

Indian Oil Corporation Limited

Annual Report
1964-65



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INDIAN OIL CORPORATION LTD.

BOARD OF DIRECTORS :

P. A. Gopalkrishnan, ICS, *Chairman.*
 N. N. Kashyap, ICS
 M. Gopal Menon, ICS
 A. A. Peerbhoy
 C. S. Loganathan
 Maj. Gen. Sardanand Singh (Retd.)
 S. K. Guha
 L. S. Lulla
 R. S. Gupta
 N. P. Mathur
 P. H. Trivedi
 K. T. Satarawala

SECRETARY : D. B. Puri

BANKERS : State Bank of India

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

**REGISTERED OFFICE AND
 MARKETING DIVISION
 HEADQUARTERS**

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

MARKETING DIVISION :

Branches : Bombay, New Delhi, Calcutta, Madras

REFINERIES DIVISION :

Headquarters : Link House,
 Bahadur Shah Zafar Marg,
 New Delhi-I.

PIPELINES DIVISION:

Headquarters : Link House,
 Bahadur Shah Zafar Marg,
 New Delhi-I.



NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Indian Oil Corporation Limited will be held at the Company's Registered Office at 254-C, Dr. Annie Besant Road, Worli, Bombay-18 at 11.30 A.M. on Saturday, the twenty seventh day of November 1965 to transact the following business.

"To receive and consider the Profit and Loss. Account, the Balance Sheet and Report of the Directors and that of the Auditors for the financial year ended 31st March, 1965".

By Order of the Board
D. B. PURI
Secretary

Bombay

16th November, 1965.

- Note :
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.
 2. A printed copy of Balance Sheet, Profit and Loss Account and Auditors' and Directors' Reports thereon is enclosed.



INDIAN OIL CORPORATION LTD.

DIRECTORS' REPORT 1964-65

To,

THE SHAREHOLDERS OF INDIAN OIL CORPORATION LIMITED.

Gentlemen,

The Directors have pleasure in presenting the Sixth Annual Report and the Audited Accounts of the Corporation for the year ended 31st March, 1965.

RESULTS

| | | | | | |
|---|----|----|----|-----|--------------|
| Turnover for the year | .. | .. | .. | Rs. | 77,81,94,904 |
| Profits earned before providing for depreciation and interest | .. | .. | .. | Rs. | 5,54,78,102 |
| Depreciation | .. | .. | .. | Rs. | 1,32,88,921 |
| Interest charges | .. | .. | .. | Rs. | 3,46,25,090 |
| Net profit for the year | .. | .. | .. | Rs. | 75,64,091 |

This net profit of Rs. 75,64,091 for the financial year 1964-65 works out at 1.71% of the paid-up capital of Rs. 44.26 crores for the Corporation as a whole.

The profits would have been Rs. 104.12 lacs more i.e. Rs. 179.76 lacs and the return on paid-up capital after taxes would have been 4.06% if the Corporation did not have to bear the under-recovery of freight and of sales tax arising in the Eastern and Northern parts of the country for the entire oil industry.

When the products of the Gauhati Refinery or the Barauni Refinery are sold at any point, the Indian Oil Corporation has to pay the rail freight from the Refinery to the selling point. The ceiling selling prices are fixed by the Government under a formula which only allows the rail freight from the normal port of supply i.e. Calcutta or Kandla generally, to be charged to the customer. Similarly, in many cases when products move across the state borders, Central Sales Tax has to be paid by the Corporation but under the price formulae fixed by the Government, the Central Sales Tax cannot be charged to the customers.

The foreign oil companies who take IOC's products from the Corporation's Refineries in product exchange, have so far refused to reimburse the extra expenses to the IOC on the ground that the expenses are not recoverable from the customers. The IOC has to suffer these losses, which are not of a commercial nature for the entire oil industry in this region and not only for that part which it finally sells to the customers.

The Government is still considering what should be done. It is hoped that a solution will be found by the new price enquiry body, the Talukdar Committee, which is looking into oil prices in India.



In order to secure effective co-ordination and control between the refining and marketing activities of petroleum products, the Government of India issued the Petroleum Company Amalgamation Order, 1964 under which the erstwhile Indian Refineries Limited was dissolved and merged with the erstwhile Indian Oil Co. Ltd., and the new Company resulting from this merger was known as Indian Oil Corporation Ltd. The changes came into effect from the 1st September, 1964. This report indicates the activities of the Marketing Division, the Refineries Division and the Pipelines Division, which constitute the entire organisation of the Corporation.

FINANCE

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

| | *Balance as on 1-4-1964 | Additions during 1964-65 | Balance as on 31-3-1965 |
|---------------|----------------------------|-----------------------------|----------------------------|
| Share Capital | 34, 97,25,000 | 9,28,97,000 | 44,26,22,000 |
| Loan | 37,18,33,333 | 8,33,77,778 @ | 45,52,11,111 |
| | 72,15,58,333 | 17,62,74,778 | 89,78,33,111 |

*Made up of the share capital and loan of the previous Indian Oil Co. Ltd., the previous Indian Refineries Ltd., and also Rs. 20,00,000/- application money received from the Government of India for share capital but for which allotment had not been made on 31st March, 1964.

@ Net addition after adjustment for loan repaid during the year 1964-65. As on 31st March 1965 the Corporation had a demand cash credit account of Rs. 16,39,17,190/- with the State Bank of India.



A bird's eye view of Gauhati Refinery in Assam

REFINERIES DIVISION

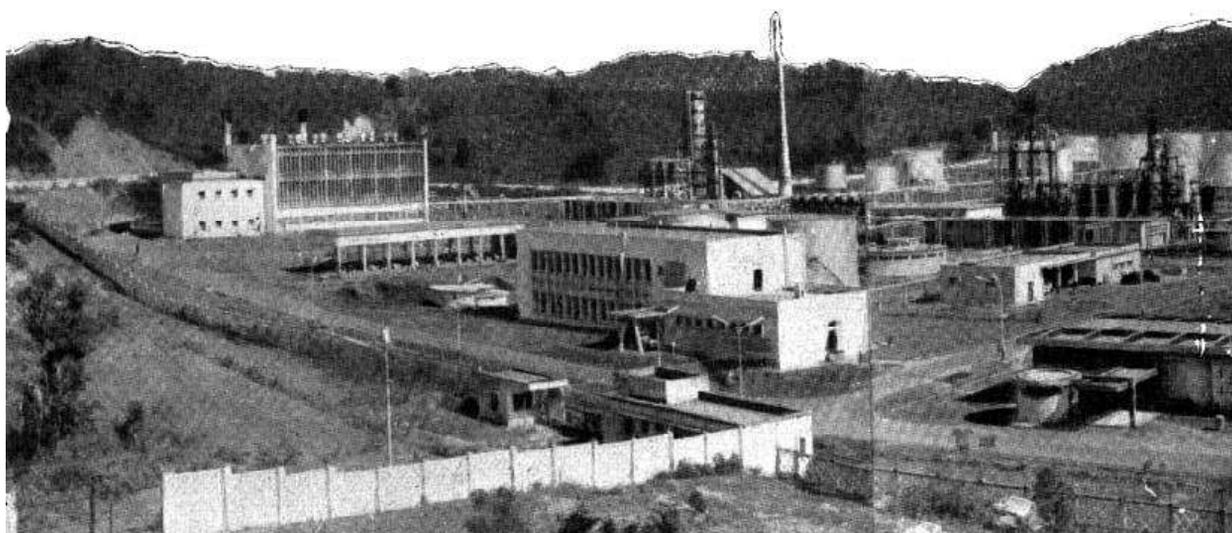
During the year under review the Government of India created on 11th March 1965 another Division called the Pipelines Division within the Company and transferred to it the two Pipelines Projects, namely, the Gauhati-Siliguri Products Pipeline and the Haldia-Barauni Kanpur Products-cum-crude Pipeline, which were under the charge of the Refineries Division before. Another important change which came at the close of the year was that the Government of India transferred the Gujarat Refinery Project from the Oil and Natural Gas Commission to the Refineries Division with effect from 1st April 1965.

The picture regarding the operations of the Gauhati Refinery and the progress made on the construction of the Barauni and Gujarat Refineries is given in the following paragraphs: -

GAUHATI REFINERY

The Refinery processed 749,164 tonnes of crude oil against the designed capacity and target of 750,000 tonnes. This target would have been exceeded but for the shutdown of the Refinery for a few days in December 1964 owing to accumulation of stocks resulting from the meagre upliftment of black oil products. However, the month of March broke all time record when a quantity of 80,483 tonnes of crude oil was processed. The performance of the different units of the Refinery has been quite satisfactory throughout the year.

With the overall foreign exchange Situation in the country becoming difficult and anticipating cuts in imports of some of the petroleum products from free foreign exchange sources, the Refineries



A bird's eye view of Gauhati Refinery in Assam

Division undertook special efforts to meet the anticipated situation to the best of its capacity. The throughput at the Gauhati Refinery was pushed up to the maximum safe extent which required extra vigilance in the plant during the operations. As a result, during the months of April to July the Refinery processed 2,84,789 tonnes of crude oil which gives a rated capacity of over 0.85 million tonnes as against the designed capacity of 0.75 million tonnes per year. This would not have been possible but for the experience and confidence gained by the engineering staff during the last three years. It is proposed to continue higher throughput in the Refinery throughout the year keeping the safety aspects in view.

TOWNSHIP

Construction of the permanent township with 608 quarters was practically complete with shopping centre and other amenities. Construction of 33 quarters including 28 Nos. for the Pipelines was taken in hand, in addition to a 15-bed hospital and a primary school building.

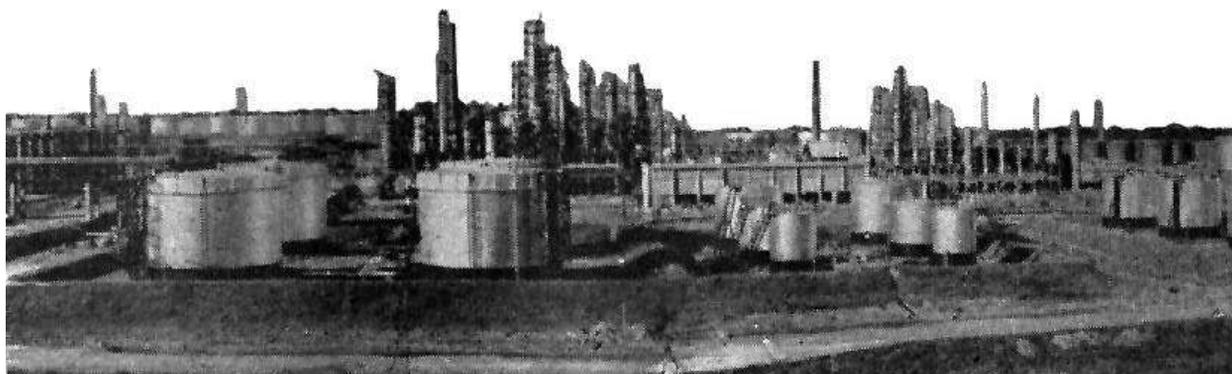
TRAINING

One of the significant development during the year has been the firm establishment of qualitative and quantitative training programme under the guidance of a U.N.O. expert. A total of 531 trainees received training during the year, of whom 290 were employees of the Refinery itself and the remaining were from Barauni and Gujarat Refineries, besides a small number of outside industrial trainees. Training facilities were also provided to 32 Engineering Degree students sponsored by different colleges and universities.

WELFARE

The Canteen and Staff Institute continued to function satisfactorily. The daily attendance in the Montessori School increased to 48. The children of the employees attending the schools in the Gauhati town are provided transport at nominal cost. The two branches of the Co-operative Stores in the Township have become popular with the Refinery employees and have a monthly turnover of about Rs. 20,000/-.

Sports, tournaments and cultural programmes were organised frequently during the year.



A view of the Barauni Refinery in Bihar

BARAUNI REFINERY

The year under review witnessed in Stages the commissioning of the first million tonne per year processing capacity when the first unit, namely, the Atmospheric Vacuum Unit was commissioned in July 1964 followed by the commissioning of the Coking in October 1964 and the Kerosene Treating Unit (first stream) in January 1965. The Refinery was formally inaugurated by Prof. Humayun Kabir, Minister of Petroleum & Chemicals on the 15th January, 1965.

The operations of the Atmospheric Vacuum Unit No.1 and the Kerosene Treating Unit (first stream) have been quite satisfactory but certain modifications had to be carried out in the Coking Unit in order to produce furnace oil conforming to marketing and excise specifications. The Refinery is now running on full designed capacity without any trouble so far as the first stage is concerned. During the year 2,49,918 tonnes of crude oil were processed and from 1st April to 31st July, 1965, 186, 282 tonnes.

Along with the commissioning of the first stage, the construction work over the second stage, comprising another million tonne capacity also continued unabated. The second stage works are expected to be completed by October 1965, but the actual commissioning is likely to be postponed by a few months owing to the limitations in the capacity of the Coking Unit for which the Soviet Union are proposing to send some additional equipment for augmentation. The third stage comprising lube oil units, is expected to be commissioned in the first quarter of 1966. The completion schedule of the Refinery has received many set-backs some of which were unavoidable.



A view of the Barauni Refinery in Bihar

During the year, a contract for the expansion of the Refinery to a processing capacity of 3 million tonnes of crude oil per year as also signed with the Soviet Union and the expansion, according to the existing schedule, is expected to materialise in the second half of 1966. The process patterns are at present under discussion with Soviet authorities.

TOWNSHIP

The township consisting of 1500 residential units is practically complete and occupied by the Refinery employees.

WELFARE

Two canteens have been provided in the Refinery where subsidised meals are served to the employees. A number of water coolers have been installed in the Refinery area for supply of cold drinking water. In addition, rest rooms and change rooms have also been provided for the workers.

Three Co-operative Stores at suitable locations in the township are being run by the Employees Co-operative Society. Two primary schools with nursery sections attached thereto are already functioning

A panoramic view of the township at Barauni.



A First-Aid Centre with adequate medical facilities has also been set up and plans for building a hospital have been finalised.

The Management promotes a number of cultural activities besides games and sports.

