

INDIAN OIL COMPANY LIMITED

Third
Annual
Report

61.62



NOTICE

Notice is hereby given that the Third Annual General Meeting of the Indian Oil Company Limited will be held at the Company's registered office at "Rashmi", Carmichael Road, Bombay-26, on Saturday, the 29th September, 1962, at 3-30 P.M. to transact the following business :—

“To receive and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 1962 and the Profit and Loss Account for the year ended 31st March, 1962.”

By Order of the Board

Sd./-
(U. R. KURLEKAR)
Secretary to the Board.

BOMBAY,
1st September 1962.

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

- c.c. :1. To all Members.
2. M/s. A. F. Ferguson & Co., Chartered Accountants, Bombay.
 3. The Dy. Director of Commercial Audit, Bombay.

INDIAN OIL COMPANY LIMITED

(A Govt. of India Undertaking)

Bombay, September 6, 1962.

Directors' Report

THE SHAREHOLDERS,

The Directors have pleasure in submitting their Third Annual Report along with the statement of audited accounts with the Auditors' Report and the comments of the Director of Commercial Audit, New Delhi, for the year ended 31st March, 1962.

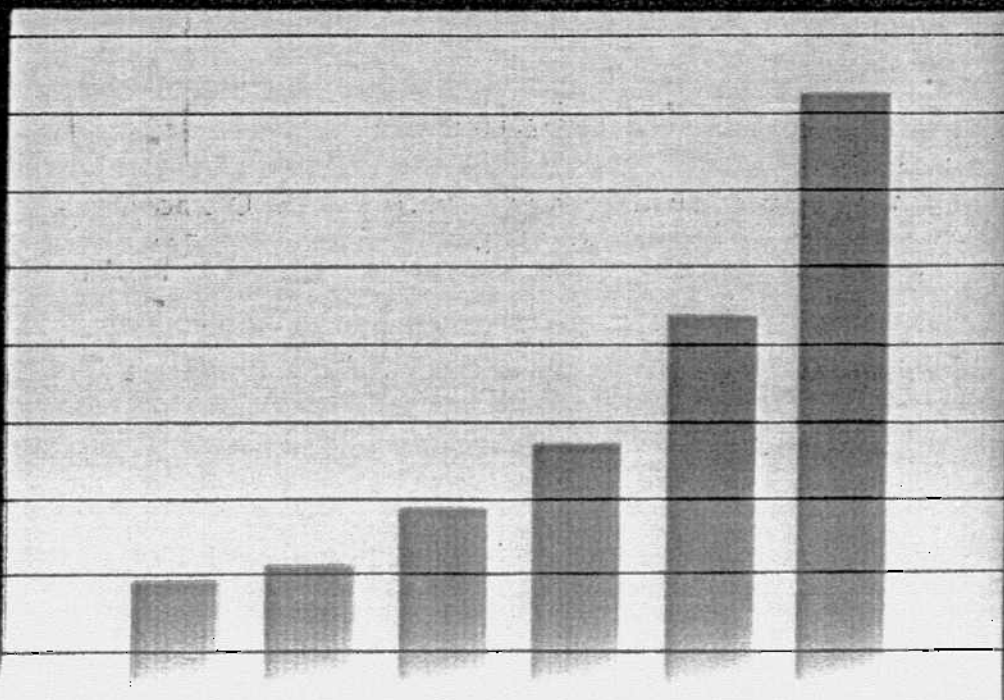
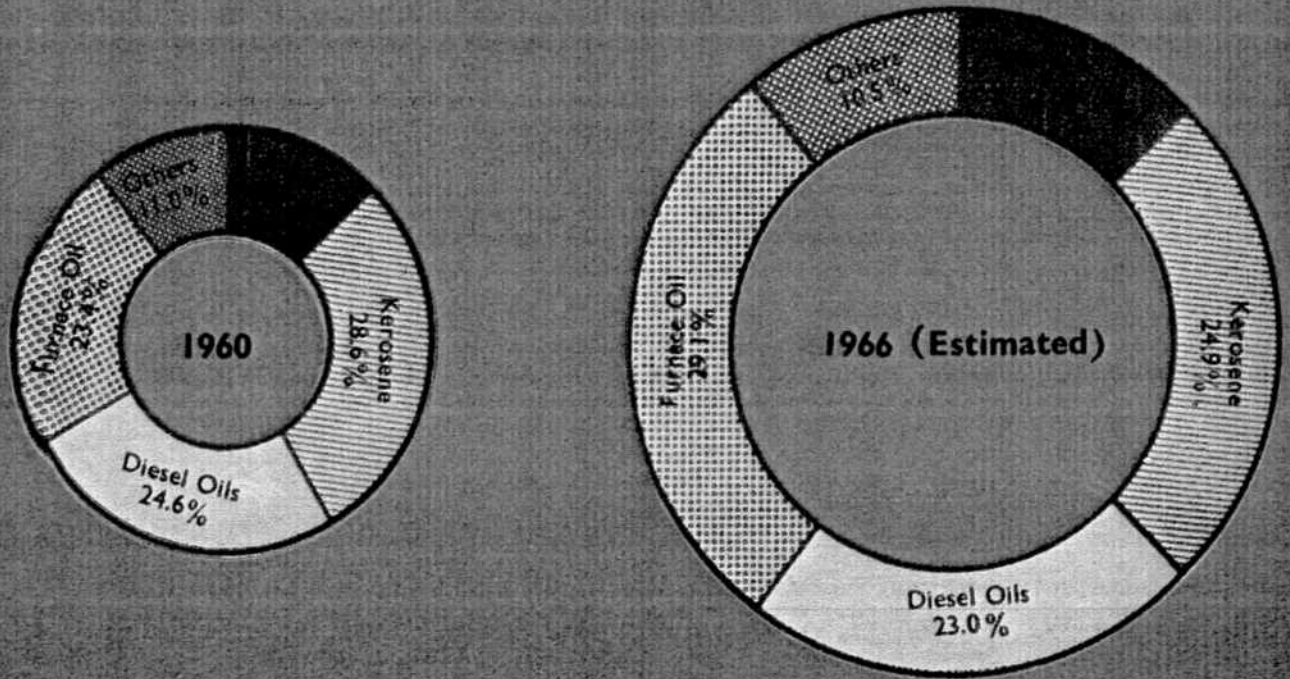
Finance

At the beginning of the year, the Company's paid-up capital was Rs. 57.25 lacs. During the year Rs. 2,40,00,000 were received from the Central Govt. thereby increasing the total paid-up capital on 31st March, 1962 to Rs. 2,97,25,000/- against the authorised capital of Rs. 12,00,00,000/-. As on 31-3-62 the Company also had a Cash Credit Account with the State Bank of India for Rs. 47,47,549.85.

