,17,685
Right of way	21,46,365	—
BUILDINGS, ROADS ETC.	14,15,52,429	*23,65,316
PLANT AND MACHINERY	90,68,58,080	1,98,28,681
TRANSPORT EQUIPMENT	3,58,50,173	37,27,118
FURNITURE AND FIXTURES	1,50,65,303	18,21,936
RAILWAY SIDINGS	1,64,83,495	25,95,757
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	11,21,37,144	18,37,113
SUNDRY ASSETS	8,55,404	14,841
TOTAL	Rs. 126,08,91,412	Rs. 3,33,84,968
	(91,02,70,836)	(3,32,54,284)
Capital Work-in-Progress (Including unallocated Capital Expenditure and Materials at Site) as per Schedule 'B'	25,32,61,680	6,57,30,060
	(42,45,20,891)	(17,28,68,799)
TOTAL	Rs. 151,41,53,092	Rs. 9,91,22,028
	(133,47,91,727)	(20,61,23,083)

- Notes: 1. *Includes Rs. 500 towards cost of 10 shares of Rs. 50 each (fully paid) held in the Casa Grande Co-operative Housing Society Limited, Bombay.
2. Some of the above assets may be subject to reclassification or adjustment on receipt of completion reports and finalisation of bills.
3. Figures shown in Brackets are for the previous year.



INDIAN OIL CORPORATION LIMITED

FIXED ASSETS Contd...

Transfers, Deductions and Reclassifications	Gross Block as at 31st March, 1968	Total Depreciation upto 31st March, 1968	Net Depreciated Block as at 31st March, 1968
(+) Rs. 4,655	Rs. 2,97,16,962	—	Rs. 2,97,16,962
—	14,24,918	Rs. 2,39,600	(2,91,35,786)
—	21,46,365	—	11,85,318
			(7,79,385)
			21,46,365
			(21,46,365)
(+)1,01,94,655	15,41,12,400	1,12,16,191	14,28,96,209
			(13,34,96,744)
(+)7,22,47,346	99,89,34,107	12,18,87,211	87,70,46,896
			(83,05,32,431)
(+)17,60,822	4,13,38,113	94,58,030	3,18,80,083
			(2,94,13,740)
(+)20,63,400	1,89,50,639	19,26,884	1,70,23,755
			(1,38,52,823)
(+)13,56,218	2,04,35,470	14,43,161	1,89,92,309
			(1,56,36,322)
(+)25,91,550	11,65,65,807	1,33,76,494	10,31,89,313
			(10,33,74,981)
(-)3,21,554	5,48,691	2,58,143	2,90,548
			(6,26,410)
(+)Rs. 8,98,97,092	Rs. 138,41,73,472	Rs. 15,98,05,714	Rs. 122,43,67,758
(+)(31,73,66,292)	(126,08,91,412)	(10,18,96,425)	(115,89,94,987)
(-)10,20,38,567	21,69,60,173	—	21,69,60,173
(-)(34,41,28,010)	(25,32,61,680)	—	(25,32,61,680)
(-)Rs. 1,21,41,475	Rs. 160,11,33,645	Rs. 15,98,05,714	Rs. 144,13,27,931
(-)(2,67,61,718)	(151,41,53,092)	(10,18,96,425)	(141,22,56,67)

INDIAN OIL CORPORATION LIMITED

CAPITAL WORK IN PROGRESS

SCHEDULE 'B'

Index

	<i>Balance as on 31st March, 1967</i>
I. CONSTRUCTION WORK-IN-PROGRESS	
Buildings and Roads	Rs. 1,12,48,631
Plant and Machinery	21,00,65,548
Drainage, Sewage and Water Supply System	18,74,654
Railway Siding	6,08,833
Service Stations	18,94,351
Others	<u>67,52,842</u>
	Rs. <u>23,24,44,859</u>
II. UNALLOCATED CAPITAL EXPENDITURE	
Land Acquisition	Rs. 17,39,209
Site levelling and Grading	56,42,149
Technical Assistance, Designing, Crude Oil Analysis, Project Report, L.P.G. Facilities	95,69,359
Freight, Customs Duty and Incidentals	25,43,811
Others Expenses	<u>13,22,293</u>
	Rs. <u>2,08,16,821</u>
SUMMARY: I	23,24,44,859
II	<u>2,08,16,821</u>
Total Transferred to Schedule 'A'	Rs. <u>25,32,61,680</u>



INDIAN OIL CORPORATION LIMITED

CAPITAL WORK IN PROGRESS Contd...