GUJARAT REFINERY

Following the conclusion of an Indo-Soviet Agreement on the 21st February, 1961, providing, *inter alia*, for the establishment of a 2 million tonne per year oil Refinery in Gujarat, a site for the Refinery at Koyali was selected on the 17th April 1961. A contract was signed in October 1961 for the preparation of the Project Report jointly by the Soviet and Indian Engineers, between Messrs. Tiajprom export, Moscow and the Oil & Natural Gas Commission. The Project Report was received in March 1963 and examined by the Indian Engineers. As a result another contract was signed on the 29th June, 1963 between Messrs. Tiajprom export, Moscow and the Oil & Natural Gas Commission for the supply of equipment and materials for the Gujarat Refinery. The work on the site, however, could only be commenced in October 1963, after the end of the monsoons.

All the civil and mechanical works of the Refinery are being carried out through the agency of the contractors while the electrification and the high precision work of instrumentation are being done departmentally. Construction made considerable progress during the year so as to enable the start up of the precommissioning tests of the Refinery from the first week of August 1965. The commissioning of the first stage of the Refinery will be undertaken gradually thereafter. The second million tonne capacity of the Refinery is expected to be achieved in the first quarter of 1966 and the third million tonne capacity during the second half of 1966.

A view of the Gujarat Refinery.



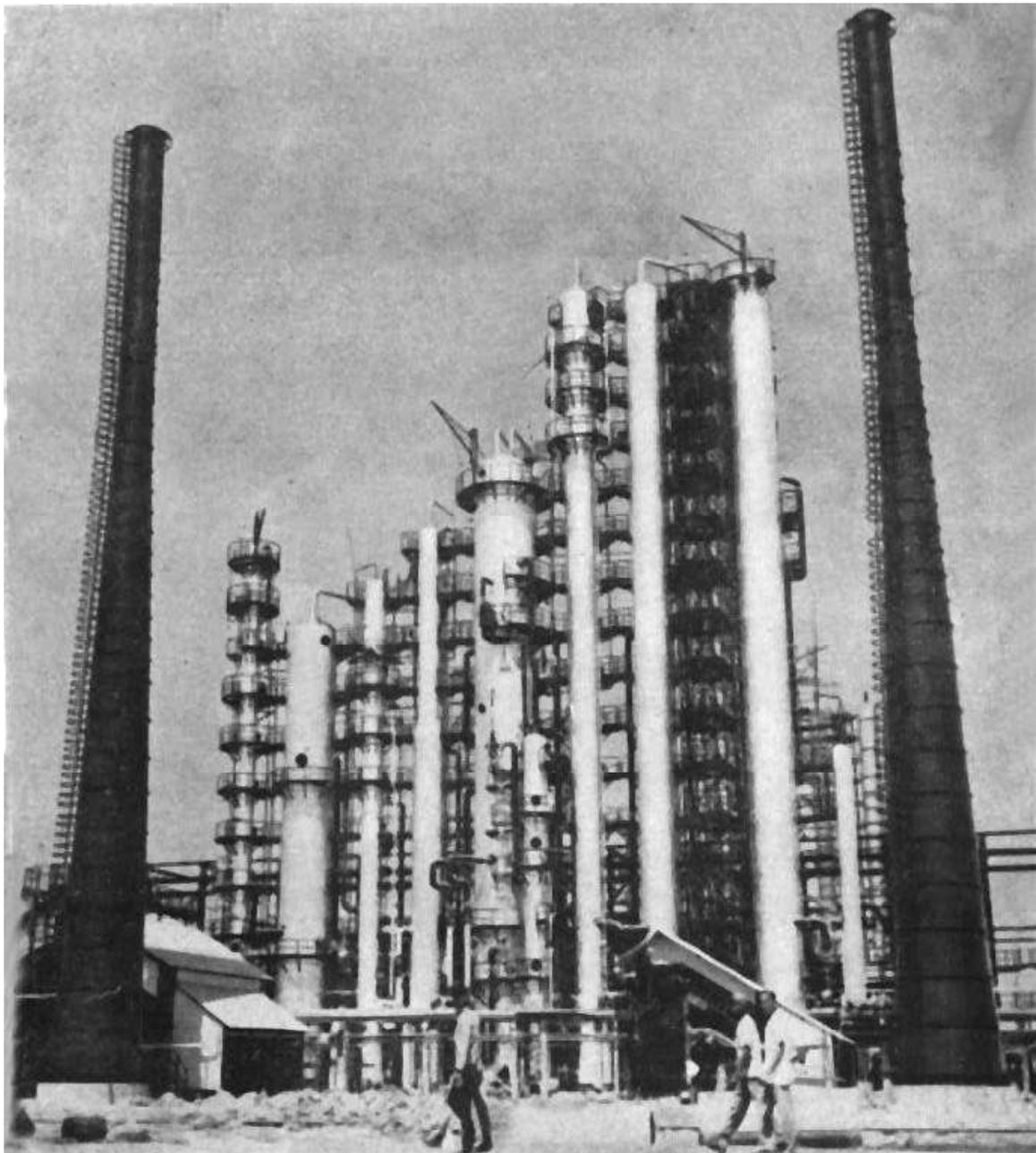
UDEX PLANT

As part of the Gujarat Refinery, it has been decided to install an Udex Plant in collaboration with Nuvo Pignone S.P.A. of Italy for the purpose of extracting Benzene, Toluene, etc., as basic raw-materials for the Petro-Chemical Industries.

CENTRAL DESIGN ORGANISATION

Drawing upon the experience of Gauhati and Barauni Refineries, the agreement with the Soviet Union in the case of Gujarat Refiner Project provided for 40% of the design work of the Refinery as the Indian responsibility. Accordingly, a nucleus of a design cell was set up under the management of the Gujarat Refinery Project to undertake the responsibility of designing

Atmospheric Unit of the Gujarat Refinery which was commissioned in early September, 1965



the Gujarat Refinery and later for the preparation of working drawings for the entire expansion schemes of the Gujarat and Barauni Refineries. This has enabled the Indian Engineers to gain valuable experience in the highly complex design jobs of the Refineries.

TOWNSHIP

Two self-contained townships consisting of 168 and 833 residential units are complete and occupied by the Refinery employees. Another 99 units are under construction.

WELFARE

Two Consumers' Stores and a petrol pump are being run by the Employees Co-operative Society. A fully equipped medical health unit with a dispensary in each of the townships provides adequate medical assistance to the employees and their families. Employees needing hospitalization are sent to the hospital at Baroda.

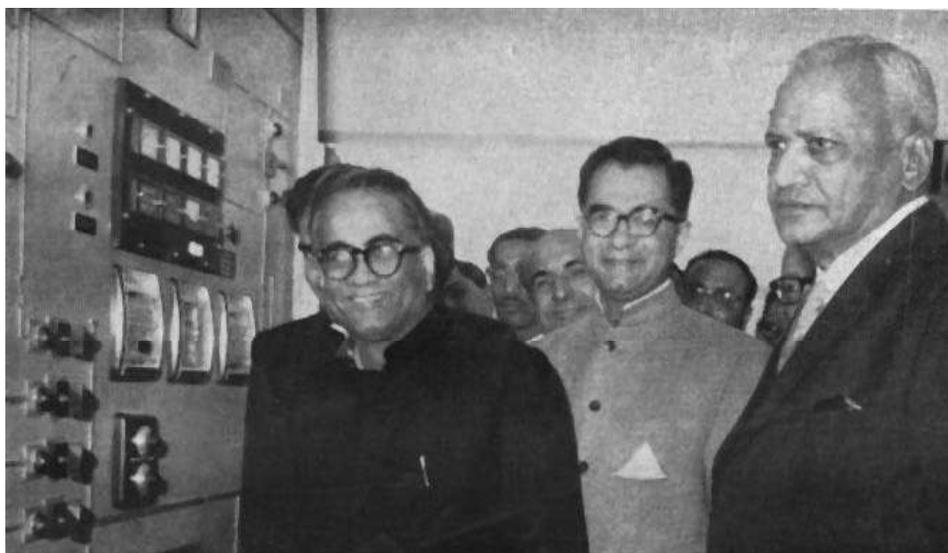
Buses have been provided to the staff and their families for purposes of shopping etc., on Sundays and holidays at nominal charges. Two primary schools together with a nursery and kindergarten classes are maintained. Club-cum-Institute in both the townships meets the recreational needs of the residents.

PIPELINES DIVISION

GAUHATI-SILIGURI PRODUCTS PIPELINE

The Gauhati-Siliguri Products Pipeline was completed and commissioned in November 1964 and the formal inauguration ceremony was performed by Shri O. V. Alagesan, Minister of State in the Ministry of Petroleum & chemicals on the 20th December 1964. During the year, the Pipeline transported 189,461 Kls. (153,817 metric tons) and from 1st April to 31st July, 1965, 165,892 Kls. (134,302 metric tons) of white oil products from Gauhati to Siliguri. The performance during this period has been quite satisfactory.

Gauhati-Siliguri Products Pipeline was inaugurated by *SHRI O. V. ALAGESAN*, Minister of State in the Ministry of Petroleum & Chemicals (extreme left). Next to him are *SHRI N. N. KASHYAP*, Mg. Director, Refineries Division and *HRI P. A. GOPALKRISHNAN*, Chairman, Indian Oil Corporation.



HALDIA-BARAUNI-KANPUR PIPELINE PROJECT

The installation of the Pipeline along the entire route covering nearly 1,200 Kms. is almost complete except for the rail bridge crossings, pumping stations and terminals. These jobs are expected to be completed by the end of 1965.

Plans for the installation of a Branch pipeline from Baradabar on the main pipeline route to Maurigram, near Calcutta, over a distance of about 65 Kms. are also under way. This Branch Line is intended to provide easy movement into the Calcutta market of the white oil products initially from the Barauni Refinery and imported products from the Haldia Port and later on from Haldia Refinery. The survey and design work of this Branch Line have already been completed.

The three contracts executed with Bechtel International Corporation of U.S.A. and their subsidiaries were terminated on the 30th June 1965 on the expiry of 22 months' period provided for in those contracts. As a result, the supervision and management work involved in the construction of this Project is now being carried out entirely by the Indian staff.

MARKETING DIVISION

STORAGE & DISTRIBUTION FACILITIES

During the year under review, the Corporation has been operating from 11 Main Installations. The Corporation has increased the stage capacity at Ports and Main Installations by 18% over the previous year. The capacity of Bulk Depots and Consumer Depots increased by 37% and 38% respectively over the previous year. The number of Satellite Depots/Relay tankages increased from 20 on 31.3.1964 to 52 on 31.3.1965 while the number of Retail and Consumer pumps increased by 70%.

During the year under review, Bulk petroleum Installations at four airfield stations were commissioned and supplies to Defence started and eight B.P.Is were nearing completion.

IMPORTS

During the period under review, the corporation imported 11,98,172 kls. of refined oils and 76,134 kls. of lubricating oils against 8,89,991 kls. and 72,614 kls. respectively imported in the previous year.

SALES

During the year, the Corporation's sale amounted to 1.72 million kls. as against 1.17 million kls. in 1963-64, registering an increase of 7%. There was increase in the sales both to Government customers and private parties.

ACCOUNTS

A co-ordinated plan for the improvement of accounts was drawn up during the year. This had become necessary because each year the turnover of the Marketing wing had been increasing tremendously. The improvement plan covered all aspects of accounting, collections, billing, budgeting, recruitment and training programmes.

The plan was a success. Accounting arrears, which had persisted from the beginning were cleared, and a mid-term account was prepared for the first time. Billing was decentralised in almost all the depots. Money due the Corporation was collected more expeditiously. The collections increased by 70% though the sales value increased by 48.5% only, in comparison to previous year, bringing down the customers' outstanding in terms of the number of months sales that remained outstanding. Training and internal audit manuals were prepared.



AVIATION

Quite a sizable storage capacity has been set up at various airfields to cater to the requirements of the Indian Air Force and civilian aircraft. Indianoil will be the sole supplier for aviation fuels and lubricants to the new aircraft factories at Nasik and Koraput.

LOSS CONTROL

The Operations Department has made great progress in reducing the product stock losses. The throughput rose from 17,28,855 K.L. in 1963-64 to 28,62,942 K.L. in 1964-65. The actual loss in 1964-65 was less than in the previous year even though the throughput had increased by 67%. The loss per unit throughput improved by 53% in 1964-65 compared to 1963-64. The control on stock losses has been achieved by:

- (1) Streamlining Operations by adopting modern methods.
- (2) Winning the co-operation of the field staff in reducing stock losses.
- (3) Streamlining various operational and accounting procedure on stock loss control.
- (4) Training and developing staff.

Indianoil started its Aviation Service with Air-India International in Bombay. Picture shows SHRI P. A. GOPALKRISHAN, Chairman, Indian Oil Corporation, switching on the refueller, On his left is SHRI B. R. PATEL, General Manager, Air-India



INDIGENOUS MANUFACTURE

The Corporation has been playing an important role in developing the indigenous production of equipment used by oil companies in handling oil. This has been leading to a considerable saving in foreign exchange.

The essential components of floating roof tanks were being imported by the foreign oil companies. The Corporation also imported the components for the first set of floating roof tanks erected at its Kandla Installation, but for the remaining installations, the floating roof tanks have been built with indigenous components. They are as efficient as imported ones and are far more economical to put up. The Corporation has used floating suctions and loading assemblies made indigenously, and encouraged the local manufacture of dry self priming centrifugal pumps, gear rotary pumps, flame proof starters, motors and other fittings.

Other items developed locally and used are power take off units fitted on tanktrucks and tachometers.

The Corporation has built aircraft refuellers which are in service now with both the I.A.F. and civil aircraft. All refuellers were previously imported.

A prestige service station of the Marketing Division at Worli in Bombay



L.P.G.

Negotiations between the ENI and the Corporation for acquiring cylinders and equipment had to be abandoned as the terms were not found suitable. Consequently the Corporation's requirements are being met with from indigenous sources. Likewise the possibilities of setting up bottling plants indigenously, keeping the imports to the barest minimum, are under examination.

The Corporation has an ambitious programme of introducing "INDANE" (a trade name given for its LPG) in the Eastern markets and in the Northern markets in the first instance.

'Indane', Indianoil's cooking gas was first introduced in Calcutta in October 1965. Picture. show SHRI S. K. MUKHERJEE, West Bengal's Finance Minister lighting the first burner to mark the formal inauguration of 'Indane' sales in Calcutta.