Installations

During the period under review, in addition to the Defence installations at Bombay, Cochin and Vizag (total capacity 44,700 tons), the Company developed its own installations at Kandla, Bombay, Cochin, Calcutta and Siliguri. At the close of the year two new main port installations were started at Kandla and Bombay. Construction work at Cochin, Calcutta (Paharpur) and Siliguri was in progress. At the close of the year the total capacity was 1,11,000 tons (1,48,000 kl). 23 inland depots with various capacities were in operation at the close of the year, as against 4 at the close of the last year.

Pattern of demand for Petroleum Products



Imports

During this year, the Company received 20 tankers from Russia. The total quantity received by the end of March '62 was 83,800 kl. of H.S.D., 1,70,400 kl. of Superior Kerosene and 7,300 kl. of A.T.F. A sample shipment of 11,300 kl. (10,000 tons) of Furnace Oil was also received at Cochin on 16th March, 1962.

Sales

During the period under review the Company sold 61,675 kl. of H.S.D. Out of this 31,691 kl. were sold to Govt. departments and 25,818 kl. to State Transport Undertakings. The Company also sold 1,48,739 kl. of Superior Kerosene. Out of this 94,145 kl. were sold through co-operatives and 36,508 kl. in bulk to M/s. Hindustan Organisers Pvt. Ltd. with whom the Company has an agreement for bulk sales.

Nunmati Refinery

The Gauhati refinery was inaugurated on 1st January, 1962 and its first products were available from February for marketing. Upto March 1962, 436 kl. of L.D.O. and 183 kl. of Motor Spirit were sold.

Review of Achievement of Targets

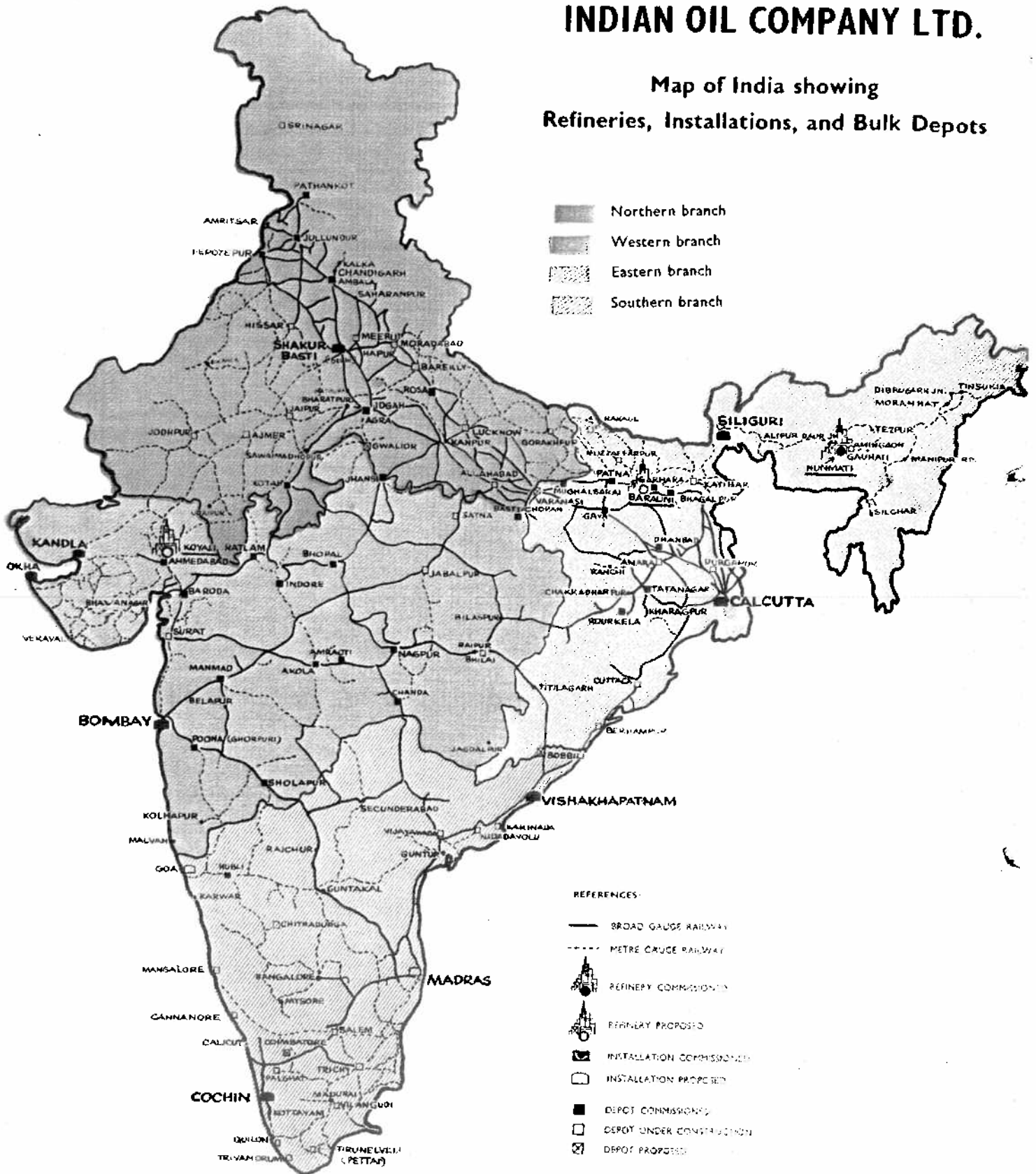
This was the period during which the first phase plan of the development of the Company was implemented. The targets fixed for the first phase plan period in respect of sales and import were very nearly achieved though targets in respect of construction of storage facilities were not achieved. Due to various difficulties in getting suitable plots of lands at various places and the nonavailability of requisite type of steel, the construction of installations and depots was delayed and the targets fixed for installation capacity and number of depots could not be achieved. As against the target of 1,35,000 tons of storage at main ports only 1,11,000 tons of storage was developed upto the end of the year. As regards the depots, sales were being made from 23 depots by the end of the year as against the target of 50 depots.