<i>Additions during the year</i>	<i>Transfers, Deductions and Reclassification</i>	<i>Balance as on 31st March, 1968</i>
Rs. 84,09,123	Rs. 81,94,458	Rs. 1,14,63,296
4,47,94,578	7,71,46,009	17,77,14,117
14,31,069	22,76,472	10,29,251
1,50,954	7,31,448	28,339
57,78,782	43,73,726	32,99,407
<u>33,89,173</u>	<u>60,90,900</u>	<u>40,51,115</u>
Rs. 6,39,53,679	Rs. 9,88,13,013	Rs. 19,75,85,525
Rs. 1,20,656	Rs. 8,788	Rs. 18,51,077
274	1,83,080	54,59,343
13,05,409	17,91,805	90,82,963
1,27,509	12,41,881	14,29,439
<u>2,29,533</u>	<u>—</u>	<u>15,51,826</u>
Rs. 17,83,381	Rs. 32,25,554	Rs. 1,93,74,648
6,39,53,679	9,88,13,013	19,75,85,525
17,83,381	32,25,554	1,93,74,648
Rs. 6,57,37,060	Rs. *10,20,38,567	Rs. 21,69,60,173

Note: * Includes Rs. 59,83,150 worth of materials left over after construction now transferred to Current Assets (1967: Rs. 1,44,20,452), and Rs. 9,02,403 transferred to Capital Stores (1967: Rs. Nil).



INDIAN OIL CORPORATION LIMITED

CURRENT ASSETS

SCHEDULE 'C'

Index

1967				
Rs. 980	INTEREST ACCRUED ON INVESTMENTS			Rs. 4,633
6,44,87,614	INVENTORIES: (as valued and certified by the Management)		Rs. 6,95,47,803	
2,95,092	Stores and Spare Parts (at or under cost)		2,83,736	
17,72,471	Loose Tools		66,78,801	
26,18,419	Liquid Petroleum Gas Accessories (at cost)		30,57,818	
2,87,36,328	Stores in transit (at cost)			7,95,68,158
17,65,02,987	Stock in trade	Rs. 4,18,03,354		
1,58,87,616	Raw Materials (at cost)			
18,89,273	Oil Stocks (at cost or net realisable value whichever is lower)	21,99,76,150	27,74,88,079	
	Stock in Process (at or under cost)	1,57,08,575	18,19,015	27,93,07,094
	Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)			
	SUNDRY DEBTORS:			
	Over six months old:			
10,99,446	Secured		9,55,681	
7,86,19,164	Unsecured considered good		10,10,38,345	
32,46,107	Unsecured considered doubtful		32,54,131	
	Less than six months old:			
24,51,118	Secured		29,24,898	
25,07,74,494	Unsecured considered good		25,47,39,882	
48,007	Unsecured considered doubtful		1,102	
(30,32,474)	Less: Provision for doubtful debts		36,29,14,039	
			32,55,233	35,96,58,806
Rs. 62,53,96,642	Carried forward:			Rs. 71,85,38,691



INDIAN OIL CORPORATION LIMITED

CURRENT ASSETS Contd...

<u>1967</u>			
Rs. 62,53,96,642	Brought forward		Rs. 71,85,38,691
15,63,109	CASH BALANCES:		
	Cash including imprest and cheques on hand	Rs. 2,87,00,464	
2,53,45,812	Remittances in Transit	<u>1,75,18,704</u>	4,62,19,168
	BANK BALANCES:		
	With Scheduled Bank on Current Account	2,07,87,932	
1,95,64,422	With Scheduled Bank on Fixed Deposit Account (including Rs. 17,500—1967: Rs. 24,250—lodged by outside parties)	<u>1,54,010</u>	
2,07,802			<u>2,09,41,942</u>
<u>Rs.67,20,77,787</u>			<u>Rs. 78,56,99,801</u>

Note: See Schedule 'F' for Debts due from Companies under the same Management.