TRAINING

Great importance has been attached to training by the Corporation.

253 Officers were trained in Sales, Lubrication and Engineering. A special Instructor went round the Branches and gave this training to the Officers. A Sales Technical Manual was written and published for the use of the Sales and Lubrication staff.

Training is also being given in Operations by another Instructor. Recruits to the Operations Department are first trained and it is only after its successful completion that they are assigned to the various posts.

All the clerical assistants dealing with Accounts in the Depots and Installations were trained in Accounts before they were sent to join their posts. Refresher courses will be conducted from time to time.

Training is a continuous process and year after year, the various training courses have to continue.

RESEARCH & DEVELOPMENT

During the year under review market survey for the assessment of LPG demand in the Koyali supply area was made and a similar study with regard to Cochin supply area has been undertaken. A number of other field studies have been instituted to gather essential information for the management's use and a monthly research bulletin has been introduced for the purpose of dissemination of useful information regarding oil and associated developments both in the country and abroad.

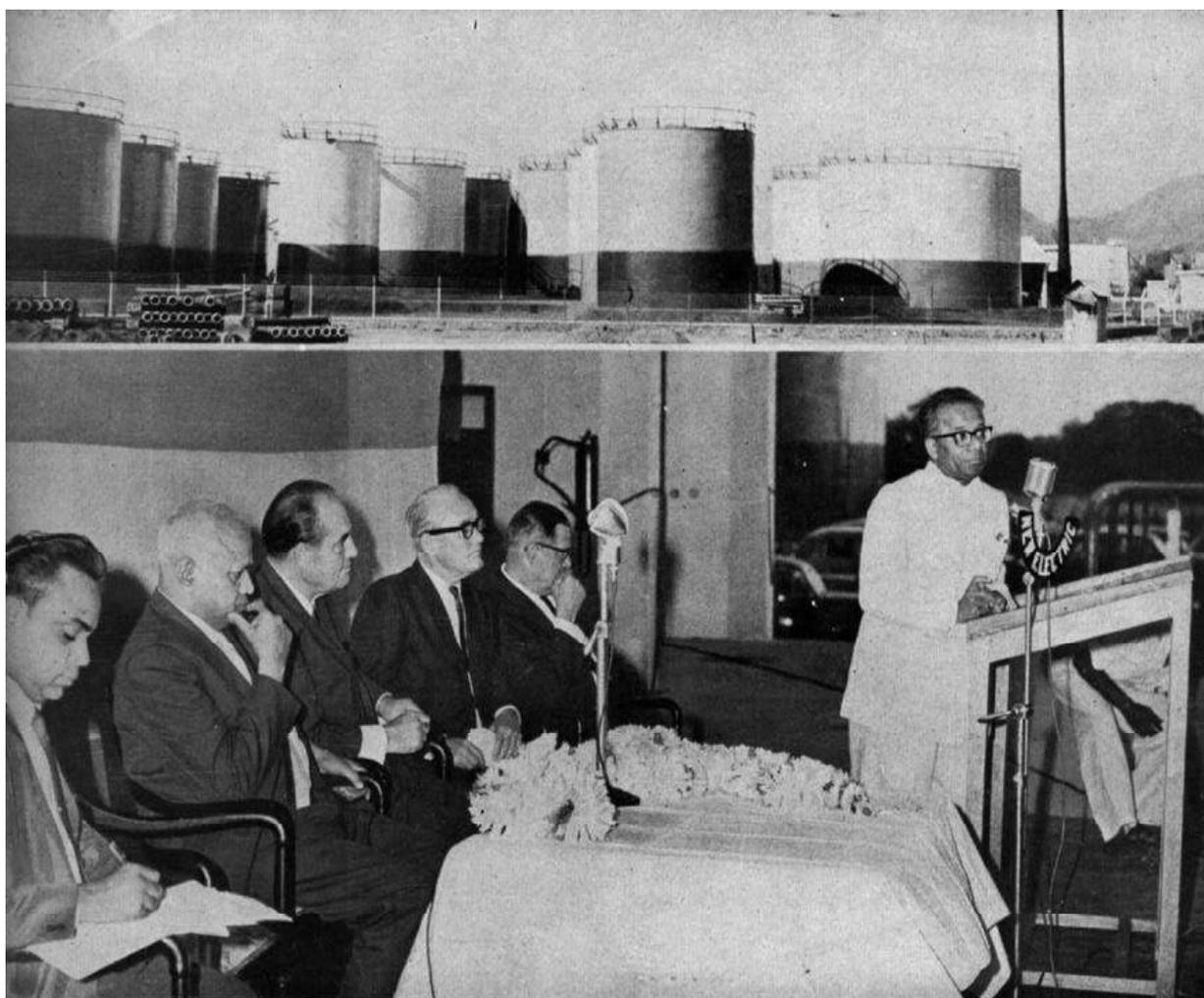
An illuminated view of one of the service stations in Madras on the day of its inauguration.



INDIAN OIL BLENDING LTD.

The two lube plants at Bombay and Calcutta of the IOBL - a joint venture of Mobil and IOC on 50:50 basis - started production in August 1964 and September 1964 respectively. The base stock oils are now imported and blended to various specifications as against the previous practice of importing the finished products, thus resulting in a considerable saving of foreign exchange. Both the plants are electronically controlled,

PROF. HUMAYUN KABIR, Union Minister for Petroleum & Chemicals, inaugurated a modern Lubricating Oil Plant, the second of its kind, in Calcutta. SHRI P. A. GOPALKRISHNAN, Chairman, Indian Oil Corporation and MR. V. A. BELLMAN, President, Mobil Petroleum Co. Inc., New York are also seen in the picture. A view of the tank farm is seen above.



BOARD OF DIRECTORS

During the period from 1st April, 1964 to 31st August, 1965 the following changes occurred in the composition of the Board of Directors:

1. Shri L. S. Lulla ceased to be the Director of the Company with effect from 14.8.1964.
2. The Directors Sarvashri P. A. Gopalkrishnan, P. R. Nayak, S. D. Bhambri, S. S. Shiralkar, C. P. Srivastava, Jagjit Singh and S. S. L. Kakkar ceased to be the Directors of the Indian Oil Company on 31st August, 1964 consequent upon the amalgamation of Indian Refineries Ltd., with the Indian Oil Company Ltd., and with effect from the 1st September 1964 Sarvashri P. A. Gopalkrishnan, P.R. Nayak, N. N. Kashyap, S. S. Shiralkar, S. S. L. Kakkar, S. K. Guha, Jagjit Singh, R. T. Sinha and P. H. Trivedi were appointed as Directors of the newly formed Indian Oil Corporation.
3. Sarvashri P.R. Nayak, S.S. Shiralkar, S. S. L. Kakkar, S. K. Guha, Jagjit Singh, R. T. Sinha, and P. H. Trivedi, Directors, were re-appointed as the Directors of the Corporation on their retirement at the Fifth Annual General Meeting of the Corporation held on 24th November, 1964.
4. Shri S. S. L. Kakkar ceased to be the Director of the Corporation with effect from 25.11.1964.
5. On 18th December, 1964 Shri A. A. Peerbhoy was appointed as Director of the Corporation.
6. On 22nd December, 1964, Shri C. S. Loganathan was appointed as Director of the Corporation.
7. On 18th January, 1965 Shri L. S. Lulla was re-appointed as Director of the Corporation vice Shri S. S. L. Kakkar who resigned on 25.11.1964.
8. On 11th March, 1965 Shri M. Gopal Menon was appointed as Director of the Corporation.
9. On 1st April, 1965 Maj. Gen. Sardanand Singh (Retd.) and Shri K. T. Satarawala were appointed as the Directors of the Corporation.
10. Shri P. R. Nayak ceased to be Director of the Corporation with effect from 1st May, 1965.
11. On 18th May, 1965 Shri R.S. Gupta was appointed as Director of the Corporation vice Shri S. S. Shiralkar who resigned on 24.4.1965.
12. On 11.6.1965 Shri P. K. J. Menon was appointed as Director of the Corporation vice Shri R. T. Sinha who resigned on 18.5.1965.

During the year, eight meetings of the Board of Directors were held and the average attendance of the Directors was 57%.

In addition, one meeting of the Sub-Committee of Directors was also held.



GENERAL

The formal inauguration of the IOBL plants in Bombay and Calcutta took place in October, 1964. The Corporation participated in the Industries Exhibition held during January 1965 at Durgapur. Before concluding, your Directors wish to place on record their appreciation of the continued and sustained efforts put in by the staff at all levels during the year under review.

For and on behalf of the Board

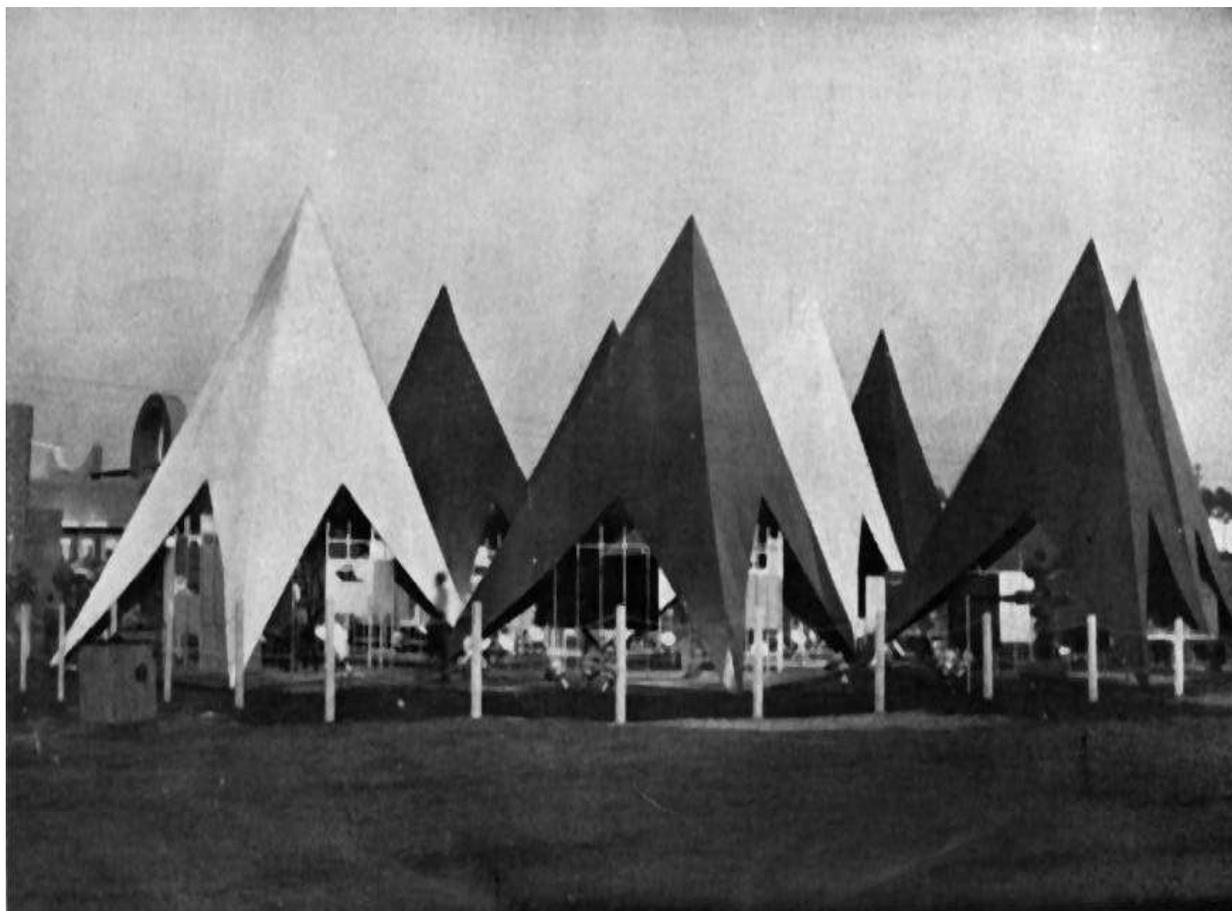
Bombay,

P. GOPALKRISHNAN

13th November, 1965

Chairman

Indianoil participated in the Industries Exhibition held at Durgapur in early 1965. Picture shows distinctive design of the oil pavilion which won a Certificate of Merit.



ADDENDUM TO THE DIRECTORS' REPORT DATED 13TH NOVEMBER 1965

To,

THE SHAREHOLDERS OF INDIAN OIL CORPORATION LIMITED

Gentlemen,

We, the Directors of Indian Oil Corporation Limited, offer our comments on the remarks of the Comptroller and Auditor General of India in respect of the accounts for the year 1964-65.

I. **Assets**

The Indian Oil Corporation took over the assets of the Indian Refineries Limited at the written down value as on 1st April 1964. The necessity for allowing for depreciation for the previous years does not arise. In any case, as stated in the comments, the Profit & Loss Account of the year is not affected.

II **Depreciation**

The provision made for depreciation is at rates higher than as required by Sections 350 and 205 of the Indian Companies Act 1956, as amended in 1960, and is considered adequate.

III **Notes on the accounts of the year ended 31st March, 1965- Note 24. Claims against the Company not acknowledged as debt Rs. 1,635.44 lakhs.**

The remark on this note is self-explanatory and, as such, does not require any comments from us.

Bombay,

20th November 1965.