In respect of imports, the target in case of H.S.D. was exceeded though the target for Kerosene was not achieved due to difficulties of supplies being arranged.

The actual sales were 98% of the target in case of Kerosene and 93% in case of H.S.D. The short-fall in the case of Kerosene and H.S.D. was partly due to failure of our suppliers to arrange regular despatches and partly due to lack of adequate retail dispensing facilities. There were occasions during this year when we had to restrict sales both of H.S.D. and Kerosene for want of supplies.

INDIAN OIL COMPANY LTD.

Map of India showing
Refineries, Installations, and Bulk Depots



Profit and Loss Account

The enclosed accounts show a loss of Rs. 13,95,528.08. The main reason for this loss was certain additional non-recoverable Customs/Excise Duties imposed by Government during the year. Since these duties could not be added to the selling price, the Company had to bear these Duties to the extent of Rs. 11.14 lacs.

During the period under review, product exchange arrangements for the distribution of Nunmati refinery products were finalised with the other oil companies. According to these agreements the unrecovered freight (i.e. difference between actual rail freight from Gauhati to a particular place and the railway freight to that place from Calcutta which is the 'traditional source' of supply) has to be borne by the Company. This year's accounts have been burdened to the extent of Rs. 1,00,952.50 on account of the unrecovered freight.

As mentioned in the last Annual Report, in case of H.S.D. consequent upon the price cutting resorted to by the foreign oil companies, the Company had to enter into contracts with the State Transport Undertakings at uneconomic rates to establish ourselves in the market. Sales of H.S.D. oil at these uneconomic rates continued during this year also, and this was another factor contributing to the loss. Concessional rates given to the co-operative societies, which has been the main agency of our distribution for Kerosene, reduced the profit on the sale of this product, but even this margin was wiped out by the heavy losses incurred on H.S.D.

A word in explanation of the Auditors' remark regarding maintenance of accounting records is also necessary. The magnitude of work in this year marked a sudden and considerable increase as compared to the last year. For example the total imports during 1961-62 were 2,72,800 kl. as against 41,300 kl. during 1960-61. Similarly total sales were 2,10,414 kl. as against 32,073 kl. during 1960-61. Thus the volume of imports and sales increased by about 7 times. This rapid expansion of the Company during the year caused severe strain on the Accounts department which was handicapped due to non-availability of trained staff. Necessary arrangements for recruitment of adequate and experienced staff and the necessary training facilities are being made. The accounting systems are also being re-examined in consultation with the statutory auditors with particular reference to the defects noticed by the auditors and we are confident that this initial difficulty will be overcome.

Regarding the comment of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, the Company has decided to write off the full compensation in the following year when the exact amount of compensation to be paid to the South Eastern Railway will be determined.

Board of Directors

During the period under review, the following changes were made in the composition of the Board of Directors:—

(i) on 14.12.1961 Shri P. Govindan Nair, I.C.S., was appointed as Director in place of Shri A. V. Venkateswaran.

(ii) On 23.2.1962 Shri K. Srinivasan was appointed as Director in place of Shri G. Venkateswara Ayyar, I.C.S.

(iii) On 2.6.1962 Shri P. A. Gopalkrishnan, I.C.S., was appointed as Managing Director in place of Shri B. Arora.

During this year 10 meetings of the Board were held and the average attendance of the Directors was 60%.

General

Your Directors are glad to inform you that contracts for import of Axle oil and Transformer oil from Rumania were finalised in May 1962.

Negotiations for import of premium grade lubricating oils and setting up a lubricating oil Blending Plant were in progress at the close of the year and are expected to be finalised shortly.

The Government of India have entered into an agreement with the ENI of Italy, which provides for credit of Rs. 46 crores by ENI for various petroleum projects. Amongst these, the Company is responsible for two schemes; viz. (i) Liquid Petroleum Gas Bottling and Distribution Facilities and (ii) Supply of Distribution Equipment. A delegation consisting of three officers of the Company visited Italy in the month of March 1962 to discuss these schemes with ENI Representatives. The Project Report for LPG Bottling & Distribution Facilities, prepared by the ENI, has been received and is presently under examination. The list of distribution equipment is being finalised in consultation with the ENI.

Your Directors wish to place on record their appreciation of the work put in by the members of the Company's staff.

Report of the Auditors to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Company Limited as at 31st March, 1962 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

Records in respect of Sales, Stores and Oil Stocks were not properly kept and as a result we have not been able to satisfy ourselves regarding their adequacy. Proper documents in support of cash payments were not available in many cases.

Subject to the foregoing, 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 Company so far as appears from our examination of the books;
 - (3) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (4) in our opinion, and to the best of our information and according to the explanations given to us, the said Accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view —
 - (a) in the case of the Balance Sheet of the state of the affairs of the Company as at 31st March, 1962,
- and
- (b) in the case of the Profit and Loss Account of the loss for the year ended on that date.

