

Annual Report

1970-71

Indian Oil Corporation Limited

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BOARD OF DIRECTORS:

M. Rama Brahmam, Chairman
Kamaljit Singh
C. R. Das Gupta
N. C. Sen Gupta, I.C.S.
M.S. Pathak
Dr. S.K. Mukherjee
Arun Roy Choudhury
I.N. Dar
S.K. Majumdar
Miss M.L. Mary Naidu
M.D. Rajpal
S.K. Mallick, I.C.S.

SECRETARY:

D.B. Puri

BANKERS:

State Bank of India

AUDITORS:

M/s. Lovelock & Lewes
M/s. S.B. Billimoria & Co.
M/s. Ray & Ray

**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 & PIPELINES DIVISION:

Headquarters:

Indianoil Bhavan, Janpath
New Delhi-1



NOTICE

Notice is hereby given that the 12th 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 Prabhadevi, Bombay-25 DD at 16-00 hrs., on Tuesday, the 16th November, 1971 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, 1971.
2. To declare the dividend.

By Order of the Board

D.B. Puri
Secretary.

Bombay, Dated: 28th October, 1971.

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.



DIRECTORS' REPORT 1970-71

TO
THE SHAREHOLDERS OF
INDIAN OIL CORPORATION LIMITED

Gentlemen,

Your Board of Directors have pleasure in placing before you their 21th Annual Report on the working of the Corporation during the financial year 1970-71 along with the Audited Statements of Accounts.

FINANCIAL RESULTS

Turnover :

Turnover for the year amounted to Rs. 720.01 crores (an increase of 13.49 percent over the previous year) as against Rs. 634.41 crores and Rs.526.16 crores for the previous year and the year 1968-69 respectively.

Profit :

Profit for the year and comparative figures for the past two years are as under :

	(Rs. in Crores)		
	<u>1970-71</u>	<u>1969-70</u>	<u>1968-69</u>
Gross Profit before Depreciation & Interest	31.32	36.20	32.41
Interest	4.76	4.85	6.10
Profit before Depreciation	26.56	31.35	26.31
Depreciation	10.79	10.94	7.85
Net Profit	15.77	20.41	18.46

The profitability ratio to sales and capital employed is 2.19% and 8.49% respectively.

As in the past years, your Corporation had to incur under-recoveries to the extent of Rs. 2.89 crores on the following accounts. Corresponding figures of under-recoveries on these accounts for the years 1968-69 and 1969-70 are shown in the table given below:-

	(Rs. in Crores)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
Inland Freight	1.43	2.15	0.40
Sales Tax	0.37	0.68	1.39
Coastal Fright	2.41	3.97	1.10

The profits of the Corporation were reduced from Rs. 20.41 crores in the previous year to Rs. 15.77 crores during the year under review showing a reduction of Rs. 4.64 crores. The profits of the Corporation would have been more than the last year's actuals, but for the reasons explained below :-

Prior years expenses increased from Rs. 2.06 crores to Rs. 4.55 crores showing an increase of Rs. 2.49 crores. Whole of this amount is on account of the retrospective increase in the price of crude oil since the inception of Gujarat Refinery, in respect of crude oil supplied by Oil and Natural Gas Commission; there is also an element of a higher rate for crude oil payable to Oil India for the period of January/March 1970.

The cost of crude oil as compared to the basis on which the payments were made in the earlier years was highly by Rs. 2.5 crores for the financial year 1970-71.

Thus the cost of raw materials accounted for reduction in the profit by about Rs. 5 crores.

During the year under review new pricing policy was announced on the recommendations of the Shantilal Shah Committee Report with effect from 1-6-70. The major changes as per the Committee's report are :

- (a) Reduction in the margins allowed to the Marketing Companies on sale of various petroleum products.
- (b) Inland Refineries made as pricing basis points.
- (c) Levy of Freight Surcharge Pool to compensate under-recoveries on rail and coastal freight.

The effect of these changes has been of a compensating nature and the reductions in the margins have been offset by the savings in the under-recoveries.

Further, the Corporation had to import the deficit products to meet with the growing requirements of petroleum products. A part of devaluation duty is levied on import of products



though there is no adventitious gain on imports arising out of devaluation. The Corporation had to pay devaluation duty amounting to Rs. 97 lakhs which resulted in additional burden during the year under review.

The operating expenses during the year were higher by Rs. 4.86 crores. The major increase is due to the rise in the cost of salaries and wages which amounted to Rs. 3.2 crores. The balance increase is accounted for by the rise in the volume of business.

Profit for the year works out to 22.16% of the paid-up capital as against 28.67% and 25.93% in the previous years i.e. 1969-70 and 1968-69 respectively. With the carry-forward of profit from last year amounting to Rs. 7,24,202 the available surplus amount to Rs. 15.84 crores as detailed below :

	Rupees
Balance of profit brought forward	7,24,202
Profit for the year	15,76,86,048
	15,84,10,250
We recommend that this amount be appropriated as follows :	
Provision for Development rebate Reserve	10,00,00,000
Provision for dividend @ 7% on 7,11,772 shares of Rs. 1,000 each	4,98,24,040
Transfer to General Reserves	80,00,000
Balance carried forward	5,86,210
	15,84,10,250

FINANCE :

Your Corporation made a capital investment of Rs. 19.35 crores during the year entirely out of the internal resources generated by itself and without resorting to any increase in share capital or loans. In addition, a sum of Rs. 9,58,64,649 was paid to the Government during the year towards loan re-payment thus reducing the loan capital from Rs. 53,73,31,066 to Rs. 44,14,66,617.

OUTSTANDINGS :

As reported last year, the concerted efforts to collect outstandings from customers continue to

engage our attention and during the year under review, the collections have considerably improved. Outstanding at the close of the year amounted to Rs. 33.57 crores as against Rs. 39.71 crores at the end of last financial year. This improvement in spite of a considerable increase in the sales is a matter of satisfaction and not complacency. Concerted efforts are being made in the current year to achieve better results. Of these the DGS&D outstandings at the close of the year stood at Rs. 7.80 crores as against Rs. 11.86 crores at the end of last year and Non-DGS&D outstandings at Rs. 21.02 crores as against Rs. 24.25 crores at the end of the last financial year. In terms of days sales, outstandings at the end of the financial year represent 15 days as compared to 22 days at the end of the last financial year.

REFINERIES

Out of 18.4 million tonnes of refining capacity in the country, the throughput of the corporation-owned refineries was 6.34 million tonnes and 4.48 million tonnes were processed by the other refineries in the public sector which were available to your Corporation for marketing.

You three operating Refineries processed crude and achieved production and despatches of various petroleum products as per table given below :

	(Tonnes)		
	<u>Gauhati</u>	<u>Barauni</u>	<u>Gujarat</u>
Target			
Throughput	709463	2175433	3475704
Actual			
Throughput	685750	2191079	3463004
Production	631382	1996240	3213206
Despatches	617666	1955158	3227915

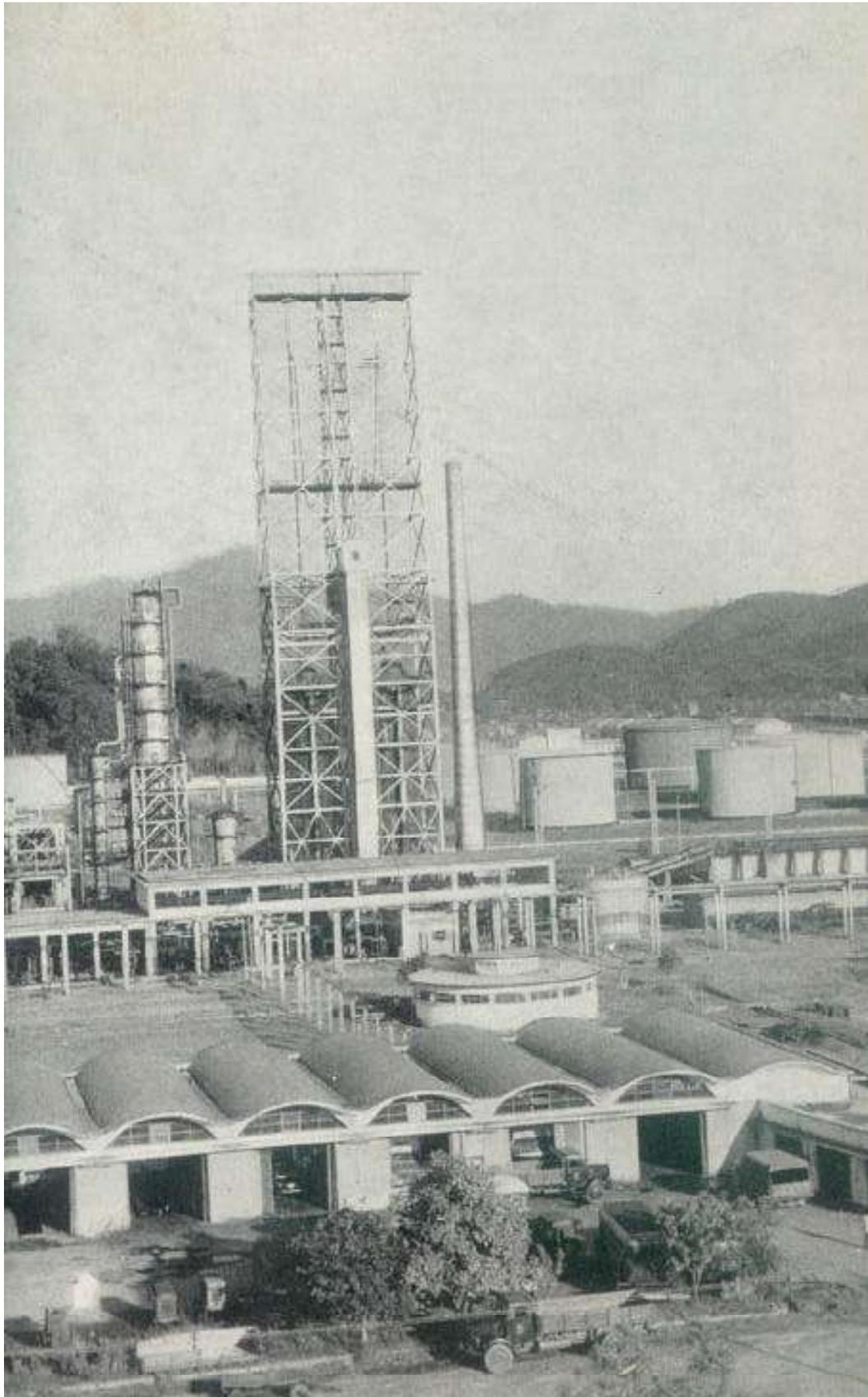
The following table gives Crude Oil input in your Refineries during the last three years :

	(Tonnes)			
	<u>Processed</u>			
	<u>Gauhati</u>	<u>Barauni</u>	<u>Gujarat</u>	<u>Total</u>
1968-69	802666	1767129	2958032	5527927
1969-70	764795	2087894	3397942	6250631
1970-71	685750	2191079	3463004	6339833

From the above table, it will be seen that whereas Barauni and Gujarat Refineries Continued to



A general view of Gauhati Refinery



make progress in achieving higher throughpur, there was shortfall in the throughput of Gahati Refinery mainly on account of frequent interruptions in the Unit operations due to failures and unsteady power apply from April 1970 to August 1970, difficulties in the upliftment of products at Siliguri during the months of July and August 1970 and restricted availibility of Cruse to the Reinery during the period September 1970 to March 1971.

REFINERIES' HIGHLIGHTS :

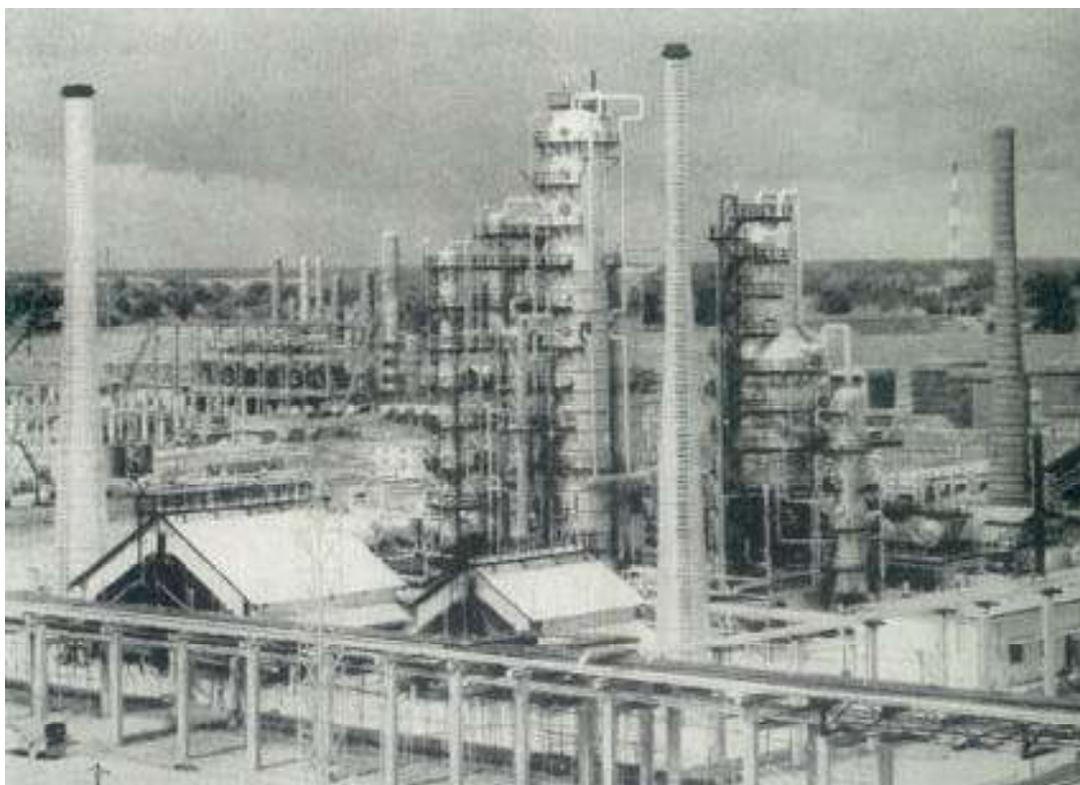
While inthe Gujarat Refinery production and despatches of LPG reached a new high, in Gauhati Refinery, a start was made to produce LPG for the first time in March 1971. Gujartat Refinery despatched 1971. Gujarat Refinery despatched 17,981 MT of LPG as against 11,087 MT during the year 1969-70. Additional three three LPG bullets have been installed at Gujarat Refinery and augumentation of LPG cyclinder filling facilities is under way for further increasing the production of LPG.

With debottlenecking, the Gujarat Refinery is operating much above the designed capacity of 3 million tonnes, thus consuming the entire crude available from the Western Region.

While the Coking Unit of Gauhati Refineryacheived a record continuous run for 132 days-the highest so far achieved, the Phenol Extraction Unit of Barauni Refinery achieved a record run of 327 days during the year, which is the highest record acheived so far.

The product recover in the Gauhati Refinery during the year was 90.1% against the planned recovery of 89.2% and also the yield of high priced dsitillates was increased by improving the operating conditions.

Barauni Refinery achieved a record despatch of 1,82,374 tonnes of finished products int he month of November 1970, the highest so far.



Atmospheric Vacuum unit - Barauni



A general view of Gujarat Refinery

PIPELINES :

The overall quantities transported by the Pipelines of the Corporation were higher as compared to the last year.

The Barauni-Kanpur Section achieved a record throughput of 1,03,318 Metric Tonnes of products in the month of March 1971, the highest in any month since commissioning of the Pipeline. This section had also the distinction of transporting LDO, a black oil product, along with other white oil products handled by the pipelines, in the month of April 1971. The first parcel was delivered in May 1971 and since then the black oil product is being moved regularly.

The Haldia-Barauni Section of the Pipeline also successfully accomplished the job of directly pumping a third product from the ocean tanker to the pipeline when the two tanks were filled with two products.

The Koyali-Ahmedabad Products Pipeline bettered its previous records by transporting 8,64,811 Metric Tonnes of products during the year against its designed capacity of 7,00,000 Metric Tonnes. The pipeline also had the distinction of improving its record of month

throughput by transporting 80,140 Metric Tonnes of products in the month of January 1971. This represents an operating factor of 137% with respect to its designed capacity.

The 6" diameter, 5.5 kilometers long, Rajbandh-Durgapur Naphtha Pipeline constructed for feeding Naphtha to the Durgapur Fertiliser Plant was successfully commissioned in May 1971.

IMPORT SUBSTITUTION :

During the year under review, your Refineries continued to lay emphasis on the use of indigenous materials as substitutes for the imported materials. Drawings of several imported spares have been prepared and efforts were made to develop manufacture of these indigenously. Items covered are various types of valves, heat exchangers, head exchanger tubes, pressure vessels, pipe fittings, gaskets, spare for pumps, compressors and other equipments.

Efforts towards import substitution and indigenous materials development for pipelines continued during 1970-71. Achievements during the year include provision of textolite bushings in the vertical turbine pump, stationary ring for the mechanical seal of the

booster pump, development of filter separator vessels, high pressure fuel injectors, all types of engine gaskets, insulating flanges and a number of electrical items like micro switches, diodes, sacrificial anodes, battery eliminators etc.

PLANS :

With the commissioning of the Chandra Pura Thermal Power Station of Assam State Electricity Board by April, 1972, it is proposed to produce L.S.H.S. at Gauhati Refinery to increase profitability of the refinery.

All indigenous equipment and imported items except two pumps for L.P.G. Bottling Plant is per modernisation scheme have been installed and partly commissioned at Barauni Refinery and after receipt of the imported pumps, the plant will be commissioned.

Erection work pertaining to Coke Calcination Plant in Barauni Refinery has been completed.

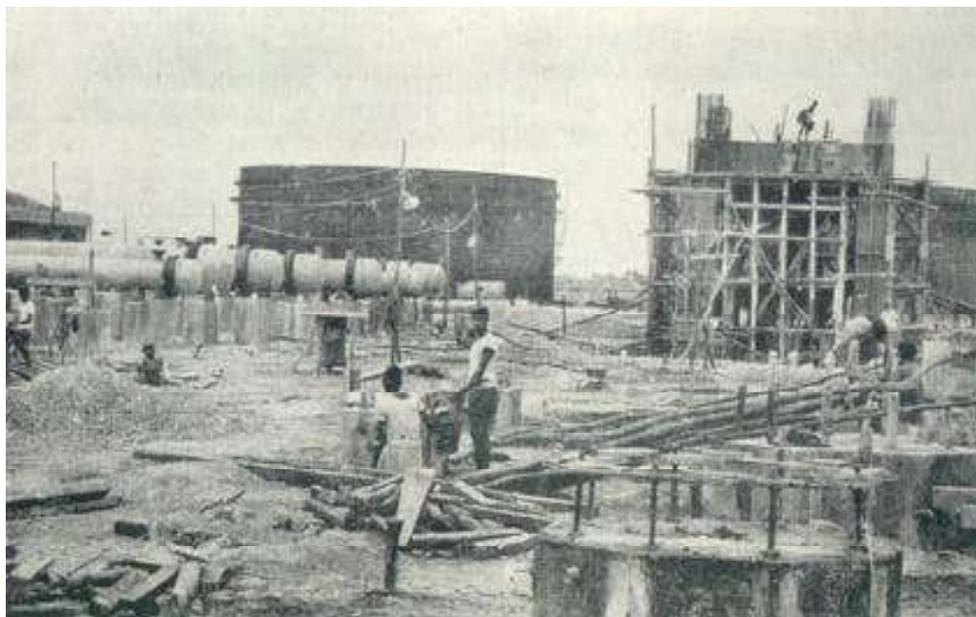
Trial run was started on 17th July 1971, but the Unit has to be stopped due to some defects. Arrangements have been made to rectify these defects and the plant will be commissioned soon for guarantee run and for regular production.

Sanction from the Government of India has recently been obtained for processing of imported crude (Phase-1) in Barauni Refinery, which will enable it to reach a capacity of 3.4 million metric tonnes per year. The project work for revamping of the existing units facilities wherever necessary and for installation of additional units, has already been initiated.

Additional facilities are being created in Gujarat Refinery for supply 110-140°C cut Naphtha to Messrs. Indian Petrochemicals Corporation Limited and also to take care of return streams from them.



Crude distillation column for Haldia Refinery being off-loaded at Calcutta Port



A view of the project site of Haldia Refinery

LPG Cylinder filling facilities are further being augmented in Gujarat Refinery and early next year the Refinery will be in a position to fill 7,000 cylinders per day.

Design/Engineering/Drawing works pertaining to S.R. Naphtha supply to Barauni Fertilisers from the Barauni Refinery have been completed. Procurement action for pumps, pipes, fittings, etc., has been initiated.

In order to facilitate transportation of Naphtha from Barauni Refinery to the F.C.I. Plant at Barauni, a pipeline of 8" diameter and 4.2 kilometers long was designed by the Corporation on behalf of F.C.I. The laying of the pipeline was taken up by the Corporation in March 1971. The construction work is in progress.

HALDIA REFINERY PROJECT :

The Project, which is estimated to cost Rs. 67.5 crores, is expected to be ready for commissioning by the end of first quarter 1973 (fuel part) and mid-1973 (Lube Complex). The progress made up to May 1971 in respect of the engineering, procurement and work at site is detailed below:-

Engineering:

Technip/E.I.,L. in New Delhi 85.90%

Petrom/E.I.L. New Delhi 69.80%
 Technip-France 78,7%
 Betrom-Buchreast 61.00%

Procurement :

Out of a total value of equipment/materials, amounting of Rs. 36 Crores, the Corporation is directly buying about Rs. 24 crores, balance being supplied by the two foreign collaborators. The progress in placing of orders at different place is as below :

France 70%
 Romani 95%
 India (French Part) 90%
 India (Romanian Part) 72%
 Third country 70%

WORK AT SITE :

Major Civil Engineering works, like sitegrading, road development upto Sub-grade, pre-treatment of soil by snadwicking, are all complete, Pre-loading of tank pads is nearing completion.

Major contracts awarded are two for tankage erection, two civil foundations



and two for R.C.C. Piling.

Percentages of progress are as below :

- | | |
|---------------------------|-----|
| (a) Storage tank erection | 18% |
| (b) Civil Foundations | 10% |
| (c) R.C.C. Piling Work | 54% |

Tenders for other major works like construction of power plant building, erection of equipment and machinery, piping etc. have been received and are under scrutiny.