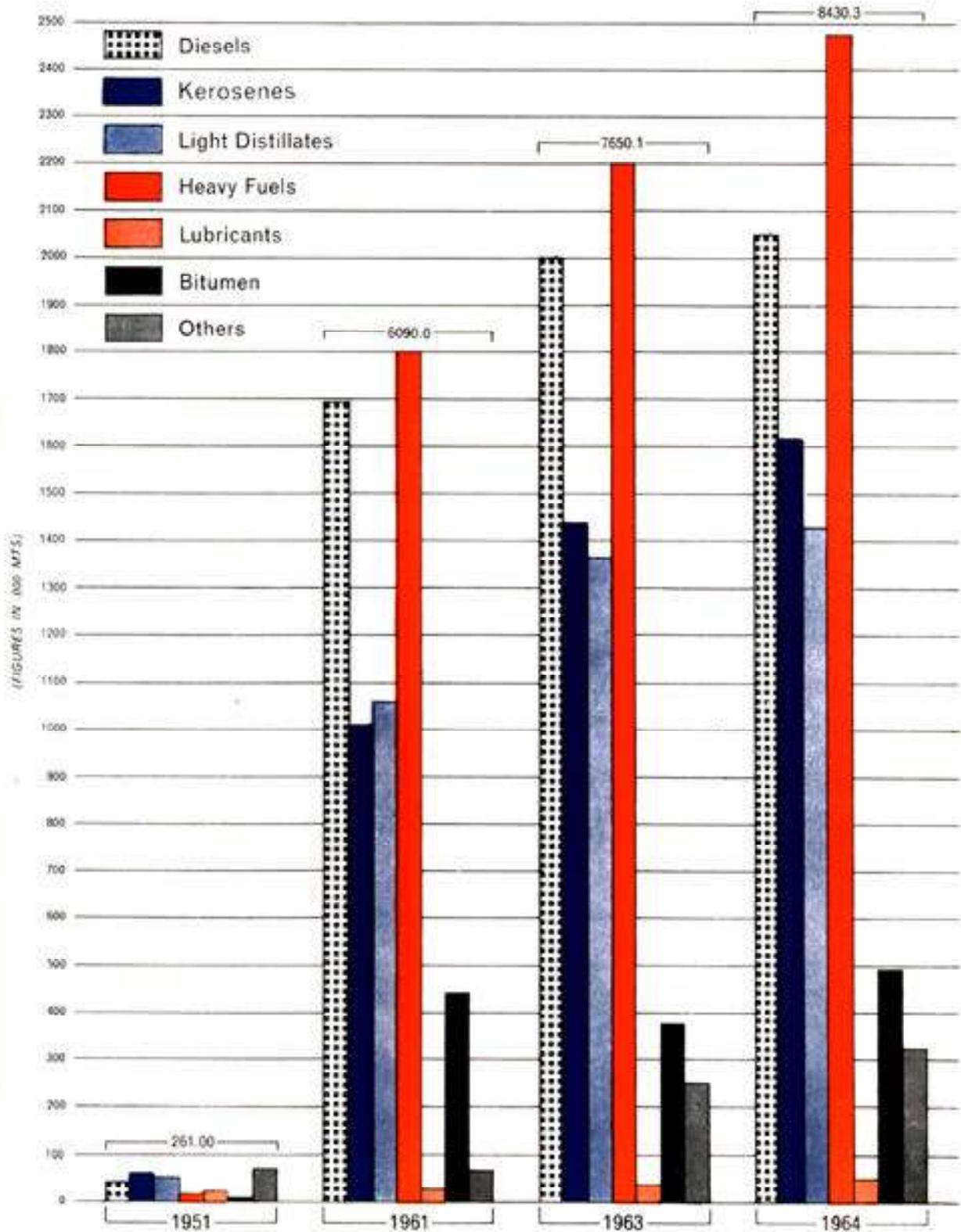
For and on behalf of the Board

P. A. GOPALKRISHNAN

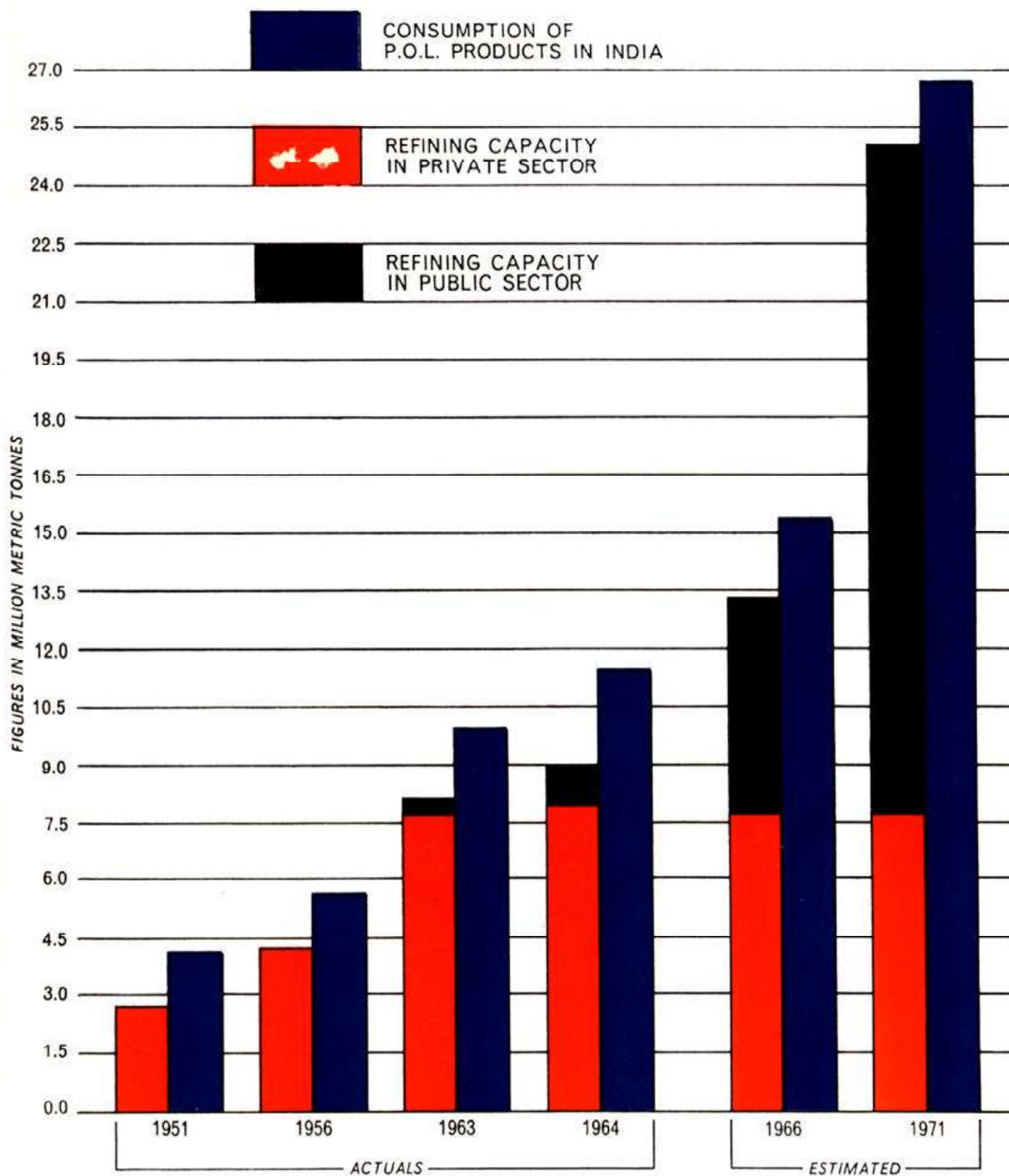
Chairman



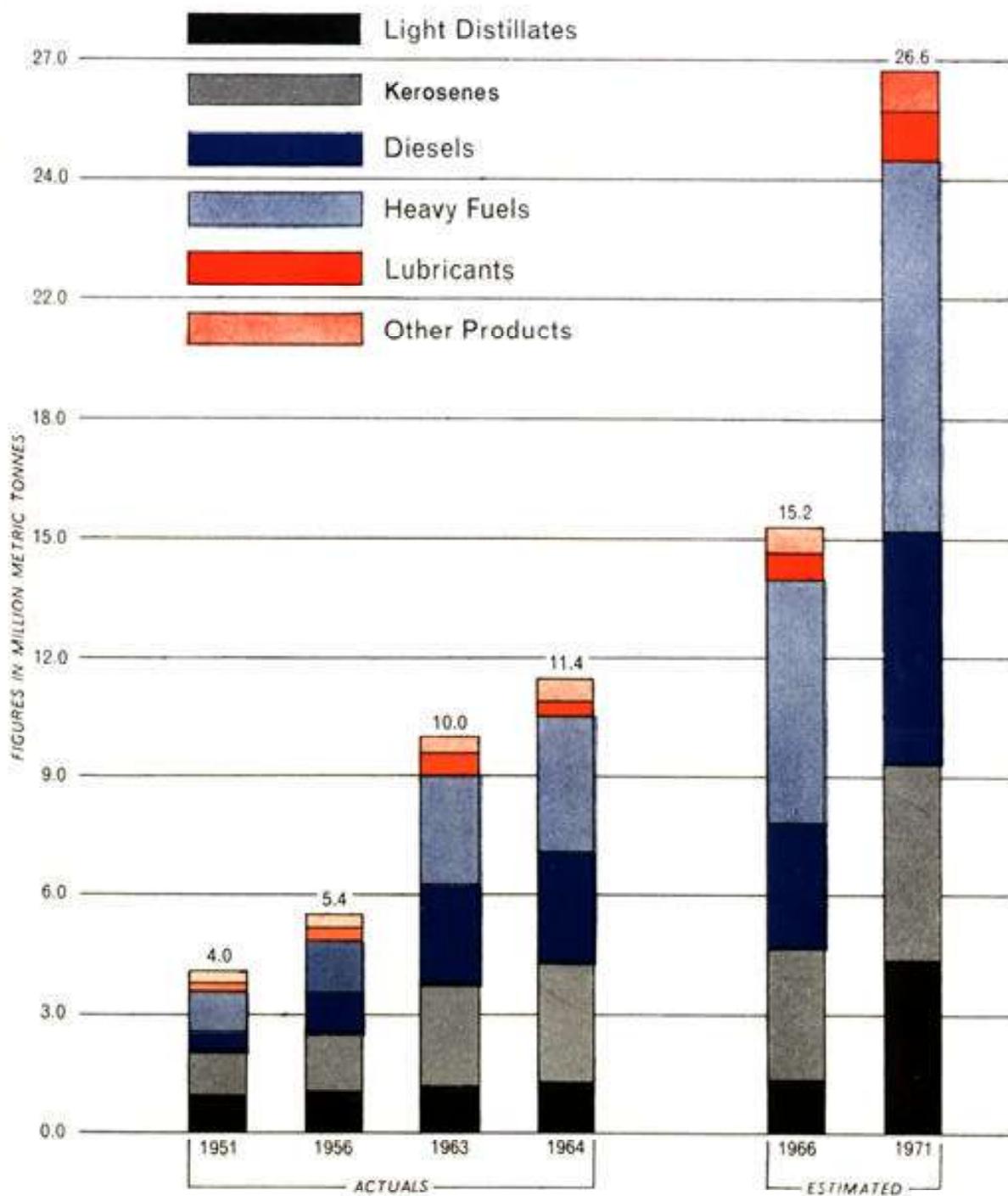
INDIGENOUS PRODUCTION OF PETROLEUM PRODUCTS



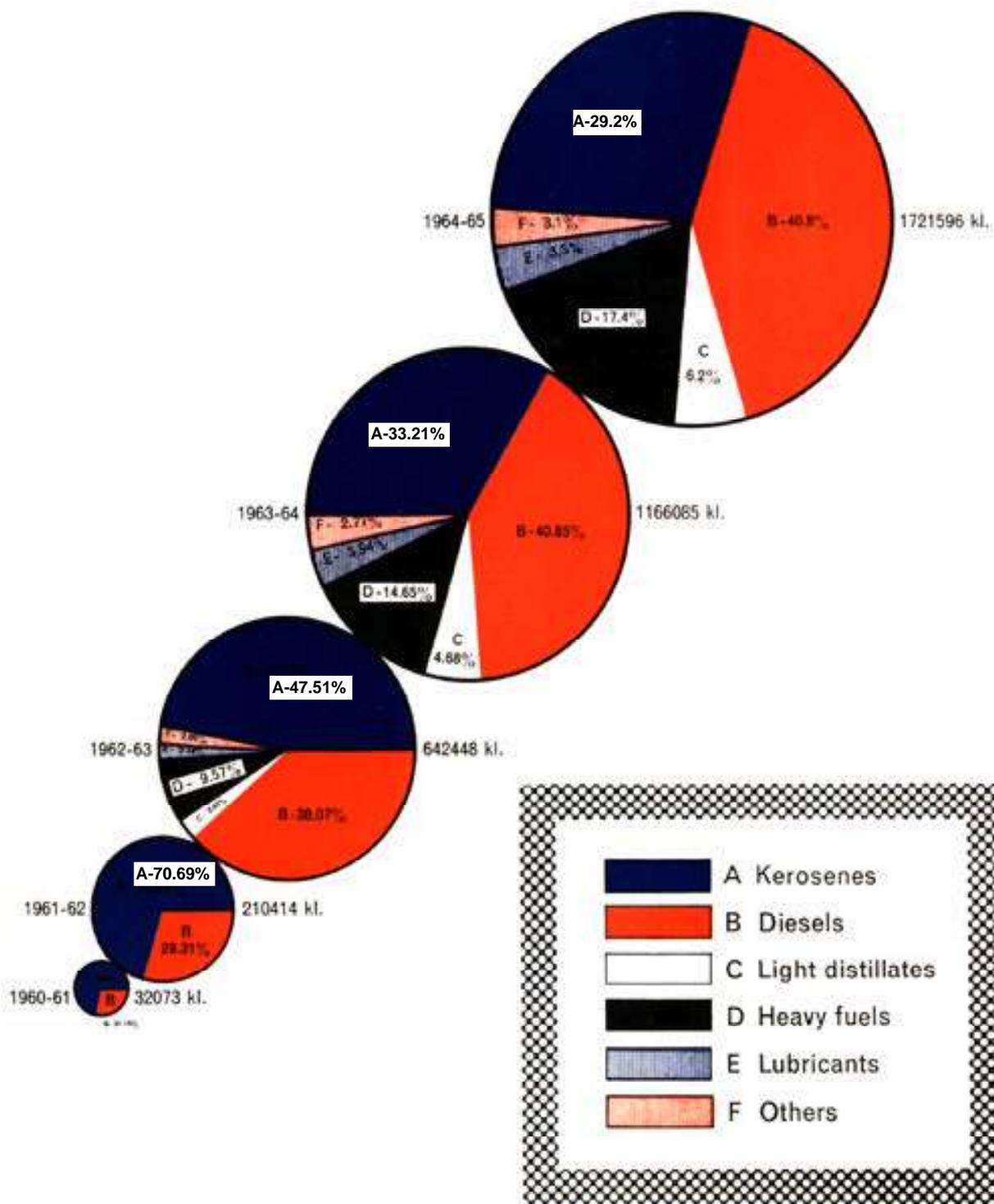
TOTAL PETROLEUM DEMAND IN INDIA



CONSUMPTION OF PETROLEUM PRODUCTS IN INDIA



INDIANOIL SALES



REVIEW OF THE ACCOUNTS BY THE DIRECTOR OF COMMERCIAL AUDIT

1. Financial position

In pursuance of the Petroleum Companies Amalgamation Order, 1964, the Indian Refineries Limited was merged with the Indian Oil Company Limited on 1st September, 1964, the amalgamated Company being named the Indian Oil Corporation Limited. The Company has prepared separate accounts for the year 1964-65 in respect of the Marketing Division, the Refineries Division and the Pipelines Division. The Review of the Accounts given below is confined to the Marketing Division only. The Review does not cover

- (i) Two Refineries, of which only one has gone into production, and
- (ii) The Pipelines which are still under construction.

