

ANNUAL REPORT 1973
-74

INDIAN OIL CORPORATION LIMITED



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BOARD OF DIRECTORS:

C. R. Das Gupta
S. B. Budhiraja
R. N. Bhatnagar
P. C. Bhattacharyya
L. Kumar
C. Venkataramani
Rajni Patel
A. K. Ghosh
K. S. Sarma
P. C. Mitra
Dr. Ishwar Dayal

SECRETARY:

D. B. Puri

BANKERS:

State Bank of India

JOINT AUDITORS:

M/s. Price, Waterhouse, Peat and Co.
M/s. A. F. Ferguson and Company

BRANCH AUDITORS:

M/s. Thakur Vaidyanath Aiyar and Company
M/s. R. G. N. Price & Co.

**REGISTERED OFFICE AND MARKETING
DIVISION HEADQUARTERS**

254-C, Dr. Annie Besant Road
Prabhadevi, Bombay - 400 025

MARKETING DIVISION

BRANCHES:

Bombay, New Delhi, Calcutta, Madras

REFINERIES & PIPELINES

DIVISION HEADQUARTERS:

Indianoil Bhavan, Janpath
New Delhi - 110 001

REFINERIES:

Gauhati (Assam), Barauni (Bihar), Jawaharnagar
(Gujarat), Haldia (West Bengal) - under construction,
Mathura (U. P.) - under construction.



NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Indian Oil Corporation Limited will be held at the Company's Registered Office at 254-C, Dr. Annie Besant Road, Prabhadevi, Bombay 400 025 at 10-00 a.m. on Saturday, the 30th November, 1974 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account and Reports of the Auditors and Directors thereon for the financial year ended 31st March, 1974.
2. To declare the dividend.

By Order of the Board,

J. K. WADHWA
Deputy Secretary.

Bombay, Dated: 2nd November, 1974.

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

DIRECTORS' REPORT 1973-74
TO
THE SHAREHOLDERS OF
INDIAN OIL CORPORATION LIMITED

Gentlemen,

On behalf of the Board of Directors of your Corporation, I have pleasure in placing before you the 15th Annual Report on the working of the Corporation for the financial year 1973-74 alongwith the Audited Statement of Accounts.

Depreciation	15.29	13.56	11.93
Net profit before tax	41.55	46.08	34.97
Provision for taxation	21.00	27.00	5.00
Net profit after tax	20.55	19.08	29.97
Add/deduct prior year adjustments	(—) 10.74	(+) 3.09	(+) 1.97
Net profit	9.81	22.17	31.94

FINANCIAL RESULTS :

The profit before tax for the year under review is Rs. 41.55 crores as against Rs. 46.08 crores and Rs. 34.97 crores during the year 1972-73 and 1971-72 respectively. The comparative figures of gross profit, interest, depreciation and provision for taxation are as under :—

	(Rs. in crores)		
	1973-74	1972-73	1971-72
Gross profit before depreciation & interest	60.71	63.09	51.34
Interest	3.87	3.45	4.44
Profit before depreciation	56.84	59.64	46.90

The profit for the year 1973-74 would have been higher but for the under-recovery incurred by the Corporation on the processing of imported crude oil at the coastal refineries. The under-recovery incurred for processing during the financial year 1973-74 amounted to Rs. 15.47 crores. The Corporation has taken up the matter with the Government for suitable compensation and the same is still under consideration of the Government. The profit for the year 1973-74 also includes an adventitious gain of about Rs. 8 crores on account of increase in the value of inventories due to price rise. With the adjustments of the above under and over-recoveries, the net profit for the year before tax would have been Rs. 49.02 crores as against Rs. 46.08 crores and Rs. 34.97 crores during the years 1972-73 and 1971-72 respectively.



The prior year adjustments are mainly on account of change in the depreciation rate of the plant and machinery installed in the Refineries and Pipelines Division. The depreciation rates were revised retrospectively from the date of installation/commissioning of plants resulting into an additional depreciation provision of Rs. 9.40 crores.

The sales during the year were 17.3 million kilo liters as against 16.00 million kilo litres and 13.68 million kilo litres for the years 1972-73 and 1971-72 respectively. The profit before tax works out to 58.37% of the paid up capital as against 64.74% and 49.13% in previous years *i.e.* 1972-73 and 1971-72 respectively.

The position of profit including carried forward from last year is as follows :-

	Rs.	Rs.
Balance of profit carried forward from last year		15,050
Profit for the year before tax	41,55,32,628	
Less: Provision for Taxation	21,00,00,000	
	<hr/>	
	20,55,32,628	
Less: prior year adjustments	10,73,78,505	
Balance	9,81,54,123	
Disposable surplus	9,81,69,173	
Out of the balance indicated above, your Directors recommend the following appropriations :-		
		Rs.
Provision for Development Rebate Reserve	3,00,00,000	
Interim Dividend paid confirmed as final dividend	3,55,88,600	
Transfer to General Reserve	3,25,00,000	
Balance carried forward		80,573
TOTAL	<hr/> <hr/>	9,81,69,173

FINANCE:

The total capital employed by the Corporation increased from Rs. 215.60 crores as on 31st March 1973 to Rs. 248.49 crores showing an increase of Rs. 32.89 crores, which was financed from internal resources amounting to Rs. 6.26 crores and increase in the borrowings by Rs. 26.63 crores. The long-term borrowings decreased by Rs. 8.88 crores mainly on account of repayment of loans of Rs. 9.53 crores to the Government during the year. The borrowings from the Bank increased by Rs. 35.51 crores showing a net increase of Rs. 26.63 crores. The additional resources were utilised as under:-

- (i) increase in net current assets —
Rs. 28.05 crores
- (ii) increase in net fixed assets —
Rs. 4.84 crores

During the year, the prices of petroleum products increased manifold due to change in the prices of crude oil and petroleum products in the Middle East. The resultant change in the prices for domestic sale took quite some time thereby resulting into the oil companies being required to sell products at a price below cost. The shortfall was compensated by suitable adjustments through various pool accounts instituted by the Government. Pending the fixation of new prices and surcharges, the deficit in the pool accounts increased substantially and at the end of the financial year the net deficit in the pool accounts, which is shown under loans and advances, amounted to over Rs. 34 crores.

OUTSTANDINGS:

The outstandings during the year under review increased to Rs. 63.03 crores compared to Rs. 30.96 crores as at the end of the previous year. The increase in the outstandings is attributable to :-

- (a) Major price revisions leading to corresponding increase in the outstandings.
- (b) Dues on account of price revisions obtained for supplies due to increase in cost but recovery



of the same could not be made in 1973-74 approximately Rs. 10 crores.

The outstandings at the close of the year represent 11 days' sales as against 9 days' sales at the end of the previous year. But for the increase in outstandings for reason (b) above, the outstandings at the end of the year under review would have been only 9 days' sales.

REFINERIES & PIPELINES DIVISION

REFINERIES:

The three operating Refineries of this Corporation achieved a total throughput of 69,85,112 tonnes during the year 1973-74, which as the following table will indicate, is the highest throughput achieved so far.

improve overall product yield. Studies were conducted by these cells for reduction of excess air in the furnaces, optimisation of fuel, steam and water consumption, modifications of heat exchanger trains for better heat recovery, minimisation of hydrocarbon loss from pump glands and other sources etc. Short term measures, as a result of these studies have already been taken, which have yielded improved product recovery in all the refineries. Other actions are in progress for further optimisation.

In the year 1972, a Central Technical Audit Cell was established in the Headquarters of the Refineries and Pipelines Division for coordinating the activities of Technical Audit Cells in all the Units. This cell keeps a close watch on implementation of different measures and programmes for further energy conservation.

(in tonnes)

	Gauhati	Barauni	Gujarat	Total
Targeted throughput				
1973-74	7,78,979	26,85,427	35,83,450	70,47,856
Actual throughput				
1973-74	7,65,029	26,37,339	35,82,744	69,85,112
1972-73	7,93,135	23,92,147	37,28,517	69,13,799
1971-72	7,96,029	22,78,232	36,42,665	67,16,926

it will be further observed from the above table that the throughput of the Refineries, as in some of the previous years, has been more than their installed capacity, except in the case of Barauni Refinery where the throughput had to be limited in accordance with the total availability of crude.

TECHNICAL AUDIT AND ENERGY CONSERVATION:

On account of oil crisis, special efforts were made by the Technical Audit Cells set up in each of your Refineries for implementation of various measures to achieve energy conservation and to

SPECIAL FEATURES, ACHIEVEMENTS AND FUTURE PLANS

BARAUNI:

The Government had earlier approved a Project for processing of imported crude in Barauni Refinery at a total cost of Rs. 7.60 crores. Recently, as adequate quantity of crude from the indigenous sources has been assured for the Refinery, the Government has since asked us to give up this Project. Consequently, the proposal for installation of new units i.e. Visbreaker and Meroxes at Barauni has been abandoned. However, certain jobs, like additional tankages, revamping of water treatment



plant, tank-truck loading gantry, increasing of coking unit capacity etc., have already been taken up for operating the Refinery at 3 MMTPA capacity with Assam crude.

Installation of a new effluent plant for further improving the quality of the effluent of the Refinery is in an advanced stage of completion. A new product under the trade name, 'Rubber Extender Oil' is being introduced in the market.

GUJARAT:

1. LPG despatched during the year was 59,834 MT which was an all time high. In the previous year quantity despatched was 47,992 MT. Plans are also under implementation to progressively increase the LPG production in this Refinery to about 90,000 tonnes per year.
2. Production of Naphtha for Indian Petro Chemicals Corporation Ltd. (110-140 Cut) and its despatch through pipeline was started during the year.
3. A new line has been laid to supply naphtha to Gujarat State Fertilizer Company and the old line is to be used for supply of benzene to that Company.
4. With certain modifications in the processing scheme, the production capacity of benzene has been increased to 45,000 MT per annum as against the installed capacity of 33,000 MT per annum.

EXPANSION

To meet the increasing demand of petroleum products in the country, the Government had approved in June 1973 the scheme for expansion of Gujarat Refinery from its present capacity of 4.3 million tonnes to 7.3 million tonnes per annum. The process design of the project which is expected to be commissioned by April 1977, is almost complete and the detailed engineering work is in progress. Messrs. Engineers India Limited have been appointed as the consultants for process design, engineering and construction manage-

ment of the project. To achieve the additional capacity imported crude will be processed in the Refinery for which a pipeline from Salaya to Gujarat Refinery via Viramgam will be laid.

GAUHATI:

1. Two new LPG storage bullets were put into commission as a result of which the Refinery can now produce LPG upto 4500 MT per year with the existing facilities.
2. Facilities to despatch LSHS to Chandra-pura Thermal Power Station were commissioned during the year.
3. For further improving the quality of effluent, a contract for an effluent treatment plant has been awarded. The plant will cover both chemical and biological treatment of the Refinery effluent.

NEW PROJECTS:**HALDIA REFINERY PROJECT:**

The trial-runs of Fuel Sector of Haldia Refinery were started in September 1974 and we have been able to produce and despatch products as per specifications. The Lube Sector is expected to be completed by the end of 1975. Although the estimated cost of the project was Rs. 67.50 crores, these estimates are likely to be exceeded because of unavoidable delays in its completion schedule and steep inflationary trends in the general economy. As earlier reported, the factors which adversely affected the construction schedule of the project were :-

1. Acute shortage of construction materials, including cement and steel.
2. Delays in the supply of equipment and materials by indigenous vendors.
3. Delays in receipt of pipes and fittings from foreign suppliers.
4. Difficult labour situation involving strikes, go-slow, lock outs, agitations by the



workers of almost all the contractors, and such other factors.

MATHURA REFINERY PROJECT:

The construction of Mathura Refinery Project was approved by the Government in August 1973 and its foundation stone was laid by the Prime Minister on 2nd October, 1973.

In terms of a protocol signed on 20th July, 1973 between the Government of India and the Government of the USSR, the Corporation entered into a contract on 6th December, 1973 with Messrs. Neftechimpromexport which *inter alia* provides for:

1. preparation of detailed project report;
2. preparation of working drawings;
3. supply of equipment and materials as may be mutually agreed upon.; and
4. technical assistance during the construction and start-up of the Project.

The detailed project report is expected to be received in January 1975. As per the present schedule the Refinery is expected to be completed by middle 1978. For the non-USSR units and facilities, Messrs. EIL have been appointed as our consultants.

About 717 acres of land for the Refinery and 216 acres of land for the township have already been acquired. First phase of soil investigation has been completed. Investigations in respect of water supply and effluent disposal are under progress.

Maintenance and Inspection Cell at Head Office:

Maintenance and Inspection Cell established at the Head Office for rendering assistance to the Refineries in the field of Maintenance, Inspection, Corrosion Control and Import Substitution has proved to be of substantial help to the Refineries. Notable improvement has been made in Units like AU-3 of Gujarat Refinery in terms of onstream efficiency during the year. Our efforts for improving performance of Coking and Kerosene Units of

Barauni Refinery are continuing. Barauni's Coke Calcination Plant continues to cause concern but with better refractories its service factor is expected to improve.

Data collection work is progressing towards achieving a standardised documentation system in each Refinery with the objective of further improving preventive maintenance system.

Import Substitution:

The Cell also participated actively in the activities of Technical Development Committee comprising of representatives from Petroleum Refineries / Fertilizers / Petrochemicals Industries of both Public and Private Sectors. A number of new items have been developed by way of import substitution. Notable items developed were special pumps for hydrocarbon services, hamer blind valves, critical spares for pumps and compressors, burner tips, tube expanders for rolling heat exchanger tubes, electric spares, instruments and their spares.

Our Pipelines likewise developed several indigenous substitutes like teflon gears for flow recorders, threaded Oring adopters for imported tapping machines, different types of protection coils, main line diesel engine bearings, static converters with minimum harmonic distortion etc. For import substitution of the corrosion inhibitor presently used for protection of product pipelines for corrosion, Pipelines have been in touch with Defence Research Laboratory, Kanpur, for developing a suitable indigenous corrosion inhibitor. One such inhibitor has now been developed and the trial runs with this inhibitor are being carried out.

PIPELINES:

OPERATIONS:

The overall performance of the Pipelines of the Corporation during the year was quite satisfactory. The most significant event of the year was the commissioning of Haldia-Maurigram Rajbandh Pipeline. The table below gives the comparative



picture of throughput of the different Pipelines of the Corporation during the last 3 years:—

3. Salaya - Koyali - Mathura Pipeline:

This Pipeline which is going to be one of the biggest in the world is being set up for

Product Pipelines	Year	Targets	Throughput figures (figures in M)
Gauhati-Siliguri	1971-72	4,29,000	4,40,616
	1972-73	4,33,000	4,43,260
	1973-74	4,22,000	4,12,399
Koyali-Ahmedabad	1971-72	8,99,000	8,19,720
	1972-73	8,96,000	7,80,640
	1973-74	7,20,000	6,74,526
Barauni-Kanpur	1971-72	10,62,000	13,58,474
	1972-73	13,33,000	14,03,524
	1973-74	12,44,000	13,39,206
Haldia- Maurigram-Rajbandh (Haldia-Maurigram Section)	1971-72	—	—
	1972-73	5,37,000	6,03,943
	1973-74	4,52,000	3,95,967
Haldia-Barauni	1971-72	8,49,000	6,05,006
Haldia-Barauni*	November '72 to March '73	4,25,000	1,66,781
	1973-74	4,50,000	3,95,187

* From November 1972 this Pipeline was converted to crude service, pumping crude from Haldia to Barauni. Its throughput was limited to availability of crude and requirements at Barauni Refinery.

ACHIEVEMENTS:

1. Haldia-Barauni Pipeline:

With the commissioning of a new Jetty pipeline of 30" dia. in November 1973, the efficiency of crude unloading operations from World Bank Tankers at Haldia has improved considerably.

2. Modernisation of tele-communication facilities for HBK Pipeline:

The Project which is being constructed in association with Messrs. Bharat Electronics Ltd. is progressing satisfactorily and is expected to be completed by the end of 1975.

transportation of imported crude from Salaya Off-shore terminal to our Refineries at Gujarat and Mathura. The Offshore terminal which is part of the project will be capable of mooring tankers upto 3,00,000 DWT. The entire survey, design, engineering, procurement and construction supervision work of the project is being handled by IOC Pipeline Engineers. The capacity of the pipeline initially will be 10 million tonnes per annum for supply of crude to Gujarat and Mathura Refineries at the rate of 3 and 7 million tonnes per annum respectively. In the second phase the capacity will be increased to 15 million tonnes per annum to supply 5 million tonnes



to Koyali and 10 million tonnes to Mathura per annum. The total length of the pipeline will be 1,260 Kms. consisting of 28", 24" and 18" dia. The basic design has already been completed by our Engineers and has been approved by our foreign consultants. The first phase construction work of the project will commence in 1975 and is expected to be completed by the end of 1977. The second phase which will take the pipeline upto Mathura will be completed by mid 1978.

end of the year 1973-74 as compared to 1972-73 was as under :-

	(Rs. in lakhs)	
	31-3-1973	31-3-1974
Gauhati	143.33	147.54
Barauni	368.70	400.91
Gujarat	220.93	176.64

INDUSTRIAL RELATIONS & WELFARE:

On the whole, the industrial relations in the Refineries and Pipelines Division during the year 1973-74 have been satisfactory. At Gauhati and Barauni Refineries, however due, to multiplicity of unions leading to labour troubles, there were certain interruptions in work but these lasted for short periods

Gujarat Refinery inventory position has shown some improvement and at Gauhati the inventories have remained more or less at the same level. The inventory at Barauni as on 31-3-1974 includes certain project materials valued approximately at Rs. 35.23 lakhs.

The long term settlement covering service conditions of the employees in the Division expired on 31st December 1973. On receipt of fresh charter of demands from the recognised unions, preliminary discussions have been started with the recognised unions. A fresh settlement however has yet to be reached.

Research & Development Centre:

The Research & Development Centre which made a modest beginning with the commissioning of a temporary laboratory at Faridabad in May 1973, has made good progress since then. A Technical Block and a Test Car Laboratory are under construction and will be ready by December 1974. Government has recently approved the revised cost estimate of Rs. 484 lakhs for the project which will enable the main laboratories to be completed in the year 1976-77.

Training:

In addition to the full-fledged Training Department functioning at each of the refineries, to afford training facilities on long and short term basis to the employees, a Central Training Institute to cater to the needs of the trainees for the division as a whole is being established at Haldia. Our Training policy is under review from time to time to meet the requirements of Management personnel at different levels.

A number of test engines such as Petter W-1, Petter AV-1, CLR, CFRS, multicylinder have been installed. The Analytical laboratory has received the latest X-ray, IR, UV, NMR, Emission, Atomic Absorption, GLC and other test equipment and rigs.

Personnel:

The total strength of Refineries & Pipelines Division as at the end of the year was 7,016 as against 6,561 in the previous year.

A number of priority projects are under development stage. The turbine oils which have been successfully formulated in the laboratory will now be evaluated for performance in the field and marketed. Railways are field testing our Railroad engine oil, SERVO RR 402 and cylinder oil. We have started meeting some of the critical and strategic requirements of Defence hitherto imported. The work of optimisation of motor oil quality when completed is likely to save considerable foreign exchange to the country. An aluminium rolling oil is being developed from one of our refinery streams and is under test by the industry. The

Inventory:

The Inventory of Stores and Spares held at Gauhati, Barauni and Gujarat Refineries at the



synthetic rubber industry is now using the Extender Oil produced from Barauni. Work on many other specialities such as agricultural spray oils and industrial oils is in hand.

The capital expenditure upto 31st March, 1974 was Rs. 80 lakhs. During the year 1974-75, we expect to spend Rs. 125 lakhs. The total number of employees in the Centre is 113

MARKETING DIVISION:**CAPITAL INVESTMENT:****Tankages at Installations:**

As on 31st March, 1974, Corporation had 16 Port Installations, 8 Pipeline Installations, 1 inland Installation and 112 bulk depots. Total tankage at the Installations and Bulk Depots at the end of the year was 16.07 lakh KLs as against 13.67 lakh KLs during the previous year. The total addition is due to fabrication and erection at Installations and Depots during the year. The total throughput of products handled during the year was 184.53 lakh KLs as against 174.52 lakh KLs during the previous year.

Other facilities:

The storage facilities for Railways for their dieselisation scheme has been increased from 25.0 thousand KLs to 26.9 thousand KLs during the year. Similarly, the storage and distribution facilities at Aviation Fuel Station for supplies to Indian Air Force and Domestic and Foreign Airlines has also been increased to 57.5 thousand KLs from 56.0 thousand KLs during the last year. 1,83,419 KLs tankage alongwith miscellaneous connected facilities is under construction at various installations including the two new installations viz. Mangalore and Tuticorin. Similarly, 42,921 KLs tankage is under construction at Depots. The construction of additional tankage of 52,460 KLs at Kandla Installation and construction of new installation at Butcher island with 57,696 KLs tankage has been sanctioned. It is also proposed to have further tankage of 54,000 KLs approximately including re-sitement of existing Depots in the year 1974-75/1975-76.