BOMBAY,
20th August, 1962.

(Sd.) A. F. FERGUSON & CO.
Chartered Accountants.

**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 Co.
Limited for the Year ended 31st March, 1962**

Non-provision of the compensation payable to Railways

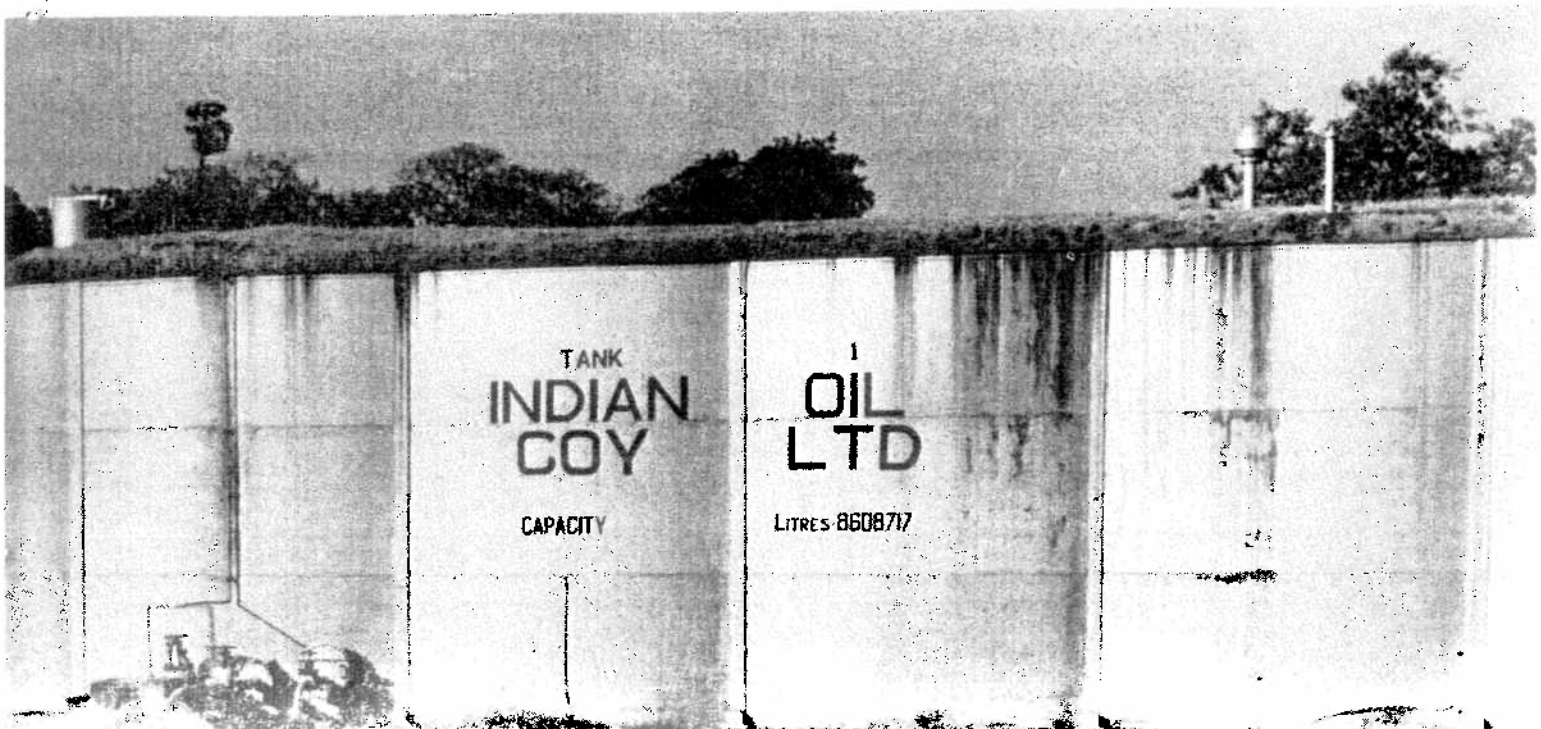
In accordance with an agreement, operative for 8 months with the S.E. Railways, the Indian Oil Company had to pay a compensation of approximately Rs. 2,40,471/- to a party to be specified later by the Railways for the use of their tankages and other facilities. For the period January, 1962 to March 1962 when these facilities were utilised, the proportionate compensation payable by the Indian Oil Company as on the 31st March, 1962 amounted to Rs. 92,177. The Company has however, not made any provision in its books on this account.

Sd./-
(P. K. SEN),
Director of Commercial Audit.



Ready to go. The tank cart is the connecting link between the depot and the dealer. Photo shows a cart on its way to the market.

About three years ago, INDIANOIL made its debut with the acquisition of camouflaged anti-blast tanks at a scenic spot in Antop Hill, Wadala, in Bombay. Picture shows a section of the installation.



INDIAN OIL

(A Government of

Balance Sheet As

1961

LIABILITIES

Rs.

Rs.

Rs.

SHARE CAPITAL:

Authorised:

<u>12,00,00,000.00</u>	1,20,000 Equity Shares of Rs. 1,000/- each	<u>12,00,00,000.00</u>
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Issued and Subscribed:

57,25,000.00	25,175 Equity Shares of Rs. 1,000/- each fully paid in cash	2,51,75,000.00
-----	Monies received from Government awaiting allotment of Shares	45,50,000.00
		<u>2,97,25,000.00</u>

SECURED LOANS:

-----	Cash Credit Account with the State Bank of India (against hypothecation of Oil Stocks and guaranteed by the President of India)	47,47,549.85
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CURRENT LIABILITIES AND PROVISIONS:

A. Current Liabilities:

54,64,673.36	Sundry Creditors	2,26,28,927.44
	Balance on Indian Refineries Ltd. Product Account (See note No. 1)	24,07,572.42
3,45,385.08	Security Deposits	10,13,498.35
-----	Interest Accrued but not due on Loan	20,872.48
-----	Liabilities for Collateral Securities held as per contra	<u>95,550.00</u>

C/f Rs. ... 2,61,66,420.69

1,15,35,058.44

Carried forward

3,44,72,549.85

COMPANY LIMITED

(India Undertaking)

at 31st March, 1962.