Tenders for furnace and equipment erection, crude and product piping etc. have been received and are under scrutiny.

Tenders for furnace and equipment erection, crude and product pipelines and electrical works have been invited.

The Project, however, is facing difficulties of :-

- Procurement of steel because of acute shortage of steel in the market.
- Acute shortage of railway wagons affecting movement of building materials like stone, gravel, cement etc. The existing road and railway facilities are also inadequate for transporting men and materials from outside places to Haldia.
- Besides, there is a labour problem due to labour unrest.

OTHER NEW PROJECTS :

At the request of the Ministry of Petroleum & Chemicals, we have prepared Feasibility Reports for two new grass-root Refineries, one at Bongaigaon in Assam and the other in North-West region of India.

HALDIA-RAJBANDH PRODUCTS PIPELINE:

The feasibility study of laying a product pipeline from Haldia to Rajbandh was prepared and submitted to the Government in December, 1970. The survey work started in the month of February 1971. The pipeline is intended to transport petroleum products from Haldia to Mourigram and Rajbandh when the present Haldia-Barauni pipelines will be utilised for the transportation of crude to the Barauni Refinery.

North -West Refinery Crude Oil Pipeline:

The feasibility study of laying a crude oil pipeline from a suitable port on the West Coast to the proposed North-West Refinery together with off-

shoe facilities was prepared and submitted to the Government. The pipeline which is expected to cost Rs. 75 crores is intended to transport imported crude oil to the North-West Refinery.

INDUSTRIAL RELATIONS & WELFARE :

On expiry of three-year settlement in May 1970, further negotiations between the Management and Unions were held and a new settlement was signed in January 1971. This settlement will be in force till the end of 1973.

At all the Refineries a number of welfare facilities and amenities in the form of hospitals, dispensaries, subsidised canteens, schools, co-operative stores, transport etc., for the benefit of employees have been provided which are functioning satisfactorily.

With the progress of the Haldia construction 110 employees have been recruited/posted at Haldia, and in conformity with the policy of your Corporation to house these employees, a township of 208 quarters is under construction with all the attendant facilities. Planning work for balance 521 quarters is in progress. Work order for flats has been awarded.

At the site of Haldia Refinery Project, a subsidised canteen has been established; so also a first-aid centre, where the Refinery doctor attends every day. A temporary community centre has been constructed in the residential area. It has been possible to open a Primary School with the help of St. Xaviers Organisation, Calcutta. A cooperative store run by the employees has been started functioning. The Corporation has sanctioned a loan on easy financing terms as also managerial assistance for running this store.

TRAINING ACTIVITIES :

Your Refineries at Gahuati, Baruni and Gujarat have set up full-fledged training departments, which are equipped to afford training facilities on long and short-term basis to both newly recruited employees and also to arrange reresher courses for other employees. These comprise training schemes for fresh engineering graduates, in-plant training facilities, refresher courses for maintenance technicians and plant operators, training in fire-fighting. Job-safety and first-aid, training courses for





Sports in the Barauni Refinery Township



Participants in the Fancy Dress Competition held on the Children's day at Noonmati club, Gauhati

supervisors and executives, etc. Besides, these departments also conduct training courses for apprentices, as required under the Apprentices Act, and for engineering students, as required under the Government of India's Scheme of Industrial Training for unemployed graduates/diploma holders.

Inventory Control :

The inventories of stores and spares held with Gauhati, Barauni and Gujarat at the end of the year 1970-71 were as under:

	<u>Rs. in lakhs</u>
Gahuati	121.27
Barauni	354.67
Gujarat	177.48

Inventories have registered some reduction over the year 1969-70. To keep the inventories under control, following steps have been taken :

- (a) It is being insisted that ordering for spares and others materials is done on the basis of minimum lead time and economic order quantity.
- (b) Codification and variety reduction of stores is in progress.
- (c) Materials rendered surplus and obsolete after completion of construction work of the refineries are being gradually disposed of.
- (d) A reputed firm of consultants in materials management was engaged to survey the inventory position in one of the refineries and based on its recommendations, inventory control methods have been introduced and streamlining of stores and purchase procedures has been undertaken.

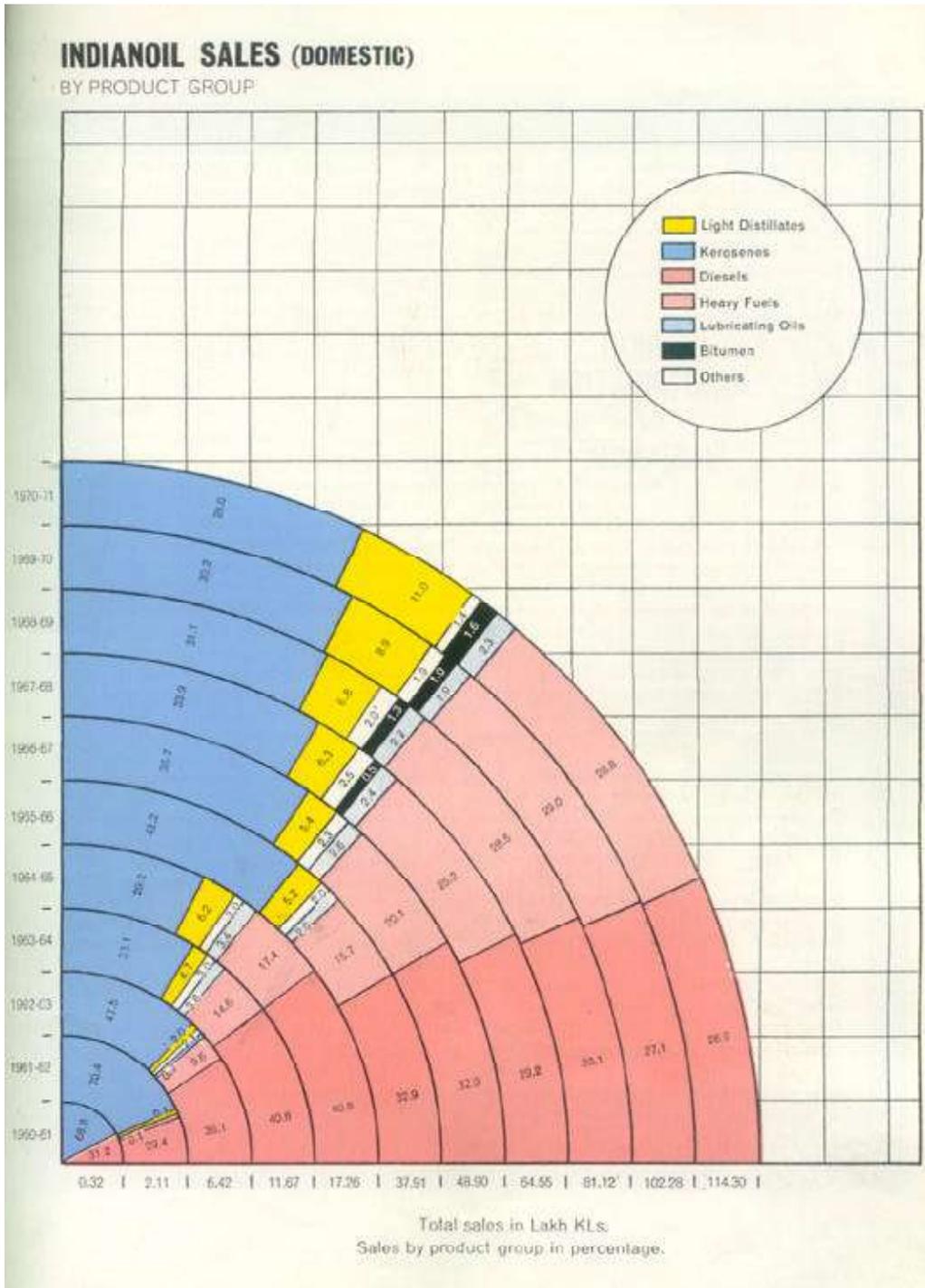


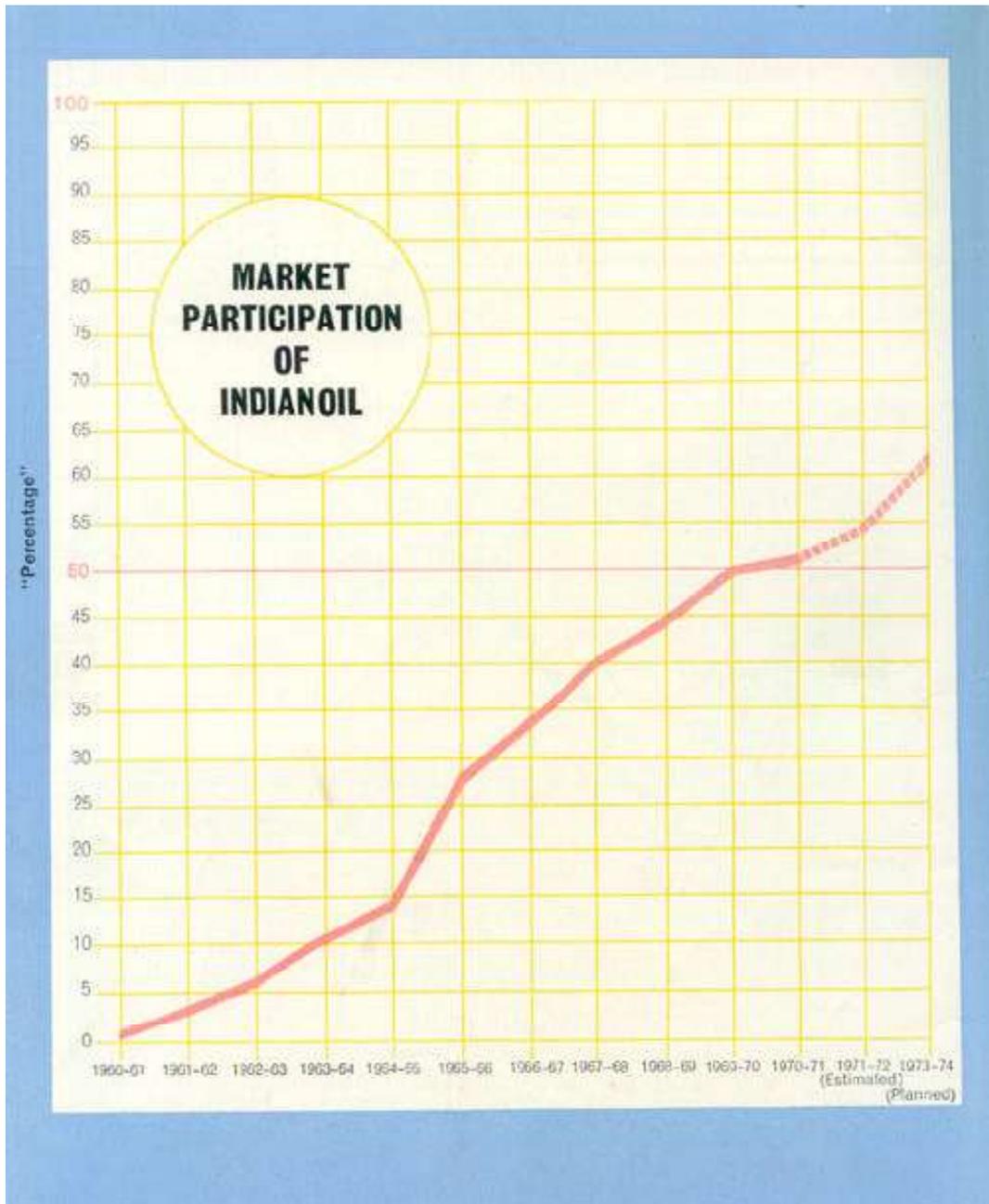
Display of physical training by the Gujarat Refinery Children



A folk dance by children at the Barauni Refinery Township







MARKETING**CAPITAL INVESTMENT:**

During the year, one Port Installation at Goa and four additional depots have been commissioned. As on 31-3-1971, there are 16 Port Installations, 8 Pipeline Installations, 1 Inland Installation, 115 Bulk Depots, 244 Consumer, Satellite and Relay depots. The storage capacity was increased from 10,28,000 Kis to 11,67,000 Kis during the year. Storage and distribution facilities are being designed in such a manner as to lead to reduced operational time, and easy and efficient operations. Improvements include asphalted and concrete drive-ways, larger tank wagon and tank lorry loading gantries, higher capacity pumps, bigger diameter pipelines, flowmeters for more accurate filling, weigh bridges for counter-checks on filling, better lighting arrangements etc. it is also proposed to put up bigger tanks and bigger diameter pipelines to receive products from large tankers which will result in reduced operational cost and increased utilisation of time-chartered tankers.

With a view to facilitating movement of products by block rakes, 3,59,561 Kis additional tankage has to be provided for up-country depots; 71 existing depots have to be expanded; 19 depots resited and three new depots are to be constructed to meet the expected thruput by 1974-75. Construction has so far been taken up at 22 locations and upto 31st March 1971 tankage commissioned against this requirement was 27,170 Kis. The target for construction of additional tankage during the years 1971-72, 1972-73 and 1973-74 is 1,32,000 Kis., 1,30,000 Kis and 68,000 Kis. respectively.

Provision of 20,550 Kis. Naphtha Storage Facility has been completed at the premises of FCI Durgapur. The Corporation has also completed 4,000 Kis. tankage for LSHS at Tata Thermal Station as well as modernisation of decanting facilities in order to handle a

thruput of 30,000 tonnes per month as against the designed capacity of 10,000 tonnes per month of the facilities provided earlier which were destroyed in a fire. Construction of a Drum Plant has been taken up at Madras with a capacity of 1,650 Lube drums and 1,650 Bitumen drums per shift which is expected to be completed by February 1972. All necessary equipments for this project are being procured indigenously. The tank truck loading facilities at Shakurbasti Installation are being modernised with provision for simultaneous handling of 14 tank trucks at a time. The Corporation is also taking up laying of two new 8' dia. and one 14' dia. dock lines at Okha and one 14' line at Vizag to reduce tanker demurrage. It is proposed to increase the filling capacities of LPG Bottling Plant at Shakurbasti from 6,000 tonnes per annum to 20,000 tonnes per annum, by installing a 20 stage LPG.WT. Filling Rotating Machine. This project also includes a sprinkler system for fire fighting.

The number of Aviation Stations rose to 68 as against 66 at the end of previous year and 64 at the end of year 1968-69. The Hydrant System at Dum Dum, Calcutta is expected to be ready in the 1st quarter of 1972. Two dispensers for the Hydrant System are being progressed. The first 45 KI Refueller for Boeing 747 has been introduced at Santa Cruz, Bombay and more units will be available for service. Shortly, it is expected that in addition to Air India, another 3 or 4 international airlines will extend 747 operations through Indian airports.

SALES :

The sales of the Corporation touched a new high retaining its position as the largest marketing organisation in the petroleum industry in the country. The total sales of the Corporation during the year were 11.61 million





A modern Indianoil Service Station at Bhulabhai Desai Road, Bombay

KIs as against 10.64 million KIs in the year 1969-70. The Domestic Sales and Export Sales of the Corporation during the year were 11.43 million KIs and 0.18 million 8 respectively as compared to 10.23 million KIs and 0.41 million KIs respectively during the last year. The Direct Sale of the Corporation rose to 11.10 million KIs from 10.01 million KIs during the last year. The market participation of the Corporation during the year was 51.6%. The sale of aviation fuels during the year under review, was 6,59,863 KIs showing an increase of 9% over previous year's sale of 6,02,808 KIs. The current market participation of the Corporation for aviation fuels for Civil and Defence works out to around 70%. The business percentage in respect of IAF was 100%, for IAC 75%; for Air India 85% and 34% for other foreign international airlines. The highest importance continues to be given to Quality Control.

RETAIL OUTLETS:

During the year under review, 329 retail outlets were commissioned, bringing the total number of retail outlets at the end of the year to 3,004. The number of retail outlets according to the planned target will be substan-

tially increased by the end of 1974.

LIQUEFIED PETROLEUM GAS:

Rising living standards, expanding economy and shortage of residential accommodation in urban areas have contributed towards a continuous increasing demand for LPG as a household fuel for cooking, —the demand is doubling itself practically every three years. This has lent great urgency to Indianoil's plans for extensive and intensive marketing of Indane in the country. The non-availability of LPG cylinders in adequate quantities which was hitherto a great bottleneck in the expansion of Indane marketing has to a great extent been removed. Indane marketing was extended to 13 additional towns during the year under review. Presently the requirements of approximately 3.63 lakh Indane consumers are being efficiently met through a network of 102 distributorships spread over 54 towns.

Apart from concentrating on sale of Indane as a household fuel for cooking purposes, a steady progress is also being maintained on use of Indane for industrial applications. The Corporation has also entered the field of marketing LPG in bulk for industrial use by making supplies to a few industrial customers.



The Corporation has drawn out plans to progressively extend marketing of Indane to around 100 additional towns during the course of the next 18/20 months' time and make available approximately 3.5 lakh additional Indane installations to customers during the same period.

EXPORTS:

During the period under review, the Corporation exported 2,73,300 tonnes of petroleum products valued at Rs. 353. 00 lakhs.

IMPORTS:

During the period under review, the Corporation imported 9,43,199 tonnes of bulk refined products and 91,951 tonnes of base stocks, additives and lubricating oils as against 8,48,257 tonnes and 1,87,767 tonnes respectively imported during the previous year. The value of total imports of POL products during the year amounted to Rs. 2,327.28 lakhs as against the previous year's import value of Rs. 2,907 lakhs.

STOCK LOSS CONTROL:

Emphasis is being laid on stock loss control

and the results of the concerted efforts made have been encouraging. The percentage of stock losses during the year 1970-71 was 0.08% as against 0.12% during the previous year. This represents a reduction of 33% in stock losses over the previous year.

TANK TRUCK OPERATION:

The fleet of Corporation-owned tank trucks (excluding Aviation) was 252 during the year 1970-71 as compared to 244 in the previous year. In conformity with our objective of increasing the quantity of products delivered by Corporation-owned tank trucks, the volume so delivered was 11,15,856 Kls in 1970-71 as against 10,95,311 Kls during the previous year. The Corporation is going in for higher capacity tank trucks to cater to increasing volumes.

PERSONNEL:

During the year 1970-71 Marketing Division had recruited 15 officers and 329 Unionised staff. As of 31st March 1971 Marketing Division had a total of 8,476 employees in its employment as against 8,185 employees as on 31st March 1970. In line with the policy of giving maximum opportunities to employees



Indianoil's goamt Aircraft Refueller for Jumbo Jets, fabricated at Poona, passing through khandala Ghats on the Poona-Bombay National Highway

for advancement, 69 workers were promoted to officers' categories as against an outside recruitment of only 8 in this category and 149 officers were promoted as against an outside recruitment of only 8 in this category and 149 officers were promoted as against an outside middle level recruitment of only 7. The service conditions of officers in the Corporation were rationalised with effect from 1.7.1969 and substantial improvements were effected by way of revision of pay scales, uniform Dearness Allowance to all officers, grant of Special Allowance to certain categories of officers, Settling Allowance, Leave Travel Concession etc.

INDUSTRIAL RELATIONS & WELFARE :

The industrial relations in the Marketing Division were by and large satisfactory during the year and the relations between the Management and the Labour cordial. A couple of all-India Meetings with the recognised Unions substantially helped the strengthening of mutual understanding and cordial relations. There was no major work stoppage throughout the year excepting wild-cat strikes at one or two locations. The Standing Orders were certified by the competent Certifying Officers but the unrecognised Union in Calcutta went into an appeal. The loan and grant of facilities to the Co-operative Societies and Clubs were continued. To encourage safety consciousness amongst tank truck drivers, a cash award as well as insignia for completing three years accident-free driving service has been prescribed. The scheme for periodical medical check-up of officers above 40 years was implemented. The scheme of Housing has also been developed and is being implemented.

TRAINING :

During the year, 119 training courses were conducted on General Management Courses in Elements of Supervision, Personnel Management & Industrial Relations, Financial Control & Management, Productivity Training for Trainers and Functional courses in Retail, Selling Methods, Product Knowledge, General Operations, Engineering, General Induction, Office Methods & Procedures, General Staff Course and Aviation Operation & Quality Control. In all, 984 Officers were given training in the above courses. Training efforts were intensified for the training of workers and 716

workers were trained during the year as compared to 390 during the previous year. Twelve courses were conducted centrally at the Head Office Training Centre imparting training to 167 Defence Personnel. Training in functional areas has been standardised and decentralised to the Branch Training Centres. Training efforts are being further intensified by developing courses in new areas which were not covered hitherto. While designing the 1971-72 programmes, greater emphasis has been laid on development of staff-both officers and staff at all levels. About 300 workmen have been trained under the Workers' Education Scheme during the year under review.