The existing capacity of 1,400 cylinders per shift at LPG Bottling Plant at Delhi has been increased to 2,200 cylinders per shift. The required number of LPG tank wagons and tank trucks are under procurement in order to achieve the target of 5,000 cylinders per shift. A proposal is also in hand to set up a LPG Bottling Plant at Kanpur.

Plants:

The Corporation is having a Drum Plant at Madras for production of both bitumen drums and lube barrels. Keeping in view the product availability, the requirements of drums and barrels had been re-assessed and based on this factor, licence application has been amended for a capacity of 16.5 lakh drums and barrels (combined capacity per year). Corporation has also drawn up a scheme for modification and rectification of the existing machinery in the Drum Plant in order to bring the plant to its rated capacity. Corporation has decided to put up a Decoiling Plant as an Ancillary Unit of the Drum Plant. Originally, it was proposed to have a drum plant at Haldia. However, in line with the directive of the Government for fuller utilisation of the public sector plants, negotiations are being held with Messrs. Industrial Containers Ltd., Calcutta, a Government Company for the supply of drums to the Corporation at Haldia on a continuous basis for the period of contract. Corporation is also having a Lube Plant at Madras, which is being technically supervised by IOBL, a wholly owned subsidiary of the Corporation.

Sales:

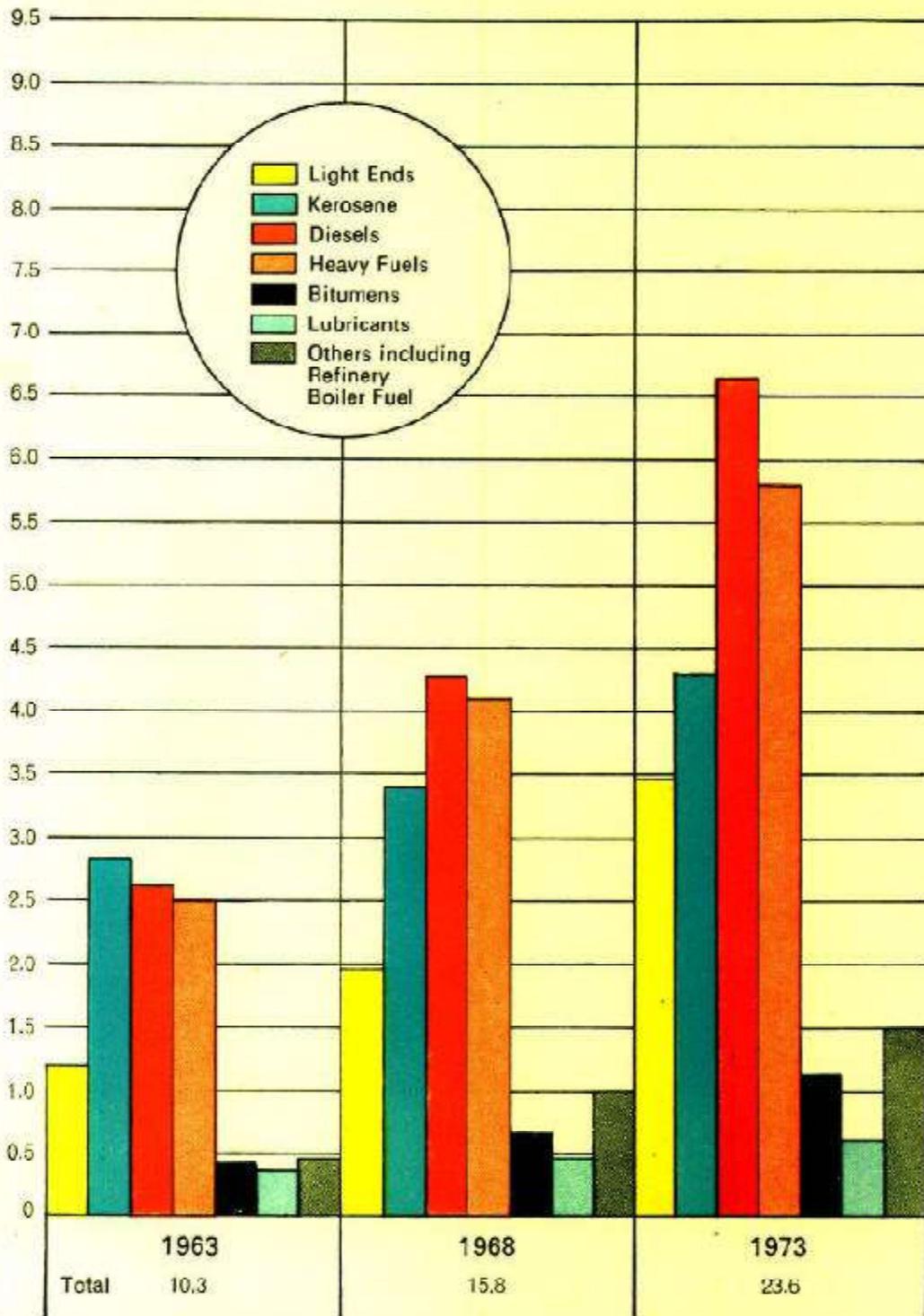
Sales of all petroleum products during the year 1973-74 was 17.3 million KLs as against

16.00 million KLs during the year 1972-73 thus registering an increase of 7.7% and achieving a market participation of 60.7% as against 59.2% for the year 1972-73.

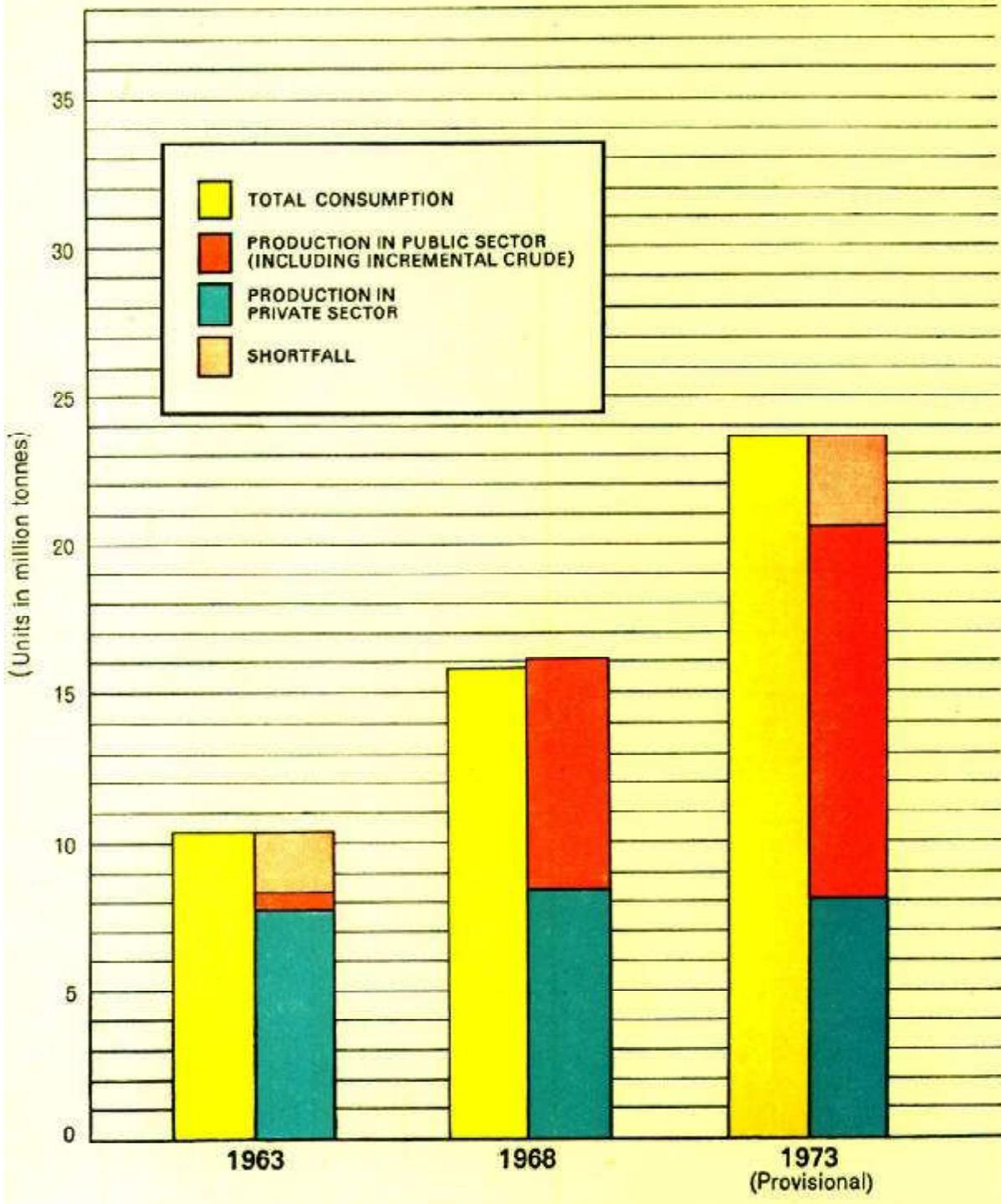
Sale of Motor Spirit began showing a declining trend consequent on the sharp increase in the price of Motor Spirit thus resulting in reduced consumption of the product. From December 1973 onwards, Furnace Oil sales have also been declining due to restricted availability.

CONSUMPTION PATTERN OF PETROLEUM PRODUCTS IN INDIA

UNITS IN MILLION TONNES



CONSUMPTION AND PRODUCTION OF PETROLEUM PRODUCTS IN INDIA



Retail:

During the year 1973-74, 207 retail outlets have been commissioned. Taking into account outlets decommissioned during the year, the total number of retail outlets as of 31st March, 1974 is 3,463. In addition, several existing retail outlets have been modernised either through remodelling or by providing additional facilities, thereby extending better service to the motorists.

The number of retail outlets on National Highways as well as wayside amenities at the existing retail outlets on National Highways were further improved during the year. As of December, 1973, the Corporation has 964 retail outlets located on the National Highways rendering service to the motorists and transporters.

Assistance to the agricultural sector has been maintained through the development and increase in the number of farm fuel centres, where, in addition to fuel/lubricating oil facilities, arrangements have also been made for tractor servicing, minor repairs and spare parts. Pesticides and fertilizers are also sold at some of these centres. As of December 1973, the Corporation has 150 fully developed farm fuel centres all over India and another 181 centres under various stages of development. During 1974-75, the Corporation plans to commission approximately 100 retail outlets and to augment the facilities offered to the motoring public through the existing retail network.

Liquefied Petroleum Gas:

The demand for LPG evidenced an unprecedented increase primarily because of somewhat difficult availability conventional fuels. During the year, 1,15,000 new customers were enrolled. As at the end of March 1974, the Corporation was meeting the requirements of 8.16 lakhs consumers spread over 143 towns with a network of 249 distributors as under

Ex-Servicemen/War Widows	52%
Unemployed graduates	28%
Co-operatives	9%
Private parties	11 %
	100%

The Corporation procured 2,97,000 cylinders during the year and has plans to procure approximately 4,50,000 cylinders during the year 1974-75. Emphasis was laid on increasing bulk sale and accordingly bulk sales touched a new high of 5,700 tonnes reflecting an increase of 60% over the previous year's sale. In 1973-74 Corporation sold 99,312 tonnes of LPG achieving a market participation of 36.8% and thus became the leading marketer of LPG in the country.

Award of Dealership/Distributorship:

The number of dealerships/distributorships commissioned under the unemployed graduates scheme as of 31st March, 1974 was 276. The number of dealerships/distributorships awarded to Defence personnel, their widows/dependants of those killed in action was 538, out of which 271 were commissioned as on 31st March, 1974.

From 1st January, 1974 the Corporation has also earmarked 25% of the dealerships/distributorships to be awarded to the members of Scheduled Castes/Scheduled Tribes. Already 21 dealerships/distributorships have been awarded under this category.

SPECIAL PRODUCTS:

During the year 1973-74, the sale of Special Products, viz. LSHS/HHS, Naphtha, Benzene, Toluene, Mineral Turpentine Oil, Calcined Coke, Phenol Extract, Iomex, Raw Petroleum Coke and Slack Wax totalled about 2.63 million KLs. These products continued to play an important role in the development of country's economy e.g. Naphtha in the field of fertilizers and petro-chemicals and LSHS/HHS in the field of power generation and steel melting. During the year under review, the sale of LSHS and Naphtha reached 1.16 million and 1.17 million KLs respectively.

BITUMEN:

In order to save valuable foreign exchange spent on import of steel for making bitumen drums, the Corporation continued its efforts to convert the usage of bitumen from 'packed' to 'bulk' by providing technical know-how to



various Highway authorities, particularly in the South, many of whom have commenced procurement of the necessary handling equipment. Deliveries of bitumen in bulk have since been made to a number of them.

AVIATION:

The market participation of the Corporation in the sales of Aviation Fuels rose to 74% as against 68.7% during the previous year. This higher participation was achieved in spite of the fact that IAC, a major customer of the Corporation was on 'Go Slow' and later on a lock-out and also the Government had placed 30% restriction on offtake of ATF by foreign airlines for some time. The increase gained over the last year's sale of Aviation Fuels is due to additional business acquired by the Corporation from foreign airlines. The Corporation continues to be the exclusive marketer of Aviation Gasolenes. Studies are being undertaken to increase the operational efficiency of the AFSs by fuller utilisation of existing equipment and facilities. Quality Control and Safety measures in the Aviation operations continue to receive the fullest attention of the Corporation.

LUBRICATING OILS:

During the year under review, the production at MRL and Lube India remained almost satisfactory within normal fluctuation limits. The availability of deficit grades like Bright Stock, Turbine Oils, Cylinder Stocks, Refrigeration Oils and Naphthenic Oils although satisfactory during early part of the year, the position became difficult about the close of 1973 and early part of 1974 due to international oil supply position becoming extremely tight following Middle East crisis. Similarly, the position of additive supplies also became extremely difficult in the above period both in respect of indigenous production which is dependant on imported raw materials and also finished grades of additives currently imported. However, with the reasonable stocks built by the Corporation it was possible to minimise the adverse effect of these developments on the supply obligations to the customers. Continuous efforts were made to procure these

deficit grades including by diversification of sources. Steps are also on hand for developing Turbine Oils indigenously from base stocks from MRL/HPC. As regards latest position, it is significant to note that the demand pattern has substantially changed following Government's fiscal measures viz. enhancement of secondary grade lubricants' prices closer to Premium grades as from beginning March 1974. With the narrowing down of price differential between Premium and Secondary grades, the practice of secondary grade lubricants spuriously going into the automotive use etc., had been greatly minimised which trend is in the larger interest of the economy. This naturally followed with some unsatisfied demand of Premium lubricants in certain sectors on account of limitation of indigenous production. The need to satisfy the full demand is engaging proper attention. Efforts in the direction of import substitution of Axle Oil are on and this product hitherto obtained solely ex-import will be produced at the local refineries. IOC has terminated its agreement with Mobil in blending/marketing of Premium lubricants of Mobil brands and have introduced a full range of its own Premium SERVO brands from late July 1974. Towards this, considerable advance planning and product development had been undertaken jointly by IOC's R&D Centre, Marketing and IOBL, now a wholly owned subsidiary of IOC.

A technical tie-up arrangement with Castrol in the field of research and development and acquiring technological know-how etc., is currently under negotiation.

IMPORTS:

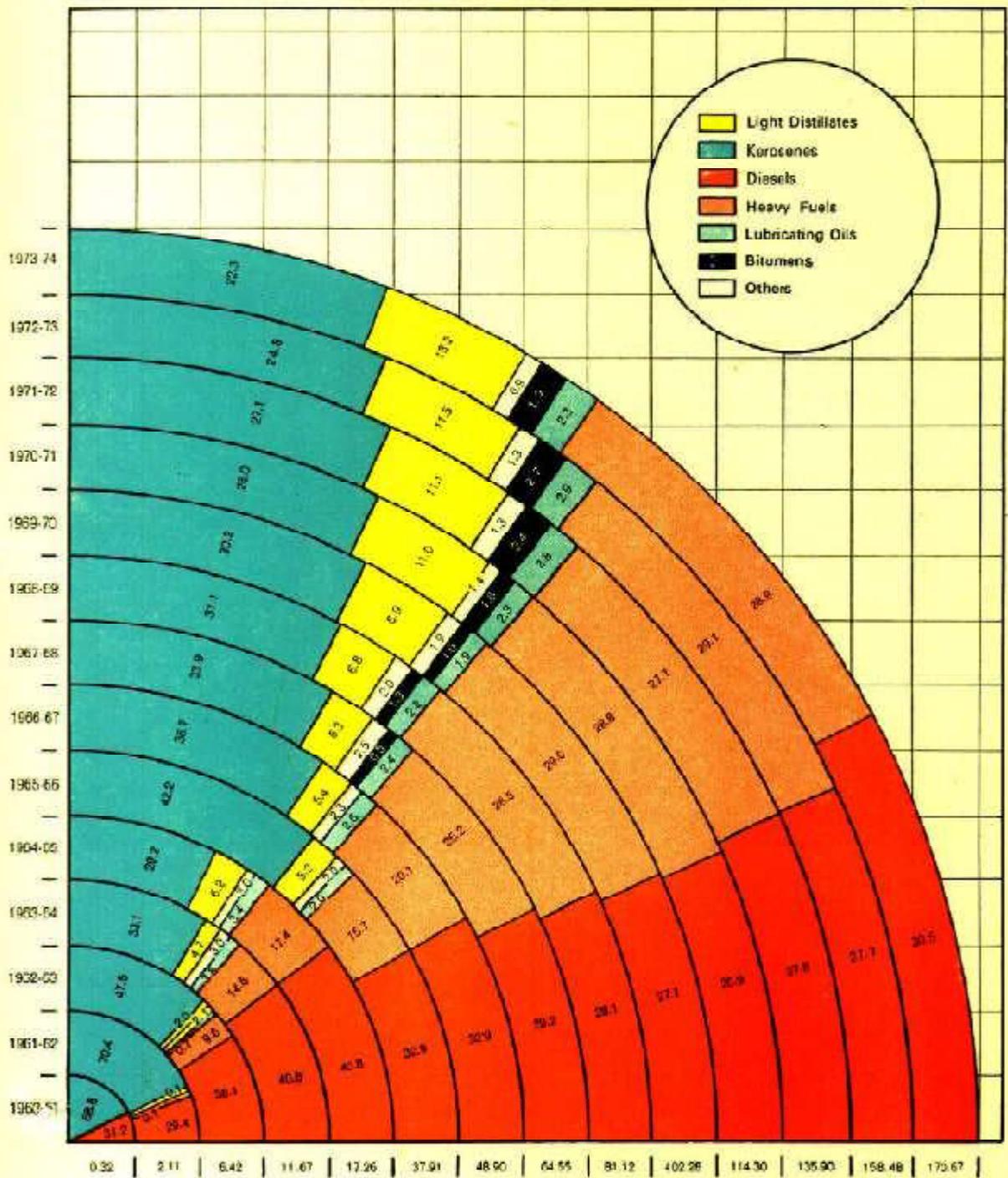
During the period 1st April, 1973 to 31st March, 1974, the Corporation imported about 35 lakh MT of bulk petroleum finished products and about 99,063 MT of Lubricants at an approximate value of Rs. 145 crores. Out of this, about Rs. 102 crores is from free sources and the balance of about Rs. 43 crores is from rupee sources.