INDIAN OIL CORPORATION LIMITED

LOANS AND ADVANCES

SCHEDULE 'D'

Index

1967				
Rs. 2,26,648	(Unsecured considered good unless otherwise stated) Bills of Exchange Advances Recoverable in cash or in kind or for value to be received including cost of materials supplied to contractors:			Rs. 3,72,481
20,79,440	Secured	Rs. 25,75,390		
2,16,25,149	Unsecured Considered Good	4,42,79,376		
2,13,199	Unsecured Considered Doubtful	79,938		
			4,69,34,704	
(1,42,689)	Less: Provision for Doubtful Advances		79,938	4,68,54,766
	Claims Recoverable :			
1,25,25,325	Unsecured Considered good	87,67,697		
2,61,770	Unsecured Considered Doubtful	4,80,171		
			92,47,868	
(75,197)	Less: Provision for Doubtful Claims		4,80,171	87,67,697
	Debtors for loan of Materials:			
4,24,786	Unsecured Considered good	1,79,638		
38,448	Unsecured Considered Doubtful	273		
—	Less: Provision for Doubtful Debtors for loan of Materials		1,79,911	
			273	1,79,638
1,36,64,340	Sundry Deposits including amounts adjustable on receipt and settlement of final bills.			1,24,32,107
2,20,00,010	Balances with Customs, Port Trust etc.			2,42,68,736
Rs. 7,28,41,229				Rs. 9,28,75,425
	<i>Note:</i> See Schedule 'G' for advances due from Companies under the same management.			



INDIAN OIL CORPORATION LIMITED**CURRENT LIABILITIES AND PROVISIONS****SCHEDULE 'E'**

Index

1967			
	A.—CURRENT LIABILITIES:		
Rs.4,87,99,406	Acceptances	Rs. 4,74,75,112	
34,55,04,982	Sundry Creditors	43,41,12,778	
	Security Deposits (including Rs. 17,500 deposit with the Bank as per contra—1967 Rs. 24,250—and investments lodged by outside parties as per contra Rs. 12,98,857—1967 Rs. 14,75,796)	2,23,36,921	
1,67,61,833	Interest accrued but not due on loans	1,64,75,117	
1,79,41,693	Creditors for materials on loan	98,408	
1,06,126			Rs. 52,04,98,336
	B.—PROVISIONS:		
24,00,000	Provision for Taxation	—	
2,88,700	Provision for Gratuity	39,24,654	
3,00,000	Provision for Contingencies	3,00,000	
11,93,800	Provision for Renewal of Catalyst	22,77,512	
9,49,541	Provision for Installation Charges (See Note 3)	—	
4,02,37,320	Proposed Dividend	4,98,24,040	
			5,63,26,206
Rs.47,44,83,401			Rs. 57,68,24,542



INDIAN OIL CORPORATION LIMITED**DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT****SCHEDULE 'F'**

Index

<u>1967</u>	<u>NAME OF THE COMPANY</u>	
Rs. —	Ashoka Hotels Limited	Rs.18,823
33,150	Bharat Earth Movers Limited	21,677
30,514	Bharat Electronics Limited	30,083
47,877	Bharat Heavy Electricals Limited	2,86,286
71,628	Bokaro Steel Limited	—
8	Cement Corporation of India Limited	8
—	Central Inland Water Transport Corporation Ltd.	1,39,006
2,99,107	Central Road Transport Corporation Limited	2,62,036
5,503	Cochin Refineries Limited	9,393
—	Engineers India Limited	396
7,07,881	Fertilizer Corporation of India Limited	19,35,430
3,10,053	Fertilizer and Chemicals, Travancore Limited	3,43,209
1,21,312	Garden Reach Workshops Limited	92,491
4,43,713	Heavy Electricals (India) Limited	1,46,340
2,75,622	Heavy Engineering Corporation Limited	2,71,262
6,98,270	Hindustan Aeronautics Limited	8,39,103
1,44,473	Hindustan Antibiotics Limited	2,18,088
37,193	Hindustan Cables Limited	86,109
6,050	Hindustan Housing Factory Limited	1,881
7,905	Hindustan Insecticides Limited	12,406
3,28,674	Hindustan Machine Tools Limited	3,61,182
—	Hindustan Photo Films Manufacturing Limited	11,138
11,324	Hindustan Shipyard Limited	29,041
56,10,978	Hindustan Steel Limited	43,96,750
1,807	Hindustan Steel Works Construction Limited	—
84	Hindustan Teleprinters Limited	151
33,463	Hindustan Zinc Limited	31,716
2,51,617	Indian Drugs and Pharmaceuticals Limited	5,85,100
88,839	Indian Rare Earths Limited	39,301
86,285	Indian Telephone Industries Limited	1,18,905
803	Instrumentation Limited	—
24,946	Jayanti Shipping Company Limited	7,07,973
—	Kerala Fisheries Corporations Limited	990
2,135	Lube India Limited	—
1589	Madras Refineries Ltd.	98,834
11,018	Manganese Ore (India) Limited	16,463
2,75,201	Mining and Allied Machinery Corporation Limited	3,07,455
1,77,874	Mazagon Dock Limited	1,48,836
—	Modern Bakeries Limited	20,209
<u>Rs.101,46,896</u>	Carried forward	<u>Rs.115,88,071</u>