EFFICIENCY RESEARCH :

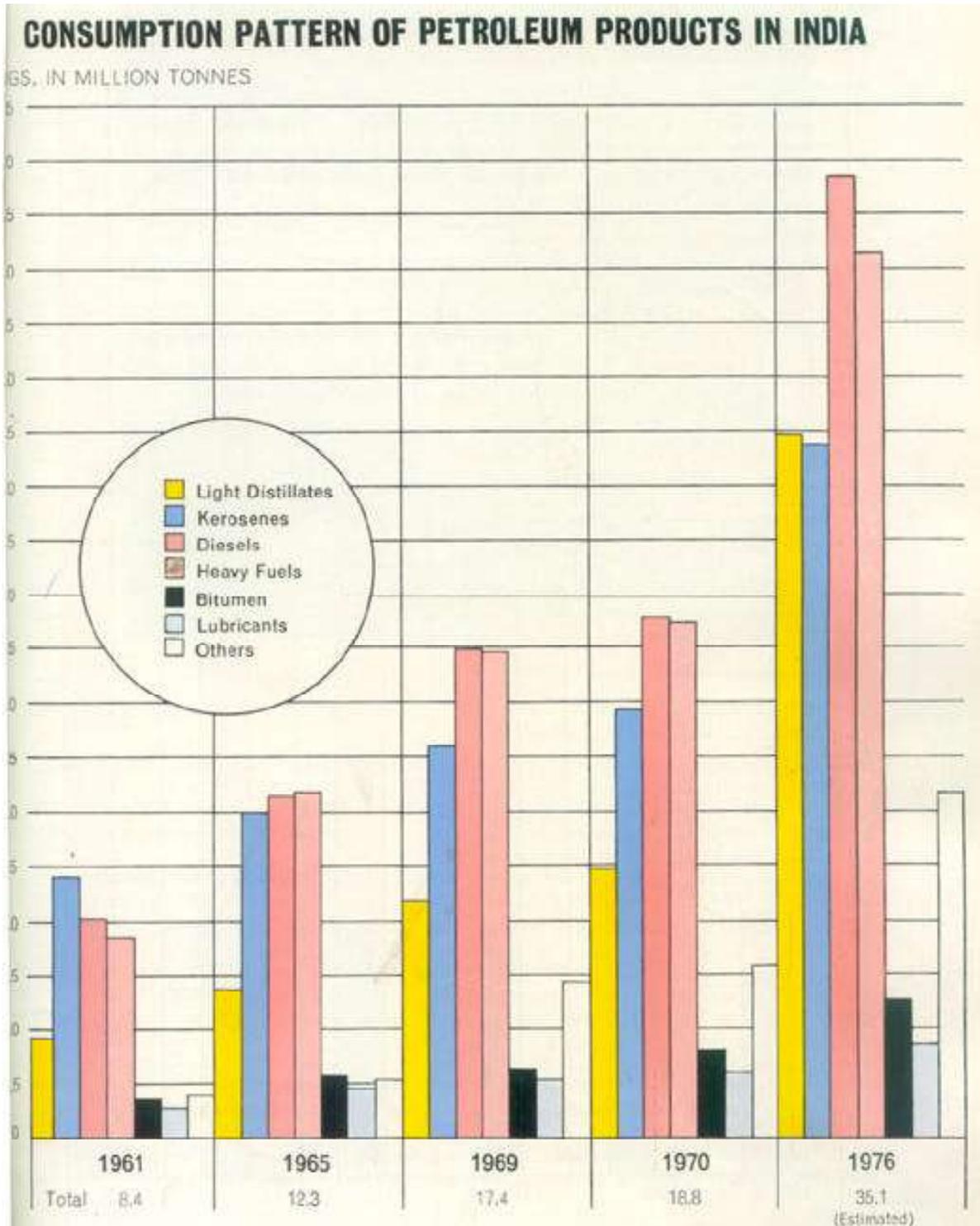
Efforts were continued to improve the productivity of the Corporation and the kilolitres handled per man per year reached 1,351 kls. in 1970-71 as compared to 1,243 kls. in 1969-70 and 686 Kls. in 1965-66. Cost Control Cells were engaged in the standardisation of all types of forms and a study was undertaken for developing norms for the retention period of records. Other studies undertaken include, Delegation of Powers, Norms for Manpower Requirements. Liquefied Petroleum Gas Operation at Koyali. The modernisations of systems that have been undertaken include a sound Management Information System based on an integrated coding scheme developed last year. A major breakthrough this year has been the use of Operations Research in the field of supply and distribution. A linear programme for coastal, rail and pipeline distribution was developed to reduce distribution costs and the incidence of under-recovery faced by the industry as a whole.

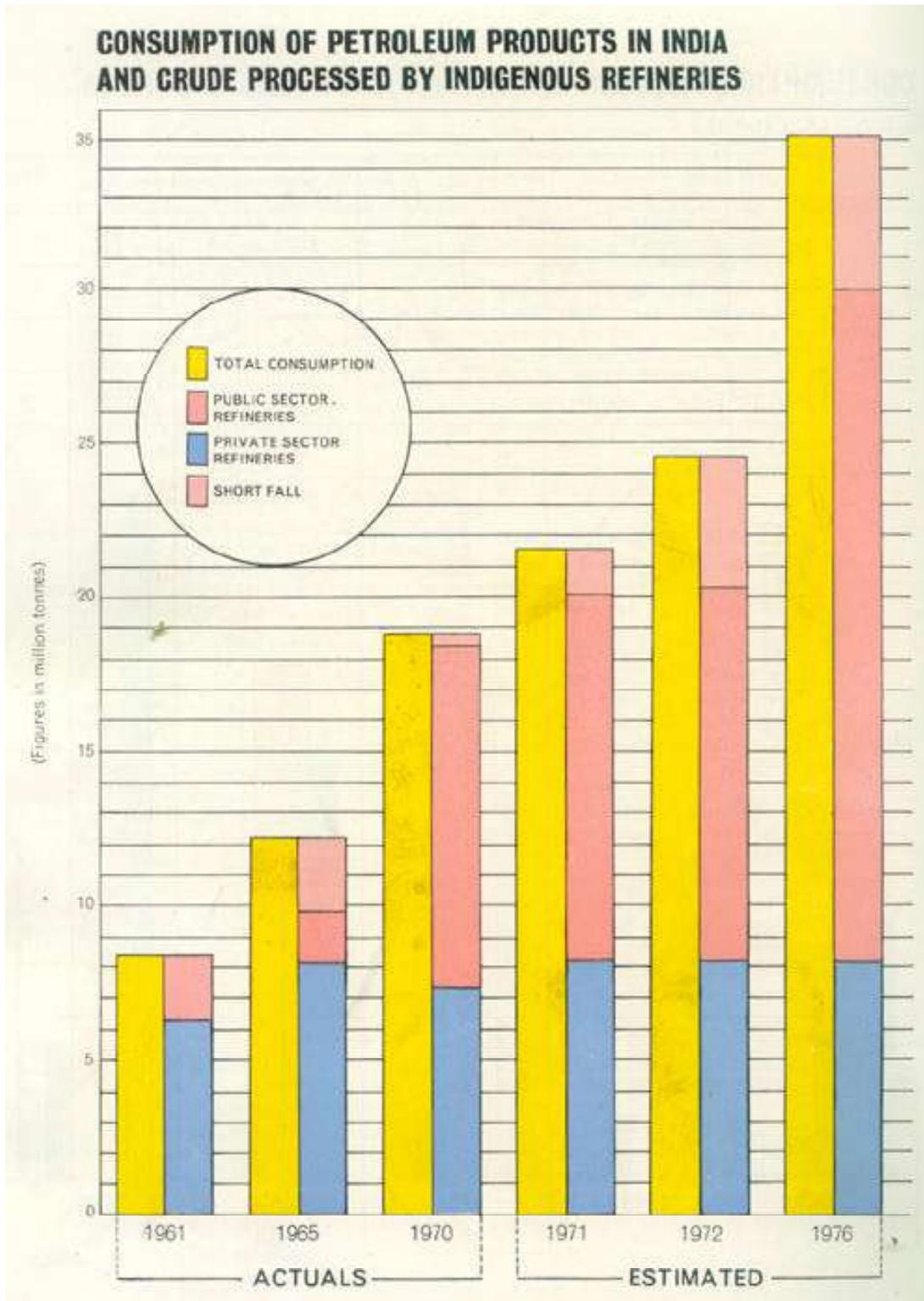
MATERIALS & INVENTORY CONTROL :

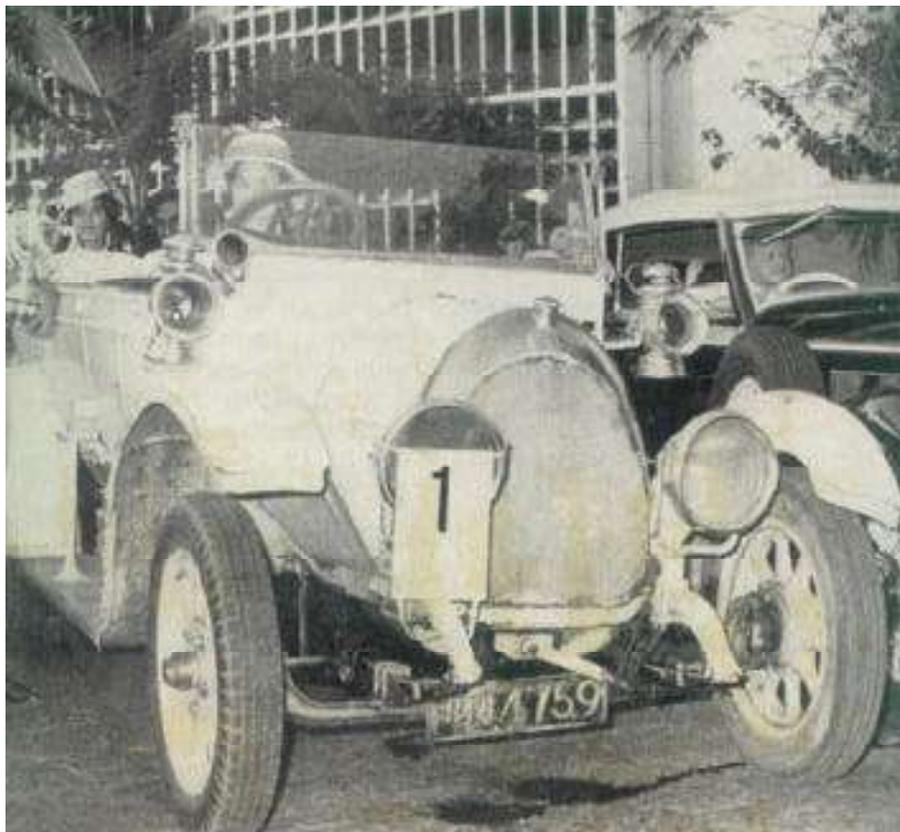
A comprehensive Manual dealing with Purchases, Inventory Control, Stores Accounting and a Materials Catalogue Codifying the materials with specifications are under preparation.

The Stores and Spares Inventory at the end of the year was substantially reduced, inspite of an increased turnover, by the introduction of proper Inventory Control techniques.









The 1909 Fiat car which won the Indianoil trophy for the oldest car to complete the course in the Statesman Vintage Car Rally, Bombay

INDIANOIL RESEARCH AND DEVELOPMENT CENTRE:

A research and Development Centre is being set up at Faridabad at an estimated cost of Rs. 250 lakhs. The Research and Development Laboratories will undertake the work of product development especially lubricants and will render technical services to the customers. The Development Laboratories, which will have a large engine evaluation laboratory equipped with all standard test engines and a large analytical laboratory equipped with the latest analytical instruments and a number of test rigs, will be fully operative by the beginning of 1974. The Research Centre will have about 320 personnel including 80 Research Scientists and Engineers by the end of 1974. A plot of land admeasuring 65 acres has already been

acquired for the Centre and it is proposed to construct a temporary structure and start the laboratory investigations at the Research Centre, as soon as possible.

PUBLIC RELATIONS :

Institutional press advertising highlighting our achievements in the field of aviation service was undertaken both in the national and international press. Giant refuellers for Boeing 747 designed by us were well exploited as an institutional theme. The Corporation participated in the 'New Horizon' exhibition at Delhi, sponsored by the Bureau of Public Enterprises. A graphic and visual effort was made to project the Corporation's achievements and its contribution to national economy. The Corporation also actively associated itself with major motoring events



in the country. Among these events were the Asian Car Rally sponsored by 'ECAFE' and the Government of India, Vintage car rally in Bombay and Calcutta, Jameshedpur-Ranchi Vintage Car Rally and Calcutta-Digha Motor Rally as well as Treasure Hunts in Bombay and Madras. During the formal inauguration of Lube Blending Plant, a ceremonial was organised in Madras. A PR film on the role of roads and truck services in India is now complete and will shortly be released on the national circuit of the Films Division. The Corporation has also embarked on a venture to scout historonic talents among its employees, beginning with a Marathi troupe in Bombay.

SOCIAL OBJECTIVES :

To contribute its mite to the naitonal objective of easing unemployment among educated youth, your Corporation has devised a scheme to grant dealerships and distributorship to unemployed graduates belonging to low income groups. Under this scheme, 69 Indane distributorships, 275 Retail Outlet dealerships and 86 kerosene dealerships have been awarded so far. Many more delaerships/distributorships are at various stages of finalisation.

The Corporation has also awared dealerships and distributorships to ex-servicemen to fulfil and nation's policy of rehabilitation of ex-servicemen.

During the year, your Corporation made contributions to various agencies either for relief or for development of worthy causes. The contributions included Rs. 5,00,000 to the Prime Minster's Relief Fund earmarked for refugees from Bangla Desh. Furthhermore, a total sum of Rs. 1,30,000 was donated or contributed to agencies like the workshop for the Blind, for relief of flood-affected villages in West Bengal and the Institute of Management.

INDIAN OIL BLENDING LIMITED :

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 two Lube Blending Plants at Trombay and Calcutta had a total throughput of 1,80,000 Kls as against 1,27,400 kls during the preceding year. The Grease Plants at Bombay had a throughput of 3,024 M/Tons, as

against 2,963 M/Tons during the previous year. The number of storage tanks rose to 30 in Bombay and 20 in calcutta raising capacity to 46,000Kls. A Warehouse at Bombay Plant for storing packed drums is nearing completion. Indian Oil Blending Limited declared a dividend of 20% on its paid up capital for the year ended 31st March 1971. From 1st April to 30th June 1971 this Company had Lube Production of 56,408 Litres and Grease Production of 1,115 Kgs.

INDO-BURMA PETROLEUM CO. LTD :

Indo-Burma Petroleum Company Limited became a subsidiary of the Indian Oil Corporation Limited on 12th January 1970 and presently 5,96,662 ordinary shares of the face value of Rs. 10 each are held by Indian Oil corporation Ltd. IBP achieved a record sales volume of 2,79,384 metric tonnes in 1970 and an increase of 37% over 1969 sales. The Company made a gross profit before depreciation of Rs. 65.66 lakhs as against Rs. 42.03 lakhs during 1969. The Company delcared an interim devidend of 60 pais per ordinary share and an additional final dividend of Rs. 1.10 per share during the year. The Corporation had a return of 8.8% on its investment of about Rs. 75 lakhs in IBP.

INDIAN OIL INTERNATIONAL LTD :

Indian Oil Internaitonal Limited, a wholly-owned subsidiary of Indian Oil Corporation Limited, which was registered on 24th October 1969 started its trading activities in Nepal effective from 1st November 1970.

BOARD OF DIRECTORS :

Apart from the four Executive Directors viz., Shri P.N. Kashyap, Chairman, Shri Kamaljit Singh, Managing Director (Marketing Divison), Shri C.R. Das Gupta, Managing Director (Refineries & Pipelines Divn.) and shri P.K. Rau, Finance Director, Shri M.V. Rajwade, Shri M.S. Pathak, Dri. S.K. Mukherjee, Shri N.C. Sen Gupta, Shri I.N. Dar and Shri S.K. Majumdar were appointed as Directors of the Corporation on 3rd October 1970, Shri Arun Roy bChoudhury was re-appointed as a Director of Corporation on 6th October 1970.



A dance number in a cultural programme staged by Indianoil Staff in Bombay

Miss M.L. Mary Naidu was appointed as a Director of Corporation on 6th October 1970. Miss M.L. Mary Naidu was appointed as a Director with effect from 16th October 1970. Shri S.M. Ghosh and Shri M. Ahmed were re-appointed on 21st November 1970. Shri S.M. Ghosh ceased to be Director with effect from 16th February 1971 and Shri M.D. Rajpal was appointed in his place with effect from 15th April, 1971. Similarly, Shri M. Ahmed ceased to be Director with effect from 3rd March 1971 and Shri S.K. Mallick was appointed in his place effective from 15th April 1971, Shri N.N. Kashyap relinquished the charge of Chairmanship on 31st August 1971 after noon and Shri M. Rama Brahmam was appointed in his place with effect from the same date, Shri M.V. Rajwade and Shri P.K. Rau ceased to be Directors on 21 August, 1971 and 13th September, 1971 respectively. Eleven meetings of the Board of Directors were held during the year and the average attendance was 72%.

Directives Received from the President of

India under Article 144 of the Articles of Association of the Corporation.

The following directives have been received from the President of India under Articles 144 of the Articles of Association of the Corporation :

- (i) The directive received under the Government of India, Ministry of Petroleum & Chemicals and Mines & Metals letter No. 27(2)/70-OR dated 22nd May 1970 requiring I.O.C. to conduct departmental enquiry against four officers of Barauni Refinery under our Conduct, Discipline and Appeal Rules.
- (ii) The directive received vide the Ministry of Petroleum & Chemicals & Mines & Metals letter No. 272(2)/70-OR dated 17th/20th July 1970 requiring us to conduct departmental enquiry againsts two other officers of Barauni



Refinery Under our Conduct, Discipline and Appeal Rules.

(iii) The directive received vide the Ministry of Petroleum & Mines & Metals letter No. 17/4/69-IOC dated 24th March 1971 directing reservation for Scheuled Castes and Scheduled Tribes in appintments in public enterprises and fixing percentage to the posts to be reserved for the Scheduled Castes/ Scheduled Tribes on direct recruitment and promotions as also laying down procedures for ensuring the compliance of the directives issued.

For and on behalf of the Board,

M. RAMA BRAHMAN
Chairman

Bombay

Dated 28th October, 1971





INDIANOIL BANQUETS THE EMPEROR!

To feed the fuel - hungry Emperor - India's first Jumbo (Capacity 1,80,000 litres of jet fuel) posed a challenge to Indiaoil.

Indianoil's Aviation Engineers successfully met it by designing **giant refuellers of 45,000 litre capacity** the biggest ever fabricated in India with indigenous components capable of delivering fuel at the rate of 4,500 litres per minute.

Indianoil, the nations largest oil refining & marketing organisation keeps pace with the latest technology in aviation as well as other industries

Balance Sheet as at 31st March, 1971

	Schedule	Rupees	Rupees	1970 Rupees
Funds Employed:				
1. Share Capital	'A'	71,17,72,000		71,17,72,000
2. Reserves and Surplus	'B'	49,75,86,210		38,97,24,202
3. Total Shareholders' Funds			1,20,93,58,210	1,10,14,96,202
4. Loans:				
(a) Secured	'C'	20,06,25,083		14,78,74,905
(b) Unsecured	'D'	50,56,46,729		60,46,64,889
			70,62,71,812	75,25,39,794
5. Total Funds Employed			1,91,56,30,022	1,85,40,35,996
Application of Funds:				
6. Fixed Assets:				
(a) Gross Block	'E'	1,82,97,49,689		1,73,13,59,448
(b) Less: Depreciation		45,08,35,518		34,35,40,822
		1,37,89,14,171		1,38,78,18,626
(c) Construction Work-in-Progress and Capital Goods in Stock	'F'	20,14,42,251		10,85,87,537
			1,58,03,56,422	1,49,64,06,163
7. Investments	'G'		1,12,19,104	1,10,48,292
8. Current Assets including Loans and Advances:				
(a) Interest accrued on investments		54,140		34,590
(b) Inventories	'H'	53,67,18,501		51,10,74,609
(c) Book Debts	'I'	32,69,47,902		39,09,08,361
(d) Cash Balances:				
Cash including Imprest and Cheques in hand		7,29,88,245		2,29,19,673
(e) Bank Balances:				
(i) With Scheduled Bank on Current Account		6,44,156		17,56,010
(ii) With Scheduled Banks on Fixed Deposit Accounts (including Rs. 6,50,083 lodged by outside parties-1970: Rs. 4,99,492)		6,74,799		11,50,342
		13,18,955		29,06,352
(f) Loans and Advances	'J'	21,31,44,100		11,91,28,810
		1,15,11,71,843		1,04,69,72,395
9. Less: Current Liabilities and Provisions	'K'	82,71,17,347		70,03,90,854
10. Net Current Assets: (Working Capital)-(8) minus (9)			32,40,54,496	34,65,81,541
TOTAL			1,91,56,30,022	1,85,40,35,996

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

As per our report attached
LOVELOCK & LEWES
S.B. BILLIMORIA & CO.
 RAY & RAY
 S.B. BILLIMORIA & CO.
 Chartered Accountants

Bombay, 7th, October, 1971

M. RAMA BRAHMAM
 Chairman

C.R. DAS GUPTA
 Managing Director

KAMALJIT SINGH
 Director

D.B. PURI
 Secretary



Profit and Loss Account for the Year Ended 31st March, 1971

	Rupees	Rupees	1970 Rupees
Income:			
1. (i) Sale of Products and Transfer under Product Exchange	7,22,60,47,298		6,36,17,44,604
(ii) Less: Commission & Discounts	<u>2,58,97,359</u>		<u>1,76,64,854</u>
	7,20,01,49,939		6,34,40,79,750
2. Company's use of own oil	<u>1,01,26,248</u>		<u>82,52,248</u>
		7,21,02,76,187	6,35,23,31,998
3. Other Income (Schedule 'L')		3,12,97,229	3,09,00,204
TOTAL INCOME		<u>7,24,15,73,416</u>	<u>6,38,32,32,202</u>
Expenditure:			
1. Purchase and Transfer under Product Exchange		1,87,41,74,497	1,80,53,86,860
2. Manufacturing, Administration, Selling and other Expenses (Schedule 'M')		1,68,47,46,813	1,35,91,97,620
3. Excise Duty		3,32,80,30,046	2,84,17,77,288
4. Depreciation and Amortisation		10,82,66,659	10,80,70,078
5. Interest:			
(i) On Government Loan for fixed period	3,04,57,461		3,60,62,529
(ii) On Foreign Credit for fixed period	61,91,086		55,94,377
(iii) Other	<u>1,66,97,560</u>		<u>75,61,633</u>
		5,33,46,107	4,92,18,539
TOTAL		7,04,85,64,122	6,16,36,50,385
6. Less: Expenses Capitalised		<u>1,02,18,883</u>	<u>50,87,975</u>
TOTAL EXPENDITURE		<u>7,03,83,45,239</u>	<u>6,15,85,62,410</u>
7. PROFIT		20,32,28,177	22,46,69,792
8. Balance brought forward from last yr's account		7,24,202	5,77,878
9. Less: Expenses relating to previous yrs (Net) (Schedule O)		<u>4,55,42,129</u>	<u>2,06,14,451</u>
10. Disposable Profit		<u>15,84,10,250</u>	<u>20,46,33,219</u>
Appropriations:			
11. Development Rebate Reserve		10,00,00,000	14,40,73,322
12. General Reserve		80,00,000	1,00,00,000
13. Proposed Dividends (Rs. 70 per share)		4,98,24,040	4,98,24,040
14. Income Tax for the prior years		—	8,910
15. Dividend for prior year (1966-67)		—	2,745
BALANCE CARRIED TO BALANCE SHEET		5,86,210	7,24,202
TOTAL		<u>5,84,10,250</u>	<u>20,46,33,219</u>

As per our report attached to the Balance Sheet

LOVELOCK & LEWES
S.B. BILLIMORIA & CO.