EXPORTS:

During the year 1973-74, the Corporation exported about 1.5 lakh MT of various petro

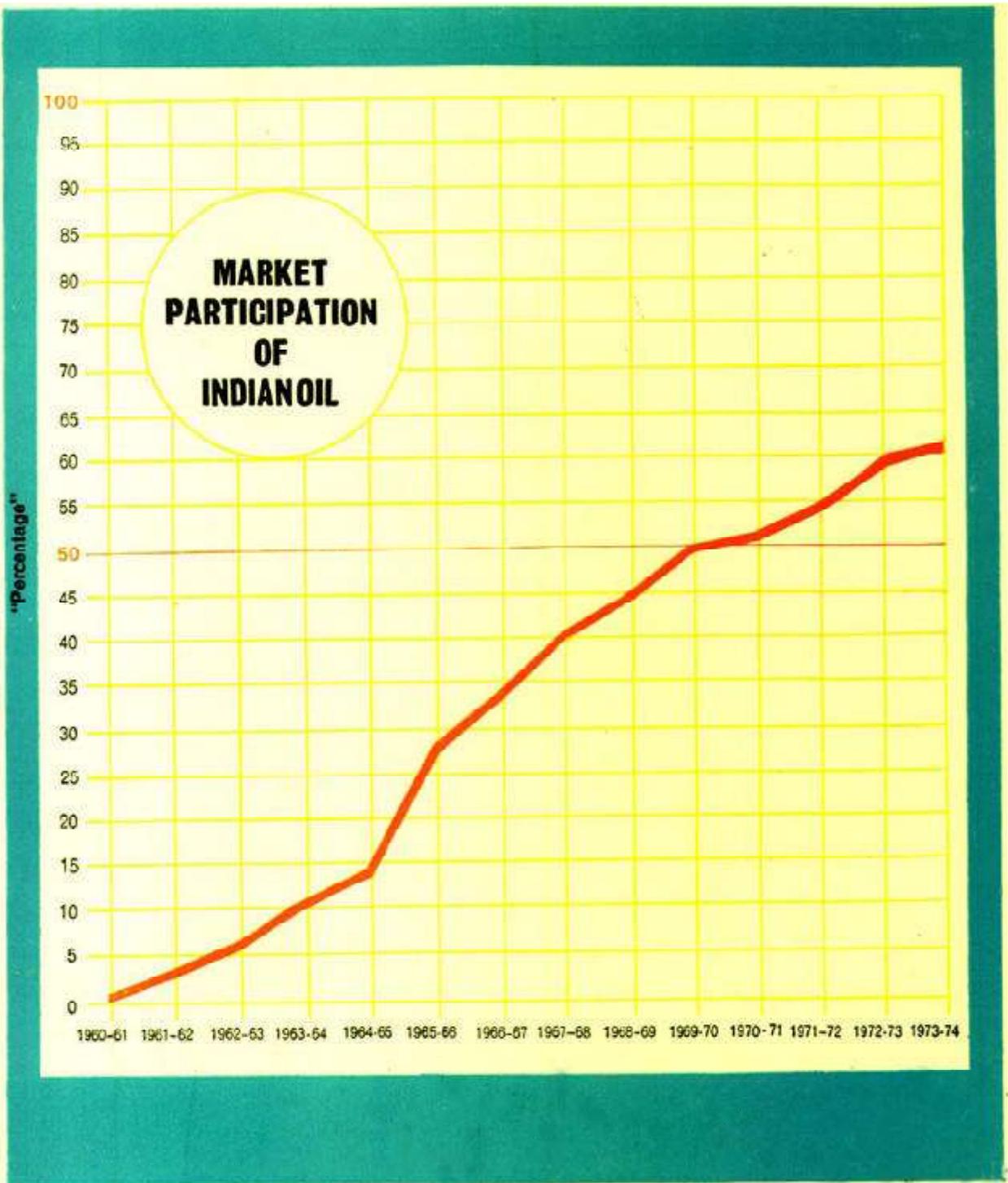


INDIANOIL SALES (DOMESTIC)
BY PRODUCT GROUPS



Total sales in Lakh KLs.
Figures inside the arc denote percentage





leum products earning valuable foreign exchange for the country to the extent of Rs. 10 crores.

STOCK LOSSES:

Greater emphasis is being laid on stock loss control. The percentage of stock losses during the year 1973-74 was 0.002% as against 0.03% during the year 1972-73 and 0.06% during the year 1971-72.

TANK-TRUCK OPERATIONS:

The fleet of Corporation owned tank-trucks under operation (excluding Aviation) was 251 during the year 1973-74. Although the total operating cost per KL/KM during 1973-74 has increased to 12.22 paise from 11.32 paise in 1972-73, yet taking into account the increase in the price of fuel and spares, our operating cost, in terms of the purchasing power of Rupee in 1972-73 has decreased by about 10% as compared to the previous year. Average KM covered per tank-truck per month during 1973-74 was 3,223 KM as compared to 3,042 KM during the year 1972-73.

SAFETY & FIRE FIGHTING:

During the year under review, a separate Safety Cell was set up in the Head Office, Operations Department. A special appraisal session was held in Head Office, with specific instructions for follow-up on variety of subjects like devising Safety Rules, Inspection Reports, Accident Information System, Log Book System, Fire Hydrant System and Standardisation of Fire Fighting Equipment.

SHIPPING:

With the increasing Indian shipping tonnage and the Government entrusting the responsibility of importing crude oil for Cochin Refineries and other public sector refineries to Indian Oil Corporation Ltd., a Shipping Department was formed towards the end of 1973 in the Marketing Division. Four giant 87,500 DWT tankers have been chartered by the Corporation under the World Bank Loan Scheme for importing crude oil. These four tankers viz. "NETAJI SUBHAS BOSE", "VIVEKANAND",

"CHATRAPATI SHIVAJI" and "B. R. AMBEDKAR" are all modern tankers with a speed of 15 knots and pumping capacity of 4,000 tons per hour. Steps have been undertaken to utilise these tankers in co-ordination with various port authorities in Bombay, Madras and Haldia. Ship-to-ship transfer was undertaken for the first time by double banking operation at Madras port and plans are afoot for lighterage operations in the high seas.

COASTAL MOVEMENTS:

During 1973-74, the Corporation has moved 12,72,000 metric tonnes of petroleum products on the coast as compared to 7,90,886 metric tonnes moved during 1972-73. Thus an upward trend was noticed during 1973-74 compared to the year 1972-73 in respect of quantum of coastal movements of petroleum products.

INLAND DISTRIBUTION:

Improvements in arrangements for inland movements during 1973-74 continued. The total number of tank wagons loaded in the country was 4,56,432 as compared to 4,38,706 in 1972-73 registering an increase of 4.04%. Indian Oil's loadings were 3,30,571 tank wagons as compared to 3,10,959 tank wagons in 1972-73, showing an increase of 6.3% which is higher than the Industry average.

FUEL EFFICIENCY PROGRAMME:

The Corporation has launched a programme for educating the consumers towards improving fuel efficiency in their respective plants. In collaboration with the National Productivity Council and the Energy Conservation Division of the DGTD, a group of officers have been trained in August, 1974 to form the core of specialised knowledge. Three teams are currently working in Bombay, Coimbatore, and Calcutta and initial reports of their work are very encouraging.

PRODUCT EXCHANGE ARRANGEMENTS:

The Corporation has product exchange arrangements with other oil marketing companies, in order to ensure orderly distribution of product throughout the country and to avoid wasteful



cross haulage of products. Your Corporation is now engaged in reviewing the terms of these exchange arrangements.

INDUSTRIAL RELATIONS AND WELFARE:

The industrial relations in the Marketing Division were most cordial. The Long Term Agreement which was signed with the recognised Unions expired on 31st December, 1973. The Unions have submitted their Charters of Demands and negotiations with the Unions are in progress. Meanwhile, an Agreement with the Unions for payment of Bonus at 20% to our employees for the year 1973-74 was signed. The total number of man-days lost during the year was 1,684 as against 3,202 during the year 1972-73. During the year, Housing Loan was granted to 182 employees. The various Co-operative Societies subsidised by the Corporation showed good working results.

TRAINING:

During the year, 283 training programmes were conducted for 3,904 employees as against 217 programmes covering 3,143 employees during the previous year. In addition, at the request of the Nepal Oil Corporation, a special training programme was undertaken for their newly recruited six Aviation Officers, to impart knowledge regarding oil industry in general and all aspects of aviation operations in particular. For the first time, Head Office Training Centre had organised a three days' seminar on "Organisational Effectiveness" for Senior Managers, which helped to create better understanding. In view of the international oil crisis after October 1973, Branch Training Centres had initiated special training programmes on "Efficient Utilisation of Energy Resources" for the Technical Services Personnel. Ten training programmes on petroleum storage, handling and distribution for the Defence Personnel were conducted and in all 144 Defence Personnel were trained during the year, as compared to 159 Defence Personnel trained during the previous year. Workers' Education Scheme sponsored under the guidance of the Central Board for Workers Educa-

-tion was continued vigorously and so far 1,229 workmen representing a total of about 17% of workmen have been trained.

PERSONNEL:

The total strength of the Marketing Division as at the end of the year was 9,182 (1,876 officers and 7,306 workmen) as against 8,912 (1,818 officers and 7,094 workmen) during the previous year. Policy of giving maximum encouragement and opportunities to the existing employees in their career development was continued.

EFFICIENCY RESEARCH:

Systems and procedures relating to several aspects of working of the Marketing Division continued to be reviewed with a view to effect improvements and increase productivity. These studies related both to physical operations and paperwork. Simultaneously, with such studies, manpower requirements were also assessed for effectively operating the new procedures. Work simplification and manpower control were thereby achieved to a considerable degree. As in the past years, no new positions were created till an E.R. study justified the posts. During the year, a comprehensive study was also initiated on the revision of the Delegation of Authorities to Managing Director by the Board and by Managing Director to the officers under his control.

MATERIALS & INVENTORY CONTROL:

Obsolete, surplus and unserviceable materials, scraps and vehicles etc. valued at Rs. 38.10 lakhs were disposed off. Inventories of M. S. Plates held as on 31st March, 1974 amounted to Rs. 2.73 crores as against Rs. 1.71 crores as on 31st March, 1973. This increase was due to the import of M.S. Plates mostly to meet 1974-75 requirements.

PUBLIC RELATIONS:

The Prime Minister of India, Smt. Indira Gandhi, laid the foundation stone of the six million

tonne refinery at Mathura and a specially designed booklet was brought out on the occasion. Indianoil is actively associated with "Save Petrol Contest" organised by the Federation of Indian Automobile Associations. Also Committees were formed to work out the details of "Conservation of POL Products" at Head Office and Branches. Indianoil associated itself with the All India Invitation Cricket Tournament at Bhopal. Indianoil actively associated with the Vintage Car Parade at Bangalore, Statesman Vintage Car Rally at Calcutta, UPASI Motor Rally at Coonoor, Bareilly-Nainital Motor Rally and South India Motor Rally, Madras and traffic week at Trivandrum.

SOCIAL OBJECTIVES:

The Corporation coordinated with other oil companies in arranging a raffle to collect funds for the Maharashtra Scarcity Relief Fund by forming a Petroleum Industry Scarcity Relief Committee in Bombay. A sum of Rs. 3,04,157 collected as a result of this campaign was handed over to the Chief Minister of Maharashtra in a function organised for the purpose. The Corporation also donated Rs. 1,000 to the Chief Minister Rehabilitation Fund for Rickshaw Pullers in Tamil Nadu.

INDIAN OIL BLENDING LIMITED:

Indian Oil Blending Limited was set up as a joint venture of Indian Oil Corporation Limited and Mobil Petroleum Company Inc. on a 50 : 50 basis by virtue of an agreement entered into in 1962 which has since been terminated on 19th July, 1974. In view of termination of Agreement between Mobil Petroleum Company Inc. and Indian Oil Corporation Ltd. and the consequent purchase of 4,000 equity shares by Indian Oil Corporation Ltd. from Mobil Group, IOBL has become a wholly owned subsidiary of Indian Oil Corporation Ltd. From 19th July, 1974, IOBL geared itself to blend Servo grades for IOC.

During the year 1973-74, Indian Oil Blending Ltd. had a total throughput of 2,35,400 KLs of Lubes as against 2,56,700 KLs during the year 1972-73, at its two plants at Bombay and Calcutta. The Grease Plant at Bombay had a

throughput of 2,988 metric tonnes during the year 1973-74 as against 4,297 metric tonnes during the year 1972-73. The throughput would have been more but for power cut, water shortage, difficult supply position of raw materials and short supply of barrels.

The gross profit of Indian Oil Blending Limited after depreciation but before taxation was Rs. 5.62 lakhs as against Rs. 22 lakhs during the year 1972-73. The reduction in profits was mainly due to reduced throughput and increase in wages and fuel cost etc.

INDIAN OIL INTERNATIONAL LTD.:

Indian Oil International Limited, a wholly owned subsidiary of Indian Oil Corporation Limited which was registered on 24th October, 1969, had started its trading activities in Nepal with effect from 1st November, 1970. In accordance with the Agreement between the Government of India and His Majesty's Government of Nepal and the Memorandum of Agreement arrived at between the Indian Oil Corporation and Nepal Oil Corporation in the matter of canalisation of the import of POL products from India through the state-owned Nepal Oil Corporation, which inter-alia envisaged that IOC would undertake to supply POL products directly to NOC ex-IOC depots, the Nepal Oil Corporation took over IOIL's distribution and marketing business from 17th August 1973, and also the assets/facilities of IOIL located within the Kingdom of Nepal at depreciated book value as on 31st March, 1973. Thus, during the course of the year under review IOIL was only able to do business upto 16th August, 1973. Turn-over of the Company during the financial year 1973-74 covering operational period of 5 1/2 months was 25,037 KLs (Rs. 173 lakhs). The net profit of the Company before taxation was Rs. 0.03 lakhs. However, there was a loss of Rs. 0.05 lakhs after taxation. Indian Oil International Limited was primarily established to do POL business in Nepal and since this was no longer possible in view of the development aforesaid, it has been decided to voluntarily wind up this company and a liquidator has since been appointed for the purpose of such winding up.



BOARD OF DIRECTORS:

All the Directors, excepting Shri C. R. Das Gupta, the then Managing Director (Refineries & Pipelines Division), Shri Kamaljit Singh, the then Managing Director (Marketing Division) and Shri P. R. K. Menon, the then Finance Director retired at the last Annual General Meeting held on 17th December, 1973 in terms of Article 94(b) of the Articles of Association of the Corporation. S/Shri P. C. Bhattacharyya, L. Kumar, A. P. Verma, Rajni Patel, A. K. Ghosh, K. S. Sarma, P. C. Mitra and Dr. Ishwar Dayal were appointed as Directors of the Corporation for the year 1973-74 with effect from 17th December, 1973. Shri P. R. K. Menon ceased to be the Finance Director of the Corporation with effect from 20th March, 1974. Shri C. R. Das Gupta was appointed as the Chairman of the Corporation with effect from 10th May, 1974. Shri A. P. Verma ceased to be the Director of the Corporation with effect from 10th May, 1974 and in his place Shri C. Venkataramani was appointed as the Director of the Corporation with effect from 11th May, 1974. Shri R. N. Bhatnagar was appointed as Managing Director (Refineries & Pipelines Division) with effect from 20th May, 1974. Shri Kamaljit Singh ceased to be the Managing Director of the Marketing Division with effect from 31st May, 1974 and in his place Shri S. B. Budhiraja was appointed as Managing Director (Marketing Division) with effect from 1st June, 1974.

Directives received from the President of India under article 144 of the articles of Association of the Corporation.

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

Directive issued vide letter No. 9(41)69-IOC (VOL. IV) dated 27th July, 1973:-

"I am directed to say that in terms of the Articles of Association of the Indian Oil

Corporation Ltd., the President is pleased to direct that the said Corporation shall reduce their LSHS supplies to the Trombay Thermal Station from 2,40,000 MT/annum to 1,80,000 MT/annum.

I am also directed to confirm that this Ministry has been allocating reduced LSHS quantities to the Trombay Thermal Power Station from June 1972 onwards and instructing the IOC to make up the shortfall in supplies, by supplying Hot Heavy Stock from the Bombay Refineries and maintain the fuel supplies @2,40,000 MT/annum."

Directive received vide letter No. 9(41)/69-IOC (VOL. IV) dated 5th October, 1973:-

"In supersession of this Ministry's letter of even number dated the 27th July, 1973 on the above subject, I am directed to say that in terms of the Articles of Association of the Indian Oil Corporation Limited, the President is pleased to direct that the said Corporation shall reduce their LSHS supplies to the Trombay Thermal Station from 2,40,000 MT/annum to 1,80,000 MT/annum.

I am also directed to confirm that this Ministry has been allocating reduced LSHS quantities to the Trombay Thermal Power Station from June 1972 onwards and instructing the IOC to make up the shortfall in supplies, by supplying Hot Heavy Stock from the Bombay Refineries and maintain the fuel supplies @2,40,000 MT/annum upto February, 1973 and 1,80,000 MT/annum thereafter."

For and on behalf of the Board,

Sd/
(C. R. DAS GUPTA)
Chairman.

New Delhi.

Dated: 8th November, 1974.



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached balance sheet of Indian Oil Corporation Limited as at 31st March, 1974 together with the profit and loss account of the Corporation for the year ended on that date annexed thereto and 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, except that the documentation pertaining to certain lands as stated in note 4, details of imprest and other balances included in cash balances as stated in note 28 and the licence pertaining to Gujarat Refinery as stated in note 27 were not available for our verification;
- (2). in our opinion, subject to Note 28 in respect of imprest and other balances, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of the books;
- (3). the reports on the accounts of the Northern and Southern -Branches of the Marketing Division audited by the respective Branch Auditors were received and properly dealt with by us while preparing our report;
- (4). the allocation of work between the auditors has been followed as per the directives contained in the letters No. 609/CAV/1 81-69 and 610/CAV/1 81-69 dated 21st March, 1974 issued by the Comptroller and Auditor General of India;
- (5). the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (6). in our opinion and to the best of our information and according to the explanations given to us, the accounts, subject to the reliance placed in respect of companies under the same management as stated in note 24, the non-disclosure of information as stated in note 26 and non-segregation of the balance of Rs. 13.26 lacs into balances with the Banks and other balances as stated in note 28, give the information required by the Companies Act, 1956, in the manner so required and subject to:
 - (i) the effects of depreciation provided on LPG cylinders as stated in note 29,
 - (ii) no provision having been made for any liability which may arise out of matters relating to land, stores and foreign currency balances outstanding on 31st March, 1974 as stated in notes 4, 5 and 25 respectively,
 - (iii) the outcome of the realisability of debts and deposits as referred to in notes 8 and 11 and
 - (iv) our inability to verify the assets as stated in note 28give a true and fair view —
 - (a) in the case of the balance sheet, of the state of affairs of the Corporation as at 31st March, 1974, and
 - (b) in the case of the profit and loss account of the profit for the year ended on that date.

For A. F. FERGUSON & CO.
Chartered Accountants

F.M. CHINYOY
Partner.
Bombay, 2nd November, 1974.

I. C. MITTRA
Partner
For and on behalf of
PRICE, WATERHOUSE, PEAT & CO.
Chartered Accountants.



BALANCE SHEET AS AT 31st MARCH, 1974

Index

FUNDSEMPLOYED:	Schedule	Rupees	Rupees	1973 Rupees
1. Share capital	'A'	71,17,72,000		71,17,72,000
2. Reserves and Surplus	'B'	1,00,15,80,573		93,90,15,050
3. Total Shareholders' Funds			1,71,33,52,573	1,65,07,87,050
4. Loans:				
(a) Secured	'C'	50,76,91,350		15,26,17,053
(b) Unsecured	'D'	26,38,47,961		35,26,21,529
			77,15,39,311	50,52,38,582
5. Total Funds Employed			<u>2,48,48,91,884</u>	<u>2,15,60,25,632</u>
APPLICATION OF FUNDS:				
6. Fixed Assets:				
(a) Gross Block	'E'	2,22,65,84,551		2,04,77,61,761
(b) Less: Depreciation		95,34,45,752		70,28,76,400
		1,27,31,38,799		1,34,48,85,361
(c) construction Work-in-Progress and capital Goods in Stock	'F'	72,94,61,131		60,93,01,988
			2,00,25,99,930	1,95,41,87,349
7. Investments	'G'		34,50,893	35,26,893
8. current Assets including Loans and Advances:				
(a) Interest accrued on investments		93,197		79,570
(b) Inventories	'H'	1,63,43,06,230		59,38,96,185
(c) Book Debts	'I'	61,51,05,877		29,67,91,449
(d) Cash Balances:				
(i) cash including Imprest and cheques in hand		23,80,28,231		9,99,05,322
(ii) Remittances-in-Transit		—		20,000
(e) Bank Balances:				
(i) With Scheduled Banks on Current Account		73,25,306		77,90,791
(ii) With Scheduled Banks on Fixed Deposit Account (including Rs. 8,98,276 lodged by outside parties per contra - 1973: Rs. 9,08,451)		9,20,459		6,09,12,393
(iii) With Scheduled Bank on Call Deposit Account		20,00,000		20,00,000
(iv) With Nepal Bank Limited Kathmandu, Nepal on Current Account (Maximum amount during the year Rs. 59,464)		17,283		—
(v) With Banque Nationale De Paris, France on Blocked Account (Maximum during the year Rs.1 7,84,360-1973: Rs.16,85,722)		17,84,360		16,85,722
(vi) With Post Office on Fixed Deposit Account lodged by outside Parties per contra		15,000		15,000
(f) Loans and Advances	'J'	77,43,77,124		34,21,74,612
		3,27,39,73,067		1,40,52,71,044
9. Less: Current Liabilities and Provisions	'K'	2,79,51,32,006		1,20,69,59,654
10. Net Current Assets:				
(Working Capital) - (8) minus (9)			47,88,41,061	19,83,11,390
TOTAL			<u>2,48,48,91,884</u>	<u>2,15,60,25,632</u>
11. Contingent Liabilities not provided for (Refer Schedule 'R' -Note 1)				
Notes forming part of Accounts	'R'			

C. R. DAS GUPTA

Chairman

S. B. BUDHIRAJA

Managing Director
(Marketing)

R. N. BHATNAGAR

Managing Director
(Refineries & Pipelines)

D. B. PURI

Secretary

As per our report attached
For A. F. FERGUSON & CO.
Chartered Accountants
F.M. CHINYOY
Partner
Bombay, 2nd November, 1974