1961	ASSETS		Rs.	Rs.
Rs.			Rs.	Rs.
	FIXED ASSETS:			
3,43,077.55	As per Schedule 'A' annexed		98,03,359.98	
11,07,852.86	Capital Works in Progress		<u>77,55,125.53</u>	1,75,58,485.51
	INVESTMENTS — Unquoted (at cost.)			
-----	12 Year National Plan Saving Certificates (Includes certificates worth Rs. 15,000/- deposited with the Commercial Tax Officer, Vizagapatnam).			19,000.00
	CURRENT ASSETS, LOANS AND ADVANCES:			
	A. Current Assets:			
5,300.92	Interest Accrued on Short Term Deposits		-----	
	Inventories (as valued and certified by the Officials of the Company)			
32,471.76	(a) Stores and Spare Parts (at cost)	1,90,177.39		
4,404.69	(b) Loose Tools (at cost)	46,059.11		
-----	(c) Stock of Empty Tins and Barrels (Cost less depreciation)	3,15,249.84		
26,22,349.23	(d) Oil Stocks (at cost or market value whichever is lower)	1,13,20,617.56		
	(Includes transit Stock at cost)		-----]	1,18,72,103.90

			C/f Rs. ...	1,18,72,103.90
<u>41,15,457.01</u>	Carried forward			<u>1,75,77,485.51</u>

INDIAN OIL

(A Government of

Balance Sheet As

1961	LIABILITIES		Rs.	Rs.
Rs.				
1, 15,35,058.44		Brought forward		3,44,72,549.85
	CURRENT LIABILITIES AND PROVISIONS:			
	(Contd.)			
		B/f.	2,61,66,420.69	
	B. Provisions:			
	Provision for Contingencies		1,00,952.50	
			<u>1,00,952.50</u>	2,62,67,373.19

CONTINGENT LIABILITIES:

Demurrage Claims not admitted amount of which is not ascertainable.

- Notes:*
1. Pending an agreement between the Company and Indian Refineries Ltd. all sales of the latter Company's products effected by this Company have been carried forward in a separate account and no entries for purchases or stocks have been passed. Consequently, the income, if any, arising from these transactions has not been booked, the amount thereof not being ascertainable.
 2. No adjustment has been made in the accounts for 'C & F' variations pending Government's decision in the matter.
 3. Previous year figures have been regrouped where necessary.
 4. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 71,63,970.96 nP.

1,15,35,858.44

Carried forward

6,07,39,923.04

COMPANY LIMITED

India Undertaking)

at 31st March, 1962.

1961	ASSETS	Rs.	Rs.
41,15,457.01	Brought forward		1,75,77,485.51

CURRENT ASSETS, LOANS AND ADVANCES:
(Contd.)

		B/f.	1,18,72,103.90
	Sundry Debtors:		
	Over six months old.		
129.84	Unsecured, considered good	62,710.79	
	Other Debts.		
6,607.80	(a) Secured, considered good	46,988.54	
30,83,154.47	(b) Unsecured and considered good	<u>2,03,49,703.37</u>	2,04,59,402.70

Note: Debts due from Companies under the same Management ...

1961	Name of the Company	
—	Mazagaon Docks Ltd. ...	505.00
—	Hindustan Steel Ltd.	2,157.92
—	Hindustan Shipyard Ltd.	900.12
1,081.00	Indian Refineries Ltd.
1,081.00	Total ...	3,563.04

Due from the Managing Director Rs. 25.10 nP (Previous year Rs. 934.20 nP)

Maximum during the year Rs. 934.20 nP (Previous year Rs. 934.20 nP).

C/f. Rs. ... **3,23,31,506.60**

72,05,349.12

Carried forward

1,75,77,485.51

INDIAN OIL

(A Government Company)

Balance Sheet A

1961

Rs.

1,15,35,058.44

LIABILITIES

Brought forward

Rs.

6,07,39,923.04

1,15,35,058.44

TOTAL RUPEES

6,07,39,923.04

As per our report attached

(Sd.)

Chartered Accountants.

Bombay, 20th August, 1962.

COMPANY LIMITED

India Undertaking)

at 31st March, 1962.

1961	ASSETS		Rs.	Rs.
Rs.				
72,05,349.12		Brought forward		1,75,77,485.51
CURRENT ASSETS, LOANS AND ADVANCES				
	(Contd.)	B/f.	3,23,31,506.60	
Cash and Bank Balances:				
14,17,424.82	(a) With Bank on Current Account	36,95,719.96		
10,00,000.00	(b) With Bank on Short Term Deposit			
42,669.49	(c) Cash in Hand	1,14,149.68		
		<u>38,09,869.64</u>		
	B. Loans and Advances:			
	(Unsecured, considered good)			
7,67,286.00	Advances for Capital Expenditure ...	11,82,638.74		
90,604.27	Advances Recoverable in cash or in kind or for value to be received ...	4,76,546.02		
4,37,876.43	Sundry Deposits	5,16,206.78		
2,52,617.00	Balances with Customs, Port Trust, etc.	30,33,360.36		
	Collateral Securities held as per contra	95,550.00		
		<u>53,04,301.90</u>		4,14,45,678.14
MISCELLANEOUS EXPENDITURE:				
31,708.37	Preliminary Expenses	31,708.37		
	Profit and Loss Account.			
2,89,522.94	Balance as per annexed Account ...	16,85,051.02		17,16,759.39
<u>1,15,35,058.44</u>		TOTAL RUPEES		<u>6,07,39,923.04</u>

(Sd.) SHRI AMOLAKH CHAND.
9th August, 1962.