RAY & RAY
Chartered Accountants

Bombay, 7th, October, 1971

M. RAMA BRAHMAM
Chairman

C.R. DAS GUPTA
Managing Director

KAMALJIT SINGH
Director

D.B. PURI
Secretary



Schedule 'A'—Share Capital

	<u>Rupees</u>	1970 <u>Rupees</u>
<u>Share Capital</u>		
Authorised:		
8,50,000 Equity Shares of Rs. 1,000 each	85,00,00,000	85,00,00,000
Issued and subscribed:		
7,11,772 Equity Shares of Rs. 1,000 each fully paid (of the above 3,76,479 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)	<u>71,17,72,000</u>	<u>71,17,72,000</u>

Schedule 'B'-Reserves and Surplus

	<u>Rupees</u>	<u>Rupees</u>	1970 <u>Rupees</u>
<u>Reserves and Surplus:</u>			
General Reserve:			
As per last Account	8,90,00,000		7,90,00,000
Transferred from Profit and loss Account	<u>80,00,000</u>		<u>1,00,00,000</u>
		9,70,00,000	8,90,00,000
Development Rebate Reserve:			
As per last Account	30,00,00,000		15,59,26,678
Transferred from Profit and Loss Account	<u>10,00,00,000</u>		<u>14,40,73,322</u>
		40,00,00,000	30,00,00,000
Profit and Loss Account as per annexed Account	5,86,210		7,24,202
Total	<u>49,75,86,210</u>		<u>38,97,24,202</u>

Schedule 'C'-Secured Loans

	<u>Rupees</u>	<u>1970 Rupees</u>
<u>Secured Loans:</u>		
Loans and Advances from Bank:		
(i) Secured by hypothecation of inventories, book debts, out-standing monies, recoverable claims, contracts, engagements, etc.	20,05,99,598	14,78,74,905
(ii) Interest accrued and due on Loans	25,485	—
TOTAL	<u><u>20,06,25,083</u></u>	<u><u>14,78,74,905</u></u>

Schedule 'D'-Unsecured Loans

	<u>Rupees</u>	<u>1971 Rupees</u>
<u>Unsecured Loans:</u>		
Other Loans and Advances:		
(i) From the Government India (including Rs. 9,58,64,448-1971: Rs. 9,58,64,448 due for payment within one year)	44,14,66,617	53,73,31,066
(ii) Foreign Credit (including Rs. 1,64,07,365—1970: Rs. 1,76,36,559 due for payment within one year)	6,41,80,112	6,72,58,177
(iii) Interest accrued and due on loans	—	75,646
TOTAL	<u><u>50,56,46,729</u></u>	<u><u>60,46,64,889</u></u>

Schedule 'E' — Fixed Assets

	Gross Block as at 31st March, 1970 at cost	Additions during the year at cost	Transfers, Deductions and Reclassifications at cost
	Rupees	Rupees	Rupees
LAND: Freehold	3,53,69,282	37,13,522	(—) 3,94,674
Leasehold	19,61,702	8,14,633	(—) 16,933
Right of Way	30,06,245	2,94,195	—
Buildings, Roads, etc.	18,55,72,521	60,87,444	(+) 42,07,600
Plant and Machinery	1,29,18,82,345	6,00,59,355	(+) 1,36,84,643
Transport Equipment	4,31,58,856	48,03,372	(+) 3,77,791
Furniture and fixtures	2,56,40,043	28,72,300	(+) 5,91,617
Railway Siding	2,34,82,345	4,12,761	(+) 1,58,339
Drainage, Sewage and Water Supply System	12,10,92,023	8,46,477	(—) 1,34,528
Sundry Assets	1,94,086	12,821	(—) 494
Total	1,73,13,59,448	7,99,16,880	(+) 1,84,73,361
Previous year	(1,64,83,03,575)	(5,01,59,124)	(+) (3,28,96,749)

* Includes Rs. 10,91,537 in respect of previous years (1970: Rs. 14,33,549).

Schedule 'E' — Fixed Assets Contd...

Gross Block as at 31st March, 1971 at cost	Depreciation and Amortisation provided during the year	Total Depreciation and Amortisation upto 31st March, 1971	Net Depreciated Block as at 31st March, 1971	1970
<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
3,86,88,130	—	—	3,86,88,130	3,53,69,282
27,59,402	87,492	4,84,411	22,74,991	15,61,511
33,00,440	—	—	33,00,440	30,06,245
19,58,67,565	59,13,526	2,62,40,766	16,96,26,799	16,51,97,565
1,36,56,26,343	8,80,21,939	35,99,08,875	1,00,57,17,468	1,01,89,81,832
4,83,40,019	60,51,105	2,20,94,575	2,62,45,444	2,61,75,883
2,91,03,960	31,45,357	95,76,396	1,95,27,564	1,91,51,348
2,40,53,445	12,14,490	47,41,611	1,93,11,834	1,99,55,385
12,18,03,972	48,94,520	2,76,23,473	9,41,80,499	9,83,61,422
2,06,413	29,768	1,65,411	41,002	58,153
1,82,97,49,689	10,93,58,197*	45,08,35,518	1,37,89,14,171	1,38,78,18,626
(1,73,13,59,448)	(10,95,03,627)*	(34,35,40,822)	(1,38,78,18,626)	

Schedule 'F'-Construction Work-in-progress and capital Goods in stock

	<u>Rupees</u>	<u>Rupees</u>	<u>1970</u> <u>Rupees</u>
<u>Construction work-in-progress and capital goods In Stock:</u>			
1. Work-in-Progress (at cost) (including unallocated capital expenditure and materials at site).	12,83,38,129		8,89,98,491
2. Goods in Stores (at Cost) including Rs. 14,37,010 laying with Contractors (1970: Rs. 88,711)	4,84,80,557		1,14,72,346
3. Goods in transit (at cost)	79,61,149		9,40,022
4. Construction period expenses pending allocation:			
Balance as at 1st April, 1970	71,76,678		68,28,643
Add: Expenditure during the year:			
Establishment Charges	16,36,008		18,75,384
Interest	51,36,591		15,97,332
Depreciation	14,66,484		63,179
Other	20,48,736		9,40,447
	<u>1,74,64,497</u>		<u>1,13,04,985</u>
Less: Recoveries	<u>2,44,073</u>		<u>74,454</u>
	<u>1,72,20,424</u>		<u>1,12,30,531</u>
Less: Allocated to assets during the year	<u>5,58,008</u>		<u>40,53,853</u>
		1,66,62,416	71,76,678
TOTAL	<u><u>20,14,42,251</u></u>		<u><u>10,85,87,537</u></u>

Schedule 'G'-Investments

	Rupees	Rupees	1970 Rupees
<u>Investment: (at cost)</u>			
A. Unquoted:			
1. In Government Securities (deposited with various bodies)		4,36,555	4,01,547
2. Trade Investments:			
(i) Indian Oil Blending Ltd.(a body corporate in the same group) - 4000 Equity Shares of Rs. 500 each fully paid in cash	20,00,000		20,00,000
(ii) International Co-operative Petroleum Association- 314 Shares of \$ 100 each fully paid	<u>1,81,853</u>		<u>1,81,853</u>
		21,81,853	<u>21,81,853</u>
3. Other Investments:			
Consumers' Co-operative Society:			
(i) Barauni-250 Equity Shares of Rs. 10 each fully paid in cash	2,500		2,500
(ii) Gauhati-250 Equity Shares of Rs. 10 each fully paid in cash	2,500		2,500
(iii) Indian Oil Employees Consumers' Co-operative Society Limited-170 Equity Shares of Rs.10 each fully paid in cash acquired during the year	1,700		—
(iv) Indian Oil Employees Co-operative Consumers' Stores Limited - 164 Equity Shares of Rs. 10 each fully paid in cash acquired during the year	<u>1,640</u>		<u>—</u>
		8,340	5,000
4. Investments by Outside Parties:			
Security Deposits per contra		9,63,104	10,46,415
B. Investments in Subsidiaries:			
(i) Indian Oil International Limited (Unquoted) 100 Equity Shares of Rs. 1,000 each fully paid in cash.	1,00,000		1,00,000
(ii) Indo-Bruma Petroleum Company Limited (Quoted) 5,96,662 Equity Shares of Rs. 10 each fully paid in cash — (Including 17262 Shares acquired during the year Rs. 2,15,775) (Market value Rs. 85,02,433—1970:) Rs. 74,45,290)	<u>75,29,252</u>		<u>73,13,477</u>
		76,29,252	<u>74,13,477</u>
TOTAL		<u>1,12,19,104</u>	<u>1,10,48,292</u>

Schedule 'H'-Inventories

	Rupees	Rupees	1970 Rupees
Inventories:			
1. Stores, Spares, etc.:			
(a) Stores and Spare (at or under cost)	12,86,59,985		9,84,46,982
(b) Loose Tools	1,96,793		2,08,239
(c) Stores in transit (at cost)	93,47,836		1,18,29,678
		13,82,04,614	11,04,84,899
2. Raw Materials (at cost)		6,48,93,773	6,32,26,800
3. Stock-in-Trade:			
(a) Oil Stocks (at cost or net realisable value whichever is lower)	31,42,89,486*		31,70,05,340*
(b) Stock in Process (at or under cost)	1,41,61,312		1,166,86,714
		32,84,50,798	33,36,92,054
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)		51,69,316	36,70,856
TOTAL		53,67,18,501	51,10,74,609

* Includes stock lying with other oil companies on loan Rs. 3,39,22,315 (1970: Rs. 2,83,30,072)

Schedule 'I' - Book Debts

	Rupees	Rupees	1970 Rupees
Book Debts:			
1. Over six months:			
(a) Secured Considered Good	10,51,103		16,14,122
(b) Unsecured Considered Good	7,69,47,551		9,78,73,591
(c) Unsecured Considered Doubtful	86,02,283		60,79,477
		8,66,00,937	10,55,67,190
2. Less than six months:			
(a) Secured Considered Good	29,49,215		39,66,814
(b) Unsecured Considered Good	24,65,00,033		28,74,53,834
(c) Unsecured Considered Doubtful	1,94,208		66,097
		24,91,43,456	29,14,86,745
		33,57,44,393	39,70,53,935
Less: Provision for Doubtful Debts		87,96,491	61,45,574
TOTAL		32,69,47,902	39,09,08,361

1. Debts due by Private Companies in which Directors are interested as Directors Rs. 2,00,61,191—(1970: Rs. 95,41,933).

2. Debts due from companies under the same Management-Schedule 'P'

Schedule 'J' —Loans and Advances

	Rupees	Rupees	1970 Rupees
Loans and Advances			
1. Advances Recoverable in cash or in kind or for value to be received:			
(a) Secured Considered Good	1,29,12,462*		65,89,213*
(b) Unsecured Considered Good	12,32,34,847*		2,78,76,232
(c) Unsecured Considered Doubtful	<u>3,83,516</u>		<u>1,16,213</u>
	13,65,30,825		3,45,81,658
(d) Less: provision for Doubtful Advances	3,83,516		<u>1,16,213</u>
		13,61,47,309	3,44,65,445
2. Claims Recoverable:			
(a) Unsecured Considered Good	2,78,00,986		2,00,08,281
(b) Unsecured Considered Doubtful	<u>24,00,085</u>		<u>16,46,644</u>
	3,02,01,071		2,16,54,925
(c) Less: Provision for Doubtful Claims	<u>24,00,085</u>		<u>16,46,644</u>
		2,78,00,986	2,00,08,281
3. Materials on Loan:			
(a) Secured Considered Good	25,617		—
(b) Unsecured Considered Good	20,15,282		22,20,293
(c) Unsecured Considered Doubtful	<u>9,622</u>		<u>26,491</u>
	20,50,521		22,46,784
(d) Less: Provision for Doubtful Loans	<u>9,622</u>		<u>26,491</u>
		20,40,899	22,20,293
4. Balances with Customs, Port Trust and Excise Authorities		2,36,04,889	3,50,01,763
5. Sundry Deposits-Unsecured Considered Good including amount adjustable on receipt of final bills		<u>2,35,50,017</u>	2,74,33,028
TOTAL		<u><u>21,31,44,100</u></u>	<u><u>11,91,28,810</u></u>

* Includes: Rs. 73,590 (1970: Rs. Nil) due from Directors (Maximum Rs., 73,902-1970: Rs. Nil) and Rs. 20,840 (1970: Rs. 5,335) from an Officer (Maximum Rs. 22,000-1970: Rs. 5,796). Advances due from Companies under the same Management-Schedule 'Q'.

Schedule 'K' —Current Liabilities and Provisions

	Rupees	Rupees	1970 Rupees
A. Current Liabilities:			
1. Acceptances	4,74,25,164		7,54,86,573
2. Sundry Creditors	62,23,78,419		48,50,27,278
3. Security Deposits (including Rs. 6,50,083 deposit with the Bank as per contra-1970: Rs.4,99,492 and investment lodged by outside parties as per contra Rs. 9,63,104-1970: Rs. 10,46,415)	7,23,00,673		6,20,07,356
4. Interest accrued but not due on loans	<u>1,22,80,877</u>		<u>1,25,30,066</u>
		75,43,85,133	63,50,51,273
Provisions:			
5. Provision for Taxation	1,84,08,689		1,10,16,056
6. Provision for Renewal of Catalyst	44,99,485		44,99,485
7. Proposed Dividend	<u>4,98,24,040</u>		<u>4,98,24,040</u>
		7,27,32,214	6,53,39,581
TOTAL		<u>82,71,17,347</u>	<u>70,03,90,854</u>

Schedule 'L' —Other Income

	Rupees	Rupees	1970 Rupees
Other Income:			
1. Sale of Power and water		45,88,227	56,07,409
2. Exchange Fluctuations		—	49,254
3. Interest on Advances (Gross-Tax deducted at source Rs. Nil 1970: Rs. 10,303)		9,22,804	5,67,135
4. Profit on Sale and disposal of Assets		2,99,287	2,79,007
5. Income from Investments		19,735	13,206
6. Dividends Received (Trade Investments) Gross (Including tax deducted at source Rs. 2,65,209—1970: Rs. 43,674)	12,12,471		4,07,019
Less: Withheld U.S. Tax	<u>2,093</u>		<u>2,106</u>
		12,10,378	4,04,913
7. Miscellaneous Income		2,34,33,216	2,39,69,700
8. Provision for doubtful debts and Advances written back		<u>8,23,582</u>	<u>9,580</u>
TOTAL		<u>3,12,97,229</u>	<u>3,09,00,204</u>

Schedule 'M'-manufacturing, Administration, Selling and Other Expenses

	Rupees	Rupees	1970 Rupees
<u>Manufacturing, Administration, Selling and Other Expenses:</u>			
1. Raw materials consumed:			
Opening balance as on 1st April, 1971	6,32,26,800		5,23,91,955
Add: Purchases	<u>96,51,20,831</u>		<u>78,35,83,650</u>
	1,02,83,47,631		83,59,75,605
Less: Closing Stock	<u>6,48,93,773</u>		<u>6,32,26,800</u>
		96,34,53,858	77,27,48,805
2. Consumption			
(i) Stores and Spares	2,10,49,687		1,80,98,806
(ii) Other Packages	<u>6,67,06,151</u>		<u>4,41,92,467</u>
		8,77,55,838	6,22,91,273
3. Power and Fuel	3,89,51,080		3,84,80,852
Less: Fuel of own production	<u>3,65,58,638</u>		<u>3,67,64,195</u>
		23,92,442	17,16,657
4. Blending fees, Royalty and other charges		1,27,74,564	1,09,80,508
5. Provision for renewal of Catalyst		—	4,92,460
6. Repairs and Maintenance:			
(a) Plant and Machinery	1,72,14,194		1,38,40,422
(b) Buildings	31,60,751		23,68,659
(c) Other	<u>83,35,048</u>		<u>80,51,243</u>
		2,87,09,993	2,42,60,324
7. Freight and Transportation charges		33,54,36,014	33,68,19,442
8. Payment to and Provision for Employees:			
(a) Salaries, wages and Bonus	12,62,09,531		10,17,78,182
(b) Contribution to Provident and other Funds	72,42,108		56,93,307
(c) Staff Welfare Expenses	75,34,545		48,06,740
(d) Provision for Gratuity	74,35,828		45,79,191
(e) Gratuity and Ex-Gratia	<u>1,79,699</u>		1,00,457
		14,86,01,711	11,69,57,877
9. Office Administration, selling and other Expenses (Schedule 'N')		10,83,05,157	9,58,29,569
10. Less: Increase in Stocks:			
Closing Stock as on 31st March, 1971:			
Finished Products	31,42,89,486		31,70,05,340
Stock in Process	<u>1,41,61,312</u>		<u>1,66,86,714</u>
	32,84,50,798		33,36,92,054
Less: Opening Stock as on 1st April, 1970:			
Finished Products	31,70,05,340		23,93,63,524
Adjustment in respect of previous year	(—) 79,24,020		1,33,60,786
Stock in process	<u>1,66,86,714</u>		<u>1,80,68,449</u>
	32,57,68,034		27,07,92,759
		(—) 26,82,764	(—) 6,28,99,295
TOTAL		<u>1,68,47,46,813</u>	<u>1,35,91,97,620</u>



Schedule 'N'- Office Administration, Selling and Other Expenses

	Rupees	Rupees	1970 Rupees
Office Administration, Selling and Other Expenses:			
1. Rent		1,44,15,875	1,55,82,808
2. Insurance		45,37,750	40,91,544
3. Rates and Taxes		2,73,60,509	1,89,87,381
4. Donations		1,29,955	89,235
5. Directors' Fees		2,800	4,700
6. Payments to Auditors:			
(a) Audit Fees	1,80,000		1,80,000
(b) Other Services	26,934		22,287
(c) Out of Pocket Expenses	<u>80,036</u>		<u>49,360</u>
		2,86,970	2,51,647
7. Office Administration, Selling and Other expenses		5,44,90,738	4,86,84,825
8. Bad Debts, Advances and Insurance claims written off		12,87,062	13,42,563
9. Loss on Assets sold, lost or written off		11,21,468	24,60,774
10. Loss on Assets due to fire		563	5,89,171
11. Exchange Fluctuations		1,93,095	—
12. Provision for Doubtful Debts, Advances and Claims		<u>44,78,372</u>	<u>37,44,921</u>
TOTAL		<u>10,83,05,157</u>	<u>9,58,29,569</u>

Schedule 'O' - Expenses/Income Pertaining to previous Years

	Rupees	1970 Rupees
Expenditure:		
Raw Materials consumed-purchases	3,59,73,851	(—) 5,66,365
Purchases and Transfer under Product Exchange	(—) 14,96,289	24,35,321
Consumption of Stores and Spare Parts	2,35,195	1,14,025
Blending Fees, Royalty and other charges	—	(—) 1,11,098
Repairs and Maintenance	(—) 63,073	4,62,491
Freight and Transportation charges	13,11,046	19,67,527
Salaries, Wages, Bonus, etc.	29,97,530	25,40,835
Rent, Rates and Taxes	47,85,183	82,35,222
Insurance	56,853	99,512
Excise Duty	7,68,929	15,15,954
Depreciation	10,91,537	14,33,549
Power and Fuel	7,916	6,632
Loss on Assets Sold or lost and other write-off	2,48,190	6,485
Office Administration, Selling and other expenses	16,96,686	19,84,761
Interest	<u>(—) 6,10,275</u>	<u>8,35,378</u>
Income :	<u>4,70,03,279</u>	<u>2,09,60,229</u>
Sale of Products and transfers under Product Exchange	(—) 6,27,021	(—) 22,88,604
Commission and Discount	(—) 74,907	1,65,993
Interest on Advances	35,955	8,45,903
Income form Investments	6,003	9,994
Miscellaneous Income	<u>19,71,306</u>	<u>16,12,492</u>
	<u>14,61,150</u>	<u>3,45,778</u>
NET EXPENSES	<u>4,55,42,129</u>	<u>2,06,14,451</u>



Schedule 'P'-Debts Due From Companies Under The Same Management

<u>Name of the Company</u>	<u>Rupees</u>	<u>1970</u> <u>Rupees</u>
Ashoka Hotels Limited	5,910	20,231
Bharat Aluminium Company Limited	484	--
Bharat Earth Movers Limited	1,85,585	96,446
Bharat Electronics Limited	80,973	37,525
Bharat Heavy Electricals Limited	1,57,732	1,63,387
Bharat Heavy Plates and Vessels Limited	35,994	1,029
Bokaro Steel Limited	3,37,998	1,87,292
Cement Corporation of India Limited	4,957	603
Central Inland Water Transport Corporation Limited	11,900	20,155
Central Road Transport Corporation Limited	1,34,158	2,66,841
Cochin Refineries Limited	35,151	7,404
Electronics Corporation of India Limited	--	128
Engineers India Limited	1,19,181	6,478
Fertilizer Corporation of India Limited	13,66,127	25,00,705
Fertilizer & Chemicals, Travancore Limited	4,14,629	3,71,608
Garden Reach Workshop Limited	66,183	76,230
Goa Shipyard Limited	368	--
Haryana Agro Industries Corporation Limited	--	2,548
Heavy Electricals (India) Limited	1,99,999	62,561
Heavy Engineering Corporation Limited	1,38,767	6,36,951
Hindustan Aeronautics Limited	20,32,787	19,10,040
Hindustan Antibiotics Limited	2,73,502	2,90,500
Hindustan Cables Limited	84,386	65,855
Hindustan Copper Limited	61,568	94,552
Hindustan Housing Factory Limited	--	3,072
Hindustan Insecticides Limited	1,36,518	7,879
Hindustal Latex Limited	--	8,895
Hindustan Machine Tools Limited	6,17,762	3,94,354
Hindustan Organic Chemicals Limited	420	1
Hindustan Photo Films Manufacturing Company Limited	18,204	2,404
Hindustan Shipyard Limited	34,505	3,01,635
Hindustan Steel Limited	55,39,122	45,31,309
Hindustan Steel Works Construction Limited	90,353	2,45,510
Hindustan Teleprinters Limited	12,577	11,032
Hindustan Zinc Limited	1,07,275	1,39,235
Indo-Burma Petroleum Company Limited (A Subsidiary)	43,99,253	80,85,507
Indian Drugs & Pharmaceuticals Limited	12,94,589	7,38,208
Indian Oil International Limited (A Subsidiary)	17,39,090	--
Indian Petro-Chemicals Corporation Limited	1,93,002	60,676
Indian Rare Earths Limited	87,579	81,282
Indian Telephone Industries Limited	1,79,814	69,254
Indian Tourism Development Corporation Limited	10,295	10,428
Instrumentation Limited	614	142
Lubizol India Limited	78,204	37,652
Machine Tool Corporation of India Limited	1,217	--
Madras Fertilizers Limited	3,62,414	4,735
Carried forward	<u>2,06,51,146</u>	<u>2,15,52,279</u>