This is the Balance Sheet referred to in our report of even date

I. C. MITTRA
Partner
for and on behalf of
PRICE, WATERHOUSE, PEAT & CO.
Chartered Accountants



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1974

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
INCOME:			
1. (i) Sale of Products and Crude and Transfers under Product Exchange	12,42,80,12,935		9,98,02,73,573
(ii) Less: Commission & Discounts	2,04,41,906		1,87,61,570
	<u>12,40,75,71,029</u>		<u>9,96,15,12,003</u>
2. Company's use of own oil	<u>1,74,13,474</u>		<u>1,21,53,905</u>
		12,42,49,84,503	9,97,36,65,908
3. Main Installation charges from other Marketing Companies		1,48,06,506	1,53,60,025
4. Interest:			
(i) On Advances etc. (Gross Tax deducted at source Rs. 291-1973: Rs.44,256)	14,17,198		12,15,395
(ii) On Short Term Deposit	18,73,355		10,55,342
(iii) From Customers on Outstandings	<u>79,008</u>		<u>23,75,879</u>
		33,69,561	46,46,61
5. Other Income (Schedule 'L')		2,24,53,066	2,42,89,380
6. Provision for Doubtful Debts, Advances and Claims written back		<u>18,67,357</u>	<u>48,98,263</u>
TOTAL INCOME		<u>12,46,74,80,993</u>	<u>10,02,28,60,192</u>
EXPENDITURE:			
1. Purchase of Products and Crude for resale and transfers under Product Exchange		4,49,23,68,368	3,24,3148,810
2. Inventory gains due to product price increases surrendered to Pool Accounts		36,98,40,845	—
3. Manufacturing, Administration, Selling and Other Expenses (Schedule 'M')		2,69,54,34,503	2,27,69,70,665
4. Excise Duty		4,32,17,50,755	3,88,42,28,219
5. Depreciation and Amortisation		15,64,95,591	13,78,40,112
6. Interest:			
(i) On Government Loan for fixed period	1,32,96,959		1,89,75,546
(ii) On Foreign Credit for fixed period	65,72,232		58,04,709
(iii) Other	<u>2,96,85,261</u>		<u>1,82,37,967</u>
		4,95,54,452	4,30,18,222
7. Less: Expenses Capitalised Expenses Transferred to Manufacturing account of drums and tins	3,00,28,677		2,12,81565
	<u>34,67,472</u>		<u>24,56,616</u>
TOTAL EXPENDITURE		<u>12,05,19,48,365</u>	<u>9,56,20,61,847</u>
8. PROFIT BEFORE TAX		41,55,32,628	46,07,98,345
9. Less: Provision for Taxation (including Sur-Tax-Rs. Nil — 1973: Rs. 62 lacs)		<u>21,00,00,000</u>	<u>27,00,00,000</u>
10. PROFIT AFTER TAX		20,55,32,628	19,07,98,345
11. Balance brought forward from last year's Account		15,050	1,39,434
12. Less: Expenses relating to previous years (Net) (Schedule '0')		<u>10,73,78,505</u>	<u>(3,09,01,311)</u>
13. DISPOSABLE PROFIT		<u>9,81,69,173</u>	<u>22,18,39,090</u>
APPROPRIATIONS:			
14. Interim Dividend paid		3,55,88,600	—
15. Development Rebate Reserve		3,00,00,000	2,00,00,000
16. General Reserve		3,25,00,000	15,20,00,000
17. Proposed Dividends		—	4,98,24,040
18. BALANCE CARRIED TO BALANCE SHEET		<u>80,573</u>	<u>15,050</u>
TOTAL		<u>9,81,69,173</u>	<u>22,18,39,090</u>
19. Notes forming part of Accounts (Schedule 'R')			

C. R. DAS GUPTA
Chairman

S. B. BUDHIRAJA
Managing Director
(Marketing)

R. N. BHATNAGAR
Managing Director
(Refineries & Pipelines)

D. B. PURI
Secretary

As per our report attached to the Balance Sheet This is the Profit and Loss Account referred to in our report of even date For A. F. FERGUSON & CO. Chartered Accountants I. C. MITTRA Partner for and on behalf of PRICE, WATERHOUSE, PEAT & CO. Chartered Accountants



SCHEDULE 'A'- SHARE CAPITAL

Index

	<u>Rupees</u>	<u>1973 Rupees</u>
<u>SHARE CAPITAL:</u>		
Authorised		
8,50,000 Equity Shares of Rs. 1,000 each	85,00,00,000	85,00,00,000
Issued and Subscribed		
7,11,772 Equity Shares of Rs. 1,000 each fully paid (of the above 3,76,497 Shares and 1,00,000 Shares were allotted as fully paid pursuant to the Petroleum Companies Amalgamation Order, 1964 and the Gujarat Refinery Project Undertaking (Transfer) (Amendment) Order, 1965, respectively, without payment having been received in cash)	71,17,72,000	71,17,72,000
TOTAL	<u>71,17,72,000</u>	<u>71,17,72,000</u>

SCHEDULE 'B'- RESERVES AND SURPLUS

	<u>Rupees</u>	<u>Rupees</u>	<u>1973 Rupees</u>
<u>RESERVES AND SURPLUS:</u>			
General Reserve:			
As per last Account	48,90,00,000		33,70,00,000
Transferred from Profit and Loss Account	<u>3,25,00,000</u>		<u>15,20,00,000</u>
		52,15,00,000	48,90,00,000
Development Rebate Reserve			
As per last Account	45,00,00,000		43,00,00,000
Transferred from Profit and Loss Account	<u>3,00,00,000</u>		<u>2,00,00,000</u>
		48,00,00,000	45,00,00,000
Profit and Loss Account as per annexed Account		80,573	15,0
TOTAL		<u>1,00,15,80,57</u>	<u>93,90,15,050</u>



SCHEDULE 'C' — SECURED LOANS

Index

	<u>Rupees</u>	<u>1973 Rupees</u>
<u>SECURED LOANS:</u>		
Loan and Advances from Bank:		
(i) Secured by hypothecation of inventories, book debts, outstanding monies, recoverable claims, contracts, engagements, etc.	49,00,79,041	14,70,41,461
(ii) Interest accrued and due on loans	1,76,12,309	55,75,59
TOTAL	<u>50,76,91,350</u>	<u>15,26,17,053</u>

SCHEDULE 'D'-UNSECURED LOANS

	<u>Rupees</u>	<u>Rupees</u>	<u>1973 Rupees</u>
<u>UNSECURED LOANS:</u>			
From Scheduled Bank on short term		1,52,19,278	—
Other Loans and Advances:			
(i) From the Government of India (including Rs. 7,48,96,768 - 1973: Rs. 9,53,08,893 due for payment within one year and Rs. 20,00,000 payable on demand after 27th March, 1975)	15,64,28,828		25,17,37,721
(ii) Foreign Credit (including Rs.1,94,63,646- 1973: Rs. 2,00,87,396 due for payment within one year)	8,85,17,653		9,92,52,922
(iii) Amount Deposited by COMPAGNIE FRANCAISE D'ETUDES ET DE CONSTRUCTION in Bank Account	16,15,393		16,15,393
(iv) Deferred Payment (including Rs. 3,01,822 - 1973: Rs. Nil payable within one year)	20,63,039		—
(v) Interest accrued and due on loans	<u>3,770</u>		<u>15,493</u>
		<u>24,86,28,683</u>	<u>35,26,21,529</u>
TOTAL		<u>26,38,47,961</u>	<u>35,26,21,529</u>



SCHEDULE 'E' — FIXED ASSETS

	Gross Block as at 31st March, 1973 at cost	Additions during the year at cost	Transfers from Construction work-in-progress at cost	Transfers, Deductions and Reclassifications at cost
	Rupees	Rupees	Rupees	Rupees
LAND : Freehold	4,21,92,947	56,89,290	—	—
Leasehold	28,22,197	—	—	—
Right of Way	16,94,257	1,11,888	—	—
BUILDINGS, ROADS, ETC.	22,57,87,897	12,15,106	2,32,40,949	(-) 13,40,427
PLANT AND MACHINERY	1,53,72,84,586	4,85,43,822	9,36,29,569	(-) 28,35,766
TRANSPORT EQUIPMENT	5,78,12,451	67,10,260	3,72,252	(-) 17,64,429
FURNITURE AND FIXTURES	3,48,92,111	25,90,184	8,09,557	(-) 1,31,868
RAILWAY SIDINGS	2,11,72,899	15,20,038	—	(-) 60
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	12,35,48,385	1,62,349	2,10,897	(-) 1,785
SUNDRY ASSETS	5,54,031	1,01,694	—	(-) 10,730
TOTAL	2,04,77,61,761	6,66,44,631	11,82,63,224	(-) 60,85,065
PREVIOUS YEAR	(1,91,84,11,954)	(6,08,88,804)	(8,05,39,156)	(-) (1,20,78,153)

* Includes Rs. 9,71,48,356 in respect of previous year (1973: Rs. 13,49,022).

SCHEDULE 'E' — FIXED ASSETS Contd...

Gross Block as at 31st March, 1974 at cost	Depreciation and Amortisation charged this year*	Total Depreciation and Amortisation upto 31st March, 1974	Net Depreciated Block as at 31st March, 1974	1973
<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
4,78,82,237	—	—	4,78,82,237	4,21,92,947
28,22,197	80,700	7,15,483	21,06,714	21,87,414
18,06,145	—	—	18,06,145	16,94,257
24,89,03,525	72,73,332	4,58,00,184	20,31,03,341	18,72,05,932
1,67,66,22,211	22,79,39,116	79,90,77,946	87,75,44,265	96,46,45,302
6,31,30,534	81,22,711	3,84,37,645	2,46,92,889	2,60,59,591
3,81,59,984	41,24,527	2,05,11,729	1,76,48,255	1,84,32,189
2,26,92,877	10,57,512	63,09,379	1,63,83,498	1,59,20,975
12,39,19,846	49,48,977	4,22,72,006	8,16,47,840	8,62,25,356
6,44,995	97,072	3,21,380	3,23,615	3,21,398
2,22,65,84,551	25,36,43,947	95,34,45,752	1,27,31,38,799	1,34,48,85,361
(2,04,77,61,761)	(13,91,89,134)	(70,28,76,400)	(1,34,48,85,361)	



SCHEDULE 'F' - CONSTRUCTION WORK-IN-PROGRESS AND CAPITAL GOODS IN STOCK

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
<u>CONSTRUCTION WORK-IN-PROGRESS AND CAPITAL GOODS IN STOCK:</u>			
1. Work-in-Progress (at cost) (including unallocated capital expenditure and materials at site)		49,68,12,184	38,12,95,673
2. Capital Stores (at cost) including Rs. 7,79,366 lying with Contractors (1973 : Rs. 17,76,156)		15,10,68,598	15,84,11,735
3. Capital Goods in transit (at cost)		87,85,554	1,83,62,925
4. Construction period expenses pending allocation:			
<i>Balance as at 1st April, 1973</i>	5,12,31,655		3,20,82,398
Add: Expenditure during the year:			
Establishment charges	83,42,273		36,63,528
Interest	1,08,92,690		85,30,550
Depreciation	36,13,830		22,66,533
Other	1,00,66,058		80,08,589
	8,41,46,506		5,45,51,598
Less : Recoveries	28,86,174		11,81,635
	8,12,60,332		5,33,69,963
Less : Allocated to assets during the year	84,65,537		21,38,308
		7,27,94,795	5,12,31,655
TOTAL		72,94,61,131	60,93,01,988



SCHEDULE 'G' - INVESTMENTS

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973 Rupees</u>
INVESTMENTS: (at cost)			
Unquoted:			
1. In Government Securities (deposited with various bodies)		3,62,555	3,77,555
2. Trade Investments:			
(i) Indian Oil Blending Limited – 4000 Equity Shares of Rs. 500 each fully paid in cash	20,00,000	20,00,000	
(ii) International Co-operative Petroleum Association – 314 Shares of \$100 each fully paid	<u>1,81,853</u>		<u>1,81,853</u>
		21,81,853	21,81,853
3. Other Investments: Consumers' Co-operative Society:			
(i) Barauni – 250 Equity Shares of Rs. 10 each fully paid in cash	2,500		2,500
(ii) Gauhati – 250 Equity Shares of Rs. 10 each fully paid in cash	2,500		2,500
(iii) Haldia – 200 Equity Shares of Rs. 10 each fully paid in cash	2,000		—
(iv) Indian Oil Employees Consumers' Co-operative Society Limited – 170 Equity Shares of Rs. 10 each fully paid in cash	1,700		1,700
(v) Indian Oil Employees Co-operative Consumers' Stores Limited – 164 Equity Shares of Rs. 10 each fully paid in cash	<u>1,640</u>		<u>1,640</u>
		10,340	8,340
4. Investments in Subsidiary: Indian Oil International Limited – 100 Equity Shares of Rs. 1,000 each fully paid in cash		1,00,000	1,00,000
5. Investments by Outside Parties: Security Deposits per contra		7,96,145	8,59,145
TOTAL		<u><u>34,50,893</u></u>	<u><u>35,26,893</u></u>



SCHEDULE 'H' — INVENTORIES

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
INVENTORIES:			
1. Stores, Spares, etc.:			
(a) Stores and Spare Parts (at or under cost)	15,48,60,184		11,43,24,463
(b) Loose Tools	3,22,923		2,69,927
(c) Stores in transit (at cost)	<u>1,61,29,657</u>		<u>70,70,038</u>
		17,13,12,764	<u>12,16,64,428</u>
2. Raw Materials (at cost or net realisable value whichever is lower)		25,97,87,028	8,53,66,449
3. Stock-in-Trade:			
(a) Oil Stocks (at cost or net realisable value whichever is lower)	1,10,74,82,390 *		36,10,94,788 *
(b) Stock in Process (at or under cost)	<u>8,89,83,793</u>		<u>1,89,38,157</u>
		1,19,64,66,183	<u>38,00,32,945</u>
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)		67,40,255	68,32,363
TOTAL		<u>1,63,43,06,230</u>	<u>59,38,96,185</u>
* Includes stock lying with other oil companies on loan Rs. 7,64,95,342 (1973: Rs. 4,27,30,637)			

SCHEDULE 'I' — BOOK DEBTS

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
BOOK DEBTS:			
1. Over six months:			
(a) Secured Considered Good 10,23,304		21,71,262	
(b) Unsecured Considered Good	7,47,30,662		4,42,94,602
(c) Unsecured Considered Doubtful	<u>1,49,89,922</u>		<u>1,26,30,642</u>
		9,07,43,888	5,90,96,506
2. Other Debts:			
(a) Secured Considered Good 36,13,940		8,17,052	
(b) Unsecured Considered Good	53,57,37,971		24,95,08,533
(c) Unsecured Considered Doubtful	<u>1,99,037</u>		<u>1,53,583</u>
		53,95,50,948	<u>25,04,79,168</u>
		63,02,94,836	30,95,75,674
Less: Provision for Doubtful Debts		1,51,88,959	1,27,84,225
TOTAL		<u>61,51,05,877</u>	<u>29,67,91,449</u>

1. Debts due from Directors Rs. NIL (1973: Rs. NIL) (Maximum Rs. 27 - 1973: Rs. 64).
2. Debts due from other Officers Rs. 243 (1973: Rs. 381) (Maximum Rs. 791-1973: Rs. 2,416).
3. Debts due from private companies in which Directors are interested as Directors Rs. 2,32,07,03 (1973: Rs. 1,20,89,829).
4. Debts due from companies under the same Management — Schedule 'P'.



SCHEDULE 'J' — LOANS AND ADVANCES

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
<u>LOANS AND ADVANCES:</u>			
1. Advances to Indian Oil International Limited (A subsidiary)– Unsecured Considered Good		—	1,50,000
2. Bills of Exchange-Unsecured Considered Good		—	1,25,95,133
3. Advances Recoverable in cash or in kind or for value to be received:			
(a) Secured Considered Good	2,70,87,599 *		2,13,56,461 *
(b) Unsecured Considered Good	54,32,03,172 *		17,65,17,249 *
(c) Unsecured Considered Doubtful	13,21,812		6,36,685
	<u>57,16,12,583</u>		<u>19,85,10,395</u>
(d) Less: Provision for Doubtful Advances	<u>13,21,812</u>		<u>6,36,685</u>
		57,02,90,771	19,78,73,710
4. Claims Recoverable:			
(a) Secured Considered Good	50,000		—
(b) Unsecured Considered Good	10,84,26,119 *		4,22,50,405 *
(c) Unsecured Considered Doubtful	72,91,456		30,52,378
	<u>11,57,67,575</u>		<u>4,53,02,783</u>
(d) Less: Provision for Doubtful Claims	<u>72,91,456</u>		<u>30,52,378</u>
		10,84,76,119	4,22,50,405
5. Materials on Loan:			
(a) Secured Considered Good	81,129		4,698
(b) Unsecured Considered Good	<u>9,00,864</u>		<u>8,32,613</u>
		9,81,993	8,37,311
6. Balances with Customs, Port Trust and Excise Authorities– Unsecured Considered Good		6,35,29,504	5,33,15,337
7. Sundry Deposits:			
(a) Unsecured Considered Good including amount adjustable on receipt of final bills	3,10,98,737		3,51,52,716
(b) Unsecured Considered Doubtful	1,200		—
	<u>3,10,99,937</u>		<u>3,51,52,716</u>
(c) Less: Provision for Doubtful Deposits	<u>1,200</u>		<u>—</u>
		3,10,98,737	3,51,52,716
TOTAL		<u><u>77,43,77,124</u></u>	<u><u>34,21,74,612</u></u>

* Includes:

- Rs. 20,312 (1973: Rs. 56,815) due from Directors (Maximum Rs. 57,195 - 1973: Rs. 75,992).
- Rs. 7,20,961 (1973: Rs. 3,65,433) due from other Officers (Maximum Rs. 8,89,861 - 1973: Rs. 4,90,783).
- Rs. 23,67,956 (1973: Rs. 15,97,624) due from private companies in which Directors are interested as Directors (Maximum Rs. 1,02,55,018-1973: Rs. 68,47,565).

Advances due from companies under the same Management -. Schedule Q'.



SCHEDULE 'K' — CURRENT LIABILITIES AND PROVISIONS

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
A. CURRENT LIABILITIES:			
1. Acceptances	22,05,94,746		10,16,55,245
2. Sundry Creditors	2,31,56,36,574		77,96,49,617
3. Security Deposits (including deposit with the Bank as per contra Rs. 8,98,276 - 1973: Rs. 9,08,451, deposit with the Post Office as per contra Rs. 15,000 - 1973: Rs. 15,000 and investments lodged by outside parties as per contra Rs. 7,96,145 — 1973: Rs. 8,59,145)	15,30,09,596		13,17,61,071
4. Interest accrued but not due on loans	<u>53,12,349</u>		<u>69,92,803</u>
		2,69,45,53,265	1,02,00,58,736
B. PROVISIONS:			
	<u>Rupees</u>		
5. Provision for Taxation	53,00,00,000		32,00,00,000
Less: Advance payments	<u>47,22,91,578</u>		<u>22,03,47,308</u>
		5,77,08,422	9,96,52,692
6. Provision for Gratuity	4,28,70,319		3,29,24,701
7. Provision for Renewal of Catalyst	—		44,99,485
8. Proposed Dividend	<u>—</u>		<u>4,98,24,040</u>
		10,05,78,741	18,69,00,918
TOTAL		<u>2,79,51,32,006</u>	<u>1,20,69,59,654</u>

SCHEDULE 'L' — OTHER INCOME

	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
OTHER INCOME:				
1. Sale of Power and Water			70,69,672	94,12,847
2. Profit on Sale and Disposal of Assets			14,42,719	7,50,629
3. Interest from Investments			23,378	21,539
4. Dividends Received:				
a) Trade Investments-Gross (tax deducted at source Rs. 92,000 — 1973: Rs. 2,56,679)	4,25,156 *			11,40,939 *
Less: Withheld U.S. Tax	<u>1,547</u>			<u>1,483</u>
		4,23,609		11,39,456
b) Other Investments-Gross (tax deducted at source Rs. 11 — 1973: Rs. Nil)		<u>122</u>		<u>—</u>
			4,23,731	11,39,456
5. Miscellaneous Income-Gross (tax deducted at source Rs. Nil — 1973:Rs.9,609)			1,34,93,566	1,29,64,909
TOTAL			<u>2,24,53,066</u>	<u>2,42,89,380</u>
* Includes dividends from subsidiary Rs. 20,000 (1973: Rs. 7,35,994)				