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

| | (Rupees in lakhs) | | |
|--|-------------------|-----------------|-----------------|
| | 1962-63 | 1963-64 | 1964-65 |
| Liabilities | | | |
| a) Paid-up capital (including advance for shares). | 322.25 | 497.25 | 661.25 |
| b) Reserves and surplus. | 43.45 | 152.86 | 125.80 |
| Borrowings: | | | |
| i) From the Government of India | 300.00 | 475.00 | 592.94 |
| ii) From Bank cash credit. | 102.57 | 1,066.98 | 1,620.45 |
| d) Trade dues and other current liabilities (including provision and inter-divisional balances). | 796.36 | 1,293.21 | 1,624.28 |
| Total :- | <u>1,564.63</u> | <u>3,485.30</u> | <u>4,624.72</u> |
| Assets | | | |
| e) Gross Block. | 360.80 | 635.58 | 970.34 |
| f) Less: Depreciation | 37.04 | 29.83 | 58.49 |
| g) Net fixed assets. | 323.76 | 605.75 | 911.85 |
| h) Capital works-in-progress. | 104.16 | 195.55 | 340.85 |
| i) Current assets, loans and advances (including investment). | 1,136.71 | 2,680.27 | 3,367.91 |
| j) Miscellaneous expenditure. | — | 3.73 | 4.11 |
| Total :- | <u>1,564.63</u> | <u>3,485.30</u> | <u>4,624.72</u> |
| Capital employed. | 664.11 | 1,992.81 | 2,655.48 |
| Net worth | 365.70 | 646.38 | 782.94 |

Note: 1. Capital employed represents net fixed assets plus working capital.

2. Net worth represents paid-up capital plus reserves less intangible assets.

2. Capital structure

(a) Debt equity ratio:

The debt equity ratio for the Division was 0.93:1 in 1962-63, 0.96:1 in 1963-64 and 0.90:1 in 1964-65.

- (b) The amount of loans taken from the Government of India outstanding as on 31st March, 1965 was Rs. 592.94 lakhs in respect of loans aggregating Rs. 406.94 lakhs (net) included in this amount moratorium for two years for repayment of principal was granted by the Government of India. Loans amounting to Rs. 50 lakhs sanctioned in April and May, 1962 were repayable in 9 annual instalments, whereas the other loans were repayable in 4 annual instalments.

3. Reserves and surplus

The Reserves and surplus (Rs. 125.80 lakhs) amounted to

- (a) 2.7% of the total liabilities in 1964-65 as against 4.4% in 1963-64 and 2.7% in 1962-63 and
- (b) 19% of the equity capital (Rs. 661.25 lakhs) in 1964-65 as against 30.7% in 1963-64 and 13.5% in 1962-63.

4. Liquidity and solvency

- (a) The proportion of current assets to total net assets varied from 72.7% in 1962-63 to 76.9% in 1963-64 and to 72.9% in 1964-65.
- (b) The percentage of current assets to current liabilities (including provisions) rose from 142.7% in 1962-63 to 207.3% in 1963-64 and 1964-65.
- (c) The percentage of quick assets (sundry debtors, advances, investments and cash and bank balances) to current liabilities (excluding inter-divisional balances) increased from 99.0% in 1962-63 to 157% in 1963-64 and 159.7% in 1964-65.

5. Working capital

The working capital (current assets, investments, loans and advances less trade dues and current liabilities) of the Division at the close of the three years ending with 31st March, 1965 amounted to Rs. 340.35 lakhs, Rs. 1,387.06 lakhs and Rs. 1,743.63 lakhs respectively and represented 1.4%, 2.3% and 1.9% respectively of the value of business at cost excluding depreciation during these years. The working capital as on 31st March, 1965 was financed through cash credit from Bank to the extent of Rs. 1,620.45 lakhs.

6. Sources and uses of funds

Funds amounting to Rs. 1,147.94 lakhs from external sources were utilised in 1964-65 as shown below:

| | | | |
|----------------------------------|-----|--------|--------|
| i) Gross fixed assets | Rs. | 334.76 | lakhs. |
| ii) Capital works-in-progress | Rs. | 145.30 | " |
| iii) Investments | Rs. | 0.30 | " |
| iv) Current assets | Rs. | 667.20 | " |
| v) Other assets - miscellaneous. | Rs. | 0.38 | " |

7. Working results

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

| | (Rupees in lakhs) | | |
|---------------------------|-------------------|---------|---------|
| | 1962-63 | 1963-64 | 1964-65 |
| i) Profit/loss before tax | 62.41 | 104.77 | (-)2.59 |
| ii) Tax provision | 2.80 | 21.20 | — |
| iii) Profit after tax | 59.61 | 83.57 | (-)2.59 |



(i) Percentage of profit before tax

| | | | |
|--|------|------|-------------------|
| a) To sales (inclusive of product exchange). | 2.2 | 1.5 | |
| b) To gross fixed assets. | 17.3 | 16.5 | |
| c) To capital employed | 9.4 | 5.3 | Does not arise as |

(ii) Percentage of profit after tax

| | | | |
|------------------------|------|------|--------------------|
| a) To net worth | 16.3 | 12.9 | the Company has |
| b) To equity capital | 18.5 | 16.8 | incurred loss this |
| c) To capital employed | 9.0 | 4.2 | year. |

8. Cost trends

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

| | (Rupees in lakhs) | | |
|---------------------------------------|-------------------|-----------------|------------------|
| | 1962-63 | 1963-64 | 1964-65 |
| Sales (inclusive of product exchange) | 2,840.38 | 7,005.95 | 10,860.67 |
| Less profit before tax. | 62.41 | 104.77 | 2.59 (Loss) |
| Cost of sales | <u>2,777.97</u> | <u>6,901.18</u> | <u>10,863.26</u> |
| Percentage of cost of sales to sales | 97.8 | 98.5 | 100.00 |

9. Business performance

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

| | (Rupees in lakhs) | | |
|--|-------------------|----------|-----------|
| | 1962-63 | 1963-64 | 1964-65 |
| 1. Sales (inclusive of product exchange) | 2,840.38 | 7,005.95 | 10,860.67 |
| 2. Closing stock in trade | 332.69 | 632.77 | 883.15 |
| 3. Opening stock in trade | 113.21 | 332.69 | 632.77 |
| 4. Value of business (1+2-3) | 3,059.86 | 7,306.03 | 11,111.05 |

The percentage of value of business to net worth registered a continuous increase from 836.7% in 1962-63 to 1,130.3% in 1963-64 and to 1,419.1% in 1964-65. The percentage of value of business to total net assets of the Division also showed a continuous rise from 195.6% in 1962-63 to 209.6% in 1963-64 and to 240.3% in 1964-65.

10. Inventory and production

(a) The following table indicates the comparative position of the inventory and its distribution at the close of the last three years.

| | (Rupees in lakhs) | | |
|-------------------------------------|-------------------|---------------|---------------|
| | 1962-63 | 1963-64 | 1964-65 |
| i) Stores and spare parts | 13.67 | 52.19 | 104.57 |
| ji) Loose tools | 0.92 | 0.53 | 0.38 |
| iii) Oil stocks | 332.69 | 632.77 | 883.15 |
| iv) Stock of empty tins and barrels | 6.58 | 6.77 | 8.80 |
| Total | <u>353.86</u> | <u>692.26</u> | <u>996.90</u> |

The stores and spare parts consist mostly of construction materials like steel and cement which accounted for Rs. 93.74 lakhs in 1964-65.

Oil stocks represented about one months sale (inclusive of product exchange) during the three years ending with 31st March, 1965.

11. Sundry debtors and turnover

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

| As on | Total book debts. | | Sales (inclusive of product exchange) | Percentage of debtors to sales |
|------------------|-------------------|------------------------|---|--------------------------------------|
| | Consider good | Considered doubtful | | |
| 31st March, 1963 | 627.60 | - | 2,840.38 | 22.1 |
| 31st March, 1964 | 1,392.98 | 8.00 | 7,005.95 | 20.0 |
| 31st March, 1965 | 1,586.19 | 7.44 | 10,860.67 | 14.7 |

The sundry debtors represented about 3 months' turnover in 1962-63 and 2 months' each in 1963-64 and 1964-65.

New Delhi,
12th November, 1965.

Sd/
(N. K. BHATTACHARYYA)
Director of Commercial Audit.



REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Ltd. as at 31st March, 1965, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

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

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

Subject to Notes 1, 3 to 10 and 20 to 22 on the Accounts, we report that

- (1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (2) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- (3) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

- (4) 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, 1965 and
- (b) in the case of the Profit and Loss Account of the profit for the year ended on that date.

Bombay,
17th September, 1965.

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



**Comments under Section 619(4) of the Companies Act,
1956 on the accounts of the Indian Oil Corporation Limited
for the year ended 31st March, 1965.**

1. Assets

Fixed Assets Rs. 83,67,18,402.56

Plant and Machinery

This includes items of Plant and Machinery taken over from the Indian Refineries Limited at a book value of Rs. 12,78,830 a on 1st April, 1964. The Indian Refineries Ltd. had not provided for any depreciation on these plants and Machinery for their use in 1962-63 and 1963-64 as the value of the assets were incorporated in the books only in 1964-65. The arrears of depreciation have not been provided for in the accounts under review. (As the assets in question were used only for construction work, the depreciation, if provided, would have to be capitalised and would not affect the profits of the year).

II. Profit and Loss Account

Depreciation

The Indian Refineries Limited had on 1st April, 1962 changed over to straight line method of providing for depreciation and adopted the depreciated value of assets on that date as the "original value" and determined the rates of depreciation accordingly to avoid readjustment of depreciation in respect of previous years.

On amalgamation on 1st September, 1964, the Indian Oil Corporation Ltd. adopted the depreciated value of the assets of refineries Division as on 1st April, 1964 as the original value and maintained the same rates of depreciation without adjustment. This has resulted in a reduction of the depreciation charges to the extent of Rs. 11.96 lakhs in respect of assets of Refineries Division and R .0.20 lakh in respect of the Pipelines Division in 1964-65. The Management have, however, stated that the rates of depreciation are adequate and are higher than that provided by an established refinery in the Private Sector.

III. Notes on the accounts of the year ended 31st March, 1965 - Note 24, Claims against the Company not acknowledged a debt Rs. 1,635.44 lakhs.

This includes excise duty amounting to Rs. 84.38 lakhs levied by the Central Excise Department as difference of excise duty actually paid and that which is payable on certain products sold by the Company. No provision has been made for this liability on the ground that an appeal has been filed by the Company (June, 1965) to the Central Board of Excise.

Sd/

New Delhi,

(N. K. BHATTACHARYYA)

12th November, 1965.

Director of Commercial Audit.



BALANCE SHEET AT A GLANCE

| 1963-64* | | (1964-65) |
|-------------------|--|-------------------|
| (Rs. in lakhs) | | (Rs. in lakhs) |
| | I. WHAT WE OWN | |
| | FIXED ASSETS | |
| 15 | 1. INVESTMENTS | 18 |
| 801 | 2. LAND, BUILDING, PLANTS & EQUIPMENT | |
| <u> </u> | | <u>9586</u> |
| | 816 | 9604 |
| | CURRENT ASSETS | |
| 1393 | 3. SUNDRY DEBTORS | 1648 |
| 692 | 4. STOCKS AND STORES | 1336 |
| 4 | 5. OTHER ASSETS | 6 |
| 123 | 6. LOANS AND ADVANCES | 291 |
| 145 | 7. DEPOSITS | 287 |
| 312 | 8. CASH AND BANK BALANCES | 595 |
| <u> </u> | | <u> </u> |
| | 2669 | 4163 |
| | <u>3485</u> | <u>13767</u> |
| | II. WHAT WE OWE | |
| 475 | 9. LOAN FROM GOVERNMENT | 4552 |
| 1067 | 10. LOAN FROM BANK | 1639 |
| 1293 | 11. SUNDRY CREDITORS AND OTHER CURRENT LIABILITIES | 3058 |
| <u> </u> | | <u> </u> |
| | 2835 | 9249 |
| | <u>650</u> | <u>4518</u> |
| | NET WORTH | |
| | III. NET WORTH REPRESENTED BY | |
| 497 | 12. EQUITY SHARE CAPITAL | 4426 |
| 153 | 13. RESERVES & SURPLUS | 92 |
| <u> </u> | | <u> </u> |
| | 650 | 4518 |

* Previous year's figures relate to the former Indian Oil Company Limited only.



PROFIT AND LOSS ACCOUNT AT A GLANCE

| 1963-64* | | | (1964-65) | |
|----------------|------|--|----------------|-------|
| (Rs. in lakhs) | | | (Rs. in lakhs) | |
| | | I. WE EARNED FROM | | |
| 5243 | | 1. SALES | 7782 | |
| 1355 | | 2. TRANSFERS ON ACCOUNT OF PRODUCT EXCHANGE (NET) | 2144 | |
| 16 | | 3. OTHER INCOME | 35 | |
| | 6614 | | | 9961 |
| | | II. WE SPENT OR PROVIDED FOR | | |
| 5909 | | 4. RAW MATERIALS INCLUDING OILSTOCKS | 5329 | |
| — | | 5. EXCISE DUTY | 3242 | |
| 19 | | 6. DEPRECIATION | 133 | |
| | | 7. GENERAL EXPENDITURE | | |
| 73 | | a) Salaries, Wages & Bonus | 312 | |
| 56 | | b) Interest | 346 | |
| 452 | | c) Other Expenses | 883 | |
| | 581 | | | 1541 |
| | 6509 | | | 10245 |
| | | LESS: CONSTRUCTION PERIOD EXPENSES | | 360 |
| | 6509 | | | 9885 |
| | | III. OUR PROFIT WAS | | |
| | 105 | 8. PROFIT BEFORE TAXATION | | 76 |
| 21 | | 9. TAXATION ON PROFIT FOR THE YEAR | — | — |
| — | 21 | 10. TAXATION ADJUSTMENT OF PREVIOUS YEARS | — | — |
| | 84 | NET PROFIT AFTER TAXATION | | 76 |
| | — | DIVIDENDS | | — |
| | 84 | RETAINED IN BUSINESS | | 76 |

* Previous year's figures relate to the former Indianoil Company Limited only.



INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 1965

| *Previous Year | LIABILITIES | Rs. | Rs. |
|----------------|--|-----------|--------------|
| | SHARE CAPITAL: | | |
| | <i>Authorised:</i> | | |
| 12,00,00,000 | 7,50,000 Equity Shares of Rs. 1,000/- each | | 75,00,00,000 |
| | <i>Issued and Subscribed:</i> | | |
| 4,77,25,000 | 4,42,622 Equity Shares of Rs. 1,000/- each fully paid-up | | 44,26,22,000 |
| | (Of the above shares 3,76,497 shares are allotted) as fully paid-up pursuant to Petroleum Companies Amalgamation Order 1964 without payment being received in cash) | | |
| 20,00,000 | Application money pending allotment of Shares | | — |
| 4,97,25,000 | | | 44,26,22,000 |
| | RESERVES AND SURPLUS: | | |
| | <i>General Reserve:</i> | | |
| | Balance brought forward | 76,00,000 | |
| 76,00,000 | Transferred from Profit & Loss Account | | |
| | Less Debit Balance in Profit & Loss Account | 59,19,366 | 16,80,634 |
| | <i>Development Rebate Reserve:</i> (100% of the rebate claimed) | | |
| 43,44,000 | Balance brought forward | 76,79,200 | |
| 33,35,200 | Transferred from/to Profit and Loss Account | 1,76,598 | 75,02,602 |
| 7,217 | <i>Profit and Loss Account:</i> | | — |
| 1,52,86,417 | | | 91,83,236 |
| 6,50,11,417 | Carried forward Rs. | | 45,18,05,236 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 1965 Cont...

| *Previous Year | ASSETS | Rs. | Rs. |
|----------------|--|--------------|----------------|
| | FIXED ASSETS: | | |
| 8,01,29,585 | As per Schedule 'A' | 83,67,18,403 | |
| — | Capital goods in Stores (at cost) including Rs. 3,59,19,554, lying with Contractors | 3,75,52,020 | |
| — | Capital Good-in-Transit | 1,12,17,918 | |
| — | Construction Period Expenses Pending Allocation as per Schedule 'G' | 7,31,39,296 | |
| | | | 95,86,27,637 |
| | INVESTMENTS: Unquoted (at cost) | | |
| 20,350 | In Government Securities | 57,350 | |
| | <i>Trade Investments:</i> | | |
| 10,00,000 | Indian Oil Blending Limited (a body corporate in the same group) 2,000 Equity Shares of Rs. 500 each fully paid-up in cash | 10,00,000 | |
| 4,45,150 | Lodged by outside Parties | 7,84,295 | |
| 8,15,95,085 | | | 18,41,645 |
| | CURRENT ASSETS, LOANS AND ADVANCES: | | |
| | <i>A. Current Assets.</i> | | |
| 23,97,22,495 | As per Schedule 'C' | 35,79,09,853 | |
| | <i>B. Loans and Advances:</i> | | |
| 2,68,39,227 | As per Schedule 'D' | 5,77,29,805 | |
| 26,65,61,722 | | | 41,56,39,658 |
| 34,81,56,807 | Carried forward Rs. | | 1,37,61,08,940 |

INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 1965

| *Previous Year | LIABILITIES | Rs. | Rs. |
|----------------|---|--------------|----------------|
| 6,50,11,417 | Brought forward Rs. | | 45,18,05,236 |
| | SECURED LOANS: | | |
| | <i>Loans and Advances from Banks:</i> | | |
| | Cash Credit Account with State Bank of India (against hypothecation of Oil Stocks, Book Debts, Outstanding monies recoverable, Claims, Contracts and Engagements etc; guaranteed by the President of India) | | 16,20,44,974 |
| 10,66,97,681 | | | |
| | UNSECURED LOANS: | | |
| | <i>Other Loans and Advances:</i> | | |
| 4,75,00,000 | From the Government of India | 45,52,11,111 | |
| — | Foreign Credit | 8,81,31,428 | |
| — | Interest accrued and due on Foreign Credit | 1,84,619 | |
| — | Cash Credit Account with State Bank of India (against Government guarantee) | 18,72,216 | |
| | | | 54,33,99,374 |
| | CURRENT LIABILITIES AND PROVISIONS: | | |
| 12,93,21,188 | As per Schedule "E" | | 21,74,35,391 |
| — | INTER UNIT SUSPENSE: (See Note 8) | | 61,478 |
| 34,85,30,286 | TOTAL RS. | | 1,37,67,46,453 |

* Note : Previous year's figures relate to the former Indian Oil Company Limited only.

As per our report attached.

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

Chartered Accountants

Bombay, 17th September, 1965.



INDIAN OIL CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 1965 Cont...

| *Previous Year | ASSETS | Rs. | Rs. |
|---------------------|---|----------|-----------------------|
| 34,81,56,807 | Brought forward Rs. .. | | 1,37,61,08,940 |
| | MISCELLANEOUS EXPENDITURE: (To the extent not written-off or adjusted) | | |
| — | Preliminary Expenses | 76,422 | |
| — | Expenditure on increase of Share Capital | 1,50,000 | |
| — | Development Expenditure on Land Proposed to be acquired. | 70,000 | |
| 3,73,479 | Deferred Revenue Expenditure | 3,41,091 | |
| | | | 6,37,513 |
| <u>34,85,30,286</u> | TOTAL RUPEES : | | <u>1,37,67,46,453</u> |

D.B. PURI
Secretary

P. A. GOPALKRISHNAN
Chairman

N. N. KASHYAP
Director

M. GOPAL MENON
Director



INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1965

| *Previous Year | | Rs. | Rs. | Rs. |
|----------------|---|-------------|--------------|---------------|
| | Opening Stock as on 1st April, 1964 | | | |
| 3,32,69,077 | Finished Goods | 6,74,03,087 | | |
| – | Adjustment in valuation | 5,52,349 | | |
| | | | 6,79,55,436 | |
| – | Stock-in-Process | | 37,24,916 | |
| | | | | 7,16,80,352 |
| | Purchases and Transfers under Product Exchange: | | | |
| 61,65,54,530 | Purchases | | 45,82,84,681 | |
| 4,07,65,288 | Transfers from other Oil Companies | | 9,34,97,374 | |
| | | | | 55,17,82,055 |
| | Raw Materials consumed: | | | |
| – | Opening Stock as on 1st April, 1964 | | 50,68,321 | |
| 43,09,712 | Add: Purchases | | 9,83,69,277 | |
| | | | 10,34,37,598 | |
| – | Less: Closing Stock as on 31st March, 1965 | | 1,99,08,993 | |
| | | | | 8,35,28,605 |
| – | Power and Fuel | | 74,15,896 | |
| – | Less: Fuel of own production | | 59,03,653 | |
| | | | | 15,12,243 |
| – | Blending Fees, Royalty and other Charges | | | 11,20,047 |
| 50,71,469 | Consumption of Stores, Spare Parts and Chemicals and cost of Tins sold (including Rs. 8,84,364 Company's use of oil credited to Sales at Selling Price; previous year Rs. 4,23,381) | | 1,59,88,211 | |
| – | Less: Capitalised | | 13,18,865 | |
| | | | | 1,46,69,346 |
| – | Excise Duty on Refineries Products | | | 32,42,31,189 |
| 2,60,07,775 | Freight and Transportation Charges (Less: recoveries under Product Exchange Transactions)... .. | | | 3,81,56,442 |
| 68,91,185 | Salaries, Wages and Bonus.. .. | | 2,92,05,456 | |
| 2,19,985 | Contribution to Provident Fund.. .. | | 11,89,466 | |
| 72,87,79,309 | Carried forward Rs.. .. | | 3,03,94,922 | 108,66,80,279 |



INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1965

| *Previous Year | | Rs. | Rs. | Rs. |
|----------------|--|-----|--------------------|-----------------------|
| Rs. | | | | |
| 72,87,79,309 | Brought forward Rs. | | 3,03,94,922 | 1,08,66,80,279 |
| 1,73,116 | Staff Welfare Expenses | | 9,35,051 | |
| | | | <u>3,13,29,973</u> | |
| — | Less: Capitalised | | 1,49,684 | 3,11,80,289 |
| 21,07,983 | Rent | | | 31,61,935 |
| | Repairs and Maintenance: | | | |
| 1,18,816 | a) Plant and Machinery | | 36,99,201 | |
| 74,490 | b) Buildings .. | | 7,41,613 | |
| 3,47,244 | c) Others | | <u>28,61,556</u> | 73,02,370 |
| | Insurance (including Emergency Risks Rs. 250; previous year Rs. 2,73,353) | | | 8,04,244 |
| | Interest: | | | |
| 23,52,420 | On Government Loans.. | | 2,26,08,499 | |
| — | On Foreign Credit .. . | | 34,49,212 | |
| 22,49,250 | Others | | 85,67,379 | |
| 9,84,000 | Indian Refineries Ltd. .. | | — | |
| | | | | <u>3,46,25,090</u> |
| 40,84,683 | Rates and Taxes (including irrecoverable Sales Tax Rs. 35.25 lakhs) .. . | | | 62,25,881 |
| 60,08,205 | Office Administrative, Selling and Other Expenses | | | 1,46,78,172 |
| — | Donations | | | 50,000 |
| 450 | Directors Fees.. . . | | | 150 |
| | Payments to Auditors: | | | |
| 40,000 | 1) Audit Fees.. . . | | 1,14,000 | |
| 450 | 2) Other Services | | 2,950 | |
| 19,469 | 3) Out of Pocket Expenses .. | | 18,314 | |
| | | | | <u>1,35,264</u> |
| 4,527 | Bad Debts, Advances & Insurance Claims written-off | | | 1,20,571 |
| — | Loss of Assets due to Fire | | | 81,101 |
| 1,270 | Loss on Assets, revalued, sold, lost or written-off | | | 2,94,870 |
| 74,77,88,355 | Carried forward Rs. .. | | | <u>1,18,53,40,216</u> |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1965 Contd...

| | | | | |
|---------------------|------------------------|-----|-----|-----------------------|
| *Previous Year | | | | |
| Rs. 76,11,32,477 | Brought forward Rs... | Rs. | Rs. | Rs. 1,17,02,06,696 |
| <hr/> | | | | <hr/> |
| 76,11,32,477 | Carried forward Rs. .. | | | 1,17,02,06,696 |

INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1965

| *Previous Year | | Rs. | Rs. | Rs. |
|---------------------|--|-----|-------------|-----------------------|
| 74,77,88,355 | Brought forward Rs. .. | | | 1,18,53,40,216 |
| 9,14,605 | Provision for Doubtful debts and Advances | | | — |
| 19,52,366 | Depreciation | | | 1,32,88,921 |
| | | | | <u>1,19,86,29,137</u> |
| — | Less: Transfer to Construction period Expenses | | 3,59,49,978 | |
| — | Proportionate Recovery from Gujarat Pipe lines Project .. | | 36,554 | 3,59,86,532 |
| | | | | <u>1,16,26,42,605</u> |
| 21,20,000 | Provision for Taxation | | | — |
| 83,57,151 | Net Profit carried down | | | 75,64,091 |
| <u>76,11,32,477</u> | TOTAL RUPEES .. | | | <u>1,17,02,06,696</u> |
| — | Debit balance in Profit and Loss Account of the former India Refineries Limited as at 1st April, 1964 (See Note 1) . . | | | 1,05,12,268 |
| — | Previous years' Adjustments as per Schedule 'F' | | | 49,00,947 |
| 85,343 | Adjustment of D. G. S & D. Sales relating to previous years | | | — |
| 33,35,200 | Development Rebate Reserve | | | — |
| 76,00,000 | Transferred to General Reserve | | | — |
| 7,217 | Balance carried forward | | | — |
| <u>1,10,27,760</u> | TOTAL RS. | | | <u>1,54,13,215</u> |

- Notes: 1. *Previous year's figures relate to the former Indian Oil Company Limited only.
2. Managerial Remuneration paid to Directors Rs. 1,37,106 (Previous year Rs. 69,179).

As per report attached

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

Chartered Accountants.

Bombay, 17th September, 1965.



INDIAN OIL CORPORATION LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1965 Contd...

| *Previous Year Rs. | | Rs. | Rs. | Rs. |
|-----------------------|--|-----|-----|-----------------------|
| 76,11,32,477 | Brought forward Rs. .. | | | 1,17,02,06,696 |
| <u>76,11,32,477</u> | TOTAL RUPEES .. | | | <u>1,17,02,06,696</u> |
| 891 | Balance as per last year's Accounts .. | | | 7,217 |
| 83,57,151 | Net Profit brought down.. .. | | | 75,64,091 |
| — | Previous years' Adjustment as per Schedule 'F' | | | 19,22,541 |
| 26,69,718 | Adjustment in the Depreciation charge or previous years | | | |
| — | Balance carried forward.. .. | | | 59,19,366 |
| <u>1,10,27,760</u> | TOTAL RS. | | | <u>1,54,13,215</u> |

D. B. PURI
Secretary

P. A. GOPALKRISHNAN
Chairman

N. N. KASHYAP
Director

M. GOPAL MENON
Director



INDIAN OIL CORPORATION LTD.