(Sd.) SHRI P. A. GOPALKRISHNAN
9th August, 1962.

(Sd.) SHRI S. NIJALINGAPPA.
9th August, 1962.

INDIAN OIL

(A Government of

Trading and Profit and Loss Account

DR.

1961 Rs.	Rs.		Rs.	Rs.
		To Opening Stock	26,22,349.23	
40,47,200.03		„ Oil Purchases	3,07,76,275.51	
57,48,459.04		„ Customs and Excise Duty	3,12,39,638.04	
1,81,662.92		„ Wharfage and Landing Charges	9,15,525.75	
<u>99,77,311.99</u>			<u>6,55,53,788.53</u>	
26,22,349.23		Less: Closing Stock	1,13,20,617.56	
	73,54,962.76			5,42,33,170.97
	3,36,827.17	„ Salaries and Wages		14,49,941.51
	5,926.55	„ Provident Fund Contribution		34,977.6
	62,730.48	„ Rentals of Depots, Installations, Offices and Staff Accommodations		5,95,050.66
	15,118.43	„ Consumption of Stores		1,49,447.96
		„ Repairs and Maintenance		
		Plant and Machinery	13,080.50	
		Buildings	60.00	
	5,301.83	Others	9,529.49	
				22,669.99
	1,149.80	„ Insurance		82,812.76
		„ Interest		65,028.67
		„ Rates and Taxes		47,177.29
	3,06,829.54	„ Office Administrative and Selling Ex- penses		21,83,847.05
	950.00	„ Directors Fees		1,375.00
	3,000.00	„ Audit Fees		8,500.00
		„ Provision for Contingencies		1,00,952.50
	22,447.07	„ Depreciation		7,68,046.43
	<u>81,15,243.63</u>			<u>5,97,42,998.40</u>

COMPANY LIMITED

India Undertaking)

for the year ended 31st March, 1962.

1961		CR
R s.		R s.
78,30,559.23	By Oil Sales	5,82,54,226.87
14,184.37	.. Interest	8,897.60
9,687.95	.. Miscellaneous Income	73,358.05
98.00	.. Profit on Sale of Fixed Assets	10,987.80
2,60,713.99	.. Net Loss carried down	13,95,528.08

81,15,243.63

5,97,42,998.40

INDIAN OIL

(A Government of

Trading and Profit and Loss Account

DR.

1961

Rs.

28,808.95
2,60,713.99

2,89,522.94

To Balance as per last Year's Account
„ Balance brought down from Profit and Loss Account ...

Rs.

Rs.

2,89,522.94
13,95,528.08

Total Rupees

16,85,051.02

1961

Rs.

32,308.06
2,308.88
3,985.15
1,552.52

40,154.61

Note :—Managing Director's Remuneration comprises of.

Salaries
Provident Fund Contribution
Rental
Medical Expenses

1962

Rs.

32,100.00
2,600.55
6,396.77
208.52

41,305.84

Previous year's figures have been regrouped where necessary

As per our report attached to the Balance Sheet.

Sd/-

Chartered Accountants.

Bombay, 20th August, 1962.

COMPANY LIMITED

(India Undertaking)

for the year ended 31st March, 1962.

1961		CR.
Rs.		Rs.
2,89,522.94	By Balance carried to Balance Sheet	16,85,051.02
<u>2,89,522.94</u>		<u>16,85,051.02</u>
	Total Rupees	

Sd/- SHRI S. NIJALINGAPPA
9th August, 1962

Sd/- SHRI P. A. GOPALKRISHNAN
9th August, 1962

Sd/- SHRI AMOLAKH CHAND
9th August, 1962

INDIAN OIL

(A Government of

Schedule of Fixed Assets Annexed to and

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<i>Fixed Assets</i>	<i>Gross Block as at 31st March 1962</i>	<i>Additions during the year</i>
	Rs. nP.	Rs. nP.
Land	—	575.36
Buildings (includes Industrial and Office Buildings, Drainage, Roads, Bridges, etc.)	1,825.00	12,53,771.61
Plant and Machinery	1,26,425.72	62,55,372.66
Transport Equipment	1,21,580.14	11,79,324.47
Furniture and Fixtures	1,15,975.90	2,78,169.66
Railway Sidings	—	1,16,989.52
Ferry Ghat	—	12,55,063.00
	3,65,812.76 (20,776.14)	1,03,39,266.28 (4,00,577.16)

COMPANY LIMITED

India Undertaking)

SCHEDULE "A"

Forming Part of Balance Sheet as at 31st March, 1962.

COST

<i>Deductions or Transfers</i>	<i>Gross Block as at 31st March, 1962</i>	<i>Total Depreciation upto 31-3-62</i>	<i>Net Depreciation Block as at 31st March, 1962</i>
Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.
	575.36	---	575.36 (---)
	12,55,596.61	65,584.12	11,90,012.49 (1,755.56)
	63,81,798.38	4,91,645.07	58,90,153.31 (1,19,372.23)
1,10,937.42	11,89,973.19	1,14,774.87	10,75,198.32 (1,11,163.83)
	3,94,145.56	39,379.95	3,54,765.61 (1,10,784.93)
	1,16,989.52	4,094.63	1,12,894.89 (---)
	12,55,063.00	75,303.00	11,79,760.00 (---)
<u>1,10,937.42</u> (55,540.54)	<u>1,05,94,141.62</u> (3,65,812.76)	<u>7,90,781.64</u> (22,735.21)	<u>98,03,359.98</u> (3,43,077.55)

NOTE.—Previous year's figures which are shown in brackets, have been recast wherever necessary.