SCHEDULE 'M'—MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES:			
1. Raw materials consumed:			
Opening balance as on 1st April, 1973	8,53,66,449		10,73,92,424
Add: Purchases	2,63,01,61,490		1,28,50,88,824
	<u>2,71,55,27,939</u>		<u>1,39,24,81,248</u>
Less: Closing Stock	<u>25,97,87,028</u>		<u>8,53,66,449</u>
		2,45,57,40,911	<u>1,30,71,14,799</u>
2. Consumption:			
(i) Stores and Spares	2,42,27,719		2,48,72,542
(ii) Other Packages	<u>12,58,46,929</u>		<u>11,42,44,236</u>
		15,00,74,648	<u>13,91,16,778</u>
3. Power and Fuel	7,85,97,111		4,85,48,336
Less: Fuel of own production	<u>7,46,99,315</u>		<u>4,35,92,868</u>
		38,97,796	49,55,468
4. Processing fees, Blending fees, Royalty and other charges		4,75,25,053	1,42,14,978
5. Repairs and Maintenance:			
(a) Plant and Machinery	2,28,08,598		2,05,85,438
(b) Buildings	36,92,502		26,09,047
(c) Other	<u>88,46,863</u>		<u>79,85,024</u>
		3,53,47,963	<u>3,11,79,509</u>
6. Freight and Transportation charges (net of recoveries from Pool Accounts)		43,80,93,481	39,82,43,583
7. Payment to and Provision for Employees:			
(a) Salaries, Wages and Bonus	18,07,89,377		15,10,79,215
(b) Contribution to Provident and other Funds	95,65,703		82,01,329
(c) Staff Welfare Expenses	1,12,80,783		1,00,96,931
(d) Provision for Gratuity	92,88,841		1,01,15,457
(e) Gratuity and Ex-Gratia	<u>3,83,571</u>		<u>2,75,088</u>
		21,13,08,275	<u>17,97,68,020</u>
8. Office Administration, Selling and Other Expenses (Schedule 'N')		16,98,79,614	13,94,22,414
9. Increase/(Decrease) in Stocks:			
Closing Stock as on 31st March, 1974:			
Finished Products	1,10,74,82,390		36,10,94,788
Stock in Process	8,89,83,793		1,89,38,157
	<u>1,19,64,66,183</u>		<u>38,00,32,945</u>
Less: Opening Stock as on 1st April, 1973:			
Finished Products	36,10,94,788		42,73,89,331
Stock in Process	<u>1,89,38,157</u>		<u>1,55,98,730</u>
	38,00,32,945		44,29,88,061
		81,64,33,238	(6,29,55,116)
TOTAL		<u>2,69,54,34,503</u>	<u>2,27,69,70,665</u>



SCHEDULE 'N'—OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

Index

	Rupees	Rupees	1973 Rupees
OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES:			
1. Rent		1,87,77,657	1,68,48,503
2. Insurance (includes Emergency Risk Insurance)		58,13,185	70,98,418
3. Rates and Taxes		4,45,65,748	3,81,55,773
4. Donations		6,48,035	10,26,220
5. Directors' Fees		500	900
6. Payments to Auditors:			
(a) Audit Fees .	2,55,000		2,00,000
(b) Other Services (for issuing certificates etc.)	70,705		19,015
(c) Out of Pocket Expenses	48,587		64,857
		3,74,292	2,83,872
7. Main Installation Charges paid to other Marketing Companies		1,20,24,546	78,59,253
8. Office Administration, Selling and other expenses		7,17,24,828	5,77,53,405
9. Bad Debts, Advances and Insurance claims written off		6,39,655	26,31,559
10. Loss on Assets sold, lost or written off		35,99,062	18,32,706
11. Exchange Fluctuations		18,42,746	19,52,480
12. Provision for Doubtful Debts, Advances and Claims		91,97,496	34,55,950
13. Central Industrial Security Force Expenses		6,71,864	5,23,375
		16,98,79,614	13,94,22,414
TOTAL		16,98,79,614	13,94,22,414

SCHEDULE 'O' — EXPENSES/INCOME PERTAINING TO PREVIOUS YEARS

	Rupees		1973 Rupees
EXPENSES/INCOME PERTAINING TO PREVIOUS YEARS:			
Sale of products and transfers under Product Exchange	1,08,44,451	(-)	1,30,51,754
Commission and Discounts	78,957	(-)	7,25,645
Company's use of own oil	4,69,440		1,02,306
Sale of Power and Water	76,965	(-)	1,74,498
Main Installation charges from other Marketing Companies	425	(-)	1,23,004
Interest on Advances	9,892	(-)	11,387
Profit on Sale and Disposal of Assets	—		14,359
Interest from Investments	—	(-)	10,327
Miscellaneous Income	6,03,753	(-)	22,55,045
Purchase of Products and transfers under Product Exchange	1,55,15,808	(-)	65,36,600
Raw Materials Consumed — Purchases	22,58,511	(-)	33,39,565
Consumption — Stores and Spares	1,82,685		2,49,062
Consumption — Other Packages	15,07,041		33,39,783
Power and Fuel	6,301		2,962
Blending Fees, Royalty and other charges	50,845	(-)	2,18,302
Repairs and Maintenance — Plant and Machinery	1,00,263		98,676
Repairs and Maintenance — Building	79,037		36,227
Repairs and Maintenance — Other	1,334	(-)	52,820
Freight and Transportation charges (net of recoveries from Pool Accounts)	1,99,17,196	(-)	1,11,13,772
Salaries, Wages and Bonus	1,06,472	(-)	3,70,869
Contribution to Provident and other Fund	13,62,221		2,37,641
Staff Welfare Expenses	715	(-)	25,746
Provision for Gratuity	—	(-)	9,84,064
Gratuity and Ex-Gratia	7,23,327		7,998
Security Expenses	20,367	(-)	—
Rent	18,24,876	(-)	1,60,090
Insurance	157	(-)	8,220
Rates and Taxes	13,82,466	(-)	3,88,218
Donations	—	(-)	1,25,000
Payments to Auditors — Out of Pocket Expenses	—	(-)	41
Main Installation Charges paid to other Marketing Companies	1,05,995	(-)	2,16,225
Office Administration, Selling and other expenses	7,75,445		11,42,036
Bad Debts, Advances and Insurance Claims written off	36,121		1,094
Loss on Assets sold, lost or written off	3,950		21,161
Exchange Fluctuations	—		6,080
Excise Duty	9,57,900	(-)	7,14,361
Depreciation and Amortisation	9,71,48,356		13,49,022
Interest on Government Loan for fixed period	—	(-)	2,455
Interest-Other	13,127	(-)	1,59,866
	10,73,78,505	(-)	3,09,01,311
TOTAL	10,73,78,505	(-)	3,09,01,311



SCHEDULE 'P' — DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

Index

<u>Name of the Company</u>	<u>Rupees</u>	<u>1973 Rupees</u>
Balmer Lawrie & Company Limited	17,83,686	2,48,800
Bharat Aluminium Company Limited	9,716	15,599
Bharat Coking Coal Limited	9,65,037	—
Bharat Earth Movers Limited	—	2,32,179
Bharat Electronics Limited	—	1,63,467
Bharat Heavy Electricals Limited	40,617	1,64,300
Bharat Heavy Plates and Vessels Limited	20,003	28,830
Bokaro Steel Limited	—	5,73,006
Bridge and Roof Company (India) Limited	2,84,252	3,67,665
Cement Corporation of India Limited	7,125	7,868
Central Road Transport Corporation Limited	58,794	1,00,837
Cochin Refineries Limited	17,78,266	35,63,190
Electronics Corporation of India Limited	—	1,593
Eso Standard Refining Co. of India Limited	56,46,994	—
Engineers India Limited	37,510	40,188
Fertilizer Corporation of India Limited	90,11,730	21,52,005
Fertilizers & Chemicals, Travancore Limited	—	21,065
Garden Reach Workshop Limited	6,487	4,40,754
Goa Shipyard Limited	—	4,085
Heavy Electricals (India) Limited	—	2,98,157
Heavy Engineering Corporation Limited	4,01,125	2,52,260
Hindustan Aeronautics Limited	26,24,159	20,56,590
Hindustan Antibiotics Limited	2,96,859	1,56,130
Hindustan Cables Limited	7,99,670	2,38,497
Hindustan Copper Limited	147	944
Hindustan Housing Factory Limited	—	75
Hindustan Insecticides Limited	4,00,017	62,141
Hindustan Machine Tools Limited	1,06,651	64,312
Hindustan Organic Chemicals Limited	15,42,009	5,02,818
Hindustan Photo Films Manufacturing Company Limited	—	84,076
Hindustan Shipyard Limited	11,702	1,68,124
Hindustan Steel Limited	1,44,28,861	67,38,108
Hindustan Steel Works Construction Limited	2,84,521	2,76,219
Hindustan Teleprinters Limited	—	5,604
Hindustan Zinc Limited	870	56,028
Indo-Burma Petroleum Company Limited	3,01,29,989	44,41,248
Indian Drugs & Pharmaceuticals Limited	11,24,971	2,83,358
Indian Explosives Limited	32,69,186	—
Indian Oil International Limited (A Subsidiary)	—	12,89,748
Indian Petro-Chemicals Corporation Limited	—	6,62,471
Indian Rare Earths Limited	—	1,734
Indian Telephone Industries Limited	17,276	1,74,742
Indian Tourism Development Corporation Limited	421	376
International Airport Authority of India	32,593	—
Instrumentation Limited	8,121	1,020
Jessop & Company Limited	1,70,262	—
Carried forward	7,52,99,627	2,59,40,211



SCHEDULE 'P'—DEBTS DUE FROM COMPANIES UNDER THE SAME MANAGEMENT—(Contd.)

Index

<u>Name of the Company</u>	<u>Rupees</u>	<u>1973</u> <u>Rupees</u>
Brought forward	7,52,99,627	2,59,40,211
Lubrizol India Limited	4,18,791	1,33,700
Lube India Limited	10,806	19,154
Machinery Manufacturing Corporation Limited	37,428	—
Madras Fertilizers Limited	—	5,90,693
Madras Refineries Limited	42,16,066	20,97,385
Manganese Ore (India) Limited	71,064	60,723
Minerals & Metals Trading Corporation of India Limited	5,127	19,298
Modern Bakeries (India) Limited	15,139	21,031
Mazagon Dock Limited	2,93,257	2,28,062
Mining & Allied Machinery Corporation Limited	45,212	1,60,909
Minerals Exploration Corporation Limited	83	122
Mogul Line Limited	17,15,273	5,61,446
Mysore Iron & Steel Limited	2,63,785	—
National Buildings Construction Corporation Limited	1,15,099	1,73,334
National Coal Development Corporation Limited	46,06,992	30,42,066
National Instruments Limited	—	296
National Newsprint and Paper Mills Limited	—	46,746
National Projects Construction Corporation Limited	—	30,626
National Mineral Development Corporation Limited	4,59,951	2,78,283
National Seeds Corporation Limited	86	87
Neyveli Lignite Corporation Limited	7,60,332	7,44,973
Praga Tools Limited	—	28,563
Pyrites, Phosphates & Chemicals Limited	9,001	—
Rehabilitation Industries Corporation Limited	48,526	—
Sambhar Salts Limited	102	102
Singareni Collieries Limited	33,323	55,370
Shipping Corporation of India Limited	1,42,41,970	38,12,355
State Farms Corporation of India Limited	519	28,582
State Trading Corporation of India Limited	12,557	—
Tungabhadra Steel Products Limited	21,530	10,991
TOTAL	10,27,01,646	3,80,85,108



SCHEDULE 'Q'—ADVANCES DUE FROM COMPANIES UNDER THE SAME MANAGEMENT

Index

Name of the Company	Maximum amount during the year		1973	
	Rupees	Rupees	Rupees	Maximum Amount Rupees
Assam Small Scale Industries Development Corporation Limited	1,113	1,113	1,113	1,113
Assam Cement Company Limited	48,895	56,174	—	8,785
Balmer Lawrie & Company Limited	—	67	67	67
Bharat Electronics Limited	32,71,876	33,17,807	—	7,580
Bharat Heavy Electricals Limited	1,00,25,593	1,08,45,407	94,365	2,40,56,552
Bharat Earth Movers Limited	2,449	2,449	146	26,058
Bharat Heavy Plates and Vessels Limited	1,92,510	22,73,629	20,81,119	24,33,704
Bokaro Steel Limited	59,140	59,140	—	—
Bridge and Roof Company (India) Limited	14,02,570	33,03,970	12,58,049	17,70,039
Central Inland Water Transport Corporation Limited	14,000	14,000	—	—
Cochin Refineries Limited	17,88,76,873	18,48,14,746	51,95,808	57,74,196
Electronics Corporation of India Limited	11,124	11,124	—	—
Engineers India Limited	—	18,59,699	23,699	39,56,492
Esso Standard Refining Company of India Limited	18,18,919	18,18,919	—	—
Fertilizer Corporation of India Limited	1,52,717	2,35,972	95,268	1,21,921
Fertilizers and Chemicals, Travancore Limited	22,732	2,61,610	24,545	4,29,275
Garden Reach Workshop Limited	13,10,272	44,63,674	44,63,674	71,95,305
Heavy Engineering Corporation Limited	89,113	89,113	—	—
Heavy Electricals (India) Limited	—	—	—	4,71,045
Hindustan Cables Limited	3,383	3,383	899	69,314
Hindustan Aeronautics Limited	4,320	7,245	5,805	7,245
Hindustan Machine Tools Limited	—	6,613	—	4,439
Hindustan Steel Limited	32,53,970	1,35,51,734	16,51,154	1,18,49,934
Hindustan Steel Works Construction Limited	10,362	10,362	810	8,90,000
Hindustan Teleprinters Limited	3,464	6,514	2,061	4,122
Indian Oil International Limited (A Subsidiary)	—	1,50,000	1,50,000	2,54,229
Indian Petro Chemicals Limited	765	66,158	66,158	66,158
Indian Rare Earths Limited	9,032	21,932	—	31,687
Indian Telephone Industries Limited	1,21,367	1,93,627	70,532	92,098
Indo-Burma Petroleum Company Limited	3,736	31,736	28,224	75,108
International Airport Authority of India	30,754	47,724	—	—
Instrumentation Limited	37,551	2,78,603	2,25,168	6,95,546
Lube India Limited	299	299	—	—
Mineral and Metals Trading Corporation of India Limited	1,42,452	1,42,452	1,42,452	3,37,851
Madras Refineries Limited	2,65,767	69,01,869	58,22,385	62,73,737
Mysore Iron & Steel Limited	2,384	2,384	—	—
National Insurance Company Limited	5,42,945	5,42,945	4,01,585	4,01,585
Neyveli Lignite Corporation Limited	780	1,496	1,496	4,487
State Trading Corporation of India Limited	1,47,362	8,84,550	808	3,54,332
Shipping Corporation of India Limited	22,14,474	90,93,190	14,11,015	14,11,015
Tannery & Footwear Corporation of India Limited	8,257	8,257	—	—
TOTAL	20,41,03,320	2,32 18,405		



SCHEDULE 'R'-NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1974

Index

1. Contingent Liabilities not provided for:
- (a) Claims against the Corporation not acknowledged as debts Rs. 2,278.95 lacs (1973: Rs. 1,875.55 lacs) including Rs. 572.54 lacs (1973:Rs. 521.53 lacs) for which suits have been filed in Courts or cases lying with arbitrators. Interest on some of the claims, if any, is unascertainable. These include *inter alia*:
- (i) Rs. 1,043.44 lacs (1973:Rs. 1029.57 lacs) being the demand made by the Central Excise on certain products. The claim is disputed by the Corporation and no provision has been made pending decision by appropriate authorities.
- (ii) Against a claim by a Contractor on the Corporation, an Award has been given by the Umpire for Rs. 48.53 lacs (1973: Rs. 48.53 lacs) plus interest in favour of the Contractor. No liability has been provided for the amount awarded as the Corporation has not accepted the Award and on a petition by the Corporation, the Court has set aside the Award. An appeal by the party to the High Court has also been decided by the High Court in favour of the Corporation.
- (iii) Pending decision by Arbitrator on certain technical matters concerning Crude Oil supplied by ONGC, it has not been possible to make any adjustment in the Accounts, as the amount is not ascertainable. ONGC have also preferred claims, amounting to approximately Rs. 25 lacs (1973: Rs. 25 lacs) in respect of Crude Oil supplies in earlier years which, in the opinion of the Corporation are not payable.
- (iv) Rs. 204.07 lacs (1973: Rs. 204.07 lacs) being the claim towards damages for shortfall and termination of supplies to a Customer.
- (v) The Government has asked the Corporation to pay Rs. 129.83 lacs towards various charges to Cochin Refineries Limited and Madras Refineries Limited. The Corporation has not accepted the decision of the Government and is representing against the same. In respect of interest charges the amount is not readily ascertainable.
- (b) The Corporation has given guarantees and counter guarantees to Banks and others on behalf of third parties amounting to Rs. 1,162.55 lacs (1973: Rs. 1,156.44 lacs).
- (c) Bills discounted with the Bank Rs. 516.83 lacs (1973: Rs. Nil).
- (d) Income Tax liability, if any, in respect of foreign contractors. The Corporation has, however, made an advance of Rs. 5 lacs (1973: Rs. 5 lacs) to one of the contractors for payment of advance Income tax in respect of such liability.
- (e) Demands amounting to Rs. 2 lacs (1973: Rs. 15 lacs) approximately made by Central Excise Authorities and those which may arise out of the show cause notices issued by them on account of Excise Duty on Pipeline operational losses in excess of the guidelines limits prescribed by them. The demands are contested by the Corporation and no provision has been made pending decision by the appropriate authorities.
- (f) The Corporation has incurred ocean losses in excess of guideline limits prescribed by Excise Authorities in respect of coastal movements of products. However, pending the assessment of such losses, no liability has been taken into



- account for any additional Excise Duty which may be payable.
2. (a) Provision for Income tax has been made on the basis of the returns of Income filed by the Corporation. The Income-tax authorities have so far rejected certain claims of the Corporation for relief under Sections 80-J, 32 and 33 of the Income tax Act. If the claims of the Corporation for these allowances are ultimately not accepted, the Corporation will be required to pay additional tax amounting to Rs. 130 lacs (approximately) for which no provision has been made.
- (b) Appeals have also been filed/contemplated by the Department in respect of Appellate High Court orders in favour of the Corporation. The maximum contingent liability taking the most adverse decision will be Rs. 2,682 lacs approximately.
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 1,985.31 lacs (1973: Rs. 2,156.87 lacs).
4. (a) Title Deeds for land of the book value of Rs. 440.32 lacs, Lease Agreements and other formal agreements in respect of certain other lands are awaited and are not available for verification
- (b) Certain Depots and Installations have been built on lands not belonging to the Corporation in respect of which formal agreements are pending execution.
- (c) Pending finalisation of compensation amount for land acquired for Gauhati and Barauni Refineries, no provision has been made in respect of Gauhati Refinery and in respect of Barauni Refinery provision has been made in the Accounts for amounts payable to Bihar State Government as intimated by them.
- (d) The Port Blair Installation was constructed by the Corporation for the Naval Authorities at a cost of Rs. 42.63 lacs (1973: Rs. 42.63 lacs). This was subsequently taken over by the Corporation on 31st May, 1971. Pending finalisation of the formalities and in the absence of an Agreement between the Naval Authorities and the Corporation, an amount of Rs. 27.16 lacs (1973: Rs. 27.16 lacs) has been capitalised, being the written down value of these assets as on 31st May, 1971 (at the Corporation's rate of depreciation) based on the Corporation's understanding of the terms of take-over.
- (e) (i) Arrangements for participation of State Governments of Assam and Bihar in the equity capital as consideration for land given, and documents of transfer in respect of land for Gauhati and Barauni Refineries are not completed so far. Pending final settlement, amounts recoverable from the Assam Government towards cost of land development and expenses incurred on approach roads have not been taken credit for in the Accounts.
- (ii) Arrangements for both the acquisition and sale of land and Buildings acquired at Hathidah which were sold to another Company during the year 1969-70 have not been completed so far.
- (f) Pending finalisation of compensation amount for Right of Way relating to MourigramRajbandh Pipeline and for consequential loss of crop, provision amounting to Rs. 3.72 lacs has been made in the Accounts as intimated by the Competent Authority, West Bengal, appointed under the Petroleum Pipeline (Acquisition of Right of Users in Land) Act, 1962.
- (g) Rental for certain rail-bridges on Haldia-Barauni-Kanpur Pipelines has been provided on an *ad hoc* basis pending finalisation of agreement with the Railway Board.
- (h) The Corporation has agreed to transfer a portion of its land costing approximately Rs. 6.75 lacs to Indian Petro-Chemicals Corporation Limited, through the State Government. Pending compliance of various formalities, no effect has been given to this in the books of account.