SCHEDULE OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1965

| | <i>Gross Block as at 31st March, 1964</i> | <i>Assets taken over from Indian Refineries Ltd.*</i> | <i>Other Addition</i> |
|---|---|---|---|
| | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| LAND | | | |
| Freehold .. | 1,12,606 | 33,26,285 | 7,17,583 |
| Leasehold .. | 71,489 | — | 6,91,219 |
| Right of way .. | — | — | 12,50,000 |
| BUILDINGS, ROADS, ETC. .. | 93,01,058 | 2,71,86,171 | 70,11,778 |
| PLANT AND MACHINERY .. | 4,32,48,319 | 11,05,83,272 | 2,32,93,257 |
| TRANSPORT EQUIPMENT .. | 68,77,805 | 32,14,822 | 51,50,684 |
| FURNITURE AND FIXTURES | 26,00,238 | 17,03,010 | 25,48,663 |
| RAILWAY SIDING | 13,46,895 | 53,91,266 | 3,50,725 |
| DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM | — | 1,09,84,343 | 1,75,038 |
| SUNDRY ASSETS | — | 3,14,559 | 1,58,569 |
| TOTAL RUPEES | 6,35,58,410 (3,60,80,567) | 16,27,03,728 | 4,13,47,516 (2,78,26,051) |
| Capital work in progress (including unallocated capital expenditure and materials at site) as per Schedule 'B' | <u>1,95,54,643</u> <u>8,31,13,053</u> | <u>34,94,30,871</u> <u>51,21,34,599</u> | <u>23,70,96,570</u> <u>27,84,44,086</u> |

- Notes:
1. Figures shown in brackets are for the previous year.
 2. Some of the above assets may be subject to reclassification or adjustment on receipt of completion reports and finalisation of bills.
 3. * At written down value as at 31st March, 1964.
 4. ** Includes temporary structures written-off.

INDIAN OIL CORPORATION LTD.

SCHEDULE OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1965 Contd....

SCHEDULE 'A'

| <i>Transfers, Deductions and reclassification</i> | <i>Gross Block as at 31st March, 1965</i> | <i>Total Depreciation up to 31st March, 1965</i> | <i>Net Depreciated Block as at 31st March, 1965</i> |
|---|---|--|---|
| Rs. | Rs. | Rs. | Rs. |
| — | 41,56,474 | — | 41,56,474 (1,12,606) |
| — | 7,62,708 | 6,398 | 7,56,310 (70,467) |
| 3,85,089 | 16,35,089 | — | 16,35,089 |
| 78,16,498** | 5,13,15,505 | 16,10,233 | 4,97,05,272 (91,21,213) |
| 7,42,55,150 | 25,13,79,998 | 1,15,31,955 | 23,98,48,043 (4,12,90,000) |
| (-) 2,31,603 | 1,50,11,708 | 18,26,861 | 1,31,84,847 (61,99,765) |
| 3,54,849 | 72,06,760 | 3,61,999 | 68,44,761 (24,79,678) |
| 1,14,157 | 72,03,043 | 2,15,459 | 69,87,584 (13,01,213) |
| 33,98,386 | 1,45,57,767 | 6,53,121 | 1,39,04,646 |
| 4,89,955 | 5,22,123 | 53,979 | 4,68,144 |
| 8,61,41,521 | 35,37,51,175 | 1,62,60,005 | 33,74,91,170 |
| (- 3,48,208) | (6,35,58,410) | (29,83,468) | (6,05,74,942) |
| | | | 49,92,27,233 (1,95,54,643) |
| <u>(-)10,68,54,851</u> | <u>49,92,27,233</u> | <u>—</u> | <u>83,67,18,403</u> <u>(8,01,29,585)</u> |
| <u>(-)2,07,13,330</u> | <u>85,29,78,408</u> | <u>1,62,60,005</u> | |

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS (INCLUDING UNALLOCATED CAPITAL EXPENDITURE) FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1965

SCHEDULE 'B'

| | <i>Balance as on 31st March, 1964</i> |
|---|---|
| | Rs. |
| 1. CONSTRUCTION WORK-IN-PROGRESS | |
| A) Buildings and Roads | 16,50,241 |
| B) Plant and Machinery | 1,45,82,125 |
| C) Drainage, Sewage and Water Supply System | — |
| D) Railway Siding | — |
| E) B.P.I. & Service Stations | — |
| F) Other | 27,43,486 |
| | <u>1,89,75,852</u> |
| Adjustment in Stores prices for issues to Contractors pending allocation | |
| | <u>1,89,75,852</u> |
| II. OTHER UNALLOCATED CAPITAL EXPENDITURE | |
| A) Land acquisition | — |
| B) Site levelling and grading | — |
| C) Technical, assistance, designing crude oil analysis, project report, L.P.G. facilities | 1,74,612 |
| D) Freight, Customs Duty & Incidentals | — |
| E) Transport expenses on oversized consignment | — |
| F) Other expenditure | 4,04,179 |
| | <u>5,78,791</u> |
| III. CONSTRUCTION PERIOD EXPENSES TRANSFERRED FROM SCHEDULE 'G' | |
| SUMMARY | |
| I | 1,89,75,852 |
| II | 5,78,791 |
| III | — |
| Total transferred to Schedule 'A' | <u>1,95,54,643</u> |

* Includes Rs. 10,34,775 transferred from Schedule 'G'.

** Including Plant and Machinery at site Rs. 1,23,94,061.

*** Includes Rs. 7,52,181 in respect of project under consideration.

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS (INCLUDING UNALLOCATED CAPITAL EXPENDITURE) FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1965

SCHEDULE 'B' Contd...

| <i>Assets taken over from Indian Refineries Ltd.</i> | <i>Other additions</i> | <i>Transfers, Deductions & reclassification</i> | <i>Balance a on 31st March 1965</i> |
|--|------------------------|---|---|
| Rs. | Rs. | Rs. | Rs. |
| 2,49,79,863 | 1,49,27,326 | 98,35,249 | 3,17,22,181 |
| 24,43,52,132 | 16,55,97,865* | 7,51,82,291 | 34,93,49,831** |
| 1,50,16,147 | 1,79,36,708 | 32,56,493 | 2,96,96,362 |
| — | 8,74,325 | 1,14,157 | 7,60,168 |
| — | 1,38,53,864 | — | 1,38,53,864 |
| — | 44,88,841 | 35,51,641 | 36,80,686 |
| 28,43,48,142 | 21,76,78,929 | (-) 9,19,39,831 | 42,90,63,092 |
| (-) 12,31,641 | 3,472 | 12,28,169 | — |
| 28,31,16,501 | 21,76,82,401 | (-) 9,07,11,662 | 42,90,63,092 |
| 9,84,740 | 12,09,310 | 3,85,089 | 18,08,961 |
| 46,51,258 | — | — | 46,51,258 |
| 1,85,62,588 | 38,48,867 | 8,11,829 | 2,17,74,238*** |
| 3,61,86,627 | 32,98,915 | 2,80,963 | 3,92,04,579 |
| 3,99,220 | 18,449 | — | 4,17,669 |
| 55,29,937 | 22,94,041 | 59,20,721 | 23,07,669 |
| 6,63,14,370 | 1,06,69,582 | (-) 73,98,602 | 7,01,64,141 |
| — | 87,44,587 | (-) 87,44,587 | — |
| 28,31,16,501 | 27,76,82,401 | (-) 9,07,11,662 | 42,90,63,092 |
| 6,63,14,370 | 1,06,69,582 | (-) 73,98,602 | 7,01,64,141 |
| — | 87,44,587 | (-) 87,44,587 | — |
| 34,94,30,871 | 23,70,96,570 | (-) 10,68,54,851 | 49,92,27,233 |

INDIAN OIL CORPORATION LTD.

A. SCHEDULE OF CURRENT ASSETS

SCHEDULE 'C'

| *Previous Year Rs. | | Rs. | Rs. |
|-----------------------|--|--------------|--------------|
| — | 1. INTEREST ACCRUED ON INVESTMENTS: | | 390 |
| | 2. INVENTORIES: (as valued and certified by the Management) | | |
| 52,19,027 | a) Stores and Spare Parts (at or under cost) | 2,95,13,474 | |
| 53,133 | b) Loose Tools | 1,71,657 | |
| | c) Stock-in-Trade: | | |
| 43,09,712 | i) Raw Materials (at Cost) | 1,99,08,993 | |
| 5,89,67,573 | ii) Oil Stocks (at Cost or net realisable value whichever is lower) | 7,60,96,682 | |
| — | iii) Process Stock (at or under cost) | 44,76,264 | |
| — | iv) Goods in transit (at cost) | 25,31,971 | |
| 6,76,344 | d) Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower) | 8,79,627 | |
| | | | 13,35,78,668 |
| 6,92,25,789 | 3. SUNDRY DEBTORS: | | |
| | a) Debts outstanding for, a period exceeding six months: | | |
| | Secured considered good | 5,36,491 | |
| 4,27,785* | Unsecured considered good | 4,22,09,238 | |
| 13,88,69,782* | Unsecured considered doubtful | 7,32,383 | |
| 8,00,000* | b) Other Debts: | | |
| | Secured considered good | 28,06,176 | |
| | Unsecured considered good | 11,92,77,889 | |
| | Unsecured considered doubtful | 22,686 | |
| | | 16,55,84,863 | |
| | <i>Less</i> : Provision for doubtful debts | 7,53,431 | |
| | Doubtful Debts not provided for Rs. 1,638. | | 16,48,31,432 |
| | Note: see attached Schedule for Debts due from Companies under the Management. | | |
| | 4. CASH AND BANK BALANCES: | | |
| 39,92,822 | Cash including Imprest and cheques on hand .. | 16,51,590 | |
| | Bank Balances: | | |
| | With Scheduled Banks on Current Account (Including cheques deposited in the Bank but not cleared as on 31st March, 1965 amounting to Rs. 178.47 lakhs for Marketing Division only) | 3,61,29,531 | |
| 1,56,10,664 | Fixed deposit Account (Lodged by Outside Parties as Security Deposit) | 15,000 | |
| — | Remittances in Transit | 2,17,03,242 | |
| 1,15,95,653 | | | 5,94,99,363 |
| 3,11,99,139 | | | 35,79,09,853 |
| 23,97,22,495 | TOTAL RUPEES | | |



INDIAN OIL CORPORATION LTD.

B. SCHEDULE OF LOANS AND ADVANCES SCHEDULE 'D'

| Previous Year Rs. | | Rs. | Rs. | Rs. |
|----------------------|--|-----------------|-----------------|--------------------|
| | (Unsecured considered good unless otherwise stated) | | | |
| | Advances Recoverable in cash or in kind or for value to be received. | | | |
| 45,046 | a) Secured Considered Good | 23,07,718 | | |
| 49,87,148 | b) Unsecured Considered Good | 1,51,03,980 | | |
| 2,00,000 | c) Unsecured Considered Doubtful | <u>2,11,088</u> | 1,76,22,786 | |
| | Less: Provision for Doubtful Advances | | <u>2,11,088</u> | 1,74,11,698 |
| (2,00,000) | | | | |
| | Claims Recoverable: | | | |
| 19,05,292 | a) Unsecured Considered Good | 57,09,124 | | |
| | b) Unsecured Considered Doubtful | <u>53,659</u> | 57,62,783 | |
| | Less: Provision | | <u>2,969</u> | 57,59,814 |
| | Doubtful Claims not provided for Rs. 50,690. | | | |
| | Debtors for loan of Materials: | | | |
| | a) Secured considered good | 17,006 | | |
| | b) Unsecured considered good | <u>3,92,801</u> | | 4,09,807 |
| 11,07,240 | Bills of Exchange | | | — |
| 15,00,000 | Advance Payment of Taxes | | | 35,13,936 |
| 27,42,025 | Advances for Capital Expenditure | | | 19,91,618 |
| 23,41,883 | Sundry Deposits | | | 1,33,23,703 |
| 1,22,10,593 | Balances with Customs, Port Trust etc. | | | 1,53,19,229 |
| | <i>Note:- See attached Schedule for Loans and Advances due from Companies under the same management.</i> | | | |
| <u>2,68,39,227</u> | | | TOTAL RUPEES | <u>5,77,29,805</u> |

INDIAN OIL CORPORATION LTD.

SCHEDULE OF CURRENT LIABILITIES AND PROVISIONS

SCHEDULE 'E'

| Previous Year | | | |
|---------------------|--|---------------------|---------------------|
| Rs. | | Rs. | Rs. |
| | A. CURRENT LIABILITIES | | |
| 26,89,703 | Acceptances | 4,22,36,528 | |
| 11,84,42,423 | Sundry Creditors | 14,55,90,110 | |
| | Security Deposits (Including investments lodged by outside parties as per contra Rs. 7,84,295/- previous year Rs. 4, 45,150/-) | 1,13,24,900 | |
| 34,94,407 | | | |
| 19,94,655 | Interest accrued but not due on loans | 1,48,12,366 | |
| — | Other finance | 5,76,555 | |
| — | Creditors for materials on loan | 1,94,932 | 21,47,35,391 |
| | B. PROVISIONS | | |
| 24,00,000 | Provision for Taxation | 24,00,000 | |
| 3,00,000 | Provision for Contingences | 3,00,000 | 27,00,000 |
| | | | |
| <u>12,93,21,188</u> | | TOTAL RUPEES | <u>21,74,35,391</u> |

INAUGURATION OF BARAUNI REFINERY



PROF. HUMAYUN KABIR, Union Minister for Petroleum & Chemicals, presenting a souvenir to Mr. Timofeev, Soviet Chief Engineer at the Barauni Refinery.



In presence of a large gathering, PROF. HUMAYUN KABIR performed the formal inauguration of the Barauni Refinery. PROF. KABIR is seen here flanked by SHRI K.B. SAHAY, Chief Minister of Bihar, Mr. A.V. SIDORENKO, Soviet Minister for Geology & Conservation of Mineral Resources and SHRI N.N. KASHYAP, Managing Director of the Refineries Division.

INDIAN OIL CORPORATION LTD.

SCHEDULE OF PREVIOUS YEAR'S EXPENSES / INCOME

SCHEDULE 'F'

| | Rs. |
|---|------------------|
| Interest payable to Indian Refineries Ltd. (under dispute prior to amalgamation) | 30,82,785 |
| Interest on Government Loan | 12,13,573 |
| Excise Duty written-off | 8,34,723 |
| Commission on Cost of Products of Indian Refineries Ltd. | 58,783 |
| Bonus | 1,00,374 |
| Rent (Land) | 27,114 |
| Rates and Taxes | 33,545 |
| Refund of fine imposed on contractors | 69,677 |
| Sundry Expenses etc. | 83,220 |
| | <hr/> |
| | 55,03,794 |
| Less : — Net amount transferred to Construction Period Expenses — Schedule 'G' | 6,02,847 |
| | <hr/> |
| TOTAL RUPEES | <u>49,00,947</u> |

INDIAN OIL CORPORATION LTD.