Schedule 'P'-Debts Due From Companies Under The Same Management *Contd....*

<u>Name of the Company</u>	<u>Rupees</u>	<u>1970 Rupees</u>
Brought forward	2,06,51,146	2,15,52,279
Madras Refineries Limited	89,603	11,794
Maharashtra Agro-Industries Development Corporation Limited	848	--
Manganese Ore (India) Limited	11,315	29,066
Mining & Allied Machinery Corporation Limited	2,23,603	2,92,888
Mazagon Dock Limited	3,62,712	2,76,054
Modern Bakeries (India) Limited	60,557	43,305
Mogul line Limited	5,20,524	5,97,254
Minerals & Metals Trading Corporation Limited	8,846	1,684
Nahan Foundry Limited	21	--
National Building Construction Corporation Limited	2,937	5,333
National Coal Development Corporation Limited	32,53,015	27,72,879
National Instruments Limited	--	390
National Mineral Development Corporation Limited	7,95,291	5,88,718
National Newsprint and Paper Mills Limited	1,58,715	1,18,753
National Projects Construction Corporation Limited	51,623	1,25,228
Neyveli Lignite Corporation Limited	7,54,657	3,04,999
Praga Tools Limited	1,21,259	1,02,659
Punjab Agro Industries Corporation Limited	43,291	351
Pyrites Phosphates & Chemicals Limited	17,564	53,614
Sambhar Salts Limited	363	6,320
Shipping Corporation of India Limited	33,56,385	39,79,382
Singareni Collieries Company Limited	3,05,309	--
State Trading Corporation of India Limited	1,29,930	2,59,860
Triveni Structurals Limited	7,660	4,107
Tungabhadra Steel Products Limited	8,256	3,830
U. P. State Agro Industrial Corporation Ltd.	456	--
TOTAL	<u>3,09,35,886</u>	<u>3,11,30,747</u>

Schedule 'Q'-Advances Due From Companies Under The Same Management

<u>Name of the Company</u>	Maximum amount during the year		1970 Maximum amount	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Bharat Electronics Limited	7,580	7,580	--	7,567
Bharat Heavy Electricals Limited	1,03,37,100	1,03,48,348	34,45,700	35,49,471
Central Inland Water Transport Corporation Limited	--	35,000	35000	39,500
Central Road Transport Corporation Limited	--	67,000	--	--
Engineers India Limited	62,049	6,86,226	6,86,226	59,33,316
Fertilizer Corporation of India Limited	60,838	3,42,107	1,94,024	2,84,705
Heavy Electricals (India) Limited	59,680	59,680	--	--
Hindustan Cables Limited	13,388	25,748	17,705	17,705
Hindustan Antibiotics Limited	--	1,113	1,113	11,687
Hindustan Machine Tools Limited	--	6,550	72	6,550
Hindustan Steel Limited	19,24,498	65,02,075	4,57,274	22,41,546
Hindustan Teleprinters Limited	--	2,376	2,376	2,376
Hindustan Organic Chemicals Limited	--	247	247	247
Indian Drugs & Pharmaceuticals Limited	--	--	--	16
Indian Oil International Limited (A Subsidiary)	90	85,621	85,621	85,621
Indian Rare Earths Limited	57	13,466	8,596	12,894
Indian Telephone Industries Limited	2,20,891	2,35,508	84,384	1,17,068
Indo-Burma Petroleum Company Limited (A Subsidiary)	761	761	--	--
Instrumentation Limited	60	1,466	--	--
Minerals & Metals Trading Corporation of India Limited	20,27,446	4,33,38,995	8,07,823	38,22,000
Madras Refineries Limited	97,133	1,23,475	1,22,540	9,33,896
State Trading Corporation of India Limited	--	--	--	2,003
Shipping Corporation of India Limited	1,05,719	1,23,976	45,464	45,464
TOTAL	<u>1,49,17,290</u>	<u>1,23,976</u>	<u>59,94,165</u>	<u>45,464</u>

INDIAN OIL CORPORATION LIMITED

SCHEDULE 'R'—NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1971

Contingent Liabilities not provided for:

- (i) Claims against the Corporation not acknowledged as debts Rs. 2,211.72 lakhs (1970: Rs. 2,080.51 lakhs) including Rs. 890.61 lakhs (1970: Rs. 1,042.46 lakhs) for which suits have been filed in courts or cases lying with arbitrators. Interest on some of the claims, if any, is unascertainable.
- These include inter alia:
- (a) Rs. 892 lakhs (1970: Rs. 740.17 lakhs) 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. 565.25 lakhs (1970: Rs. 565.25 lakhs) being the compensation claimed by Owners of Coal Mines through which a Pipeline has been laid on the grounds that mining of coal underneath the Pipeline will not be possible.
- (ii) Against a claim by a Contractor on the Corporation, an Award has been given by the Umpire for Rs. 48.53 lakhs (1970: Rs. 48.53 lakhs) plus interest in favour of the Contractor. No liability has been provided for the amount awarded as the Corporation has not accepted the Award and on a petition by the Corporation the court has set aside the award. An appeal by the party is pending in the High Court.
- (iii) The Corporation has given guarantees and counter guarantees to banks and others in respect of advances made by the Banks to Indian Oil Blending Limited for maximum amount of Rs. 37 lakhs (1970: Rs. 37 lakhs). As at 31st March, 1971 the amount drawn by Indian Oil Blending Limited for which the Corporation could be liable was Rs. 13.84 lakhs (1970: Rs. 9.93 lakhs).
- (iv) The Corporation has given guarantees to Collector of Customs and Central Excise for Rs. 776.52 lakhs (1970: Rs. 778.25 lakhs) in connection with execution of Customs and Excise Bonds on behalf of other Oil Companies.
- (v) Bills discounted with the Bank Rs. 108.55 lakhs (1970: Rs. 34.82 lakhs).
- (vi) Income Tax liability, if any, in respect of foreign principals.
- (vii) Purchase Tax has been introduced in the State of Kerala with effect from 1-4-1970 by amending Kerala General Sales Tax Act, 1963. Government of Kerala has asked the Corporation to file a revised return. Based on the legal opinion, the Corporation does not accept the liability (Estimated at Rs. 301.36 lakhs 1970: Rs. Nil) and accordingly no provision has been made in the Accounts.
- (viii) The Central Excise Authorities have made certain demands on account of excise duty on Pipeline operational losses in excess of guideline limits prescribed by them. The demands are contested by the Corporation and pending finalisation of the dispute no liability has been taken into account for any additional Excise Duty which may be payable.
2. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 2,758.71 lakhs (1970: Rs. 3,293.12 lakhs).
3. (a) (i) Freehold land includes Rs. 48.41 lakhs being cost of land acquired for which finalisation of conveyance deeds is pending (1970: Rs. 26.01 lakhs).
- (ii) Title deeds or lease agreements in respect of certain lands of the Corporation of the approximate value of Rs. 24.93 lakhs are not available (1970: Rs. 6.95 lakhs).
- (b) Certain Depots and Installations have been built on Government and other lands not belonging to the Corporation in respect of which formal agreements are awaited.
- (c) Pending finalisation of compensation amount, for land acquired for Gauhati and Barauni Refineries, no provision has been made in respect of Gauhati Refinery and in respect of Barauni Refinery provision has been made in the Accounts for amounts payable to Bihar State Government as intimated by them.
- (d) Arrangements for participation of State Government of Assam and Bihar in the equity capital as consideration for land given, and documents of transfer in respect of:
- (i) Land for the three Refineries, and
- (ii) Land and Buildings acquired at Hathidah which were sold to another Company during the previous year, have not been



- completed so far. Further pending final settlement, amounts recoverable from the Assam Government towards cost of land development and expenses incurred on approach roads have not been taken credit for in the Accounts.
- (e) Claims for additional compensation have been filed by the erstwhile land owners in Gujarat which have been adjudicated in their favour for land acquired for the Gujarat Refinery. Against these claims, a deposit of Rs. 24.36 lakhs (1970: Rs. 24.36 lakhs) was made with the Court. A portion of this land has since been retransferred to the Government of Gujarat in respect of which the Refinery has received from the Government a sum of Rs. 5.99 lakhs as their share of deposit of Rs. 24.36 lakhs deposited by the Corporation with the Civil Court. Appeals were filed by the Corporation with the High Court but most of these appeals have been decided in favour of land owners. No provision has been made for costs, interest, etc., if any, payable as per the Court's order in the absence of copies of judgement orders which are yet to be received by the Corporation.
 - (f) Land for Haldia Refinery Project has been taken on lease from the Calcutta Port Commissioners. Lease deeds have not been executed.
 - (g) Expenditure on Railway Sidings has been booked on the basis of estimates given by the Railway authorities pending receipt of final bills.
 - (h) Terms and conditions of the working of the Exchange Yards have not yet been decided by the Railway authorities and pending finalisation, payments have been made on provisional basis.
 - (i) Rental for Rail-bridges on Haldia-Barauni-Kanpur Pipelines has been provided on the basis of Capital Cost advised by the Railways and in certain cases on an adhoc basis pending finalisation of agreement with the Railway Board.
4. No account has been taken for Income Tax liability on profit of foreign contractors to be reimbursed to them by the Corporation, as the amount of their tax liability is not ascertainable. The Corporation has, however, made an advance of Rs. 5 lakhs (1970: Rs. 5 lakhs) to the Contractors for payment of advance Income Tax.
 5. Customs Duty has been paid on an ad-hoc basis for the Barauni and the Gujarat Refineries. Con-sequential adjustments, if any, shall be made in the Accounts on final assessment.
 6. Representation has been made to the Government of Bihar for exemption of payment of Electricity Duty under Bihar Electricity Duty Act, 1948 for a further period of 5 years with effect from the middle of July 1969 for power consumed for production. The State Government has not agreed to Corporation's request. The matter has now been taken up again through the Government of India. Pending disposal of representation no provision has been made, for the same.
 7. The Corporation has claimed a sum of Rs. 31 lakhs (1970: Rs. 31 lakhs) from Oil and Natural Gas Commission on account of high vapour pressure of crude oil supplied to Gujarat Refinery. This has been disputed by ONGC and the matter referred to Arbitration. As such, no credit thereof has been taken in the Accounts.
 8. The credit for Residual Fuel Oil supplied to Gujarat State Electricity Board has been taken in the Accounts at the rate at which payment is being made by the Board. 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 of the Government of India.
 9. A sum of Rs. 32.71 lakhs has been claimed by the Corporation from Owners of a Shipping Company for liquidated damages for non-performance of certain contracts in the previous year. As the dispute is referred to the arbitration no account is taken of this amount claimed from the Shipping Company pending the decision of the Arbitrators.
 10. Included in the Sundry Debtors is an amount of Rs. 30.53 lakhs (1970: Rs. 30.53 lakhs) due from a Company for which the Corporation has filed a suit in the Bombay High Court for recovery. The amount is fully recoverable and is shown as such in the Accounts.
 11. Current Assets include a sum of Rs. 5.32 lakhs (1970: Rs. 5.38 lakhs) representing value of certain items of materials, the particulars and details of which are not available. The matter is under examination.
 12. (a) Included among Stores at the Refineries and Pipelines are many items which are non-moving/slow moving. These include large quantities of materials returned to Stores, after completion of the Projects which are awaiting disposal. Realisable value of these items is not ascertainable.
 - (b) The Stores and Spare Parts at Gujarat Refinery and HBK Pipelines were under the process of codification and physical re-



- arrangement. The inventory has been included in the Balance Sheet on the basis of priced stores ledger balances.
13. Closing Stock includes stocks of tin plates of the value of Rs. 1.34 lakhs (1970: Rs. 1.34 lakhs) lying with a contractor who contends that no stock is lying with him.
 14. Included in the amount of Rs. 1,29,12,462 shown under Advances recoverable is an amount of Rs. 58,749 representing expenditure of Shri N. S. Rao's Inquiry into one aspect of the Haldia-Barauni Pipeline. However letter No. 28(12)/68-OR dated 10-9-71 received from the Government of India indicates that the amount was to be borne by the Corporation. The matter, as well as the total expenditure incurred on the Inquiry, is under the consideration of the Board of Directors of the Corporation.
 15. Included in the Loans and Advances is an amount of Rs. 6.14 lakhs (1970: Rs. 4.75 lakhs) due from a Company for Customs Duty pending finalisation of the bills of entries with the Customs Authorities. The amount is fully recoverable and is shown as such in the Accounts.
 16. Loans and Advances include Rs. 1.38 lakhs (1970: Rs. 1.01 lakhs) being the amount recoverable towards the cost of Service Station Equipments given to various dealers under hire purchase Agreements.
 17. Claims recoverable includes Rs. 70.93 lakhs (1970: Rs. NIL) in respect of claims against the Freight Surcharge Pool which are subject to audit as required under freight surcharge pool scheme.
 18. Excise claims recoverable include a sum of Rs. 4.56 lakhs (1970: Rs. 8.70 lakhs) which are at the different stages of appeal with the Excise Authorities/Government of India. Pending decision of the appellate authorities, no provision and/or adjustment has been made in the Accounts.
 19. Deposit includes Rs. 77.29 lakhs on account of deposit paid to other Oil Companies for products received on loan from them, against which the Corporation holds products received to the extent it has not been consumed. The value of such products are not, however, booked in the Accounts. Similarly, opening stock figure has been recast to fall in line with the procedure adopted during the year.
 20. Included in the Sundry Deposits is an amount of Rs. 50.58 lakhs (1970: Rs. 52.86 lakhs) which represents the difference between the rates charged or credited in respect of movement of products on Installation Exchange basis by another Oil Company, and the rates which the Corporation claims should have been applied. The Corporation has filed a suit in the Bombay High Court for recovery.
 21. The rates of depreciation in respect of some of the assets have been altered giving effect from 1st April, 1968. Had the rates in force in the previous years been adopted, the charge for depreciation in the Profit and Loss Account would have been less by Rs. 6.87 lakhs.
 22. The Corporation had acquired a diesel hydraulic locomotive at a cost of Rs. 13.47 lakhs, on certain terms, in October, 1969 against the Deposit of equal amount with the Chittaranjan Locomotive Works. As there is a dispute with the party, the cost of the locomotive has not been capitalised nor any provision made for hire charges, if any, which are not ascertainable at this stage.
 23. Shortage of fixed assets amounting to Rs. 1.62 lakhs revealed on physical verification has not been adjusted in the Accounts pending further examination.
 24. Some of the assets may be subject to reclassification or adjustment on receipt of completion reports and/or finalisation of bills.
 25. Depreciation of assets has been restricted to 95% of the original cost in accordance with Section 205(2)(b) of the Companies Act. The depreciation in excess of the said limit charged during the previous years, has not been written back.
 26. The method of allocation has been revised to bring uniformity in the valuation of closing stock at the Refineries which resulted in a reduction in the valuation of closing stock by Rs. 48.35 lakhs.
 27. The Profit and Loss Account includes expenses on Public Relations and Publicity—Rs. 42.55 lakhs (1970: Rs. 43.50 lakhs).
 28. Managerial Remuneration paid or payable to Directors Rs. 2,42,109 (1970: Rs. 2,06,872) excluding Directors' Sitting Fees. In addition, the Managing Director of the Marketing Division of the Corporation is entitled to the use of a flat of the Corporation for which 10% of his salary is deducted.
 29. As there is no Assessable income for the year, provision for Income Tax is not required.
 30. Previous year's comparative figures have been regrouped to the extent practicable wherever necessary.

Signatures to Schedules 'A' to 'R'

M. RAMA BRAHMAM
Chairman

C. R. DAS GUPTA
Managing Director

KAMALJIT SINGH
Director

D. B. PURI
Secretary



SANDWICKING AT HALDIA PROJECT



Pre-loading by sand of storage tanks at Haldia Refinery



Filling of LPG cylinders at the Barauni Refinery

REPORT OF THE AUDITORS TO THE SHARHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Ltd., as at 31st March, 1971, together with the Profit and Loss Account of the Corporation 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) Lovelock & Lewes | Refineries Division :
Head Office
Haldia Refinery
Pipelines Division :
Head Office
Haldia-Barauni-Kanpur-Pipelines
Marketing Division :
Northern and Southern Branches |
| (B) S.B. Billimoria & Co. | Refineries Division :
Gujarat Refinery
Bombay Office
Pipelines Division :
Koyali-Ahmedabad Pipelines
Marketing Division :
Head Office
Western Branch |
| (C) Ray & Ray | Refineries Division :
Barauni Refinery
Gauhati Refinery
Calcutta Refinery
Pipelines Division :
Gauhati-Siliguri Pipelines
Marketing Division :
Eastern Branch |
| (D) Jointly | Consolidated Accounts of the Corporation. |

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 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 the books ;
- (3) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts ;
- (4) in our opinion, and to the best of our information and according to the explanations given to us, the said Accounts, read with the notes 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 Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1971.

and

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

LOVELOCK & LEWES
S.B. BILLIMORIA & CO.
RAY & RAY
Chartered Accountants

Bombay, 7th October, 1971



Schedule of Fixed Assets (Township)

	Gross Block as at 31st March, 1970 At Cost	Additions during the year At Cost	Transfers, Deductions & Reclassifications At Cost
	Rupees	Rupees	Rupees
LAND — Freehold ..	21,43,063	16,37,975	(+) 28,299
Leasehold	6,91,219	—	—
BUILDINGS AND ROADS	7,12,11,782	12,13,565	(+) 14,13,697
PLANT AND MACHINERY	30,23,908	—	(+) 3,171
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	90,57,699	7,354	(+) 18,81,691
EQUIPMENT AND APPLIANCES	22,12,246	1,41,890	(—) 44,414
FURNITURE AND FIXTURES	2,03,595	42,365	(+) 10,181
VEHICLES	14,86,133	5,13,840	(+) 21,408
	9,00,29,645	35,56,989	(+) 33,14,033
<i>PREVIOUS YEAR</i>	<i>(8,81,62,888)</i>	<i>(8,33,226)</i>	<i>(+) (10,33,531)</i>
CAPITAL WORK-IN-PROGRESS			
<i>PREVIOUS YEAR</i>			
TOTAL			
<i>PREVIOUS YEAR</i>			

Schedule of Fixed Assets (Township) Contd...

Gross Block as at 31st March, 1971 at Cost	Depreciation and Amortisation provided during the year	Total Depreciation and Amortisation upto 31st March, 1971	Net Depreciated Block as at 31st March, 1971	1970
<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
38,09,337	-	-	38,09,337	21,43,063
6,91,219	6,982	46,546	6,44,673	6,51,655
7,38,39,044	16,85,461	90,21,882	6,48,17,162	6,38,60,116
30,27,079	1,51,858	7,53,596	22,73,483	24,22,171
1,09,46,744	4,37,627	22,15,213	87,31,531	74,35,546
23,09,722	3,57,096	10,86,502	12,23,220	14,66,851
2,56,141	25,275	74,440	1,81,701	1,55,592
20,21,381	2,38,284	9,41,552	10,79,829	7,61,738
9,69,00,667	29,02,583	1,41,39,731	8,27,60,936	7,88,96,732
(9,00,29,645)	(26,69,228)	(1,11,32,913)	(7,88,96,732)	
			37,55,254	
			<u>(19,89,233)</u>	
			8,65,16,190	
			<u>(8,08,85,965)</u>	



Income And Expenditure Account for the year Ended 31st March, 1971 on provision of Township, education, Medical and Other Facilities

<u>INCOME</u>	<u>Rupees</u>	<u>Rupees</u>	1970 <u>Rupees</u>
1. Recovery of House Rent		14,57,298	8,62,653
2. Recovery of Utilities			
Power	3,22,684		3,10,872
Water	<u>2,35,556</u>		<u>1,81,582</u>
		5,58,240	4,92,454
3. Recovery of Transport Charges		1,53,723	1,57,153
4. Other Recoveries		2,04,381	1,82,594
5. Excess of Expenditure over Income		2,00,52,572	1,60,05,966
TOTAL		<u>2,24,26,214</u>	<u>1,77,00,820</u>
<u>EXPENDITURE</u>			
1. Salaries, Wages, Bonus and P.F. Contribution		62,17,954	41,90,544
2. Consumable Stores and Medicines		18,89,021	10,26,772
3. Subsidies for Social and Cultural Activities		94,602	69,238
4. Repairs and Maintenance		11,86,151	10,03,817
5. Interest		56,26,558	54,49,361
6. Depreciation		29,02,583	26,69,228
7. Miscellaneous Expenses			
(i) Taxes and Licence Fees	1,24,646		1,17,642
(ii) Insurance	1,140		665
(iii) Others	<u>10,25,663</u>		<u>3,51,730</u>
		11,51,449	4,70,037
8. Utilities :			
Power	27,24,368		22,70,606
Water	<u>6,33,528</u>		<u>5,51,217</u>
		33,57,896	28,21,823
TOTAL		<u>2,24,26,214</u>	<u>1,77,00,820</u>



Annexure to the Directors' Report dated 28th October, 1971
Review of the accounts of Indian Oil Corporation Limited for the
year ended 31st March, 1971 by the Indian Audit and Account
Department

1. Financial Position :

The table below summarises the financial position of the company under broad headings for the last three years

	(Rupees in lakhs)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
<u>Liabilities:</u>			
(a) Paid up Capital	7,117.72	7,117.72	7,117.72
(b) Reserves and Surplus	2,355.05	3,897.24	4,975.86
(c) Borrowings :			
(i) From the Government of India	6,349.77	5,373.31	4,414.67
(ii) Foreign Credit	802.58	672.58	641.80
(iii) From Bank Cash Credit	2,176.52	1,478.75	2,006.00
(d) Trade dues and other current liabilities (including provisions)	5,054.69	7,004.67	8,271.42
TOTAL	<u>23,856.33</u>	<u>25,544.27</u>	<u>27,427.47</u>
<u>Assets:</u>			
(e) Gross Block	16,483.04	17,313.59	18,297.50
(f) Less : Depreciation	2,375.62	3,435.41	4,508.36
(g) Net fixed assets	14,107.42	13,878.18	13,789.14
(h) Capital work-in-progress (including unallocated expenses)	628.52	961.75	1,450.00
(i) Other assets (mainly machinery and equipment in transit and stores)	114.38	124.13	564.42
(j) Current assets, loans and advances (excluding investments)	8,970.94	10,469.73	11,511.72
(k) Investments	35.07	110.48	112.19
TOTAL	<u>23,856.33</u>	<u>25,544.27</u>	<u>27,427.47</u>
Capital employed	18,098.73	17,463.86	17,223.16
Net worth	9,472.77	11,014.96	12,093.58