- (i) Some of the assets may be subject to re-classification, adjustment on receipt of completion reports, and/or finalisation of bills.
- (j) Customs Duty on imported equipment has been paid on an *ad hoc* basis for the Gujarat Refinery. Consequential adjustments, if any, shall be made in the accounts on the finalisation of assessment.
5. Included among Stores are many items which are non-moving/slow moving/obsolete, the extent of which has not been ascertained. These include large quantities of materials returned to Stores, after completion of the Projects which are awaiting disposal. Realisable value of these items is not ascertainable and no provision has been made in these accounts towards any loss on disposal that may arise.
6. Closing Stock includes stocks of Tin Plates of the value of Rs. 1.34 lacs (1973: Rs. 1.34 lacs) lying with Contractors who contend that no stock is lying with them.
7. No confirmation of balances as on 31-3-1974 has been received from Marketing Companies in respect of stock of imported lubes on loan of the value of Rs. 312.79 lacs (pending for more than two years) and other Bulk Petroleum Products amounting to Rs. 300.32 lacs against which the Corporation holds deposit of Rs. 403.73 lacs.
8. Book Debts include an amount of Rs. 30.53 lacs (1973: Rs. 30.53 lacs) billed by the Corporation towards increase in cost of imported products due to rupee devaluation in 1966. However, the debtor company had refused to pay the amount and the Corporation has filed a suit in the Bombay High Court for recovery. Pending the Court's decision, the amount is considered good and recoverable and is shown as such in the Accounts.
9. (a) Loans and Advances include debit balances of Rs. 5,239.36 lacs in respect of C&F Adjustment Account, Freight Surcharge Pool Account, Product Price Adjustment Account, Tamil Nadu and Kerala Sales Tax Pool Accounts and credit balances of Rs. 1,827.13 lacs in respect of Crude Oil Price Equalisation Accounts. The above balances are subject to special audit as per the respective schemes.
- (b) The above Pool Accounts include a sum of Rs. 797.81 lacs (debit) (1973: Rs. 805.95 lacs) (debit) representing under recovery incurred on sale of lubes and greases and towards processing charges on lubes and greases processed at the Corporation's Lube Blending Plant at Madras. Credit has been taken of this amount pending Government's final acceptance.
10. Deposits include Rs. 94.73 lacs (1973: Rs. 124.87 lacs) on account of payments to other Oil Companies for products received on loan from them, against which the Corporation holds products received to the extent it has not been consumed and whose value has not been ascertained.
11. Sundry Deposits include an amount of Rs. 50.59 lacs (1973: Rs. 50.59 lacs) deposited by the Corporation with another Marketing Company in respect of supply of products on Installation Exchange arrangement. However, the amount was appropriated by the other Marketing Company towards CIF increases and devaluation duty claims consequent on the devaluation of Indian rupee in 1966. The Corporation has disputed the appropriation and filed a suit in the Bombay High Court for recovery. Pending the Court's decision, the amount is considered good and recoverable and is shown as such in the Accounts.
12. Due to the revision in the rates of depreciation of certain items of Plant and Machinery in the Refineries & Pipelines Division, depreciation on these items has been recomputed with effect from the date of acquisition/installation thereof. As a result, a sum of Rs. 940.18 lacs, being the amount of additional depreciation relating to previous years, has been charged to Profit and Loss Account under the head 'Prior Year Adjustment'. This has also resulted in an extra charge for depreciation of Rs. 165.11 lacs for the year. No corresponding change has, however, been made in the depreciation rates in the Marketing Division of the Corporation.

13. There have been certain modifications from previous year in the procedure in valuation of finished and intermediate stocks this year, which has resulted in the stock as at 31-3-1974 being higher by Rs. 71.97 lacs.
14. No account has been taken of the following claims preferred by the Corporation:
- (a) The credit for Residual Fuel Oil supplied to Gujarat State Electricity Board against the original contract has been taken in the accounts at the rate at which payment is being made by the Board. The Corporation, however, is not agreeable to supply at this rate and is claiming further payment of Rs. 24.89 crores including Rs. 4.59 crores for interest charges. The matter is at present under arbitration. However, certain *ad hoc* quantities of LSHS supplied to Gujarat Electricity Board, Dhuvran as per Diversion agreement have been billed at higher rates and debit notes for the differential amounting to Rs. 1.73 crores, have been raised on the party.
 - (b) An amount of Rs. 27.53 lacs recoverable from Gujarat Electricity Board in respect of power supplied by the Corporation has not been credited to the Profit and Loss Account and is held in suspense under the head "Current Liabilities and Provision" pending negotiation and settlement.
 - (c) A claim has been preferred on a Shipping Company for Rs. 155.25 lacs on account of additional charter hire paid for the substitute vessel and short lifting of crude oil as a result of withdrawal of the vessel by the owners before the expiry of the charter party agreement with them. Out of this, an amount of Rs. 153.1 lacs has not been taken credit for in the accounts. The matter is at present under arbitration.
 - (d) Consequential relief granted by the Appellate Collector on the appeal preferred by the Corporation against the levy at a higher rate on Lube Base Oils during the prior years- Rs. 225.60 lacs (includes Rs. 89.42 lacs claimed through Madras Refineries Limited). An amount of Rs. 131.68 lacs claimed from the Excise authorities at Bombay on the same grounds, has also not been taken credit in the Accounts.
 - (e) No credit has been taken for refund claim of Rs. 99.88 lacs in respect of excise duty on Hot Heavy Stock claimed/to be claimed by the suppliers at the instance of the Corporation pending its finalisation.
15. A sum of Rs. 27.28 lacs representing expenditure upto 31-3-1974 on a project for processing imported crude at Barauni Refinery- Phase I has been written off in the Accounts as the Project has been abandoned. There may be further liability on this account the amount of which is not ascertainable.
16. In case of Barauni Refinery, the stock of finished products include an estimated quantity of 34,900 MT of Raw Petroleum Coke accumulated at the site over the past few years representing the difference between the quantities actually produced and those accounted for in the prior years on the basis of estimates. This quantity has been valued at Rs. 50.02 lacs at rates used for valuation of closing stock as on 31-3-1973 and has not been credited to the expenses relating to previous year.
17. During the year, 11,327 MT of Crude imported in the name of the Corporation were discharged into the tanks of Madras Refineries Limited (MRL). Whether this crude is to be considered as a sale to MRL or whether MRL will process this crude on behalf of the Corporation for a fee is still under negotiation. Pending decision, this stock of crude has been valued at cost of Rs. 82.39 lacs and included in the stock of raw materials for which no confirmation has been asked for. The maximum possible loss, considering the most adverse decision, that may arise will be around Rs. 8.00 lacs, for which no provision has been made.
18. (a) Claims recoverable include an amount of Rs. 53.05 lacs (1973: Rs. Nil) due from a supplier in respect of excess rates charged for the supply of bulk petroleum products which is disputed by the Party. Pending settlement an equivalent amount has been withheld

- from amounts payable to the supplier.
- (b) Claims recoverable also include penalty charges paid Rs. 13.82 lacs which is under discussion with Government for compensation.
19. The loss on account of processing of Crude Oil in other Marketing Companies' refineries during the year amounted to Rs. 1,546.84 lacs which is arrived at after adjusting the recoveries from the Pool Account. The Corporation has requested the Government for compensation in respect of the loss and the matter is still pending their consideration.
 20. Pending representation to the Government in regard to recovery of surcharge on sales to International Airlines at negotiated prices as opposed to posted Airfield prices fixed by OPC, a sum of Rs. 1.52 crores has been provided for towards the estimated possible liability on this account.
 21. Pending further clarification by the Government regarding the surrender of the profits on export sales over the margin available on sales within the country the sales and therefore the profit for 1973-74 have been reduced by an estimated amount of Rs. 4.36 crores.
 22. The Profit & Loss Account includes expenses on Public Relations and Publicity of Rs. 44.54 lacs (1973: Rs. 62.51 lacs).
 23. Managerial remuneration paid or payable to Directors is Rs. 2,63,216 (1973: Rs. 2,07,168) excluding Directors' sitting fees. In addition, the Managing Director of the Marketing Division is entitled to use a flat of the Corporation for which 10 per cent of his basic pay is deducted. Remuneration includes Rs. 9,228/- which is subject to the sanction of the appropriate Authority.
 24. In the absence of an upto date list of companies under the same management from the Company Law Board, Book Debts and Advances due from Companies under the same management have been indicated on the basis of such lists of Central Government Enterprises as were available with the Corporation.
 25. The foreign credit of Rs. 885.18 lacs (1973: Rs. 992.44 lacs) has been converted at the International Monetary Fund parity rate fixed around the end of the year 1971 since there has been no change in this rate after that date. If the item is converted at the Bank selling rates prevalent on 31-3-1974, the amount of foreign credit will go up by Rs. 134.78 lacs (1973: Rs. 151.81 lacs) for which no provision has been made in the Accounts. Similarly, if the interest accrued but not due on the above loan is also converted at the Bank selling rate on 31-3-1974, a further liability of Rs. 2.39 lacs (1973: Rs. 2.60 lacs) would arise for which no provision has been made.
 26. (a) The information required under Paragraph 4 D, Part II to Schedule VI of the Companies Act, 1956 has not been given in respect of Refineries and Pipelines Division as some of this information is not readily ascertainable from the books of accounts. (See Note 30).
 - (b) (i) As the Corporation manufactures and purchases drums for internal consumption and does not maintain separate records for stocks of manufactured drums, it is not possible to give the information in respect of opening and closing stock of drums manufactured.
 - (ii) Information regarding opening and closing stock of tins has not been compiled.
 - (c) The quantitative information given in Schedule 'T' in respect of purchases is not as per the purchase invoices but are quantities actually received which are lower mainly because of transit losses.
 - (d) Production figures given in Schedule 'S' do not include products processed by others.
 27. Licensed capacity at the year end appearing in Schedule 'S' includes licensed capacity for petroleum products at Gujarat

- Refinery aggregating 30,00,000 MT for which the licence was not available for verification.
28. Cash balances include a sum of Rs. 13.26 lacs being imprest and other balances with Installations and Depots in the Eastern Branch of the Marketing Division which could not be fully segregated into balances with the Bank and other balances in the absence of relevant details.
29. In accordance with the provision of Section 205 of the Companies Act, 1956, the Corporation has written off by way of depreciation Rs. 313.50 lacs. (1973: Rs. 304.53 lacs) being 95 per cent of the cost of the LPG cylinders (each item being less than Rs. 750) purchased during the year. Had a rate of depreciation based on the useful life of the asset as estimated by the Management been applied, the charge for depreciation in respect of LPG Cylinders during the year would have been Rs. 49.50 lacs (1973: Rs. 48.08 lacs). The effect of such write off in earlier years on the charge for depreciation of the year and the aggregate written down value of such assets, had the rate of depreciation based on the estimated life referred to above, been applied, in earlier years, has not been ascertained.
30. Information required under paragraphs 3(i)(a), 3 (ii), 3(x)(f) note 2, 4 C and 4 D of Part II of Schedule VI to the Companies Act, 1956, is given in Schedules 'S' to 'Z'. (See Note 26(a)).
31. Previous year's comparative figures have been regrouped to the extent practicable wherever necessary.

Signatures to Schedules 'A' to 'Z'

C.R. DAS GUPTA
Chairman

S. B. BUDHIRAJA
Managing Director
(Marketing)

R. N. BHATNAGAR
Managing Director
(Refineries & Pipeilnes)

D. B. PURI
Secretary



SCHEDULE 'S' — LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	<u>PETROLEUM PRODUCTS</u>		<u>LUBRICATING OILS</u>	
	1974 M.T.	1973 M.T.	1974 M.T.	1973 M.T.
(I) Licensed capacity (including Haldia Project under construction -25,00,000 M.T.)	92,50,000	92,50,000	1,70,000	1,70,000
(ii) Installed capacity (as certified by the Management and accepted by the Auditors without verification)	67,50,000*	67,50,000	1,40,000	1,40,000
(iii) Actual production§	68,88,844	68,09,839	1,00,977	88.106
	1,05,410:			

* The installed capacity in terms of crude oil input as per Project Report certified by the Chief Process Engineer.

** Per year operating in two shifts.

t Per year operating in single shift.

tt Per shift of 8 hours a day.

: Cubic metres.

§ Excludes products processed by others.

SCHEDULE 'T' — FINISHED PRODUCTS — QUANTITY AND

		OPENING STOCK	
		QUANTITY M.T./K.L.	VALUE RUPEES
1. FORMULA PRODUCTS	K.L.	6,79,616	} 24,89,18,374
	M.T.	3,75,383	
2. LUBRICANTS AND GREASES	K.L.	56,450	} 10,57,85,167
	MT.	14,165	
3. OTHER PETROLEUM PRODUCTS	K.L.	16,208	} 63,91,247
	M.T.	117	
4. CRUDE OIL	M.T.	—	—
TOTAL	K.L.	7,52,274	} 36,10,94,788
	M.T.	3,89,665	

Note :- Purchases and Sales exclude value adjustments shown under items pertaining to the previous years.

*Cubic Metres.



SCHEDULE 'S' — LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION Contd...

<u>ASPHALT DRUMS</u>		<u>LUBE OIL DRUMS</u>		<u>18-5 LITRES (TINS)</u>	
1974 Nos.	1973 Nos.	1974 Nos.	1973 Nos.	1974 Nos.	1973 Nos.
5,00,000	5,00,000	10,00,000	10,00,000	—	—
10,00,000 **	10,00,000 **	5,00,000 †	5,00,000 †	8,000 ††	8,000 ††
-----Not meant for sale -----					

VALUE PARTICULARS — TURNOVER FOR THE YEAR ENDED 31ST MARCH, 1974

<u>PURCHASES INCLUDING EXCISE DUTY</u>		<u>SALES</u>		<u>CLOSING STOCK</u>	
<u>QUANTITY M.T./K.L.</u>	<u>VALUE RUPEES</u>	<u>QUANTITY M.T./K.L.</u>	<u>VALUE RUPEES</u>	<u>QUANTITY M.T./K.L.</u>	<u>VALUE RUPEES</u>
1,01,60,847 } 7,50,140 }	7,48,64,83,751	1,71,30,317 } 6,62,447 }	11,14,26,65,490	18,45,456 } 5,60,437 }	96,65,75,539
22,764 } 1,125 }		14,62,13,046		3,99,820 } 6,772 }	
26,266 } 377 }	2,18,15,989		5,71,225 } 9,31,652 }	39,13,20,046	7,821 } (838) }
2,93,363		4,18,77,326	2,93,363		4,35,13,681
1,02,09,877 } 1,04,50,005 }	7,69,63,90,112	1,05,410* } 1,81,01,362 }	12,42,80,12,935	19,16,616 } 5,67,167 }	1,10,74,82,390
				18,94,234 }	



SCHEDULE 'U' — CONSUMPTION PARTICULARS OF RAW MATERIALS FOR THE YEAR ENDED 31ST MARCH, 1974

		QUANTITY MT/KL	VALUE RUPEES
1. Crude Oil	M.T.	86,40,591	1,90,66,49,448
2. Base Oil	M.T.	1,13,911	} 49,55,13,292
	K.L.	2,02,77	
3. Additives	M.T.	2,748	} 5,35,78,171
	K.L.	4,476	
4. Steel Coils and Sheets*	M.T.	17,756	4,20,08,260
TOTAL	M.T.	87,75,006	} 2,49,77,49,171
	K.L.	2,07,247	

ADDITIVES ARE NOT CONSIDERED AS RAW MATERIALS IN REFINERIES DIVISION.

- * Shown under other packages consumed in the Profit and Loss Account.
- Consumption excludes value adjustments if any shown under items pertaining to the previous years.

SCHEDULE 'V' — DETAILS OF EMPLOYEES DRAWING NOT LESS THAN Rs. 36,000 PER ANNUM OR Rs. 3,000 PER MONTH FOR THE YEAR ENDED 31ST MARCH, 1974

		Rupees
1. Employees employed throughout the year and in receipt of total remuneration not less than Rs. 36,000 per annum:		
Number	25	
(a) Salaries, Wages and Bonus		9,12,730
(b) Contribution to Provident Fund/Family Pension Fund		54,742
(c) Total (a) + (b)		9,67,472
2. Employees employed for part of the year and in receipt of remuneration not less than Rs. 3,000 per month:		
Number	4	
(a) Salaries, Wages and Bonus		1,09,144
(b) Contribution to Provident Fund/Family Pension Fund		6,939
(c) Total (a) + (b)		1,16,083

The above figures exclude amounts shown under items pertaining to previous years.

SCHEDULE 'W' — CIF VALUE OF IMPORTED BASE OILS/ADDITIVES/STEEL COILS/SPARE PARTS AND COMPONENTS FOR THE YEAR ENDED 31ST MARCH, 1974

PARTICULARS	Rupees
1. Crude Oil	70,42,52,718
2. Base Oils	7,67,32,109
3. Additives	17,14,418
4. Steel Coils	40,12,241
5. Components and Spare Parts	1,67,413
TOTAL	78,68,78,899

The above information pertains to the Marketing Division only- see note 26(a).



SCHEDULE 'X' — EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF ROYALTY, KNOW-HOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS FOR THE YEAR ENDE 31ST MARCH, 1974

Index

	<u>Rupees</u>
1. Royalty (Net of tax)	19,66,244
2. Foreign Agency fees	7,71,338
3. Interest	18
4. Guaranteeing and Collection charges on sales	60,685
TOTAL	<u>27,98,285</u>

The above information pertains to the Marketing Division only - see note 26(a).

SCHEDULE 'Y' — CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS FOR THE YEAR ENDED 31ST MARCH, 1974

<u>Particulars</u>	<u>Imported Rupees</u>	<u>Percentage to Total Consumption</u>	<u>Indigenous Rupees</u>	<u>Percentage to Total Consumption</u>
1. Crude Oil	45,66,89,888	99.8	10,99,588	0.2
2. Base Oil & Additives	6,72,23,805	12.2	48,18,67,658	87.8
3. Steel Coils and Sheets	2,52,23,671	60.0	1,67,84,589	40.0
4. Components and Spare Parts	99,749	1.5	64,58,541	98.5
TOTAL	<u>54,92,37,113</u>	<u>52.0</u>	<u>50,62,10,376</u>	<u>48.0</u>

The above information pertains to the Marketing Division only - see note 26(a).

SCHEDULE 'Z' — EARNINGS IN FOREIGN EXCHANGE FOR THE YEAR ENDED 31ST MARCH, 1974

<u>NATURE OF EARNINGS</u>	<u>Rupees</u>
1. Exports of goods calculated on FOB basis:	
(a) Export (including Rs. 7,21,93,318 received in Indian Currency)	26,20,69,828
(b) Capital goods issued to Nepal Oil Corporation Limited (Received in Indian Currency)	3,78,409
2. Interest and Dividend	3,609
3. Other Income	
(a) Service charges (Received in Indian currency)	3,44,838
(b) Commission and other charges	4,93,610
4. Recovery of expenses	9,30,224
TOTAL	<u>26,42,20,518</u>

The above information pertains to the Marketing Division only - see note 26 (a).



SCHEDULE OF FIXED ASSETS (TOWNSHIP)

	Gross Block as at 31st March, 1973 at cost	Additions during the year at cost	Transfers from Construction work-in-progress at cost	Transfers, Deductions and Reclassifications at cost
	Rupees	Rupees	Rupees	Rupees
LAND: Freehold	51,10,166	2,87,938	—	—
Leasehold	8,31,769	—	—	—
BUILDINGS, ROADS ETC.	8,50,70,784	39,159	1,12,06,633	(-) 9,73,825
PLANT AND MACHINERY	37,18,682	11,81,420	28,886	(+) 16,000
DRAINAGE, SEWAGE & WATE SUPPLY SYSTEM	1,12,78,736	19,324	58,354	(-) 142
EQUIPMENT AND APPLIANCES	23,93,256	4,72,944	—	(-) 4,118
FURNITURE AND FIXTURES	6,20,693	1,26,496	—	(-) 16,103
VEHICLES	20,78,716	4,71,702	—	(-) 50,884
SUNDRY ASSETS	14,966	25,837	—	
TOTAL	11,11,17,768 *	26,24,820	1,12,93,873	(-) 10,29,072
<i>PREVIOUS YEAR</i>	<i>(10,29,09,796)</i>	<i>(18,84,424)</i>	<i>(1,07,30,472)</i>	<i>(-) (40,25,910)</i>
CAPITAL WORK-IN-PROGRESS				
<i>PREVIOUS YEAR</i>				
TOTAL				
<i>PREVIOUS YEAR</i>				

* Includes Rs. (—) 3,81,014 adjusted on account of previous year.

** Includes Rs. (—) 16,691 in respect of prior year (1973: Rs. (—) 46,840)



SCHEDULE OF FIXED ASSETS (TOWNSHIP) Contd...