SCHEDULE OF PREVIOUS YEAR'S EXPENSES / INCOME

SCHEDULE 'F' Contd...

| | Rs. |
|---|------------------|
| Adjustment in Opening Stock as on 1st April, 1964 | 5,52,349 |
| Sales | 8,66,722 |
| Excess : Provision for Development Rebate | 1,76,598 |
| Railway Freight | 2,70,178 |
| Miscellaneous Income | 56,694 |
| TOTAL RUPEES | <u>19,22,541</u> |

SCHEDULE OF CONSTRUCTION EXPENSES PENDING ALLOCATION FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1965

SCHEDULE 'G'

| | Amount Rs. | Total Rs. |
|---|------------------|---------------------|
| Balance as at 1st April 1964 | | 4,63,65,833 |
| Debits and Credits relating to previous years (Net) | | <u>6,02,847</u> |
| | | 4,69,68,680 |
| Add expenditure during the year.- | | |
| Raw Material consumed | 1,83,70,708 | |
| Stores Consumed | 13,92,188 | |
| Salaries and Wages Provident Fund and Welfare Expenses | 1,52,07,741 | |
| Power Expenses | 14,45,558 | |
| Rent | 1,47,452 | |
| Insurance | 2,89,860 | |
| Interest | 1,62,12,008 | |
| Auditors' Remuneration | 33,241 | |
| Repairs and Maintenance | 15,51,052 | |
| Excise Duty | 7,20,97,903 | |
| Loss on Assets revalued, discarded, sold or written-off | 1,70,821 | |
| Bad Debts written-off | 1,826 | |
| Donations | 25,000 | |
| Travelling and Conveyance | 13,15,015 | |
| Service Charges to Marketing Division | 6,391 | |
| Other Miscellaneous Expenses | 28,67,637 | |
| Depreciation | 23,10,622 | |
| | | <u>13,34,45,023</u> |
| Less Recoveries receipts and adjustments.- | | ** 18,04,13,703 |
| Transfer of Products | 9,03,66,956 | |
| Interest received | 3,68,459 | |
| Miscellaneous Receipts | 12,81,004 | |
| Profit on Disposal of Assets | 131 | |
| Closing Stock as on 31st March, 1965 | <u>54,78,495</u> | |
| | | <u>9,74,95,045</u> |
| | | 8,29,18,658 |
| Less transferred to Schedule 'B' | | * 97,79,362 |
| Balance carried to Balance Sheet | | <u>7,31,39,296</u> |

* The Barauni Refinery was on trial runs till 31-3-65. The Income from the sale of products obtained in the trial run and the expenditure thereon have been shown under construction expenses pending allocation.

** Includes reimbursable costs paid to the Engineering Managers for expenses incurred in Foreign Countries amounting to \$324,522 (Equivalent to Rs. 15,45,341) as verified by the Management on which the Auditors have placed reliance.

Signatures to Schedule 'A' to 'G' and Schedules of Debts and Advances due from Companies under the same Management.

D.B. PURI
Secretary

P. A. GOPALKRISHNAN
Chairman

N. N. KASHYAP
Director

M.GOPAL MENON
Dire tor

Bombay, 17th September, 1965.

INDIAN OIL CORPORATION LTD.

CONSOLIDATED SCHEDULE OF DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

| 1963-64 Rs. | | 1964 65 Rs. |
|------------------|--|--------------------|
| — | Ashoka Hotels Ltd. | 13,096 |
| — | Bokaro Steel Ltd. | 1,09,438 |
| 1,174 | Bharat Electronics Ltd. | 7,448 |
| — | Cochin Refineries Ltd. | 1,396 |
| 3,41,318 | Fertilizer Corporation of India Ltd. | 3,85,406 |
| — | Garden Reach Workshops Ltd. | 8,256 |
| 11,27,116 | Heavy Electrical India Ltd. | 7,79,263 |
| 25,17,761 | Hindustan Steel Ltd. | 30,03,491 |
| — | Hindustan Antibiotics Ltd. | 1,55,507 |
| — | Hindustan Housing Factory Ltd. | 9,500 |
| 2,554 | Hindustan Machine Tools Ltd. | 83,015 |
| — | Hindustan Salts Ltd. | 13,199 |
| 5,24,391 | Heavy Engineering Corporation Ltd. | 2,36,465 |
| 19,114 | Hindustan Shipyard Ltd. | 17,141 |
| — | Hindustan Aeronautics Ltd. | 47,767 |
| 5,527 | Hindustan Aircraft Ltd. | — |
| — | Indian Rare Earths Ltd. | 35,956 |
| — | Indian Drugs & Pharmaceuticals Ltd. | 7,642 |
| 1,92,780 | *Indian Refineries Ltd. | — |
| — | Indian Telephone Industries Ltd. | 24,388 |
| 4,269 | *Indian Oil Blending Ltd. | 57,074 |
| 1,14,460 | Mazagaon Dock Ltd. | 98,493 |
| 1,65,098 | National Mineral Development Corpn. Ltd. | 3,47,969 |
| 38,46,567 | National Coal Development Corpn. Ltd. | 53,07,949 |
| 625 | National Instruments Ltd. | 389 |
| 1,25,417 | Neyveli Lignite Corporation Ltd. | 72,956 |
| — | National Seeds Corporation Ltd. | 1,871 |
| — | National Small Industries Corporation Ltd. | 1,056 |
| — | National Building Construction Co.Ltd. | 8 |
| — | Rehabilitation Industries Corporation Ltd. | 37 |
| — | Shipping Corporation of India Ltd. | 443 |
| <u>89,88,171</u> | TOTAL RUPEES | <u>1,08,26,619</u> |

*Private Company in which the Directors are interested.



INDIAN OIL CORPORATION LTD.

SCHEDULE OF ADVANCES DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

| 1963-64 | | 1964-65 | Maximum amount outstanding during the year |
|---------------|---|-----------------|--|
| Rs. | | Rs. | Rs. |
| — | Hindustan Machine Tools Ltd. | 3,116 | 20,470 |
| — | Hindustan Cables Ltd. | 19,675 | 19,675 |
| — | Hindustan Steel Ltd. | 50,637 | 6,89,266 |
| — | Hindustan Teleprinters Ltd. | — | 6,648 |
| 32,143 | *Indian Oil Blending Ltd. | 6,91,660 | See Note |
| 2,152 | *Indian Refineries Ltd. | — | — |
| — | National Building Construction Co. Ltd. | — | 4,67,298 |
| — | State Trading Corporation Ltd. | 68,521 | 68,521 |
| <u>34,295</u> | TOTAL RUPEES | <u>8,33,609</u> | |

* Private Company in which the Directors are interested.

Note. Maximum amount outstanding during the year from Indian Oil Blending Ltd. not ascertainable.

INDIAN OIL CORPORATION LIMITED

NOTES ON THE ACCOUNTS FROM THE YEAR ENDED 31ST MARCH, 1965.

- In accordance with the Petroleum Companies Amalgamation Order, 1964, Indian Refineries Ltd., merged with Indian Oil Company Ltd., (now known as Indian Oil Corporation Ltd.) on 1st September, 1964. However, as required by clause 5 of the above mentioned order, the Profit and Loss Account includes expenditure and income of the dissolved Company with retrospective effect from 1st April, 1964.
Further, to comply strictly with the requirements of clause 5 of the Order, the debit balance on the Profit and Loss Account of the Indian Refineries Ltd. as at 31st March, 1964 has been brought forward as a revenue deficit in the Accounts of the Corporation, thereby ignoring accounting conventions. The Miscellaneous Expenditure appearing on the Balance Sheet of the former Indian Refineries Ltd. as at 31st March, 1964 has also been brought forward as such in the Balance Sheet of the Corporation.
- The rates of depreciation charged on the Marketing Division Assets are lower than the rates charged on the Refineries Division Assets in accordance with the past practice of the former Indian Refineries Ltd. and Indian Oil Company Ltd.

MARKETING DIVISION

- Provision for doubtful debts has been made in respect of specific items considered to be doubtful. Further provision may be necessary in respect of State Transport, D.G.S. & D. and other Government parties after follow up of certain old outstanding balances.
- Provision for demurrage (included in Purchases) payable to foreign suppliers in respect of ocean tankers has been made on the basis of the Corporation's lay-time statements and is subject to adjustment on receipt of actual claims.
- As the Corporation has been required to maintain a Cost and Freight Adjustment Account with



the Government only with effect from 1st May, 1965 no entries have been passed in respect of cost & freight variations during the accounting year ended 31st March, 1965. The non-recoverable duties payable by the Corporation are being treated as a charge in the year in which they are levied in accordance with the past practice of the Corporation.

6. As it is not practicable to show all Commissions and Discounts separately in the Accounts, they have been adjusted against Sales in the Profit & Loss Account.
7. Complete information is not available regarding the position of the Corporation's outstanding sales-tax liabilities to the Central and State Governments.
8. Inter-divisional balances between the Marketing and Refineries Divisions disagree to the extent of Rs. 61,478 (net) mainly on account of products supplied by the Marketing Division to the Refineries Division. Efforts are being made to reconcile this difference which may affect both revenue and balance sheet items.
9. It has been found that transfers from Work-in-progress to Completed Assets in respect of Pipes have not been correctly made in several cases. As a result, depreciation may have been over provided or under provided in respect of such assets. Some rectifying entries have been passed this year on the basis of physical verification of pipes in stock by the Engineering Department on which the Auditors have placed reliance. The exact amounts involved are not ascertainable and therefore complete adjustment cannot be made at this stage.
10. Although the broad basis for valuation of finished stocks remains the same as in previous years viz. cost or net realisable value, whichever is lower, there have been some changes in the method of calculation of cost to simplify the valuation procedure. The Corporation has not worked out the effect of these changes on the valuation of stocks as it will involve undue labour and delay.
11. Under an agreement between Assam Oil Co. and the Indian Oil Corporation, the total under-recovery of freight on the movement of products of the Digboi and Gauhati Refineries is to be shared in an agreed manner between the two Companies. Calculations have been made on the basis of despatches of products furnished by AOC and a credit of Rs. 20 lakhs has been taken in the accounts for the year on an estimated basis.
12. Certain depots and installations have been built on Government or other lands not belonging to the Corporation; the formal agreements in respect of some of these lands are being finalised.
13. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 191 lakhs.
14. **Contingent liabilities not provided for:**

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| i) Suits filed against the Corporation for compensation, damages etc. | Rs. 3.33 lakhs |
| ii) Guarantee given by the Corporation to State Bank of India in respect of Advance taken by Indian Oil Blending Limited | Rs. 60.00 lakhs |
| iii) Claims against the Corporation not acknowledged as debts | Rs. 9.24 lakhs |
| iv) Claims from the Ministry of Defence in respect of rent of property etc. at Vizag. and Cochin Installations | Amount not known |
15. Previous year's figures have been reclassified where considered necessary.

REFINERIES AND PIPELINES DIVISIONS

16. The expenditure for land acquired for the Refineries at Gauhati and Barauni and the right of way obtained for Gauhati - Siliguri and Haldia - Barauni - Kanpur Pipelines has been provisionally booked to the extent of payments made in respect thereof, pending finalisation of awards. Balance compensation payable is unascertainable at this stage. Arrangements for the participation of the States of Assam and Bihar in the equity capital of the Corporation in consideration for land given has not yet been finalised. Documentation in respect of land and buildings acquired from the Railway authorities at Hathidah, Bihar is not yet complete. Expenditure on railway siding has been taken on the basis of estimates given by the Railway authorities pending receipts and adjustment of final bills.
17. Payments in respect of extra work orders at Barauni have been made at provisional rates, pending finalisation; amount of additional liability, if any, is unascertainable at present.
18. Pending final settlement amounts recoverable from the Assam Government towards the



- development cost of land and approach roads etc. have not been taken credit of in the accounts.
19. Claims lodged with the Customs Authorities for refund of customs duty in respect of Gauhati Refinery are under finalisation on account of revision of rates—amount of refund not ascertainable. Customs duty has been paid on an *ad hoc* basis for the Barauni Refinery. Consequential adjustments, if any, shall be made in the accounts on final assessment.
 20. Adjustment of claims amounting to Rs. 7,37,455/- with the Customs authorities and the Insurance Pool, which have been filed and are being filed, shall be done on the determination of these claims.
 21. (a) No provision has been made for Income-tax liability on account of tax on profit of foreign contractors payable by the Company; amount of liability is unascertainable.
(b) Provisional payment has been made for Income-tax liability on account of the profits of foreign Engineering Managers.
 22. Payment of bonus in respect of Refineries and Pipelines Divisions, if any, under the payment of Bonus Ordinance 1965 will be made and accounted for in the year 1965-66.
 23. Financial commitments outstanding on capital account—Rs. 659.22 lakhs.
 24. Claims against the Company not acknowledged as debts—Rs. 1,635.44 lakhs. Interest thereon, if any, is unascertainable, pending awards. The Company has filed counter claims against some of the claimants amounting to Rs. 8.16 crores approximately. The claims amounting to Rs. 716.95 lakhs (including Rs. 49 lakhs for which a petition has been filed in the Calcutta High Court) are on account of compensation claimed by owners of coal mines through which the pipelines have been laid on the grounds that mining of coal underneath the pipelines will not be possible. The matter is under consideration of the Government.
 25. Counter guarantees have been given to the State Bank of India by the Company in addition to guarantee given by the Government of India for Rs. 8,56,77,581/- in respect of guarantees issued by them to foreign contractors. The Government of India has also given guarantee for Rs. 2,42,82,461/- in favour of foreign suppliers on behalf of the Company.
 26. Allocation of Head Office and Calcutta Office expenses between the operating units and construction units has been made as per the basis decided by the Management, on which the Auditors have placed reliance.
 27. Gujarat Refinery Project of the Oil and Natural Gas Commission has been transferred to the Corporation with effect from 1st April, 1965. The Project is estimated by the Management to cost Rs. 30 crores.

D. B. PURI
Secretary

P. A. GOPALKRISHNAN
Chairman'

N. N. KASHYAP
Director

M. GOPAL MENON
Director