INDIAN OIL CORPORATION LIMITED

DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT Contd...

SCHEDULE 'F'

Index

1967	NAME OF THE COMPANY	
Rs. 101,46,896	Brought Forward	Rs. 115,88,071
1,16,758	Mogul Line Limited	1,74,261
3,169	Nahan Foundry Limited	2,049
8	National Buildings Construction Corporation Limited	—
32,44,552	National Coal Development Corporation Limited	29,49,999
14,079	National Instruments Limited	9,813
64,474	National Newsprint and Paper Mills Limited	26,120
3,74,133	National Projects Construction Corporation Limited	5,06,153
—	National Seeds Corporation Limited	9,929
2,615	National Small Industries Corporation Limited	—
6,84,566	National Mineral Development Corporation Limited	6,56,059
5,50,617	Neyveli Lignite Corporation Limited	2,89,723
5,951	Praga Tools Limited	18,736
—	Pyrites and Chemicals Development Company Limited	14,638
340	Rehabilitation Industries Corporation Limited	—
—	Triveni Structurals Limited	1,913
21,193	Sambhar Salts Limited	57,250
6,54,642	Shipping Corporation of India Limited	32,87,908
—	Singareni Collieries Company Limited	67,324
5,57,139	State Trading Corporation of India Limited	1,85,786
<u>Rs. 1,64,41,132</u>		Rs. <u>1,98,45,732</u>



INDIAN OIL CORPORATION LIMITED

ADVANCES DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

SCHEDULE 'G'

Previous year		NAME OF THE COMPANY	amount during the year	
Maximum	Maximum amount			
Rs. 7,567	Rs. 7,567	Bharat Electronic Limited	Rs.7,567	7,567
3,909	38,007	Bharat Heavy Electricals Limited	—	6,435
—	—	Bokaro Steel Limited	1,435	1,435
—	—	Engineers India Limited	27,807	27,807
—	12,623	Fertilisers and Chemicals, Travancore Limited	—	—
14,515	14,515	Hindustan Cables Limited	27,171	28,187
—	7,664	Hindustan Machine Tools Limited	3,275	60,263
68,671	8,88,435	Hindustan Steel Limited	1,444	5,78,767
—	99,456	Hindustan Teleprinters Limited	—	—
—	—	Indian Drugs and Pharmaceuticals Limited	16	16
—	85,395	Indian Oil Blending Limited*	—	—
—	3,738	Indian Rare Earths Limited	416	12,106
2,250	43,642	Indian Telephone Industries Limited	—	55,845
12,469	12,469	Lube India Limited	4,729	12,469
2,00,000	2,00,000	National Projects Construction Corporation Limited	2,00,000	2,00,000
—	—	Minerals and Metals Trading Corporation of India Limited	25,44,000	25,44,000
24,853	1,80,000	State Trading Corporation of India Limited	21,128	4,23,507
35,200	35,200	Shipping Corporation of India Limited	—	35,200
Rs. 3,69,434			Rs. 28,38,988	

* Private Company in which Directors are interested.



INDIAN OIL CORPORATION LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 1968

SCHEDULE 'H'