Gross Block as at 31st March, 1974 at cost	Depreciation and Amortisation provided during the year	Total Depreciation and Amortisation upto 31st March, 1974	Net Depreciated Block as at 31st March, 1974	1973
<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
53,98,104	—	—	53,98,104	51,10,166
8,31,769	8,402	81,219	7,50,550	7,58,952
9,53,42,751	21,09,005	1,41,26,119	8,12,16,632	7,31,86,548
49,44,988	2,47,267	13,40,579	36,04,409	26,30,009
1,13,56,272	4,56,896	34,43,567	79,12,705	86,26,291
28,62,082	2,54,507	17,50,351	11,11,731	8,22,263
7,31,086	64,869	3,24,933	4,06,153	3,60,578
24,99,534	2,42,045	13,66,284	11,33,250	9,14,255
40,803	8,161	12,146	28,657	10,981
12,40,07,389	33,91,152 **	2,24,45,198	10,15,62,191	9,24,20,043
(11,14,98,782)	(30,21,685 **)	(1,90,78,739)	(9,24,20,043)	
			21,66,422	
			(76,11,145)	
			10,37,28,613	
			(10,00,31,188)	



INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1974 ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES

<u>INCOME</u>	<u>Rupees</u>	<u>1973 Rupees</u>
1. Recovery of House Rent	18,64,363	15,48,110
2. <i>Recovery of Utilities Power and Water</i>	6,10,078	6,15,556
3. <i>Recovery of Transport charges</i>	1,61,839	1,75,299
4. <i>Other Recoveries</i>	3,24,465	3,20,585
5. Excess of Expenditure over Income	2,68,11,641	2,21,43,924
TOTAL	<u>2,97,72,386</u>	<u>2,48,03,474</u>
<u>EXPENDITURE</u>		
1. Salaries, Wages, Bonus and P.F. Contribution	96,10,848	77,52,240
2. Consumable Stores and Medicines	24,45,062	21,16,803
3. Subsidies for Social and Cultural Activities	91,298	1,19,816
4. Repairs and Maintenance	19,13,448	12,15,465
5. Interest	63,22,350	59,70,490
6. Depreciation	34,07,843	30,68,525
7. Miscellaneous Expenses		
Taxes, Licence Fees, Insurance etc.	20,68,566	17,45,552
8. Utilities : Power and Gas	39,12,971	28,14,583
TOTAL	<u>2,97,72,386</u>	<u>2,48,03,474</u>



**ANNEXURE TO THE DIRECTORS' REPORT DATED 8TH NOVEMBER, 1974
REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR
THE YEAR ENDED 31ST MARCH, 1974 BY THE INDIAN AUDIT AND ACCOUNTS
DEPARTMENT**

1. Financial Position

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

	<i>(Rupees in lakhs)</i>		
Liabilities	1971-72	1972-73	1973-74
(a) Paid-up Capital	7,117.72	7,117.72	7,117.72
(b) Reserves and Surplus	7,671.39	9,390.15	10,015.81
(c) Borrowings			
(i) From the Government of India	3,476.02	2,517.38	1,564.29
(ii) Foreign Credit	1,019.04	1,008.68	901.33
(iii) From Bank-Cash Credit	1,966.32	1,470.41	4,900.79
(iv) Short term credit from Scheduled	—	—	152.19
(v) Deferred Payment	—	—	20.63
(d) Trade dues and other current liabilities (including provisions)	10,052.59	12,125.51	28,127.48
TOTAL	31,303.08	33,629.85	52,800.24
Assets			
(e) Gross Block	19,184.12	20,477.62	22,265.85
(f) Less: Depreciation	5,681.40	7,028.77	9,534.46
(g) Net fixed assets	13,502.72	13,448.85	12,731.39
(h) Capital work-in-progress (including unallocated expenses)	2,357.07	4,325.27	5,696.07
(i) Other assets (mainly machinery and equipments in transit and stores)	1,335.32	1,767.75	1,598.54
(l) Current assets, loans and advances (excluding investments other than those lodged by outside parties as security deposit)	14,006.15	14,061.30	32,747.69
(k) Investments	101.82	26.68	26.55
TOTAL	31,303.08	33,629.85	52,800.24
Capital employed	17,694.21	15,713.89	17,780.30
Networth	14,789.11	16,507.87	17,133.53

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

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

2. Capital Structure

Debt equity ratio

The debt equity ratio for the Company has been 0.63 :1 in 1971-72, 0.50:1 in 1972-73 and 0.35 :1 in 1973-74.



3. Reserves and Surplus

The reserves and surplus amounted to:

- (a) 19.0 per cent of the total liabilities for 1973-74 as against 27.9 per cent in 1972-73 and 24.5 per cent in 1971-72.
- (b) 140.7 per cent of equity capital (Rs. 7,117.72 lakhs) in 1973-74 as against 131.9 per cent in 1972-73 and 107.8 per cent in 1971-72.

4. Liquidity and Solvency

- (a) The proportion of current assets (including investments) to total net assets decreased from 45.1 per cent in 1971-72 to 41.9 per cent in 1972-73 and increased to 62.1 per cent in 1973-74.
- (b) The percentage of current assets (including investments) to current liabilities (including provisions) decreased from 140.3 in 1971-72 to 116.2 in 1972-73 and increased to 116.5 in 1973-74.
- (c) The percentage of quick assets (sundry debtors, advances, cash and bank balances) to current liabilities (excluding provisions) decreased from 74.4 in 1971-72 to 70.5 in 1972-73 and to 57.0 in 1973-74.

5. Working Capital

The working capital (current assets, loans and advances less trade dues and current liabilities excluding provisions for gratuity) of the Company at the close of the three years ending 31st March, 1974 amounted to Rs. 4,1 91.49 lakhs, Rs. 2,265.04 lakhs and Rs. 5,048.91 lakhs respectively and represented 0.6, 0.3 and 0.5 month's value of business at cost (excluding depreciation) during these years. The working capital as on 31st March, 1974 was financed through loans from Bank.

6. Sources and uses of funds

Funds amounting to Rs. 2,268.1 3 lakhs from internal sources (reserves and surplus, depreciation and provisions) and Rs. 19,407.95 lakhs from other sources were utilised in 1973-74 as under:

	(Rupees in lakhs)
Gross Block including capital work-in-progress	3,159.03
Other assets (net)	18,517.05

7. Working Results

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

	(Rupees in lakhs)		
	1971-72	1972-73	1973-74
(i) Profit before tax	3,497.44	4,607.98	4,155.33
(ii) Tax provision	500.00	2,700.00	2,100.00
(iii) Profit after tax	<u>2,997.44</u>	<u>1,907.98</u>	<u>2,055.33</u>
Percentage of Profit before tax:			
(a) To sales (inclusive of product exchange and transfers)	4.1	4.6	3.3
(b) To gross fixed assets	18.2	22.5	18.7
(c) To capital employed	19.8	29.3	23.4
Percentage of Profit after tax:			
(a) To net worth	20.3	11.6	12.0
(b) To equity capital	42.1	26.8	28.9
(c) To capital employed	16.9	12.1	11.6

8. Cost trends

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

	(Rupees in lakhs)		
	1971-72	1972-73	1973-74
Sales (inclusive of product exchange and transfers)	86,316.18	99,736.66	1,24,249.85
Less: Profit before tax	3,497.44	4,607.98	4,155.33
Cost of sales	82,818.74	95,128.68	1,20,094.52
Percentage of cost of sales to sales	<u>95.9</u>	<u>95.4</u>	<u>96.7</u>



9. Business performance

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

	(Rupees in lakhs)		
	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
1. Sales (inclusive of product exchange and transfers)	86,316.18	99,736.66	1,24,249.85
2. Closing stock of raw materials, finished goods and stock-in process	5,503.80	4,653.99	14,562.53
3. Opening stock of raw materials, finished goods and stock-in process	3,933.45	5,503.80	4,653.99
4. Value of business (1 + 2 - 3)	<u>87,886.53</u>	<u>98,886.85</u>	<u>1,34,158.39</u>

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The percentage of value of business to net worth increased from 594.3 in 1971-72 to 599.0 in 1972-73 and to 783.0 in 1973-74. The percentage of value of business to total net assets increased from 280.8 in 1971-72 to 294.0 in 1972-73 and decreased to 254.1 in 1973-74.

10. Inventory and production

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

	(Rupees in lakhs)		
	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
(i) Stores and spare parts (including in transit)	1,182.08	1,213.95	1,709.90
(ii) Loosetools	2.02	2.70	3.23
(iii) Stock-in-trade (including raw materials and stock-in-process)	5,503.80	4,653.99	14,562.53
(iv) Stock of empty barrels and tins	60.00	68.32	67.40
	<u>6,747.90</u>	<u>5,938.96</u>	<u>16,343.06</u>

Stock in trade represented 1.4 months' sales in 1973-74 (inclusive of product exchange and transfers) as compared with 0.6 month's sales during 1972-73 and 0.8 month's sales in 1971-72.

11. Sundry debtors and turnover

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

As on	(Rupees in lakhs)			
	Total book debts		Sales (inclusive of product exchange and transfers)	Percentage of debtors to sales
	Considered good	Considered doubtful		
31st March, 1972	3,036.97	125.87	86,316.18	3.7
31st March, 1973	2,967.91	127.84	99,736.66	3.1
31st March, 1974	6,151.06	151.89	1,24,249.85	5.1

Sundry debtors represented about 0.4 month's turnover in 1971-72, 0.4 month's in 1972-73 and 0.6 month's in 1973-74.

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



ADDENDUM TO THE DIRECTORS' REPORT DATED 8TH NOVEMBER, 1974

The following remarks are offered on the Report of the Statutory Auditors dated 2nd November, 1974 to the Shareholders under Section 227 of the Companies Act, 1956 on the Accounts for the year ended 31 st March, 1974.

Item No.1

(a) Title deeds, lease agreements and other formal agreements in respect of certain lands are still in the process of finalisation. These documents, when finalised, will be shown to Audit. Any consequential entries will also be made in the Accounts, when the formalities and arrangements are completed.

(b) The necessary details of cash balance amounting to Rs. 13.26 lacs are under compilation and they will be shown to Audit. The position about licence for Gujarat Refinery will be verified and necessary corrective action will be taken accordingly.

Item No.6

(a) The note 24 is self explanatory.

(b) The recent amendments to Schedule VI were made known only in November, 1973 and the Corporation could not reorganise its systems and records to make fully all the disclosures. Efforts will be made to modify the accounting records so as to disclose all the required information from the accounting year 1974-75 onwards. Wherever such disclosures are not feasible, the Company Law Board will be approached for necessary exemptions.

(c) The practice of the Corporation to write off as depreciation 95% of the cost of LPG cylinders, is in compliance with the relevant provisions of the Companies Act, 1956 which are statutorily required to be followed.

(d) Provision for liability in respect of matters like land and stores will be made on finalisation of the necessary agreements and analysis. The exchange fluctuations are accounted as and when the foreign loans and interest thereon are paid, consistent with the past practice, which in our view is a correct practice.

(e) The Corporation has claimed the debt and deposit referred to in notes 8 and 11 on legally valid grounds and hence they have been shown as good and recoverable.

Bombay,
Dated 30th November, 1974.

For and on behalf of the
Board of Directors
C. R. DAS GUPTA
Chairman

COMMENTS OF THE COMPTROLLER AND AUDITOR-GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1974.

BALANCE SHEET

1. Fixed Assets

Gross Block - Schedule 'E' — Rs. 2,22,65,84,551

The above amount does not include the following :-

	<u>Rs. in lakhs</u>
(a) Cost of electrification and erection of drums and barrel plant, Madras, which was commissioned during 1972-73	8.15
(b) Works completed and put to use, for which final bills are awaited	9.98
(c) Escalation in the cost of cylinders reimbursable to 2 fabricators	14.94
	33.07

The non-capitalisation of the above amounts also resulted in under-charge of depreciation amounting to Rs. 16.21 lakhs (including Rs. 0.80 lakh for 1972-73).

2. Construction Work-in-Progress and Capital Goods-in-Stock-Schedule 'F' — Rs. 72,94,61,131

An amount of Rs. 2.96 lakhs representing the impact of the fluctuations in the rate of exchange at the time of repayment of loan instalments has been capitalised instead of being charged to the Profit and Loss Account.

3. Current Assets including Loans & Advances-Inventories - Schedule 'H'- Rs. 1,63,43,06,230

(a) **Stores & Spare Parts — Rs. 15,48,60,184**

The above amount includes Rs. 5.03 lakhs representing the value of materials consumed (Rs. 4.56 lakhs) and net shortages found on physical verification (Rs. 0.47 lakh).

(b) **Oil Stocks — Rs. 1,10,74,82,390**

The above includes an amount of Rs. 50.02 lakhs, being the value of 34,900 tonnes (approximately) of petroleum coke accumulated at the Barauni Refinery over the past few years and brought to account for the first time in 1973-74. This has resulted in over-statement of profit for the year by the corresponding amount.

4. Book Debts - Schedule 'I' — Rs. 61,51,05,877

The above amount includes:

- (a) doubtful debts aggregating Rs. 9~28 lakhs for which no provision has been made;
- (b) Rs. 1.09 lakhs accounted for twice in respect of the same transaction.

5. Loans & Advances - Schedule 'J' — Rs. 77,43,77,124

Advances Recoverable in cash or in kind or for value to be received

(a) **Secured, considered good — Rs. 2,70,87,599**

Advances aggregating Rs. 1.10 lakhs paid to the employees for purchase of conveyances have been classified as secured even though no hypothecation deeds have been executed.

(b) **Unsecured considered good — Rs. 54,32,03,172**

This includes an amount of Rs. 15.11 lakhs being the secured advance given to a lessor.



(c) **Claims Recoverable — Unsecured considered good — Rs. 10,84,26,119**

This includes:

- (i) Claims aggregating Rs. 83.57 lakhs recovery of which is doubtful and for which no provision has been made.
- (ii) Rs. 32.77 lakhs being the value of the claims booked against the Railways for the missing tank wagons at the selling price instead of the cost price. The extent of over-valuation on this account is not readily ascertainable.
- (iii) A sum of Rs. 8.36 lakhs representing the liability for excise duty debited to the Cost and Freight Adjustment Account under 'Claims recoverable' on the difference (Rs. 41 lakhs as intimated by the Company) between the figures of stock held by the Company and that shown in the records of Excise Department. The validity of this charge to the Cost and Freight Adjustment Account is doubtful.

6. Current Liabilities and Provisions — Schedule 'K' — Rs. 2,79,51,32,006

No provision has been made for the following liabilities:—

	<u>Rs. in lakhs</u>
(a) Excise duty payable on the bonded stock lost in enemy action in December, 1971	18.38
(b) Charter hire and compensation payable to a Shipping Company	5.47
(c) Differential excise duty payable on raw petroleum coke sold in February, 1974	4.49
	<u>28.34</u>

7. Schedule 'R' - Notes on the accounts for the year ended 31st March, 1974.

- (i) **Note 1(a)** (i) : The contingent liability of Rs. 1,043.44 lakhs in respect of central excise duty mentioned in the Note includes an amount of Rs. 602.80 lakhs which represents the duty payable on the fuel used in Gauhati and Barauni Refineries up to 16th December, 1970 and for which Govt. have not accepted the request of the Company for waiver.
- (ii) **Note 4(e)** (i) : According to the decision of the Govt. of India communicated in July/August, 1974, there would be no equity participation by the Govt. of Assam and the Company would pay Rs. 70 lakhs to the Assam Govt. for the land acquired.
- (iii) **Note 19** : The loss of Rs. 1,546.84 lakhs on account of processing of crude oil in other Marketing Companies' Refineries, includes the loss of Rs. 57.90 lakhs estimated to be incurred on the processing of closing stock of crude (including in transit) as on 31st March 1974.
- (iv) **Note 26** : The Company has not obtained exemption from the Central Government under Section 211(4) of the Companies Act for not furnishing the required information.
- (v) **Note 28** : The unreconciled amount of Rs. 13.26 lakhs under cash/bank balances includes shortage in cash/bank balances as on 31st March 1974 on account of an alleged misappropriation (discovered by the Company in May, 1974) by an employee of the Company. The magnitude of misappropriation is yet to be ascertained by the Company.

PROFIT & LOSS ACCOUNT

8. Sale of products and crude and transfers under Product Exchange- Rs. 12,42,80,12,935

(a) The Company debited/credited under-recoveries/super profits earned by it on sale of lubricants and greases to C & F adjustment account. During 1973-74, a super profit of Rs. 0.08 crore has been so credited. Under-recoveries debited upto 31st March 1973 amounted to Rs. 8.06 crores. Government's approval to these adjustments has not been received.

(b) The figure of Rs. 0.08 crore referred in (a) above has been arrived at after taking into account the processing charges of lubricants and greases on notional basis as against the actual cost which was lower by Rs. 55.85 lakhs in 1973-74 (previous year Rs. 82.75 lakhs). As the C & F adjustment account has to be debited, after acceptance by Government, with the actual under-recoveries incurred by the Company, the calculation of processing charges on a notional basis has resulted in an inadmissible debit of Rs. 55.85 lakhs being afforded to the C & F adjustment account with corresponding inflation of sales and profit for the year.

(c) The bunker prices were increased from 13th December 1973. Government directed that the extra realisation over and above the price prevailing on 12th December 1973 should be credited to the C & F adjustment account. This was done upto 22nd January 1974. From 23rd January 1974 the Company, however, adopted a price higher than the one prevailing on 12th December 1973 and thus credited to the C & F adjustment account Rs. 32.10 lakhs less. The adoption of the higher price was stated to have been done for off-setting the increase in cost resulting from increase in cost of crude. No sanction of Government has been received.



9. Main Installation charges from other Marketing Companies — Rs. 1,48,06,506

This includes an amount of Rs. 56.60 lakhs received provisionally from the other marketing Companies during 1973-74 (Rs. 58.16 lakhs in 1972-73) subject to refund in the event of the supply agreements not being satisfactorily concluded.

B. EXPENDITURE:**10. Manufacturing, Administration, Selling and other expenses — Schedule 'M' — Rs. 2,69,54,34,503**

This includes:

- (a) Rs. 3.42 lakhs being the cost of chemicals not received till 31st March 1974 but shown as consumed.
- (b) Rs. 13.29 lakhs relating to prior period expenses on account of transportation of LPG cylinders (Rs. 11.49 lakhs) and licence fee & maintenance charges of a railway siding (Rs. 1.80 lakhs).

11. Depreciation & Amortisation — Rs. 15,64,95,591

This does not include Rs. 1.25 lakhs being the short provision for depreciation on tank farms at Haldia Refinery (also refer to comment No.1).

BALANCE SHEET**12. Reserve & Surplus — Schedule 'B' — Rs. 1,00,15,80,573**

General Reserve — Rs. 52,15,00,000

Profit & Loss Account Balance — Rs. 80,573

These have to be considered having regard to non-provision/under-provision of various liabilities, etc., indicated in the comments, particularly those mentioned in comment Nos. 1, 2, 3(a), 4(a) & (b), 5(c), 6(a) & (c), 7(i), 8(b) & (c), 10(a) and 11.

Dehra Dun,
28th November, 1974.

Sd/
(M. S. Sarna)
Member, Audit Board & Ex-Officio
Director of Commercial Audit.

ADDENDUM TO THE DIRECTORS' REPORT DATED 8TH NOVEMBER, 1974

REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR-GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES' ACT, 1956 ON THE ACCOUNTS OF THE INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1974.

BALANCE SHEET**1. Fixed Assets.**

Gross Block — Schedule 'E' — Rs. 2,22,65,84,551.

Adjustments in respect of items 1(a) and (b) will be carried out in the accounts for the year 1974-75. Regarding item 1(c), in our opinion, the liability towards escalation in the cost of cylinders resulting into depreciation of Rs. 14.19 lakhs arises only in the year 1974-75 when the suppliers' claims are admitted.

2. Construction Work-in-Progress and Capital Goods-in-Stock — Schedule 'F' — Rs. 72,94,61,131.

Adjustments as necessary will be carried out in the accounts for the year 1974-75.

3. Current Assets including Loans & Advances: Inventories-Schedule 'H' — Rs. 1,63,43,06,230.

(a) Stores & Spare Parts — Rs. 15,48,60,184.

The matter is under investigation in respect of Rs. 4.56 lakhs and adjustments as necessary will be carried out on the completion of investigation. Regarding the net shortage of Rs. 0.47 lakh adjustments as necessary will be carried out on completion of scrutiny of excesses/shortages reported on physical verification in accordance with the practice prevailing in the Corporation.

(b) **Oil Stocks — Rs. 1,10,74,82,390.**

The impact on profit has already been clearly disclosed, vide note No.16 in Schedule R'.

4. Book Debts — Schedule 'I' — Rs. 61,51,05,877.

(a) Decision to forego the amount of Rs. 2.43 lakhs was taken only in October, 1974 and hence necessary adjustments will appear in the accounts for the year 1974-75. For the balance amount the matter is under negotiation with the parties concerned.

(b) Necessary adjustment will be made in 1974-75.

5. Loans and Advances — Schedule 'J' — Rs. 77,43,77,124.

Advances Recoverable in cash or in kind or for value to be received.

(a) Secured considered good	—	Rs. 2,70,87,599	} Noted.
(b) Unsecured considered good	—	Rs. 54,32,03,172	
(c) Claims Recoverable - Unsecured considered good	—	Rs. 10,84,26,119	

(i) The claims lodged by the Corporation are considered to be recoverable and hence no provision is required to be made.

(ii) Noted. Uniform procedure will be introduced during 1974-75.

(iii) The matter is being investigated and adjustments as necessary will be carried out in due course.

6. Current Liabilities and Provisions — Schedule 'K' — Rs. 2,79,51,32,006.

(a) No demand has been received so far on the stock lost in enemy action in December, 1971. This aspect shall be duly taken care of while our claim for loss in enemy action is settled by the Government under the Emergency Risk Insurance Scheme which in our view covers this loss also, if any demand is raised.

(b) The amount is debit to FSP Account and as such has no impact on the profitability of the Corporation.

(c) The adjustment will be carried out in the accounts for the year 1974-75.

7. Schedule 'R' — Notes on the accounts for the year ended 31st March, 1974.

(i) **Note 1 (a)** (i):

As the demands have been disputed by the Corporation and cases are pending at various stages of appeal, the amount has been correctly shown as contingent liability.

(ii) **Note 4 (e)** (i):

Government of Assam have not yet communicated to us the acceptance of Govt. of India's decision and adjustments as necessary will be carried out on receipt of their communication.