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

2. Capital Structure :

(a) Debt equity ratio :

The debt equity ratio for the company has been 1:1 in 1968-69, 0.85:1 in 1969-70 and 0.71:1 in 1970-71

(b) The amount of loans taken from the Government of India outstanding as on 31st March, 1971 was Rs. 4,414.67 lakhs. In respect of loans amounting to Rs. 2,791.47 lakhs, Rs. 403.36 lakhs and Rs1,219.84 lakhs, moratorium for one, two and three years for repayment of principal was granted by the Government of India



3. Reserves and Surplus :

The reserves and surplus (Rs. 4,975.86 lakhs) amounted to :

- (a) 18.1 per cent of the total liabilities for 1970-71 as against 15.3 per cent in 1969-70 and 9.9 per cent in 1968-69
- (b) 69.9 per cent of equity capital (Rs. 7,117.72 lakhs) in 1970-71 as against 54.8 per cent in 1969-70 and 33.1 per cent in 1968-69

4. Liquid and Solvency :

- (a) The proportion of current assets (including investments) to total net assets increased from 37.8 per cent in 1968-69 to 41.4 per cent in 1969-70 and to 42.4 per cent in 1970-71
- (b) The percentage of current assets (including investments) to current liabilities (including provisions) decreased from 178.2 in 1968-69 to 151.0 in 1969-70 and to 140.5 in 1970-71
- (c) The percentage of quick assets (sundry debtors, advances, cash and bank balances) to current liabilities (excluding provisions) decreased from 112.4 in 1968-69 to 85.3 in 1969-70 and to 82.4 in 1970-71

5. Working Capital:

The working capital (current assets, loans and advances) less trade dues and current liabilities (excluding provisions for gratuity) of the company at the close of the three years ending 31st March, 1971 amounted to Rs. 3,991.31 lakhs, Rs. 3,585.68 lakhs and Rs. 3,434.02 lakhs respectively and represented 0.9, 0.7 and 0.6 months value of business at cost (excluding depreciation) during these years. The working capital as on 31st March, 1971 was financed through loans from Bank (Rs. 2,006.00 lakhs) and internal resources (Rs. 1,428.02 lakhs)

6. Source and uses of funds :

Funds amounting to Rs. 2,225.49 lakhs from internal sources (reserves, depreciation, provisions and surplus and Rs. 730.66 lakhs from other sources were utilised in 1970-71 as under :

	(Rupees in lakhs)
Gross block including capital work-in-progress	1,472.16
Other assets	1,483.99

7. Working Results :

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

	(Rupees in lakhs)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
(i) Profit before tax	1,846.38	2,246.70	2,032.28
(ii) Tax provision	-	-	-
Percentage of profit before tax :			
(a) To sales (inclusive of product exchange and transfer)	3.5	3.5	2.8
(b) To gross fixed assets	11.2	13.0	11.1
(c) To capital employed	10.2	12.9	11.8
(d) To net worth	19.5	20.4	16.8
(e) To equity capital	25.9	31.6	28.6

8. Cost trends :

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

	(Rupees in lakhs)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
Sales (inclusives of product exchange and transfers)	52,682.96	63,523.32	72,102.76
Less : Profit before tax	1,846.38	2,246.70	2,032.28
	<u>50,836.58</u>	<u>61,276.62</u>	<u>70,070.48</u>
Percentage of cost of sales to sales	96.5	96.5	97.2



9. Business performance :

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

	(Rupees in lakhs)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
1. Sales (inclusive of product exchange and transfer)	52,682.96	63,523.32	72,102.76
2. Closing stock of raw materials finished goods and stock in process	3,106.12	3,969.19	3,933.45
3. Opening stock of raw materials finished goods and stock in process	<u>2,841.67</u>	<u>3,106.12</u>	<u>3,889.95*</u>
4. Value of business (1+2+3)	<u>52,947.41</u>	<u>64,386.39</u>	<u>72,146.26</u>

(* Value of product received on laon Rs. 79.24 lakhs excluded from accounts)

The percentage of value of business to net worth increased from 558.9 in 1968-69 to 584.5 in 1969-70 and to 596.6 in 1970-71. The percentage value of business to total net assets also increased from 221.9 in 1968-69 to 252.1 in 1969-70 and to 263.0 in 1970-71

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)		
	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>
(i) Stores and spare parts (including in transit)	858.59	1,102.77	1,380.08
(ii) Loose tools	2.19	2.08	1.97
(iii) Stock-in-trade (including raw materials and stock-in-process)	3,098.24	3,969.19	3,933.45
(iv) Stock of empty barrels and tins	35.26	36.71	51.69
(v) Liquid petroleum gas accessories	7.88	-	-
	<u>4,002.16</u>	<u>5,110.75</u>	<u>5,367.19</u>

Stock-in-trade represented 0.7 month's sales (inclusive of product exchange and transfers) during each of the years from 1968-69 to 1970-71

11. Sundry debtors and turnover :

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

As on	Total books debts		Sales	
	Considered Good	Considered doubtful	(inclusive of product exchange And Transfers)	percentage of debtors to sales
31 st March, 1969	3,579.08	33.45	52,682.96	6.9
31 st March, 1970	3,909.08	61.46	63,523.32	6.3
31 st March, 1971	3,269.48	87.96	72,102.76	4.7

The Sundry debtors represented about 0.8 month's turnover in 1968-69, 0.8 month's in 1969-70 and 0.6 month's in 1970-71,

Bombay,
5th November, 1971

Sd/- (H.M.S. BHATNAGAR)
Member, Audit Board and Ex-Officio
Director of Commercial Audit
(Western Region)



Comments of the Comptroller and Auditor General of India under Section 619(4) of the companies Act, 1956 on the accounts of the Indian Oil Corporation Limited for the year ended 31 st March, 1971

Balance Sheet

1.Current Assets including Loans and Advances Book Debts – Rs. 32,69,47,902

The sundry debtors remain overstated by Rs. 12.48 lakhs with corresponding under statement of changes on account of excise duty repayable, retail pump outlet charges and prompt payment discount

2 A reference is invited to Note 1 (I) of Schedule 'R' Claims against the Corporation not acknowledged as debts include Rs. 55.28 lakhs representing non-recoverable excise duty assessed by the Central Excise Authority against which an appeal has been preferred. Out of the above, a sum of Rs. 32.77 lakhs representing excise duty paid for the period from 1-6-1970 to 31-12-1970 at the enhanced rate has been shown as claims recoverable from the Excise Department

Similarly on the above basis a claim for reimbursement of non-recoverable excise duty of Rs. 31.78 lakhs payable to the supplier under the terms of the agreement has not been acknowledged as a debt

Profit and Loss Account

Purchase and transer under Product exchange – Rs 1,87,41,74,497

The figure has been arrived at after taking credit for a sum of Rs. 168.41 lakhs on account of C&F adjustments

The credit taken is overstated by Rs. 5.23 lakhs

Sd/-
(H.M.S. BHATNAGAR)
Member, Audit Board and Ex-Officio
Director of Commercial Audit

Bombay,
5th November, 1971

ADDENDUM TO DIRECTORS' REPORT DATED 28TH OCTOBER, 1971

The following comments are offered on the remarks of the Comptroller and Auditor General of India in respect of accounts for the year 1970-71

1.Current assets including loans, advances and book debts

No Comments

2. The comments of Audit are self-explanatory. The question of the correct rate of Excise Duty applicable to the base stock (used for manufacture of lubricants) is not free from doubt. IOC has already appealed in the matter to the Central Excise authorities

3. Profit & Loss Account

The sum of Rs. 5.23 lakhs relates to the difference between the actual import cost and the prices realised in India on imported products, to the extent of ocean losses in transit. The original instructions of the Government of India (received in July 1971) were not clear whether ocean losses were also covered. The clarification was received in November 1971 and the adjustments will be carried out in the next year's accounts

For and on behalf of the Board
Sd/-
(M.RAMA BRAHMAM)
Chairman

Bombay,
The 16th November, 1971



Statement Pursuant to section 212(1) (e) of the companies Act, 1956

	<u>No. of Shares</u>	<u>Paid up value</u>
1. At 31 st December, 1970 shares in subsidiary companies were registered in the names of the Company and its nominees as indicated :		
India Oil International Limited	100	1,00,000
Indo-Burma Petroleum Company Limited	5,96,662	59,66,620
2 Net aggregate amounts of the Profits of subsidiary companies not dealt with in the company's account so far as they concern the members of the company are :		
	<u>1970</u>	<u>Prior to 1970</u>
India Oil International Limited	7,565	2,037
Indo-Burma Petroleum Company Limited	26,82,033	-
3 Net aggregate amount of the profits of subsidiary companies as far as their profits are dealt with in the company's account are :		
	<u>1970</u>	<u>Prior to 1970</u>
India Oil International Limited	-	-
Indo-Burma Petroleum Company Limited	3,57,997	4,47,497

M. RAMA BRAHMAM
Chairman

C.R. DAS GUPTA
Managing

KAMALJIT SINGH
Director

D.B. PURI
Director Secretary

Statement Pursuant to section 212 (1) (f) of the companies act, 1956.

1. There has been no change in the interest of the corporation in the subsidiaries, Indian Oil International Limited and Indo-Burma Petroleum Company Limited, between 31st December, 1970 and 31st March 1971
2. Material changes in the subsidiaries between 31st December, 1970 and 31st March 1971 are as under

	Indian Oil International Limited	Indo-Burma Petroleum Company Limited
(a) Subsidiary's fixed assets	–	4,19,140
(b) Its investments	–	23,76,200
(c) Moneys lent by it	–	(–)94,12,042
(d) Moneys borrowed by it for any purpose other than that of meeting its current liabilities.	–	–

M. RAMA BRAHMAM
Chairman

C.R. DAS GUPTA
Managing Director

KAMALJIT SINGH
Director

D.B. PURI
Secretary



THE
INDO-BURMA PETROLEUM
COMPANY LIMITED

REPORT OF THE BOARD OF DIRECTORS
AND
STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER, 1970

The Indo-Burma Petroleum Company Limited

DIRECTORS

KAMALJIT SINGH (*Chairman*)
SHASHI BHUSHAN BUDHIRAJA (*Managing Director*)
ATMA PRAKASH VERMA
VENKATARAMANY BALAKRISHNAN

BANKERS

STATE BANK OF INDIA
NATIONAL AND GRINDLAYS BANK LIMITED

AUDITORS

KAR SEN AND COMPANY

SECRETARY & CHIEF ACCOUNTANT

TAPON GHOSH

REGISTERED OFFICE

GILLANDER HOUSE
NETAJI SUBHAS ROAD, CALCUTTA-I

Directors' Report

Together with Statement of Accounts to be submitted to the Sixty-third Annual General Meeting of Members.

The Directors have pleasure in submitting the Sixty-third Annual Report together with the audited Balance Sheet as at 31st December, 1970, and Profit and Loss Account for the year ended on that date.

ACCOUNTS:

	<u>Rupees</u>	<u>Rupees</u>
The profit for the year is		65,66,237
Less Provision for Depreciation	10,42,676	
Provision for Taxation	28,70,000	
Transfer to Development Rebate		
Reserve (Net)	1,25,544	
Payment of Forfeited Dividend	<u>4,605</u>	<u>40,42,825</u>
		25,23,412
Add Balance brought forward from 1969		30,714
Transferred from Devaluation Exchange Difference Reserve		2,37,427
		<u>27,91,553</u>
Dividends paid:		
	<u>Rupees</u>	
Preference	2,81,662	
Ordinary-Interim	<u>6,00,000</u>	<u>8,81,662</u>
Leaving a balance which has been transferred to General Reserve		<u><u>19,09,891</u></u>

DIVIDEND:

The Directors have recommended a Final Dividend on Ordinary Shares, subject to deduction of tax at source, at the rate of Rs. 1.10 per share amounting to Rs. 11,00,000, which dividend, if approved by the shareholders at the Annual General Meeting to be held on 29th June, 1971, will be paid out of General Reserve and no separate provision has been made therefor.

GENERAL:

The Company has achieved a record sales volume in 1970, 2,79,384 metric tonnes, an increase of 37% over 1969 sales. Though margin per unit of sales has been reduced from 1st June 1970 with the implementation of new pricing basis, the big increase in volume has enabled us to obtain a very satisfactory increase in the profits. Our association with the Indian Oil Corporation has been altogether fruitful and has resulted in much improved product availability.

The Government of India announced ex-gratia grants to all those who have got valid claims with the Custodian of Enemy Properties, India, in respect of less suffered on account of seizure of property by Government of Pakistan in 1965. The grant is limited to 25% of verified claims, restricted to a maximum of Rs. 25 lakhs. Your Company has a claim of Rs. 1.12 crores which is now being followed up to obtain the ex-gratia grant. However there has been no progress with the repatriation of our residual funds lying in Burma.

The Electronics Manufacturing Division has also shown a large increase in its sales, and has also made a profit during 1970. This Division was awarded a contract for building a drum manu -

facturing plant at Madras for the Indian Oil Corporation on a turn key basis.

Dividend income from Industrial Credit an Investment Corporation of India Limited and Balmer Lawrie and Company Limited was maintained at the previous year's level. It is regretted that we have still not received the dividend declared by Assam Sillimanite Limited on 18th June, 1968. Shama Companies continue to have difficulties in making progress.

DIRECTORS:

Mr. Atma Prakash Verma was appointed an Additional Director under Article 98 on 3rd October,

24th May, 1971.

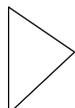
1970, and, therefore holds office up to the date of the next Annual General Meeting to be held on 29th June, 1971. The Board records its appreciation of the valuable services rendered by Mr. Atma Prakash Verma to the Company during this period.

Mr. Venkataramany Balakrishnan retires by rotation, but being eligible offers himself for re-appointment.

APPRECIATION:

We wish to record our appreciation of the Company's employees, dealers, and shareholders for their contributions and support throughout the year.

KAMALJIT SINGH
S. B. BUDHIRAJA
A. P. VERMA
V. BALAKRISHNAN



Directors



ANNEXURE TO THE DIRECTORS' REPORT DATED 24TH MAY, 1911

**Review of the Accounts of the Indo-Burma Petroleum Company Limited
for the year ended 31st December, 1970 by the Indian Audit and
Accounts Department**

1. FINANCIAL POSITION:

The table below summarises the financial position of the Company under broad headings for the last three years:

Liabilities:	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
(a) Paid-up Capital (including Preference Shares of Rs. 50 lakhs)	150.00	150.00	150.00
(b) Reserves and Surplus	172.31	172.83	190.50
(c) Trade dues and other current liabilities (including provisions)	<u>183.31</u>	<u>176.77</u>	<u>352.50</u>
	505.62	499.60	693.00
Assets:			
(d) Gross Block	165.23	174.63	188.19
(e) Less: Depreciation	86.37	90.53	96.37
(f) Net fixed assets	78.86	84.10	91.82
(g) Capital work in progress	0.80	3.72	8.03
(h) Other assets (Capital Goods in Stock)	1.55	2.76	3.31
(i) Current assets, loans and advances (excluding investments)	324.01	308.62	489.26
(j) Investments	100.40	100.40	100.40
(k) Miscellaneous expenditure	-	-	0.18
	<u>505.62</u>	<u>499.60</u>	<u>693.00</u>
Capital employed	231.78	229.73	243.85
Net worth	322.31	322.83	340.32

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.

2. CAPITAL STRUCTURE:

Debt equity ratio: There had been no borrowings during the last three years.

3. RESERVES AND SURPLUS:

The Reserves and Surplus (Rs. 190.50 lakhs) amounted to:-
27.49 per cent of total liabilities in 1970 as against 34.59 per cent in 1969 and 34.08 per cent in 1968 and to 190.50 per cent of equity capital (Rs. 100.00 lakhs) in 1970 as against 172.83 per cent in 1969 and 172.31 per cent in 1968.

4. LIQUIDITY AND SOLVENCY:

(a) The proportion of current assets to total net assets varied from 64.08 per cent in 1968 to percent in 1969 and to 70.60 percent in 1970.

(b) The percentage of current assets to current liabilities (including provisions) varied from 176.76 in 1968 to 174.59 in 1969 and to 138.80 in 1970.



- (c) The percentage of quick assets (Sundry Debtors, advances, cash and bank balances) to current liabilities (excluding provision) decreased from 151.82 in 1968 to 148.90 in 1969 and to 127.59 in 1970.

5. WORKING CAPITAL:

The working capital (current assets, loans and advances) less trade dues and current liabilities (excluding provision for gratuity) of the Company at the close of the three years was as below:-

	<i>(Rupees in lakhs)</i>
1968	152.92
1969	145.63
1970	152.04

The working capital represented 1.35, 1.10 and 0.86 month's value of business at cost (excluding depreciation) during these three years and was financed through internal and other resources.

6. SOURCES AND USES OF FUNDS:

Funds amounting to Rs. 24.43 lakhs from internal sources (Reserves Depreciation, Provision and Surplus) and Rs. 174.81 lakhs from other sources were utilised in 1970 as shown below:

	<i>(Rupees in lakhs)</i>
(i) Gross Fixed Assets	13.56
(ii) Capital work-in-progress and other assets	4.86
(iii) Current Assets	180.64
(iv) Miscellaneous Expenditure	0.18

7. INVESTMENTS:

The position of quoted Investments for the last three years and the corresponding market values is indicated below:-

	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
Total Book value of quoted Investments	100.18	100.18	100.18
Market value of quoted Investments	75.31	68.85	56.35

8. WORKING RESULTS:

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

	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
(i) Profit before Tax	30.54	32.50	53.77
(ii) Tax provision	20.10	18.25	28.70
(iii) Profit after tax	10.44	14.25	25.07
(1) Percentage of profit before Tax:			
(a) To sales	2.07	1.89	2.36
(b) To gross fixed assets	18.48	18.61	28.57
(c) To capital employed	13.18	14.15	22.05
(2) Percentage of Profit after tax:			
(a) To net worth	3.24	4.41	7.37
(b) To Equity capital	10.54	14.25	25.07
(c) To Capital employed	4.50	6.20	10.28

9. COST TRENDS:

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

	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
Sales	1475.83	1717.85	2281.43
Less: Profit before Tax	<u>30.54</u>	<u>32.50</u>	<u>53.77</u>
Cost of Sales	1445.29	1685.35	2227.66
Percentage of cost of sales to sales	97.93	98.11	97.64



10. BUSINESS PERFORMANCE:

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

	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
1. Sales	1475.83	1717.85	2281.43
2. Closing stock of finished goods/stock in process	17.09	16.27	9.91
3. Opening stock of finished goods/stock in process	20.16	17.09	16.27
4. Value of business (1-2-3)	1472.76	1717.03	2275.07

The percentage of value of business to net worth increased from 456.94 in 1968 to 531.87 in 1969 and to 668.51 in 1970. The percentage of value of business to total net assets varied from 290.70 in 1968 to 343.68 in 1969 and to 328.29 in 1970.

11. INVENTORY AND PRODUCTION:

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

	<i>(Rupees in lakhs)</i>		
	1968	1969	1970
(i) Stores and spare parts	10.72	3.77	3.57
(ii) Stock-in-trade (including raw materials and stock-in-process)	17.09	16.27	9.91
	27.81	20.04	13.48

Stock-in-trade represented about 0.23 month's sale (excluding consignment sales) in 1968, 0.17 in 1969 and 0.02 in 1970.

12. SUNDRY DEBTORS AND TURNOVER:

The following table indicates the volume on book debts and sales for the last three years :-

As on	<u>Total book debts</u>		Sales	Percentage of debtors to-sales
	Considered good	Considered doubtful		
31st December, 1968	42.06	3.34	1475.83	3.08
31st December, 1969	47.05	3.76	1717.85	2.96
31st December, 1970	87.51	4.40	2281.43	4.03

The Sundry Debtors represented about 0.37 month's turnover in 1968, 0.35 in 1969 and 0.48 in 1970.

Sd/
(C.J. Malkani)
Member, Audit Board & Ex-Officio,
Director of Commercial Audit,
Eastern Region, Calcutta.



Auditors' Report

to the Members of

THE INDO-BURMA PETROLEUM COMPANY LIMITED

We have examined the Balance Sheet of the Indo-Burma Petroleum Company Limited as at 31st December, 1970, and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account and returns.

Subject to Note 2 of the Balance Sheet regarding assets and liabilities in East Pakistan-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from the branches at Bombay, New Delhi and Rangoon which have not been visited by us. The accounts of these branches have been audited by other auditors and their reports have been considered by us in the preparation of this report.
3. In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required, and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1970, and the Profit and Loss Account gives a true and fair view of the Profit for the year ended on that date.

Calcutta,
25th May, 1971.

KAR SEN & COMPANY
Chartered Accountants.

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

I am to state that there are no comments upon the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the Accounts of The Indo-Burma Petroleum Co. Ltd. for the year ended 31st December, 1970.

Calcutta,
29th May, 1971.

Sd. C.J. MALKANI
*Member, Audit Board & Ex-Officio, Director or
Commercial Audit, Eastern Region, Calcutta.*

BALANCE SHEET BALANCE SHEET AS AT 31ST DECEMBER, 1970

LIABILITIES	Rupees	1969 Rupees
Share Capital:-		
Authorised-		
Ordinary -25,00,000 Shares of Rs. 10 each	2,50,00,000	2,50,00,000
Preference -50,000 7% Taxable Cumulative Shares of Rs. 100 each	50,00,000	50,00,000
Issued, Subscribed and Fully Called and Paid-Up-		
As per Schedule No. I annexed	1,50,00,000	1,50,00,000
II. Reserves and Surplus-		
As per Schedule No.2 annexed,	1,90,49,860	1,72,82,566
III. Unsecured Loans-		
As per Schedule No.3 annexed	14,85,950	12,99,250
IV. Current Liabilities and Provisions-		
As per Schedule No.3 annexed	3,37,64,303	1,63,78,670
V. Contingent Liabilities not provided for-		
As per Schedule No.4 annexed		
Notes:-		
1969		1970
Rupees		Rupees
I. Estimated amount of contracts remaining to be executed on Capital Account and		
97,205 not provided for	5,00,454	
2. The Company's undertaking in East Pakistan remained in the control of the East Pakistan Enemy Property Board. No information could be obtained in respect of Assets and Liabilities in East Pakistan as at 31st December, 1970 and consequently the net Assets as per last Accounts have been shown in this Balance Sheet as per Schedule No.9 annexed.		
3. Messrs. Steel Brothers and Company Limited ceased to be Managing Agents of the Company with effect from 12th January. 1970.		
4. The comparative figures for the previous year have been rearranged to conform with the figures of this year.		
	<u>6,93,00,113</u>	<u>4,99,60,486</u>

Calcutta,
25th May, 1971

This is the Balance Sheet referred to in our report of even date.
KAR SEN & COMPANY
Chartered Accountants.