(Sd/-)

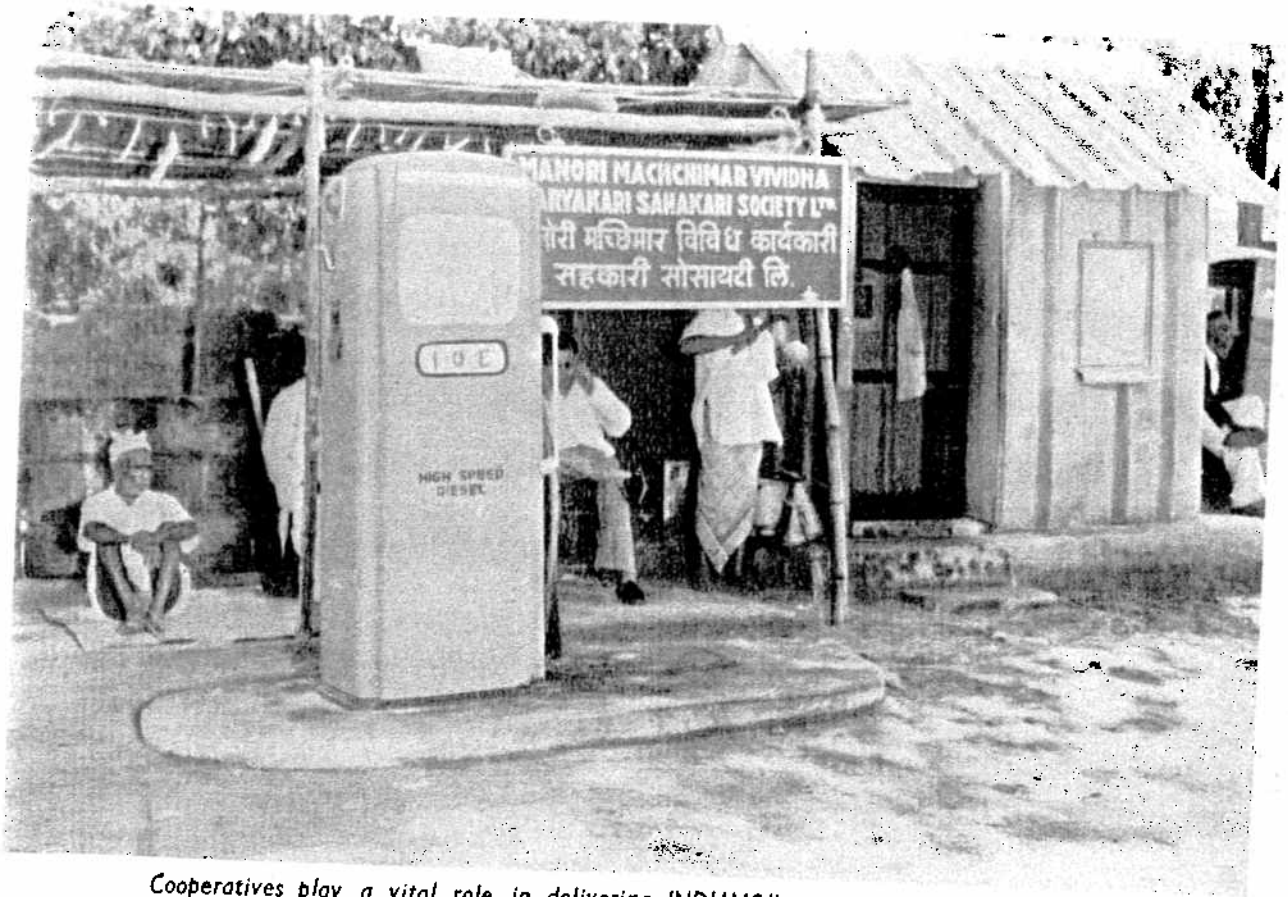
SHRI AMOLAKH CHAND
9-8-62

(Sd/-)