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 Limited and Indian Oil Company Limited.
2. As it is not practicable to show all commissions and discounts separately in the Accounts, they have been adjusted against sales in the Profit and Loss Account.
3. Instructions were received from the Government to provide for Installation Charges (in lieu of Railways Siding and Pipeline facilities constructed by Cochin Refineries Limited) payable to Cochin Refineries Limited in lieu of the process margin subsidy guaranteed by the Government to Cochin Refineries Limited. The question is being examined by the Corporation and no provision has been made on this account. The provision made in the previous year on this account has been written back in the Profit and Loss Account during the year under review.
4. No provision has been made for the balance amount payable after adjustment of advances in respect of land acquired for Refineries at Gauhati and Barauni, pending finalisation of compensation. Arrangements for the participation of the States of Assam and Bihar in the equity capital for consideration given, and documentation in respect of land acquired for the three Refineries and land and buildings 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 adjudged in their favour for land acquired for the Gujarat Refinery. Against these claims, a deposit of Rs. 23.60 lacs (1967: Rs. 25.56 lacs) has been 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.
5. No provision has been made for Income Tax Liability on account of tax on profit of foreign contractors payable by the Corporation the amount of which is not ascertainable. An advance of Rs. 5 lacs has been made to the contractors for payment of Advance Income Tax.
6. Certain Depots and Installations have been built on Government and other lands not belonging to the Corporation in respect of which agreements have already been finalised with the exception of some cases where formal agreements are awaited.
7. Pending final settlement, no credit has been taken in the Accounts in respect of amount recoverable from the Assam Government towards cost of land development and approach roads.
8. Customs duty has been paid on an *ad hoc* basis for the Barauni and Gujarat Refineries. Consequential adjustments, if any, will be made in the accounts on final assessment.
9. 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.
10. The Koyali-Ahmedabad Products, Pipeline of the Oil and Natural Gas Commission was taken on lease with effect from 1st April, 1966. The lease terms which are under consideration by the Government of India, have not yet been settled and a provision of Rs. 14 lacs has been made for lease money payable to the O.N.G.C. as at 31st March, 1968. The Capital Cost of the Pipeline has been estimated by O.N.G.C. at approximately Rs. 2.5 crores.
11. The balance on the Installation Exchange suspense account represents the difference between the rates charged or credited in respect of movements of products on Installation Exchange basis by another



INDIAN OIL CORPORATION LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 1968 Contd...

Contents

Index

SCHEDULE 'H'

company, and the rates which this Company claims should have been used. Negotiations are continuing for the final disposal of this item, pending which the amount has been kept in suspense.

12. Adjustment of claims amounting to Rs. 3,86,723 which have been filed with the Insurance Pool, will be done on determination of these claims.

13. Pending final settlement, Bonus to employees has been provided at 4 per cent of earnings in accordance with the provisions of the Payment of Bonus Act, 1965.

14. The credit for Low Sulphur Heavy Stock supplied to Gujarat State Electricity Board has been taken in the accounts at the rate at which payment is being made by the Party. The Corporation, however, is not agreeable to supply at this rate and is claiming payment at a higher rate. The matter at present is under consideration by the Government.

15. Marketing Division of the Corporation has a scheme of gratuity in operation for the staff. During the year under review, a scheme of gratuity for staff of Refineries and Pipelines Division and another scheme of gratuity for officers of the Corporation was introduced. The provision for gratuity includes all liabilities from the inception to 31st March, 1968 in the related cases.

16. Provision made in the Accounts to adjust over/under recoveries in sales on account of difference between wharfage charges actually paid and those assumed for the pricing formula against C & F Adjustment Account in accordance with the instructions from the Government of India, Ministry of Petroleum and Chemicals, is not adequate, as full information relating to all Branches and periods concerned is not available, and the provision has been made in the Accounts only to the extent that the information is available.

17. The Profit and Loss Account includes a net expenditure of Rs. 3,12,195 in connection with the trial run of Bitumen and Lube Complex units.

18. The Profit and Loss Account includes expenses less income relating to previous year amounting to Rs. 17.87 lacs (1967: Rs. 37.35 lacs) of which Rs. 7.13 lacs (1967: Rs. 5.48 lacs) have been capitalised.

19. Managerial remuneration paid or payable to Directors Rs. 2,03,103 (1967: 2,12,817) excluding Director's Fees. In addition the Managing Director (Marketing Division) is entitled to the use of a Corporation flat, for which 10 per cent of his salary is deducted.

20. The Profit and Loss Account includes expenses less income amounting to Rs. 94,68,916 relating to the maintenance of township.

21. Previous years' comparative figures have been regrouped wherever necessary.

Signatures to Schedules A to H

N.N. KASHYAP
Chairman

KAMALJIT SINGH
Managing Director

P. K. RAU
Director

D. B. PURI
Secretary



REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Ltd., as at 31st March, 1968, together with the Profit and Loss Account of the Corporation for the year ended on that date annexed thereto.