(iii) **Note 19 :**

The valuation of stock has to be made at cost or net realisable value whichever is lower. The valuation has been done on this principle.

(iv) **Note 26 :**

Noted.

(v) **Note 28 :**

Noted. Action has already been taken to establish the magnitude of the misappropriation.

PROFIT AND LOSS ACCOUNT:

8. Sale of products and crude and transfers under product exchange — Rs. 12,42,80,12,935.

(a) & (b) Adjustments have been made on the basis followed in the past year and Audited statements have been sent to Govt. for approval. These facts have been disclosed vide Note No.9(b) in Schedule R Pending Govt.'s decision on processing fees, the adjustments cannot be treated as inadmissible.

(c) The adjustment made is quite appropriate and Government has been kept advised of it.

9. Main Installation charges from other Marketing Companies — Rs. 1,48,06,506.

The explanatory comments are noted.



B. EXPENDITURE:

10. Manufacturing, Administration, Selling and Other expenses — Schedule 'M' — Rs. 2,69,54,34,503.

- (a) Necessary adjustments will be reflected in the accounts for the year 1974-75.
- (b) Comment noted for Rs. 11.49 lakhs. The balance amount of Rs. 1.80 lakhs was correctly not shown as prior year expense since it was met out of the liability provided in 1972-73.

11. Depreciation & Amortisation — Rs. 15,64,95,591.

Necessary adjustments will be carried out in the accounts for the year 1974-75.

BALANCE SHEET

12. Reserves & Surplus — Schedule 'B' — Rs. 1,00,15,80,573.

General Reserve — Rs. 52,15,00,000.

Profit & Loss Account Balance — Rs. 80,573.

The replies above cover the points referred to in this para.

For and on behalf of the Board of Directors

Bombay,
Dated 30th November, 1974.

C. R. DAS GUPTA
Chairman

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE
COMPANIES ACT, 1956**

	<u>No. of Shares</u>	<u>Paid up Value</u> <u>Rupees</u>
1. Shares in the subsidiary companies were registered in the names of the Company and its nominees as indicated:		
Indian Oil International Limited (as at 31st March, 1974)	100	1,00,000
2. Net aggregate amount of the Profit of the subsidiary company not dealt with in the Company's account so far as they concern the members of the Company are:		
	<u>31st March, '1974</u>	<u>Prior to</u> <u>31st March, 1974</u>
	<u>Rupees</u>	<u>Rupees</u>
Indian Oil International Limited	(-) 5,069	1,69,607
3. Net aggregate amount of the Profit of the subsidiary company as far as its Profits are dealt with in the Company's accounts are:		
	<u>31st March, 1974</u>	<u>Prior to</u> <u>31st March, 1974</u>
	<u>Rupees</u>	<u>Rupees</u>
Indian Oil International Limited	20,000	20,000

C.R. DAS GUPTA
Chairman

S. B. BUDHIRAJA
Managing Director
(Marketing)

R. N. BHATNAGAR
Managing Director
(Refineries & Pipelines)

D. B. PURI
Secretary



INDIAN OIL INTERNATIONAL LIMITED

**REPORT OF THE BOARD OF DIRECTORS
AND
STATEMENT OF ACCOUNTS**

FOR THE YEAR ENDED 31st MARCH, 1974



DIRECTORS

Shri R. M. BASRUR (*Executive Director*)

Shri S. C. GHOSE

Shri A. K. SEN

Shri J. N. C. de SOUSA

SECRETARY

Shri M. L. TALWAR

AUDITORS

Messrs. S. GHOSH & COMPANY,
Chartered Accountants,
BHARAT BHAWAN,
3, CHITTARANJAN AVENUE,
(ROOM NOS. C-8 & C-9),
CALCUTTA-700 013.

KATHMANDU BRANCH AUDITORS

Messrs. T. R. UPADYAY & COMPANY,
Chartered Accountants,
274, YANGAL,
KATHMANDU-5.

BANKERS

STATE BANK OF INDIA
NEPAL BANK LIMITED

REGISTERED OFFICE

INDIANOIL BHAVAN,
JANPATH,
NEW DELHI-110001.



Directors' Report – 1973-74

The Directors present hereunder the Fourth Annual Report on the activities of the Company and the audited statement of accounts from 1st April, 1973 to 31st March, 1974.

2. In accordance with the Agreement between the Government of India and His Majesty's Government of Nepal and the Memorandum of Agreement arrived at between the Indian Oil Corporation and Nepal Oil Corporation in the matter of canalisation of the import of POL products from India through the state-owned Nepal Oil Corporation, which inter alia envisaged that IOC would undertake to supply POL products directly to NOC ex-IOC depots (which were hitherto being supplied through your Company), the Nepal Oil Corporation took over IOIL's distribution and marketing business from 17th August, 1973, and also the assets/facilities of your Company located within the Kingdom of Nepal at depreciated book value as on 31st March, 1973 which has since been paid by them in Indian currency. Thus, during the course of the year under review your Company was only able to do business upto 16th August, 1973.

3. The Company's financial results during 1973-74 covering an operational period of 5 1/2 months, are as follows :-

(i) Turnover			
Sales Value	Rs.	25,037 173	Kls lakhs
(ii) Commission earned	Rs.	2.90	lakhs
(iii) Profit before taxation	Rs.	0.03	lakh
(iv) Loss after taxation	Rs.	0.05	lakh

The appropriation during the year has been made as under:

Profit carried forward as per last Balance Sheet	Rs.	19,607.17
Less: Loss for the year as above	Rs.	<u>5,069.35</u>
Balance of Profit and Loss Account carried forward	Rs.	<u>14,537.82</u>

4. As the Members are aware, during 1971-72 your Company took a loan of Rs. 2.50 lakhs from the Indian Oil Corporation at 10 per cent interest per annum, to finance the purchase of IOC's assets in Nepal. At the end of 1972-73 the said loan stood reduced to Rs. 1.50 lakhs. During the year under review, your Company has repaid the entire loan together with interest to the Indian Oil Corporation.

5. The Kathmandu Branch office of the company, due to closure of the activities in Nepal was wound up in October, 1973 and most of the employees working there joined Nepal Oil Corporation, after being relieved from IOIL with due compensation. The officers on deputation from IOC to IOIL were also relieved.

6. The Members may recall that IOIL was primarily established to do POL business in Nepal, although the objects were framed in such a way as to enable the Company to do business in other foreign countries as well. Since it is not intended to have such business in any other country, it was recommended that the Company



be wound up. The Indian Oil Corporation Limited, being the holding Company has the right to issue from time to time such directives or instructions, as may be considered necessary, in regard to the finances, conduct of the business and other affairs of IOIL. The Board of Indian Oil Corporation Limited have accorded approval for putting the Company into members' voluntary winding up. The steps necessary in this regard are being initiated so as to wind up the company as early as possible.

7. After the last Annual General Meeting, Shri R. M. Basrur, Executive Director and S/Shri S. C. Ghose and J.N.C. de Sousa were reappointed as Directors on the Board of IOIL. Shri A. K. Sen was appointed as Director *vice* Shri Roy Chowdhury w.e.f. 10-8-1973.

8. Ever since the closure of the Kathmandu Office, the affairs of the Company have been looked after by the Directors, Secretary and Asstt. Secretary of the Company and also by the officers of Indian Oil Corporation Limited, particularly S/Shri K. Sethu and N. S. Shivananda. They continued to work enthusiastically and with zeal. The Board would like to place on record their high appreciation of the work done by them.

For and on behalf of the Board of
Directors

R. M. BASRUR
Executive Director

New Delhi,

Dated, the 7th August, 1974.

Audit Report for 1973-74

S. GHOSH & CO.
Chartered Accountants.

Bharat Bhawan,
3, Chittaranjan Avenue,
(Room Nos. C-8 & C-9),
CALCUTTA-700 013.
Dated, the 7th August, 1974.

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purposes of the audit;
- (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books, and proper returns adequate for the purposes of audit have been received by us from branches not visited by us;
- (c) The reports on the accounts of Nepal Branch audited by other Auditors have been forwarded to us and the same have been considered in preparing our Report;
- (d) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the books of account and the returns;
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, and schedules annexed thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view;
 - (i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1974;

And

- (ii) in the case of Profit & Loss Account of the loss for the year ended on that date.

For S. GHOSH & CO.
S. GHOSH
Chartered Accountant.



BALANCE SHEET AS AT 31ST MARCH, 1974

LIABILITIES	Figures for the current year				Figures for the previous year	
	Rs.	P.	Rs.	P.	Rs.	P.
Share Capital:						
Authorised 500 Equity shares of Rs. 1,000 each			5,00,000.00		5,00,000.00	
Issued, subscribed and fully paid-up 100 Equity shares of Rs. 1,000 each (all the shares held by Indian Oil Corporation Ltd. or their nominees)			1,00,000.00		1,00,000.00	
Reserves and Surplus:						
General Reserve	1,50,000.00				1,50,000.00	
Depreciation Reserve	40,421.54				Nil	
Profit & Loss Account	14,537.82				19,607.17	
			2,04,959.36			
Secured Loans				Nil	Nil	
Unsecured Loans (From IOC towards pumps and equipment)				Nil	1,50,000.00	
Current Liabilities & Provisions:						
Current Liabilities:						
Indian Oil Corporation Ltd., Calcutta	44,088.59				11,51,080.63	
Deposits for Retail Outlets and Dealership		Nil			1,27,922.75	
Liabilities for Expenses	1,679.66				33,420.52	
Other Liabilities	28,785.01				1,88,223.14	
			74,553.26			
Provisions:						
Provision for Income-tax						
Nepal Income-tax — 1972-73	1,38,986.70				1,38,986.70	
Indian Income-tax — 1972-73		Nil			15,000.00	
Indian Income-tax — 1970-71 & 1971-72		Nil			22,786.00	
Nepal Income-tax — 1973-74	11,300.76				Nil	
Indian Income-tax — 1973-74	7,615.00				Nil	
			1,57,902.46			
Proposed Dividend				Nil	20,000.00	
TOTAL			5,37,415.08		21,17,026.91	

Signed in terms of our attached Report of even date
For S. GHOSH & CO.

S. GHOSH
Chartered Accountant.

Dated: Calcutta, the 7th August, 1974.



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1974

	Figures for the Current Year Rs. P.	<i>Figures for the Previous Year Rs. P.</i>
To Office Maintenance Expenses	2,904.73	332.59
" Honorarium to Assistant Secretary	900.00	900.00
" Honorarium to Executive Director	900.00	—
" Entertainment Expenses	1,192.45	449.78
" Office and House Rent	2,515.27	—
" Salaries & Wages	7,031.45	—
" Travelling Expenses	10,008.61	—
" Conveyance	1,675.18	—
" Printing & Stationery	62.85	—
" Postage, Telex, Telegram & Telephone	1,666.07	—
" Bank Charges	94.49	—
" Audit Fee — As Auditors	1,500.00	2,250.00
" Miscellaneous Expenses	20.69	—
" Provision for Indian Income-Tax	7,615.00	15,000.00
" Net Profit after Taxation Provisions — Carried Down	—	1,14,056.98
	<u>38,086.79</u>	<u>1,32,989.35</u>
" Loss for the year — Brought Down	5,069.35	—
" General Reserve	—	75,000.00
" Proposed Dividend	—	20,000.00
" Income-Tax paid in excess of provision in Nepal	—	35,667.79
" Balance transferred to Balance Sheet	14,537.82	19,607.17
TOTAL	<u>19,607.17</u>	<u>1,50,274.96</u>

Signed in terms of our attached Report of even date
For S. GHOSH & CO.

S. GHOSH
Chartered Accountant

M. L. TALWAR
Secretary

N. S. SHIVANANDA
Chief Accounts Officer

Dated: Calcutta, the 7th August, 1974.



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1974 Contd...

	Figures for the Current Year Rs. P.	<i>Figures for the Previous Year Rs. P.</i>
By Profit (After Nepal Tax) from Kathmandu Office — As per Schedule 'A'	28,604.99	1,32,989.35
" Miscellaneous Income	4,252.28	—
" Profit on conversion	160.17	—
" Balance being Loss — Carried Down	5,069.35	—
	<u>38,086.79</u>	<u>1,32,989.35</u>
By Net Profit after taxation provision — Brought Down	—	1,14,056.98
" Profit and Loss Account as per last Balance Sheet	19,607.17	36,217.98
TOTAL	<u>19,607.17</u>	<u>1,50,274.96</u>

NOTE:-

For additional information in pursuant to the provision of Part II of Schedule VI of the Companies Act, 1956 — vide Schedule 'B'.

R. M. BASRUR
A. K. SEN
S. C. GHOSE
J. N. C. de SOUSA



Directors



SCHEDULE - "A" PROFIT FROM NEPAL BRANCH
(Conversion rate Rs. 100 IC = 139.15 NC same in last year)

Index

REVENUES

	6 months period ending 30-9-1973				Year ending 31-3-1973			
	NC		IC		NC		IC	
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Sales	2,40,53,428.94		1,72,85,971.21		5,09,56,497.59		3,66,19,833.41	
Selling and distribution commission	5,14,390.24		3,69,666.00		11,59,819.14		8,33,502.81	
Commission earned on sales	4,04,856.28		2,90,949.54		10,19,129.94		7,32,396.66	
	<u>2,49,72,675.46</u>		<u>1,79,46,586.75</u>		<u>5,31,35,446.67</u>		<u>3,81,85,732.88</u>	
Less: Cost of sales (opening and closing stock Nil)	<u>2,40,53,428.94</u>		<u>1,72,85,971.21</u>		<u>5,09,56,497.59</u>		<u>3,66,19,833.41</u>	
GROSS PROFIT	9,19,246.52		6,60,615.54		21,78,949.08		15,65,899.47	
Add: Licence fee on pumps	150.30		108.01		634.61		456.06	
Miscellaneous receipts	—		—		201.98		145.15	
Profit on conversion	1,483.76		1,066.30		1,383.40		994.18	
Bad debts written back	8,499.54		6,108.19		—		—	
	<u>9,29,380.12</u>		<u>6,67,898.04</u>		<u>21,81,169.07</u>		<u>15,67,494.86</u>	
Less: Expenses:								
Salaries and wages	1,12,552.11		80,885.45		2,03,555.72		1,46,285.10	
Staff welfare expenses	1,818.33		1,306.74		2,241.62		1,610.94	
Telegrams, Telex, Telephones and Postages	16,634.25		11,954.19		26,896.51		19,329.15	
Travelling expenses	25,330.89		18,204.02		53,991.08		38,800.64	
Office maintenance expenses	1,354.72		973.57		14,272.29		10,256.77	
Printing & Stationery	2,732.75		1,963.89		13,043.92		9,374.00	
Office and House rent	27,863.65		20,024.18		37,335.10		26,830.83	
Entertainment expenses	4,791.05		3,443.08		8,556.30		6,148.98	
Conveyance expenses	3,228.35		2,320.05		6,717.60		4,827.60	
Miscellaneous expenses	208.00		149.48		2,467.37		1,773.17	
Insurance	513.11		368.75		1,146.08		823.63	
Motor car maintenance expenses	5,569.44		4,002.47		6,561.47		4,715.39	
Auditfee	2,000.00		1,437.30		3,000.00		2,155.95	
Legal and consultation fee	750.00		538.98		450.00		323.39	
Bank charges	26,443.50		19,003.59		59,764.86		42,949.95	
Depreciation	56,246.57		40,421.54		1,26,994.49		91,264.46	
Interest on Loans	10,436.25		7,500.00		20,872.50		15,000.00	
Repairs and maintenance of pumps	4,830.95		3,471.76		15,955.23		11,466.21	
Advertisement and sales promotion expenses	2,663.30		1,913.98		14,956.74		10,748.65	
Honorarium to Executive Director	1,252.35		900.00		2,504.72		1,800.01	
Selling and distribution expenses	5,23,076.08		3,75,908.07		11,72,931.24		8,42,925.80	
Provision for bad debts	—		—		8,499.54		6,108.19	
Provision for Nepal Income-tax	15,725.00		11,300.75		1,93,400.00		1,38,986.70	
Infructuous expenses written off	6,293.08		4,522.52		—		—	
	<u>8,52,313.73</u>		<u>6,12,514.36</u>		<u>19,96,114.38</u>		<u>14,34,505.51</u>	
NET PROFIT (After providing for Nepal Income-tax)	77,066.39		55,383.68		1,85,054.69		1,32,989.35	
Less: Expenses pertaining to previous year	37,262.55		26,778.69		—		—	
Balance transferred to Profit & Loss Account	<u>39,803.84</u>		<u>28,604.99</u>		<u>1,85,054.69</u>		<u>1,32,989.35</u>	

S. GHOSH
Chartered Accountant
Bharat Bhnvan.
3, Chittaranjan Avenue,
Calcutta 700013.
Dated 7th August 1974

M. L. TALWAR
Secretary

N. S. SHIVANANDA
Chief Accounts Officer

R. M. BASRUR
A. K. SEN
S. C. GHOSE
J. N. C. de SOUSA

} Directors



**ACCOUNTS FOR THE YEAR ENDING 31st MARCH 1974
SCHEDULE- "B"**

Notes on Accounts and additional information pursuant to the provisions of Part II of Schedule VI of Companies Act, 1956.

Balance Sheet :-

1. (a) Assessment for the accounting year ending 31st December 1970:-The Income Tax Officer has assessed the Company for the Income tax amount payable as Rs. 11,827 as against Rs. 7,786 provided and paid to Income Tax authorities. The Company has pointed out several discrepancies in the assessment order and has requested rectification of the assessment order by way of deduction of Rs. 2,798 from its total income. However, till this is settled there is a contingent liability of Rs. 4,041 towards tax liability for the accounting year ending 31st October 1970.
- (b) Assessment for the accounting year ending 31st March 1972 and 31st March 1973:-The Company has filed Income tax returns for both the years and has paid Rs. 15,000 advance income tax for each one of the assessment years. Assessment orders are pending for both the accounting years.

2. Cash and Bank balances:-	Rs.
State Bank of India, Calcutta — Current Account	45,145.08
State Bank of India, Calcutta — Collection Account	44,088.59
Nepal Bank Ltd., Kathmandu — Current Account	94,520.25
State Bank of India, Calcutta — Suspense Account	2,000.00
(represents remittance of Rs. 2,000 yet to be credited by Bank)	
	Rs. 1,85,753.92

3. The Company's assets have been sold to Nepal Oil Corporation, Government of Nepal Undertaking as on 16th August 1973. The selling price to Nepal Oil Corporation was written down value of assets as on 31st March 1973. However, the Company used the assets from 1st April 1973 to 16th August 1973 and provided depreciation of Rs. 40,421.54 by crediting Depreciation Reserve account. The Depreciation Reserve is in the nature of capital gains and as such, Income tax has been fully provided on such capital gains.

Profit and Loss Account:-

	HO. & Calcutta Branch Rs.	Nepal Branch Rs.
1. (a) Audit fees As Auditors	1,500	1,437.30
(b) -do- In other capacity	Nil	(Rs. 2,000 NC) Nil
2. (a) Number of employees getting more than Rs. 3,000 per month together with perquisites etc.		Nil
(b) Installed capacity, licensed capacity, opening & closing stock of goods		Nil
	Quantity	Value (in Rs.)
Total purchases during the year	25,037 K1	1,72,85,971.21
Total sales during the year	25,037 K1	1,72,85,971.21

3. The Company handed over its assets/business to Nepal Oil Corporation, Kathmandu on 17th August 1973. Expenses incurred by the Company in Kathmandu after 30th September 1973 have been accounted in H.O. accounts.
4. Travelling expenses include Rs. 1,344.95 I.C. (previous year Rs. 843.69 LC.) paid to Nepal Auditors in the capacity as Auditors and nil in other capacities.
5. Rs. 1,001 NC equivalent to Rs. 719.37 IC has been paid as donation to His Majesty's Government of Nepal towards construction of Central Secretariat and has been duly accounted in Kathmandu Office books.
6. Miscellaneous income of Rs. 4,252.28 relates to the accounting year 1972-73.
7. Salaries and wages shown under Nepal Branch Accounts includes an ex-gratia payment of Rs. 8,500 NC for 1972-73.
8. With regard to sale of assets at Kathmandu Branch, the Shareholders will certify the transactions in the ensuing annual general meeting in conformity with the provisions of Section 293 of the Companies Act, 1956.
9. As no amount of gratuity is payable to the staff, no provision under this head is made in the accounts.
10. It is proposed to put the company into members voluntary liquidation and the cost of liquidation and other expenses for completion of liquidation is estimated to be Rs. 25,000.
11. Bad debts written back in Kathmandu account amounting to Rs. 6,108.19 relate to the previous period 1972-73.

<p>S. GHOSE <i>Chartered Accountant</i> Bharat Bhavan, 3, Chittaranjan Avenue, Calcutta 700013. <i>Dated 7th August 1974</i></p>	<p>M. L. TALWAR <i>Secretary</i></p>	<p>N. S. SHIVANANDA <i>Chief Accounts Officer</i></p>	<p>R. M. BASRUR A. K. SEN S. C. GHOSE J. N. C. de SOUSA</p>	<p>Directors</p>
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