BALANCE SHEET AS AT 31ST DECEMBER, 1970 Contd...

ASSETS			1969	
	Rupees	Rupees	Rupees	Rupees
I. Fixed Assets-				
Gross Block as per Schedule No.5 annexed	1,88,18,862		1,74,63,299	
Less: Depreciation	96,36,716		90,53,166	
	91,82,146		84,10,133	
Construction Work-in-Progress	8,02,778		3,71,842	
Capital Goods in Stock	3,30,526	1,03,15,450	2,75,986	90,57,961
II. Investments-				
As per Schedule No.6 annexed		1,00,40,346		1,00,40,346
III. Current Assets, Loans & Advances-				
(A) Current Assets-				
As per Schedule No.7 annexed		3,38,09,917		2,04,12,556
(B) Loans and Advances-				
As per Schedules Nos. 8, 9 and 10 annexed		1,51,16,511		1,04,49,623
IV. Miscellaneous Expenditure-				
(To The Extent Not Written Off)				
Research and Development Expenditure		17,889		
		<u>6,93,00,113</u>		<u>4,99,60,486</u>

T. GHOSH
Secretary.

KAMALJIT SINGH
S.B. BUDHIRAJA
A.P. VERMA
V. BALAKRISHNAN

Directors.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1970

EXPENDITURE	Rupees	Rupees	1969 Rupees
Stocks of Products as at 1st January, 1970		16,04,974	16,85,870
Add : Cost of Products Purchased		4,34,84,857	10,43,99,519
		<u>4,50,89,831</u>	<u>10,60,85,389</u>
Less : Stocks of Products as at 31st December, 1970		9,91,342	16,04,974
Cost of Products applicable to Sales on Own Account (including Sale of Products relating to Electronics Manufacturing Division Rs. 25,86,821 (1969-Rs. 19,00,071) -as per Schedule No.11 annexed).		4,40,98,489	10,44,84,415
Amount payable in respect of Sales of Products on Consignment Account (after retaining remuneration/commission amounting of Rs. 20,93,178 (1969-Rs. 11,62,869))		15,70,01,005	4,55,13,067
Freight		21,77,523	37,66,487
Storage & Distribution Charges etc. Nett (including cost of manufacturing/filling tins in Own Factory Rs. Nil (1969-Rs. 2,04,962) and income from Hire of Facilities at the Installation Rs. 6,61,760 (1969-Rs. 3,04,425))		15,15,265	16,32,293
Distributors/Dealers Sundry Allowances		4,98,644	2,73,162
Stores and Spare Parts Consumed		3,73,191	3,33,616
Power and Fuel		2,85,435	2,37,943
Rent		4,20,466	4,24,908
Rates and Taxes (including Sales Tax Rs. 88,91,442 (1969-Rs.53,24,886))		91,84,858	55,87,951
Building Repairs		5,79,333	4,94,519
Machinery Repairs		1,71,343	1,47,543
Salaries, Wages and Bonus		46,33,708	42,20,339
Contribution to Provident Fund and Superannuation Fund		2,83,902	2,75,684
Workmen and Staff Welfare		2,84,109	2,25,196
Insurance		88,540	1,07,443
Directors' Fees		2,400	10,200
Miscellaneous Expenses (as per Schedule No.12 annexed)		14,46,287	11,86,476
Depreciation (including adjustments Rs. 1,64,622)		10,42,676	8,29,905
Bad Debt Written Off		25,709	36,232
Provision for Doubtful Debts		78,033	94,558
Provision for Terminal Gratuities		2,01,996	2,06,600
Development Rebate Reserve		1,46,837	1,23,662
Adjustment Account Previous Years-Nett (including payment of Bonus in excess of Provi sion Rs. 5,665)		54,869	-
Balance carried down		53,76,724	32,50,363
		<u>22,99,71,342</u>	<u>17,34,58,562</u>
Provision for Taxation-			
A/c. Income Tax for Current Year		28,70,000	18,25,000
Payment of Forfeited Dividend		4,605	726
Dividends -(subject to deduction of Tax at source)			
Preference Shares-			
Dividend for the year ended 31st December, 1970		2,81,662	2,81,662
Ordinary Shares-			
Interim Dividend paid	6,00,000	-	5,00,000
Final Dividend proposed	-	6,00,000	7,50,000
Transferred to General Reserve		19,09,891	-
Balance Carried to Balance Sheet		-	30,714
		56,66,158	33,88,102

Notes:

- The Directors have recommended a Final Dividend on Ordinary Shares, subject to deduction of tax at source, at the rate of Rs. 1.10 per share amounting to Rs. 1,10,000 (Previous year Rs. 7,50,000), which dividend, if approved by the shareholders at the Annual General Meeting to be held on 29th June, 1971, will be paid out of General Reserve and no separate provision has been made therefor.
- Expenses reimbursed to the Managing Agents under Section 354 of the Companies Act, 1956
- Commission received by the Managing Agents as buying and selling Agent of other concerns under Section 359 of the Companies Act, 1956
- Auditors' Remuneration-
 - Company's Auditors' fees
 - In other capacities
 - Branch Auditors' fees
 - In other capacities
- Managerial Remuneration (Including perquisites Rs. 3,482)
- The comparative figures for the previous year have been rearranged to conform with the figures of this year.

1970
Rupees

1969
Rupees

4,972

4,26,231

-

18,622

14,000

14,000

-

3,825

10,044

10,044

-

450

27,882

-



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1970

Contd...

INCOME

	Rupees	Rupees	1969 Rupees
Proceeds from Sales of Products on Own Account		4,51,42,168	11,23,84,120
Proceeds from Sales of Products on Consignment Account		17,82,07,660	5,64,11,080
Proceeds from Sales of Products relating to Electronics Manufacturing Division		47,92,986	29,90,031
Rental and Hire on Facilities		74,526	79,077
Income from Investments-Gross			
Others	4,36,692		4,36,692
Government Securities	1,800	4,38,492	1,800
(Tax deducted at source-Rs. 96,072 (1969-Rs. 96,072))			
Interest on Bank Deposits and Sundry Deposits-Gross		3,11,993	5,04,403
(Tax deducted at source-Rs. 8,988 (1969-Rs. 94,121))			
Other Interest-Gross		300	300
(Tax deducted at source-Rs. 33 (1969-Rs. 33))			
Interest on Loans-Gross ...		4,03,416	1,39,851
(Tax deducted at source Rs. 64,148 (1969-Rs. 9,992))			
Guarantee Commission on Loans		26,279	33,746
Adjustment Account Previous Years-Nett		-	1,24,990
Provision for Doubtful Debts Written Back		31,709	52,511
Miscellaneous		15,712	25,863
Profit on Disposal of Assets		82,948	20,619
Additional Commission received from Suppliers		4,43,153	2,53,479
		<u>22,99,71,342</u>	<u>17,34,58,562</u>
Balance brought down		53,76,724	32,50,363
Balance brought forward from previous year		30,714	87,095
Development Rebate Reserve no longer required, written back (in respect of dis posals)		21,293	15,346
Devaluation Exchange Difference Reserve no longer required, written back		2,37,427	-
Unclaimed Dividends forfeited			35,298
		<u>56,66,158</u>	<u>33,88,102</u>

T. GHOSH
Secretary.

KAMALJIT SINGH
S.B. BUDHIRAJA
A.P. VERMA
V. BALAKRISHNAN

Director.

This is the Profit and Loss Account referred to in our report of even date.

Calcutta,
25th May, 1971

KAR SEN & COMPANY
Chartered Accountants.

Schedule No.1

SHARE CAPITAL

	Rupees	1969 Rupees
SHARE CAPITAL-		
Issued, Subscribed and Fully Called and Paid-up		
Ordinary - 10,00,000 Shares of Rs. 10 each	1,00,00,000	1,00,00,000
Note- Of the above Shares:		
69,844 have been allotted as fully paid up pursuant to a contract without payment being received in cash.		
93,570 have been allotted as fully paid up by way of Bonus Shares. Owing to destruction of Company records during the Second World War it has been impossible to give the particulars required by Schedule VI of the Companies Act, 1956.		
<u>5,98,820</u> have been issued as fully paid up in cash.		
7,62,234		
2,37,766 have been issued but owing to destruction of Company records during the Second World War it has been impossible to give the particulars required by Schedule VI of the Companies Act, 1956.		
<u>10,00,000</u> (Of this 5,96,662 Shares are held by Indian Oil Corporation Ltd. and their Nominees).		
Preference-50,000 Shares of Rs. 100 each all paid in cash	<u>50,00,000</u>	<u>50,00,000</u>
	<u>1,50,00,000</u>	<u>1,50,00,000</u>

T. GHOSH
Secretary.

KAMALJIT SINGH
S.B. BUDHIRAJA
A.P. VERMA
V. BALAKRISHNAN



Directors.

Schedule No.2

RESERVES AND SURPLUS

			1969	
	Rupees	Rupees	Rupees	Rupees
CAPITAL RESERVE-				
Balance from previous year	55,70,237		55,70,237	
Less: Transfer to Investment Depreciation Reserve	20,00,000	35,70,237	—	55,70,237
SHARE PREMIUM ACCOUNT-				
Balance from previous year		31,38,200		31,38,200
REVENUE RESERVES-				
General Reserve				
Balance from previous year	55,94,153		55,94,153	
Add : Transfer from Profit and Loss Account	19,09,891	75,04,044	—	55,94,153
DEVALUATION EXCHANGE DIFFERENCE RESERVE-				
Balance from previous year	10,27,282		10,27,282	
Less: Transfer to Profit and Loss Account	2,37,427	7,89,855	—	10,27,282
DEVELOPMENT REBATE RESERVE-				
Balance from previous year	7,98,099		6,89,783	
Less: Transfer to Profit and Loss Account	21,293		15,346	
	7,76,806		6,74,437	
Add : Transfer from Profit and Loss Account	1,46,837	9,23,643	1,23,662	7,98,099
RESERVE FOR CONTINGENCIES-				
Balance from previous year		1,23,882		1,23,882
INVESTMENT DEPRECIATION RESERVE-				
Balance from previous year	9,99,999		9,99,999	
Add : Transfer from Capital Reserve	20,00,000	29,99,999	—	9,99,999
PROFIT AND LOSS ACCOUNT		—		30,714
		1,90,49,860		1,72,82,566

T.GHOSH
Secretary.

KAMALJIT SINGH
S.B. BUDHIRAJA
A.P. VERMA
V. BALAKRISHNAN



Directors.

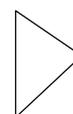
Schedule No.3

UNSECURED LOANS, CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Rupees	1969		
				Rupees	Rupees	Rupees
UNSECURED LOANS-						
Deposits from Distributors			14,85,950			12,99,250
CURRENT LIABILITIES AND PROVISIONS-						
Current Liabilities:						
Sundry Creditors	3,10,59,979			1,39,85,195		
Amount due to Steel Brothers & Co. Ltd	—	3,10,59,979		20,251	1,40,05,446	
Unclaimed Dividends		7,59,731	3,18,19,710		5,20,611	1,45,26,057
Provisions:						
Provision for Taxation	31,37,523			93,46,413		
Less: Payments thereagainst	<u>28,61,714</u>	2,75,809		<u>97,63,934</u>	(-)4,17,521	
Dividend on Preference Shares for the halfyear ended 31st December, 1970		1,40,831			1,40,831	
Proposed Dividend:						
Ordinary Final		—			7,50,000	
Provision for Terminal Gratuities		<u>15,27,953</u>	19,44,593		<u>13,79,303</u>	<u>18,52,613</u>
			<u>3,37,64,303</u>			<u>1,63,78,670</u>

T. GHOSH
Secretary.

KAMALJIT SINGH
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A.P. VERMA
V. BALAKRISHNAN



Directors.

Schedule No.4

CONTINGENT LIABILITIES NOT PROVIDED FOR

1. Counter guarantees have been executed in favour of Industrial Finance Corporation of India along with others to the extent of Rs. 52,55,753 plus interest and charges in connection with the rupee loan of Rs. 9,03,100 and the sub-loan of Rs. 43,52,653 being the post-devaluation rupee equivalent of the sub-loan of Deutsche Marks 2,321,415 granted by the Corporation to Shama Pistons and Rings Ltd. and guaranteed by the United Commercial Bank Ltd.
 2. The Company may be contingently liable to the extent of Rs. 9,90,000 in respect of various pending law suits which are being contested by the Company and the liabilities thereof are not admitted by the Company.
 3. There is a contingent liability of Rs. 2,36,000 (approx.) for the year 1970 on account of Installation charges recovery against which the Company expects to get an estimated amount of Rs. 2,70,000 for the years 1967, 1968 and 1969.
-

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Directors.

Schedule No.5

FIXED ASSETS

	Expenditure to 31-12-69	Additions during 1970	Deduct Original Value of Disposals during 1970 including adjustments	Expenditure to 31-12-70
	Rupees	Rupees	Rupees	Rupees
LAND	4,63,339	-	-	4,63,339
	4,63,339	-	-	4,63,339
BUILDINGS	30,00,953	4,24,656	29,637	33,95,972
	28,63,513	1,56,293	48,504	29,71,302
ROADS, ETC	30,46,294	40,532	4,609	30,82,217
	29,95,538	75,336	25,716	30,45,158
PLANT	90,96,203	9,37,348	3,15,454	97,18,097
	82,38,890	11,29,693	6,05,905	87,62,678
MOTOR VEHICLES	12,61,053	99,575	2,25,225	11,35,403
	11,47,940	3,44,571	2,38,988	12,53,523
FURNITURE/CHATELS	9,67,299	64,253	7,718	10,23,834
	8,94,675	92,603	19,979	9,67,299
	1,78,35,141	15,66,364	5,82,643	1,88,18,862
	1,66,03,895	17,98,496	9,39,092	1,74,63,299

- Notes :-
- (1) The basis of charging depreciation has been changed during the year in order to bring written down values in line with those calculated at income-tax rates. The adjustments on this account amount to Rs. 1,64,622.
 - (2) Additions during the year do not include construction work-in-progress.
 - (3) The comparative figures for the previous year have been shown in Italics.
 - (4) Year end expenditure in respect of Buildings, Plant, Motor Vehicles, Furniture/Chattels shown above includes Rs. 6,74,218 account Electronics Manufacturing Division (Buildings Rs. 15,352, Plant Rs. 4,72,346, Motor Vehicles Rs. 48,400 and Furniture/Chattels Rs. 1,38,120).

FIXED ASSETS Contd...

DEPRECIATION				Net Book Value as at 31-12-70
Written off to 31-12-69	Provided in 1970	Deduct Depreciation on Disposals and on adjustments in 1969	Depreciation to 31-12-70	
Rupees	Rupees	Rupees	Rupees	Rupees
—	—	—	—	4,63,339
—	—	—	—	4,63,339
12,97,494	66,788	2,14,595	11,49,687	22,46,285
12,46,072	62,698	11,276	12,97,494	16,73,808
13,77,250	1,20,193	(-)1,02,442	15,99,885	14,82,332
12,83,899	1,07,102	13,751	13,77,250	16,67,908
52,45,522	4,92,089	1,49,903	55,87,708	41,30,389
49,86,352	4,50,111	1,90,941	52,45,522	35,17,156
5,99,504	1,48,626	1,38,578	6,09,552	5,25,851
6,26,653	1,53,667	1,80,816	5,99,504	6,54,019
5,33,396	50,358	(-)1,06,130	6,89,884	3,33,950
4,94,518	56,327	17,449	5,33,396	4,33,903
90,53,166	8,78,054	2,94,504	96,36,716	91,82,146
86,37,494	8,29,905	4,14,233	90,53,166	84,10,133

T. GHOSH
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Directors.



Schedule No.6

INVESTMENTS

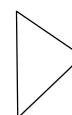
	BOOK VALUE			1969		
	Quoted Rupees	Unquoted Rupees	Total Rupees	Quoted Rupees	Unquoted Rupees	Total Rupees
GOVERNMENT SECURITIES-						
At Cost						
12 Years National Savings Cer- tificates	—	22,500	22,500	—	22,500	22,500
OTHER INVESTMENT—						
Balmer Lawne & Co. Ltd.						
Fully Paid Ordinary Shares of Rs. 100 each						
As revalued by the Directors on 31-12-60						
22,660 Shares		Rs. 49,17,220		Rs. 49,17,220		
At Cost						
6,528 Shares		Rs. 7,33,533		Rs. 7,33,533		
Bonus Issue						
14,153 Shares	—	56,50,753		—	56,50,753	
43,341 Shares						
Industrial Credit & Invest- ment Corporation of India Ltd.						
Fully Paid Ordinary Shares of Rs. 100 each						
As revalued by the Directors on 31-12-60						
3,814 Shares		Rs. 2,70,794		Rs. 2,70,794		
At Cost						
6,182 Shares	Rs. 5,96,299	8,67,093		Rs. 5,96,299	8,67,093	
9,996 Shares						
At Cost						
Assam Sillimanite Ltd.						
1,00,000 fully paid Ordinary Shares of Rs. 10 each		10,00,000		10,00,000		

INVESTMENTS Contd...

	BOOK VALUE			1969		
	Quoted Rupees	Unquoted Rupees	Total Rupees	Quoted Rupees	Unquoted Rupees	Total Rupees
OTHER INVESTMENTS-(Contd.)						
At Cost						
*Shama Forge Co. Ltd.						
1,00,000 Fully Paid Ordinary shares of Rs. 10 each	Rs. 10,00,000			Rs. 10,00,000		
5,000 9.5% Fully Paid Cumu- lative Redeemable Preference shares of Rs. 100 each	Rs. <u>5,00,000</u>	15,00,000		Rs. <u>5,00,000</u>	15,00,000	
*Shama Pistons & Rings Ltd.						
80,000 Fully Paid Ordinary Shares of Rs. 10 each	Rs. 8,00,000			Rs. 8,00,000		
2,000 9.5% Fully Paid Cu- mulative Redeemable Preference Shares of Rs. 100 each	Rs. <u>2,00,000</u>	10,00,000		Rs. <u>2,00,000</u>	10,00,000	
* (The Company has given undertakings to the Industrial Finance Corporation of India that the shares in these Companies will not be disposed of, pledged or in any way encumbered without the prior approval of the Corporation.)						
	<u>1,00,17,846</u>		- 1,00,17,846	<u>1,00,17,846</u>		- 1,00,17,846
Total Book Value of Investments	<u>1,00,17,846</u>	<u>22,500</u>	<u>1,00,40,346</u>	<u>1,00,17,846</u>	<u>22,500</u>	<u>1,00,40,346</u>
Market Value of Quoted Investments	<u>56,34,527</u>			<u>68,85,252</u>		

T. GHOSH
Secretary.

KAMALJIT SINGH
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Directors.

Schedule No.7

CURRENT ASSETS

	Rupees	Rupees	Rupees	Rupees	1969 Rupees	Rupees	Rupees
CURRENT ASSETS-							
Interest accrued on Investments ...				12,600			10,800
Stores and Spare Parts (at or under cost)				3,57,367			3,77,271
STOCKS IN TRADE-							
Petroleum Products etc. at cost	1,45,496				10,79,454		
Add: Chargesthereon	—	1,45,496			21,669	11,01,123	
ELECTRONICS MANUFACTURING DIVISION-							
Stocks at cost-							
Raw Materials	5,66,925				2,41,416		
Jobs-in-Progress	2,27,932				2,49,243		
Finished Goods	50,989	8,45,846	9,91,342		34,861	5,25,520	16,26,643
SUNDRY DEBTORS-							
Outstanding above 6 months- Considered Good-							
Secured	3,70,999				1,83,381		
Unsecured	7,82,139	11,53,138			2,68,281	4,51,662	
Considered Doubtful	3,99,538				3,27,018		
Less: Provision	3,82,243	17,295	11,70,433		3,27,018	—	4,51,662
OTHER DEBTS-							
Considered Good-							
Secured	8,60,617				7,34,246		
Unsecured	*67,36,895	75,97,512			35,19,046	42,53,292	
Considered Doubtful	40,239				49,139		
Less: Provision	40,239	—	75,97,512	87,67,945	49,139	—	42,53,292
CASH AND BALANCES WITH BANKS-							
Cash in Hand			51,345			16,312	
WITH SCHEDULED BANK ON-							
Current Accounts	87,00,063				23,11,801		
Fixed Deposits	98,40,000				80,28,000		
Collection Accounts	1,20,800				1,19,268		
Remittances in Transit	27,98,903				10,37,558		
Interest accrued on Fixed Deposits	1,37,992	2,15,97,758			1,48,389	1,16,45,016	
WITH NON-SCHEDULED BANK-							
People's Bank of Tho Union of Burma, Banking Division No.5, Rangoon (Maximum balance at any time during the year Rs. 20,31,560			20,31,560	2,36,80,663		20,31,560	1,36,92,888
				3,38,09,917			2,04,12,556

*Amount due by a Private Company (Indian Oil Corporation Ltd.) in which any Director is a Director. . . Rs. 12,68,950

T. GHOSH
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KAMALJIT SINGH
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A.P. VERMA



Directors.