The account 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. | A.F. Ferguson & Co. | Marketing Division:
Head Office
Western and Southern Branches. |
| B. | Lovelock & Lewes | Refineries Division:
Head Office
Gujarat Refinery
Pipelines Division :
Head Office
Haldia-Barauni-Kanpur Pipelines
Koyali-Ahmedabad Pipeline
Marketing Division:
Northern Division: |
| C. | P. K. Mitra & Co. | Refineries Division:
Gauhati & Barauni Refineries and
Calcutta Office
Pipelines Division:
Gauhati-Siliguri Pipeline
Marketing Division:
Eastern Branch |
| D. | Jointly | Consolidated Accounts of the Corporation. |

We report that:

- (1) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (2) 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 books;
- (3) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;



REPORT OF THE AUDITORS TO THE SHAREHOLDERS Contd...

- (4) in our opinion, and to the best of our information and according to the explanations given to us, the said Accounts, subject to and read with the notes thereon, 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 affairs of the Corporation as at 31st March, 1968, and
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

Bombay, 31st October, 1968.

A.F. FERGUSON & CO.
LOVELOCK & LEWES
P.K. MITRA & CO.
Chartered Accountants



Annexure to the Directors' Report dated 2nd November, 1968
REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION
LIMITED FOR THE YEAR ENDED 31st MARCH, 1968 BY
THE DIRECTOR OF COMMERCIAL AUDIT

1. Financial Position

The table below summaries the financial position of the Company under broad headings for the last three years.

	(Rupees in lakhs)		
	1965-66	1966-67	1967-68
Liabilities			
(a) Paid-up capital (including advance for shares)	6,529.22	7,117.72	7,117.72
(b) Reserves and Surplus	193.10	415.94	1,006.91
(c) Borrowings			
(i) From Government of India	7,034.65	7,330.98	7,300.47
(ii) Foreign Credit	763.20	1,125.72	991.26
(iii) From Bank cash credit	1345.91	1491.03	1600.64
(d) Trade dues and other current liabilities (including provisions)	3,863.14	4,747.75	5,786.60
Total	<u>19,729.22</u>	<u>22,229.14</u>	<u>23,803.60</u>
Assets			
(e) Gross block	9,102.71	12,608.91	13,841.73
(f) Less: Depreciation	508.99	1,018.96	1,598.05
(g) Net fixed assets	8,593.72	11,589.95	12,243.68
(h) Capital work-in-progress (including unallocated construction expenses)	4,670.45	2,907.72	2,500.68
(i) Other assets (mainly machinery and equipment-in-transit and stores)	146.57	164.45	178.53
(j) Current assets, loans and advances (including investments)	6,313.79	7,524.84	8,822.12
(k) Miscellaneous expenditure	4.69	42.18	58.59
Total	<u>19,729.22</u>	<u>22,229.14</u>	<u>23,803.60</u>
Capital employed	11,044.37	14,367.04	15,279.20
Net worth	6,717.63	7,491.48	8,066.04

- Note:* 1. Capital employed represents net fixed assets plus working capital.
2. Net worth represents paid-up capital plus Reserves and Surplus less intangible assets.

Annexure to the Directors' Report dated 2nd November, 1968 Contd...

2. **Capital structure**(a) **Debt equity ratio:**

The debt equity ratio for the Company has been 1.2:1 since 1965-66.

(b) The amount of loans taken from the Government of India outstanding as on 31st March, 1968 was Rs. 7,300.47 lakhs, in respect of loans amounting to Rs. 4,452.63 lakhs, Rs. 856.03 lakhs and Rs. 1,777.31 lakhs (net) moratorium for one, two and three years respectively for repayment of principal was granted by the Government of India.

3. **Reserves and surplus**

The reserves and surplus (Rs. 1,006.91 lakhs) amounted to

(a) 4.2 per cent of the total liabilities in 1967-68 as against 1.9 per cent in 1966-67 and 1 per cent in 1965-66.

(b) 14.1 per cent of the equity capital (Rs. 7,117.72 lakhs) in 1967-68 as against 5.8 per cent in 1966-67 and 3 per cent in 1965-66.

4. **Liquidity and solvency**

(a) The proportion of current assets to total net assets increased from 32 per cent in 1965-66 to 33.9 per cent in 1966-67 and to 37.1 per cent in 1967-68.

(b) The percentage of current assets to current liabilities (including provisions) varied from 163.4 in 1965-66 to 158.5 in 1966-67 and to 152.5 in 1967-68.