SHRI P. A. GOPALKRISHNAN
9-8-62

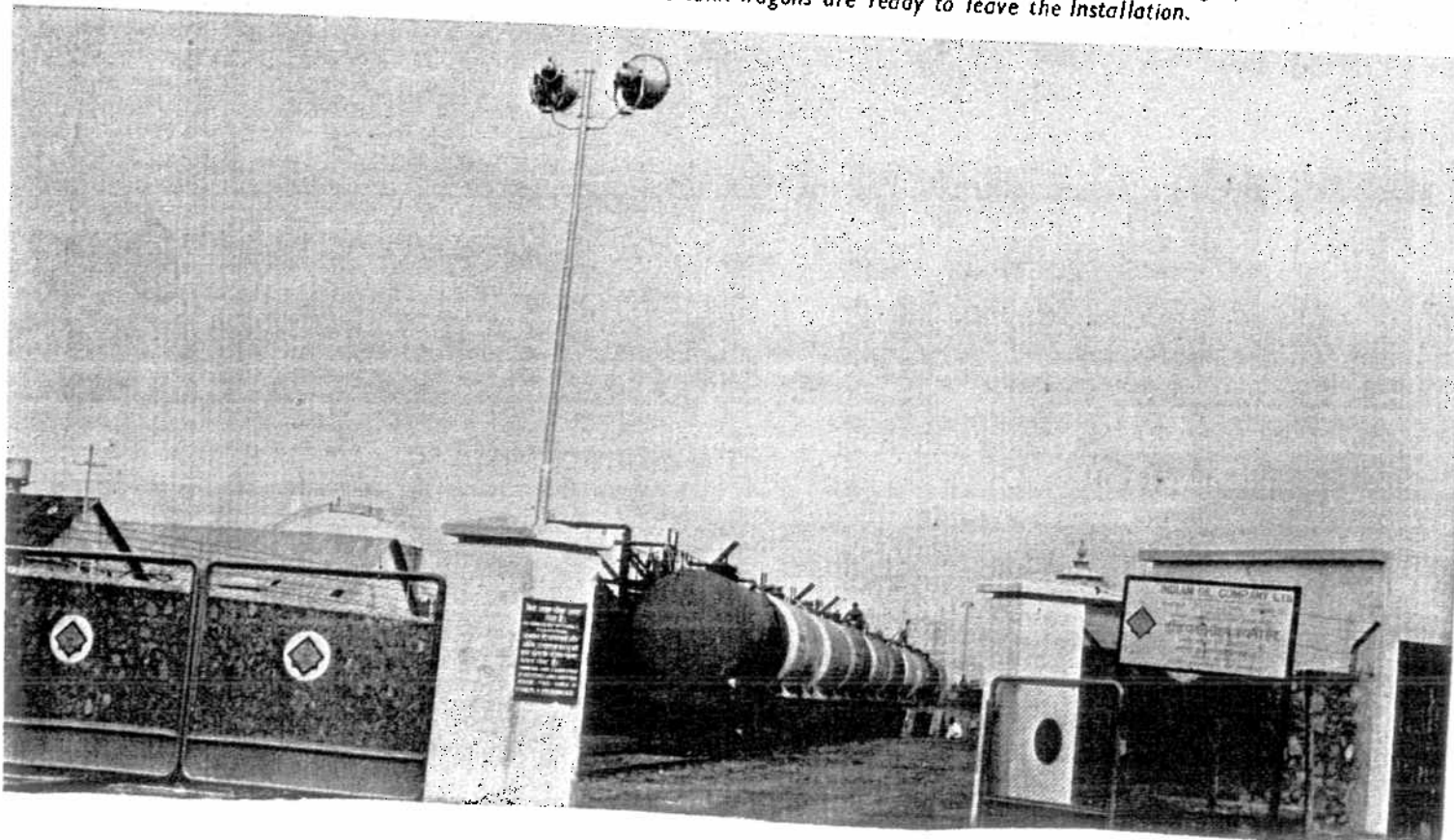
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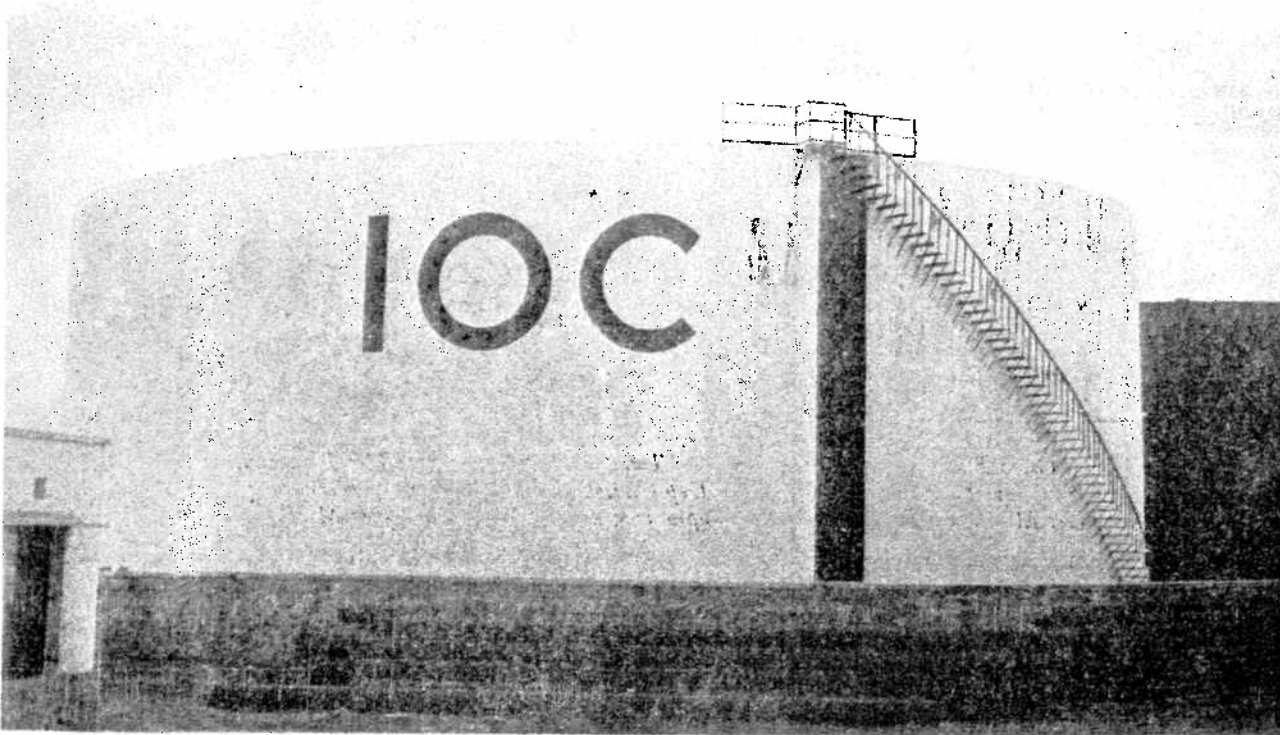
SHRI S. NIJALINGAPPA
9-8-62



Cooperatives play a vital role in delivering INDIANOIL to masses. A fisherman's cooperative in Bombay has an INDIANOIL pump to serve its members.

With a wider range of petroleum products to handle, INDIANOIL has gone in for additional storage facilities at its Wadala Installation. Here tank-wagons are ready to leave the installation.





One of the modern giant oil tanks at INDIANOIL's Wadala Installation in Bombay

Sign of Progress. INDIANOIL has acquired the sole distributorship in India of the world-famous "Flying Red Horse" lubricants of Mobil Petroleum Co. Inc., of U.S.A. The barrels form part of the first consignment which reached Indian shores recently.



INDIAN OIL COMPANY LIMITED, 'Rashmi', Carmichael Road, Bombay 26.

BRANCHES: ● 'Chordia' Mansion, 150-A, Mount Road, Madras 2. ● National Insurance Building 5, Parliament Street, New Delhi. ● P-64, Sundari Mohan Avenue, Calcutta 14. ● C.I.C. Mahalakshmi Flats Estates, Clerk Road, Bombay 34.