Schedule No.8

LOANS AND ADVANCES

				1969		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
LOANS AND ADVANCE						
Considered Good and Secured						
Loans		69,878			3,03,267	
Considered Good and Unsecured-						
Advances (recoverable in Cash or in Kind or for Value to be received)	9,09,309			44,75,653		
Loans	*1,00,57,000	1,09,66,309		6,00,000		
				50,75,653		
Due from Steel Brothers & Co. Ltd., on account of minimum remuneration drawn (subsequently re funded)		—		50,000		
Balances with Customs and Port Trusts	10,977			15,356		
Deposits with Municipal Corporation in the U.K.	—	10,977		9,36,000	60,77,009	
Assets, Liabilities etc at Chittagong Branch, East Pakistan as per Schedules Nos. 9 & 10 annexed	40,68,526			40,68,526		
Difference of the Book Value of the Fixed Assets between the Indian and Pakistan Currencies in respect of Chittagong Branch consequent upon the devaluation of Pakistan Currency on 1-8-1955-Balance from previous year	821	40,69,347	1,51,16,511	821	40,69,347	1,04,49,623

*Amount due by a Private Company (Indian Oil Corporation Ltd.) in which any Director is a DirectorRs. 94,57,000.

T. GHOSH
Secretary.

KAMALJIT SINGH
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Directors.

Schedule No.9

ASSETS, LIABILITIES, ETC. AT CHITTAGONG BRANCH, EAST PAKISTAN

Conversion at Pak. Rs. 100= Indian Rs. 100				1969		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
ASSETS						
FIXED ASSETS:						
As per Schedule No.10 annexed			3,43,198			3,43,198
CURRENT ASSETS:						
Stores and Spare Parts-at cost		51,547			51,547	
Stock in Trade						
Petroleum Products-at cost	15,798			15,798		
Direct Charges	<u>2,409</u>	18,207		<u>2,409</u>	18,207	
SUNDRY DEBTORS:						
Outstanding for 6 months or less:						
Considered Good and Secured	5,866			5,866		
Considered Good and Unsecured	83,460			83,460		
Outstanding above 6 months:						
Considered Good and Secured	288			288		
Considered Good and Unsecured	8,400			8,400		
Considered Doubtful	—	98,014		—	98,014	
Note : Debts due by a Company, The Attock Oil Company Ltd. Rs. 1,261.						
CASH AND BALANCES WITH BANKS:						
Cash in Hand	1,204			1,204		
With Bank on						
Current Account	94,862			94,862		
Deposit Account	4,70,000			4,70,000		
Blocked Deposit Account	31,89,333			31,89,333		
Interest accrued on Deposits Account (including Rs. 78,162 on Blocked Deposit Account)	<u>79,305</u>	38,34,704		<u>79,305</u>	38,34,704	
LOANS AND ADVANCES:						
Considered Good and Unsecured Advances and Deposits (Recoverable in Cash or in Kind or for Value to be received)	4,43,099			4,43,099		
Deposits with Port Trusts	<u>278</u>	<u>4,43,377</u>	<u>44,45,849</u>	<u>278</u>	<u>4,43,377</u>	<u>44,45,849</u>
			<u>47,89,047</u>			<u>47,89,047</u>



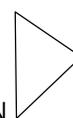
ASSETS, LIABILITIES, ETC. AT CHITTAGONG BRANCH, EAST PAKISTAN Contd..

Conversion at Pak. Rs. 100—Indian Rs. 100

	Rupees	Rupees	Rupees	1969 Rupees	Rupees	Rupees
LIABILITIES						
UNSECURED LOANS:						
Deposits from Distributors	49,780			49,780		
Current Account with Steel Brothers and Company Ltd	6,492	56,272		6,492	56,272	
CURRENT LIABILITIES AND PROVISIONS:						
Current Liabilities						
Due to Employees	223			223		
Sundry Creditors	4,45,167	4,45,390		4,45,167	4,45,390	
Provision for						
Taxation	1,35,127			1,35,127		
Penalty Duty	3,467			3,467		
Terminal Gratuities	54,652	1,93,246	6,94,908	54,652	1,93,246	6,94,908
Excess of Assets over Liabilities			40,94,139			40,94,139
Less: Profit for 1966			25,613			25,613
Contingent Liability:						
There was a contingent liability at 31st December, 1966, in respect of cheques discounted with a Bank amounting to Rs. 84,708.						
			<u>40,68,526</u>		<u>40,68,526</u>	

T. GHOSH
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Directors.



FIXED ASSETS ACCOUNT CHITTAGONG BRANCH, EAST PAKISTAN

Schedule No.10

	Expenditure to 31-12-66	Depreciation written off to 31-12-66	Net Book Value as at 31-12-66
	Rupees	Rupees	Rupees
LAND	17,179	—	17,179
BUILDINGS	70,872	22,364	48,508
ROADS ETC	1,99,980	80,497	1,19,483
PLANT	2,58,427	1,47,218	1,11,209
MOTOR VEHICLES	1,09,928	67,342	42,586
FURNITURE/CHATELS	27,329	23,096	4,233
	6,83,715	3,40,517	3,43,198

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Secretary.

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Directors.

**EXPENDITURE RELATING TO ELECTRONICS MANUFACTURING DIVISION
FOR THE YEAR ENDED 31ST DECEMBER, 1970**

Schedule No.11

	Rupees	Rupees	1969 Rupees	Rupees
Stock and Work-in-Progress as at 1st January, 1970 at Cost:				
Raw Materials	2,41,416		2,21,270	
Work-in-Progress	2,49,243		1,67,664	
Finished Goods	<u>34,861</u>	5,25,520	<u>83,584</u>	4,72,518
Purchases	29,09,381		19,53,073	
Less: Inter-Division Transfer	<u>2,234</u>	<u>29,07,147</u>	—	<u>19,53,073</u>
		34,32,667		24,25,591
Less: Stock and Work-in-Progress as at 31st December, 1970 at Cost:				
Raw Materials	5,66,925		2,41,416	
Work-in-Progress	2,27,932		2,49,243	
Finished Goods	<u>50,989</u>	<u>8,45,846</u>	<u>34,861</u>	<u>5,25,520</u>
		25,86,821		19,00,071
Salaries, Wages and Bonus		9,77,032		6,29,978
Contribution to Provident Fund and Superannuation Fund		42,096		27,164
Workmen and Staff Welfare		56,048		19,061
Distributors/Dealers Sundry Allowances		11,101		5,092
Contractors' Charges		3,687		7,301
Power and Fuel		25,060		4,087
Rent		14,010		14,461
Rates and Taxes (including Sales Tax Ra. 1,47,060 (1969-Ra. 62,085])		2,04,445		63,956
Building Repairs		7,278		3,943
Machinery Repairs		6,101		2,186
Insurance		13,965		5,258
Travelling Expenses		92,987		89,500
Stationery, Gazette and Periodicals		24,977		24,878
Donations and Subscriptions		1,966		451
Postage, Telegrams and Telephones		26,594		19,949
Advertisement Expenses		26,344		29,613
Entertainment Expenses		1,840		3,391
Bank Charges		644		335
Audit and Legal Expenses		10,375		
Sundries		39,233		57,818
Depreciation		<u>45,000</u>		<u>58,944</u>
		<u>42,17,604</u>		<u>29,67,437</u>

T. GHOSH
Secretary.

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S.B. BUDHIRAJA
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V. BALAKRISHNAN



Directors.



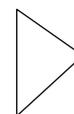
MISCELLANEOUS EXPENDITURE

Schedule No.12

	Rupees	1969 Rupees
U.K. Drilling Expenses	—	269
Travelling Expenses	5,72,341	4,87,781
Stationery, Gazette and Periodicals	1,08,285	91,533
Donations and Subscriptions	14,700	20,636
Postage, Telegrams and Telephones	1,83,274	1,48,740
Advertisement Expenses	62,827	43,086
Bank Charges	1,82,265	1,44,340
Audit and Legal Expenses	76,616	48,055
Interest allowed to Dealers/Distributors on Deposits	35,028	37,815
Sundries	2,10,951	1,64,221
	<u>14,46,287</u>	<u>11,86,476</u>

T. GHOSH
Secretary.

KAMALJIT SINGH
S.B. BUDHIRAJA
A.P. VERMA
V. BALAKRISHNAN



Directors.

INDIAN OIL INTERNATIONAL LIMITED

REPORT OF THE BOARD OF DIRECTORS

AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER, 1970



Indian Oil International Limited

DIRECTORS

Shri M. J. SALDANHA - *Executive Director*

Shri S. S. SAXENA

Shri S. N. SINHA

BANKERS

STATE BANK OF INDIA, CALCUTTA

NEPAL BANK LIMITED, KATHMANDU

AUDITORS

M/s. H. CHAKRABORTY & COMPANY,

Chartered Accountants, CALCUTTA- I

BRANCH AUDITORS

M/s. KUBER & COMPANY,

Chartered Accountants,

6/104, Dharma Path,

KATHMANDU, (Nepal)

INDIAN OIL INTERNATIONAL LIMITED
(A Government of India Undertaking)

Directors' Report

The Directors have pleasure in submitting the First Annual Report, the audited Balance Sheet as at 31st December, 1970 and the Profit and Loss Account for the year ended on that date.

Your Company ended a fifteen-month period on 31st December, 1970. It had earlier been proposed to close the annual accounts on 31st March, 1971 so that the accounting years of the Indian Oil Corporation Limited and your Company would coincide. Certain difficulties were, however, anticipated in meeting the statutory requirement of holding the First Annual General Body Meeting within 18 months of your Company's incorporation and, in consultation with the Indian Oil Corporation Limited, it was eventually decided to finalise the accounts on 31st December, 1970. During the next financial year, however, it will be made practicable to close the accounts on 31st March, so that the financial years of the Indian Oil Corporation Limited and your Company would coincide.

The Company started operations on its own account from 1st November, 1970 the delay being due to the necessity of getting registered as a Foreign Company under the Nepal Company Act, 1964 and obtaining a Sales-Tax Registration Certificate from His Majesty's Government of Nepal.

The turnover during the period of operation has amounted to Rs. 44.90 lakhs yielding for the year under report a net profit of Rs. 9,602/- after provision for taxes, which has been carried forward to the next year in the Profit and Loss Account. The volume of your Company's sales in Nepal has not only been maintained, but all out efforts have been made to increase the sales of Petroleum products. The market participation of your Company despite keen competition by other oil companies is at 60 per cent.

The Board underwent a change on 12th November, 1970 when Shri Bimal Kapoor ceased to be the Executive Director and Shri M. J. Saldanha was appointed in his place.

Your Directors would wish to place on record appreciation of the valuable assistance rendered to your Company by the Officers and Staff of the Company and specially the Indian Oil Corporation Limited ever-since its incorporation.

For and on behalf of the Board,
(M.J. SALDANHA)
Executive Director.

New Delhi,
10th March, 1971.



INDIAN OIL INTERNATIONAL LIMITED

(A Government of India Undertaking)

Analysis on the working results of the Company for the 1st period from 24th October, 1969 to 31st December, 1970.

(1) **STATEMENT OF SHAREHOLDERS' FUND:**

Composition:

Rs. P.	Rs. P.	Rs. P.	
Share capital		1,00,000.00	
Reserves & Surplus		<u>9,602.38</u>	
			<u>1,09,602.38</u>
Invested as:			
Fixed Assets		57,118.76	
Net current Assets-current assets	19,89,581.31		
Less: Current liabilities	<u>19,37,097.69</u>		
		<u>52,483.62</u>	
			<u>1,09,602.38</u>

(2) **FUND FLOW STATEMENT:**

Inflow:		Outflow:	
Share Capital	1,00,000.00	Office Car	31,816.50
		Furniture	23,176.07
		Office equipments	6,897.67
Trading Profit after provision for Taxation:-		Working Capital	52,483.62
Net Profit	Rs. P. 9,602.38		
Add: Depreciation	<u>4,771.48</u>		
			<u>14,373.86</u>
			<u>1,14,373.86</u>

(3) **RATIOS: (Calculations interms thousands)**

(a) Primary: Return on Capital Employed:

$$\frac{\text{Net Profit after taxation}}{\text{Capital employed}} = \frac{9.6}{109.6} \times 100 = 9\% \text{ for two months of effective working.}$$

(b) Secondary:

(i) Net Profit to Sales:-

$$\frac{\text{Net Profit}}{\text{Gross Turnover (including Commission)}} = \frac{9.6}{4703.5} = .2\%$$

(ii) Capital Turnover:-

$$\frac{\text{Gross Turnover}}{\text{Capital employed}} = \frac{4703.5}{109.6} = 44 \text{ times in two months.}$$

(c) Subsidiary Ratios:

(i) Current Ratio & Liquid Ratio:-

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{1989.5}{1937.1} = 1.03$$

(ii) Debtors Velocity:-

$$\frac{\text{Debtors}}{\text{Net Sales}} = \frac{773.2}{4491.3} \times 2 \text{ months of effective working} = .34 \text{ month}$$

(d) Gross Profit Ratio:

$$\frac{\text{Gross profit}}{\text{Gross Sales}} \times 100 = \frac{212.2}{4703.5} \times 100 = 4.5\%$$

(e) Selling Expenses Ratio:-

$$\frac{\text{Selling Expenses}}{\text{Gross Sales}} \times 100 = \frac{130.1}{4703.5} \times 100 = 2.8\%$$



Auditors' Report

To
The Members of
The Indian Oil International Limited

We report that we have audited the annexed Balance Sheet of Indian Oil International Limited as at 31st December, 1970 and the annexed Profit Loss and Account for the period from 24th October, 1969 to 31st December, 1970, signed by us under reference to this report.

We have the following comments:

1. Reserves & Surplus: Rs. 9,602.38

Profit after providing for Indian Income Tax and Nepal Income tax and after writing of the entire preliminary expenses has been shown under this head.

2. Current Liabilities Rs. 19,37,097.69

Amount due to Indian Oil Corporation Limited is Rs. 19,06,071.27 out of which Rs. 83,939.88 is shown under temporary loan and Rs. 2,497.22 in suspense account as per accounts in Nepal Branch. It is however, explained that the amount is in the nature of current advance against commission which has been settled up and adjusted after the close of the year.

3. Fixed Assets Rs. 57,118.76

All Fixed assets are lying at Nepal Branch. Depreciation as charged in the Audited Nepal Branch Profit & Loss Account is shown by way of deduction from Fixed Assets.

4. Sundry Debtors: Rs. 7,73,205.70

The amount shown under Sundry Debtors represents net balances after adjustment of Credit Balances in certain accounts. The amount has been shown as per audited Balance Sheet of Nepal Branch. It is explained that the credit balances arose for a day or two. At any rate, debit balance under Sundry Debtors is Rs. 8,40,308.89 and Rs. 67,103.19 may be considered as temporary advance from parties.

5. The Company has got all its operation in Nepal. The entire preliminary expense of Rs. 8,218.41 N.C. incurred in India and Nepal have been written off at Nepal Branch.

REPORT:

Subject to the foregoing remarks, we report that:-

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purposes of the audit;
- (b) 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 those books, and proper returns adequate for the purposes of audit have been received by us from branches not visited by us;

- (c) the reports on the accounts of Nepal Branch audited by other Auditors have been forwarded to us and the same have been considered in preparing our report;
- (d) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account and the returns;
- (e) in our opinion and to the best of our information and according to the explanations given to us the said accounts, read with the notes as aforesaid, give the information required by the Companies Act, 1956, in the manner so required and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Company as at 31st December, 1970, and the Profit & Loss Account gives a true and fair view of the Profit for the period ended that date.

Calcutta, 29th March, 1971

H. CHAKRABORTY & CO.
Chartered Accountants.

INDIAN OIL INTERNATIONAL LIMITED

(A Government of India Undertaking)

**BALANCE SHEET AS ON 31ST
DECEMBER, 1970**

LIABILITIES	Figures for the Current year.		Figures for the Previous year.
	Rs. P.	Rs. P.	Rupees
Share Capital:			
Authorised 500 shares of Rs. 1,000/-each		5,00,000.00	Nil
Issued, subscribed, fully called and paid up 100 shares of Rs. 1,000/. each (all beneficially held by Holding Company)		1,00,000.00	Nil
Reserves & Surplus:			
Profit & Loss Account		9,602.38	Nil
Secured Loans		Nil	Nil
Unsecured Loans		Nil	Nil
Current Liabilities & Provisions:			
A. Current Liabilities:			
Indian Oil Corporation Ltd., Calcutta	19,06,071.27		Nil
Deposits for Retail Outlets	1,000.00		Nil
Other Liabilities	4,775.23		Nil
Provision for selling & Distribution expenses	11,487.24		Nil
Provision for Income Tax	13,763.95		Nil
		19,37,097.69	
B. Provisions		Nil	Nil
Contingent Liability:			
Honorarium of Rs. 300/- payable to the Secretary has not been provided for pending approval of Indian Oil Corporation.			
Total Rupees		20,46,700.07	Nil

Calcutta, 29th March, 1971.

H. CHAKRABORTY & CO.
Chartered Accountants.



INDIAN OIL INTERNATIONAL LIMITED
(A Government of India Undertaking)

**BALANCE SHEET AS ON 31ST
DECEMBER, 1970**

ASSETS	Figures for the Current year.			Figures for the Previous year.
	Rs. P.	Rs. P.	Rs. P.	Rupees
Fixed Assets:				
Office Car	31,816.50			Nil
Less: Depreciation	<u>3,181.65</u>			Nil
		28,634.85		
Furniture	28,176.07			Nil
Less: Depreciation	<u>1,159.05</u>			Nil
		22,017.02		
Office Equipment	6,897.67			Nil
Less: Depreciation	<u>430.78</u>			Nil
		<u>6,466.89</u>		Nil
			57,118.76	
Investments			Nil	Nil
Current Assets Loans & Advances:				
A. Current Assets:				
Sundry Debtors:				
(a) Outstanding for more than six months	Nil			Nil
(b) Other debts-unsecured considered good	<u>7,73,205.70</u>			Nil
		7,73,205.70		
Cash & Bank Balances:				
SBI, Calcutta	45,145.28			Nil
With Nepal Branch:				
* SBI/Nepal Bank Ltd	11,56,347.30			Nil
Cash in hand	<u>530.87</u>			Nil
	<u>11,56,878.17</u>			
		12,02,023.45		
B. Loans & Advances:				
Advances & Deposits (Advances recoverable in cash or in kind or value to be received)		<u>14,352.16</u>		Nil
			19,89,581.31	
Miscellaneous Expenditure			Nil	Nil
			<u>20,46,700.07</u>	Nil
Total Rupees				<u>Nil</u>
**Nepal Bank— Current Account	19,840.86			
Collection Account	22,629.04			
State Bank of India	<u>11,13,877.40</u>			
	<u>11,56,347.30</u>			

for INDIAN OIL INTERNATIONAL LIMITED.

N. S. SHIVANANDA
Chief Accounts Officer.

M. J. SALDANHA
Executive Director.

S. N. SINHA
Director.



INDIAN OIL INTERNATIONAL LIMITED
(A Government of India Undertaking)

**PROFIT AND LOSS ACCOUNT FOR THE
PERIOD FROM 24TH OCTOBER, 1969 TO
31ST DECEMBER, 1970**

	Current year	Previous year
	Rs. P.	Rs. P.
To Bankcharges	112.68	<i>Nil</i>
Auditfee	1,000.00	<i>Nil</i>
Provi;ion for Incomc Tax	7,786.00	Nil
Balance carried to Balance Sheet	9,602.38	<i>Nil</i>
Total Rupees	<u>18,501.06</u>	<u><i>Nil</i></u>
Notes:- Auditor's Fees	In Schedule A	
(a) Companies Audit Fee	1,000.00	1,479.84
(b) In other capacity	<u>Nil</u>	<u>369.96</u>
	1,000.00	1,849.80

Calcutta, 29th March, 1971

H.CHAKRABORTY & Co.
Chartered Accountants.



INDIAN OIL INTERNATIONAL LIMITED
(A Government of India Undertaking)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 24TH OCTOBER, 1969 TO 31ST DECEMBER, 1970

	Current year Rs. P.	Previous year Rs. P.
By Profit from Kathmandu Office as per Schedule A	18,501.06	<i>Nil</i>
Total Rupees	<u>18,501.06</u>	<u>Nil</u>

for INDIAN OIL INTERNATIONAL LIMITED.

N. S. SHIVANANDA
Chief Accounts Officer.

M. J. SALDANHA
Executive Director.

S. N. SINHA
Director.

INDIAN OIL INTERNATIONAL LIMITED
(A Government of India Undertaking)

Schedule A

Profit from Nepal Branch (conversion rate Rs. 100 IC = Rs. 135.15 NC)

	N.C. Rs. P.	I.C. Rs. P.
Revenues		
Sales	60,70,098.30	44,91,378.47
Commission on sales	1,22,562.13	90,686.00
Selling & Distribution Commission	1,64,206.00	1,21,499.08
	63,56,866.43	47,03,563.55
Less: Cost of Sales (Opening & Closing Stock Nil)	60,70,098.30	44,91,378.47
Gross Profit	2,86,768.13	2,12,185.08
Licence fee on Pumps	16.22	12.00
	2,86,784.35	2,12,197.08
Less: Expenses:		
Salaries & Wages	34,512.24	25,536.25
Telegrams, Telephone & Postage	1,084.48	802.43
Travelling Expenses	1,817.35	1,344.69
Office Maintenance Expenses	5,750.98	4,255.26
Printing & Stationery	2,031.67	1,503.27
Office & House Rent	4,916.12	3,637.53
Entertainment Expenses	1,424.20	1,053.79
Conveyance Expenses	683.40	505.66
Miscellaneous Expenses	1,668.65	1,234.67
Insurance	1,348.65	997.89
Motor Car Maintenance Expense	912.29	675.02
Audit & Consultation Fees	2,500.00	1,849.80
Bankcharges	4,570.22	3,381.59
Depreciation	6,448.65	4,771.48
Selling & Distribution Expenses	1,75,813.66	1,30,087.80
	2,45,482.56	1,81,637.13
Net Profit (subject to Nepal Taxation)	41,301.79	30,559.95
Less: Preliminary Expense written off	8,218.41	6,080.94
Provision for Nepal Income Tax	8,079.20	5,977.95
	16,297.61	12,058.89
Balance Transferred to Profit and Loss Account	25,004.18	18,501.06

H. CHAKRABORTY & CO
Chartered Accountants.

Calcutta, 29th March, 1971.

.for INDIAN OIL INTERNATIONAL LIMITED.

N.S. SHIVANANDA
Chief Accounts Officer.

M. J. SALDANHA Executive Director.

S. N. SINHA Director.



INDIAN OIL INTERNATIONAL LIMITED

(A Government of India Undertaking)

COMMENTS OF THE COMPTROLLER & 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 International Limited for the period ended 31st December, 1970.

Calcutta,
19th April, 1971

Sd/-
for *Member, Audit Board and Ex-Officio*
Director of Commercial Audit (Eastern Region)