(c) The percentage of quick assets (sundry debtors, advances, investments, cash and bank balances) to current liabilities decreased from 109.9 in 1965-66 to 107.2 in 1966-67 and to 100.2 in 1967-68.

5. **Working capital**

The working capital (current assets, investments, loans and advances less trade dues and Current Liabilities) of the Company at the close of the three years ending with 31st March, 1968 amounted to Rs. 2,450.65 lakhs, Rs. 2,777.09 lakhs and Rs. 3,035.52 lakhs respectively and represented 1.3, 0.9 and 0.9 months value of business at cost (excluding depreciation) during these years. The working capital as on 31st March, 1968 was financed through loans from Bank to the extent of Rs. 1,600.64 lakhs.

6. **Sources and uses of funds**

Funds amounting to Rs. 1,279.63 lakhs from internal resources (reserves, depreciation, provisions and surplus) and Rs. 873.92 lakhs from other sources were utilised in 1967-68 as under:—

	(Rupees in lakhs)
(i) Gross fixed assets including capital work-in-progress	825.78
(ii) Other assets	1,327.77
	<u>2,153.55</u>



Annexure to the Directors' Report dated 2nd November, 1968 Contd...**7. Working results**

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

	(Rupees in lakhs)		
	1965-66	1966-67	1967-68
(i) Profit before tax	101.26	626.40	1,082.67
(ii) Tax provision	—	—	—
Percentage of Profit before tax			
(a) To sales (inclusive of product exchange and transfers)	0.5	1.8	2.5
(b) To gross fixed assets	1.1	5.0	7.8
(c) To capital employed	0.9	4.4	7.1
(d) To net worth	1.5	8.4	13.4
(e) To equity capital	1.6	8.8	15.2

8. Cost trends

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

	(Rupees in lakhs)		
	1965-66	1966-67	1967-68
Sales (inclusive of product exchange and transfers)	22,014.21	33,868.84	43,129.30
Less: Profit before tax	101.26	626.40	1,082.67
Cost of sales	21,912.95	33,242.44	42,046.63
Percentage of cost of sales to sales	99.5	98.2	97.5

9. Business performance

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

	(Rupees in lakhs)		
	1965-66	1966-67	1967-68
1. Sales (inclusive of product exchange and transfers)	22,014.21	33,868.84	43,129.30
2. Closing stock of finished goods and stock in process	1,532.71	2,228.99	2,841.67
3. Opening stock of finished goods and stock in process	1,004.10	1,532.71	2,228.99
4. Value of business (1+2—3)	22,542.10	34,565.12	43,741.98

The percentage of value of business to net worth increased from 335.6 in 1965-66 to 461.4 in 1966-67 and to 542.3 in 1967-68. The percentage of value of business to total net assets also increased from 114.3 in 1965-66 to 155.5 in 1966-67 and to 183.8 in 1967-68.



Annexure to the Directors' Report dated 2nd November, 1968 Contd...

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)		
	1965-66	1966-67	1967-68
i) Stores and spare parts (including in-transit)	542.91	671.06	726.05
ii) Loose tools	1.54	2.95	2.84
iii) Stock-in-trade (including raw materials and stock in process)	1,519.51	2,221.27	2,774.88
iv) Stock of empty barrels and tins	16.22	18.89	18.19
v) Liquified petroleum gas accessories	13.20	17.73	66.79
	<u>2093.38</u>	<u>2921.90</u>	<u>3588.75</u>

Stock-in-trade represented 0.8 month's sale (inclusive of product exchange and transfers) in 1965-66. 1966-67 and 1967-68.

11. Sundry debtors and turnover

As on	Total Book Debts		(Rupees in lakhs)	
	Considered good	Considered doubtful	Sales (inclusive of product exchange and transfers)	Percentage of debtors to sales
31st March, 1966	2,620.48	31.93	22,014.21	12.0
31st March, 1967	3,329.44	32.94	33,868.84	9.9
31st March, 1968	3,596.59	32.55	43,129.30	8.4

The sundry debtors represented about 1.4 month's turnover in 1965-66, 1.2 month's in 1966-67 and 1 month's in 1967-68.

New Delhi,
the 12th November, 1968.

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



**Comments of the Comptroller and Auditor General of India under
Section 619 (4) of the Companies Act, 1956.**

I am to state that there are no comments upon 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 31st March, 1968.

New Delhi,
the 12th November, 1968.

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