

ANNUAL
REPORT
1977-78



INDIAN OIL CORPORATION LIMITED

ANNUAL REPORT - 1977-78

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BOARD OF DIRECTORS:

C. R. Das Gupta
Joy Joseph
S. B. Budhiraja (upto 31st January, 78)
S. Ketharaman (from 15-5-78)
S. L. Khosla
L. Kumar
C. Venkataramani
P.C. Mitra
Hiten Bhaya (from 16-1-78)
A. N. Buch (from 16-1-78)

SECRETARY:

D. B. Puri

BANKERS:

State Bank of India

JOINT AUDITORS:

M/s. S. B. Billimoria & Co.
M/s. Ray and Ray

BRANCH AUDITORS:

M/s. D. Rangaswamy & Co.
M/s. M. S. Krishnaswamy & Rajan
M/s. Aiyar & Co.
M/s. Goel Garg & Co.

REGISTERED OFFICE AND MARKETING

DIVISION HEADQUARTERS:

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

MARKETING DIVISION

REGIONS:

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),
Mathura (U.P.) - under construction.

NOTICE

Notice is hereby given that the 19th 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 1430 hours on Monday, the 11th September, 1978 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet, Profit & Loss Account and Report of the Auditors and Directors thereon for the financial year ended 31st March, 1978.
2. To declare dividend.

SPECIAL BUSINESS:

To consider the passing of the following special resolution with or without modification as may deem fit:

SPECIAL RESOLUTION

"RESOLVED THAT Article 116 of the Articles of the Association of the Corporation be and is hereby amended as under:

A. Article No.116 (4)

- (i) To substitute the words "Rs. 5 crores (Rupees Five crores)" in place of the words "Rs. 1 crore (Rupees One crore)", occurring between the word "exceeding" and the word "shall".
- (ii) To substitute the words "Rs. 5 crores (Rupees Five crores)" in place of the words "Rs. 1 crore (Rupees One crore)", occurring between the word "exceeding" and the word "where" in sub-para (iii).

B. Article No.116 (29)

To delete the following sentence at the end of Article 116(29):

"provided that in respect of all commercial contracts to be concluded with foreign parties, prior approval of the President shall be obtained before the contract is finalised."

By Order of the Board,
(D. B. PURI)
Secretary

Bombay, Dated: 31st August, 1978.

- Note:*
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A Proxy need not be a member.
 2. Explanatory Statement on the Special Resolution as required under the provisions of Section 173 of the Companies Act, 1956 is enclosed.

EXPLANATORY STATEMENT UNDER SECTION 173.

1. The Government of India, Ministry of Finance, (B.P.E.) in their O.M. No. BPE/1/64/Adv(F)/78 dated 25-5-1978 have decided to enhance the existing limit to Rs. 5 crores for sanctioning of capital expenditure by the Board of Directors without prior reference to Government, if the Capital outlay in the enterprise is above Rs. 200 crores. As the capital outlay of our Corporation is over Rs. 200 crores, the amendment to the Article 116(4) has become essential to give effect to the aforesaid decision of the Government.

2. The provision in Article No.116(29) of the Articles of Association of the Corporation requiring prior approval of the President for concluding contracts with the foreign parties was discussed by the Board of Directors of the Corporation, and it was noted that the Articles of Association of other Government Companies do not require such prior approval of the President. At times contracts had to be finalised at short notice and Government's prior approval posed problems. It was, therefore, felt that Article 116(29) may be amended suitably to delete this provision. Accordingly the Articles of Association are proposed to be altered.



DIRECTORS' REPORT 1977-78

To

THE SHAREHOLDERS OF
INDIAN OIL CORPORATION LIMITED

Gentlemen,

It is gratifying to report that your Corporation's earnings during 1977-78 are indeed encouraging. The net earnings after taxes and before appropriations to reserves, amount to Rs. 49.24 crores, an all time high.

1977-78 was a year of continued growth for your Corporation as illustrated by the following :-

(Rs. in crores)

	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
Sales turnover	2,421.63	2,663.39	2,999.63
Reserves and Surplus	149.32	190.60	231.62
Net worth	220.49	272.77	313.79
Net Block	243.83	315.06	404.83
(including Work-in-Progress)			

The comparative profit figures for the last three years are as under :—

	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
Gross Profit	86.66	129.63	128.71
Less:			
Interest	5.12	1.76	2.45
Depreciation	25.87	21.54	18.95
Provision for taxation	<u>27.00</u>	<u>58.00</u>	<u>51.00</u>
Net profit for the year	28.67	48.33	56.31
Prior Year Adjustments (net)	<u>(+)1.24</u>	<u>(+)0.08</u>	<u>(-)7.07</u>
Disposable surplus	<u>29.91</u>	<u>48.41</u>	<u>49.24</u>

Pricing Policy

During the year Government took a number of decisions on the Final Report (1976) of the Oil Prices Committee. These decisions were effective from 16th December, 1977 and the most of



important of these is the one which brought crude used for non-formula products also under the scheme of the Price Equalisation, thus adding to the costs of the Corporation. Profits for the next few years are therefore likely to be of a lower order than for the last two years though both sales and production will steadily increase.

Dividend

Your Board has recommended distribution of dividend on equity at 10 per cent for the year, the same percentage as in the previous year. The amount so payable will be Rs. 8,21,77,200.

Appropriations

Including the recommendation regarding Dividend, the disposable surplus of Rs. 49.24 crores has been appropriated as under

Proposed Dividend	Rs.	8,21,77,200
Transfer to Investment		
Allowance Reserve	Rs.	1,30,00,000
Transfer to Insurance		
Reserve Account	Rs.	10,00,000
Transfer to General		
Reserve	Rs.	39,62,00,000
Balance carried forward	Rs.	75,424
Disposable Surplus		
1977-78	Rs.	<u>49,24,52,624</u>

Capital Investment

Capital expenditure during the year amounted to Rs. 108.69 crores, and the internal resources generated was Rs. 59.95 crores. To finance Plan projects your Corporation took two loans from Government of India amounting to Rs. 35 crores, repayable in 8 years after a moratorium of one year. After repaying Rs. 4.88 crores during the year, long term loans outstanding as at the end of the year amounted to Rs. 75.29 crores of which Rs. 62.20 crores are from Government and Rs. 8.13 crores from the Oil Industry Development Board.

Over the next five years viz 1978-83, your Corporation will be making investments of over Rs. 500 crores and a large part of this expenditure will be financed internally. During this period the refining capacity of your Corporation will nearly double while the pipelines capacity will increase four-fold.

REFINERIES

During 1977-78, the four operating refineries at Gauhati, Barauni, Gujarat and Haldia pro-

cessed a record of 10.10 million tonnes of crude oil (1976-77: 9.73 MMT). Besides improving product availability, this also helped to increase the production of indigenous crude by about 137 thousand tonnes. The production of LPG at the Corporation's four refineries increased to 1,45,683 tonnes in the year 1977-78 as compared to 1,36,422 tonnes and 1,23,478 tonnes respectively in the previous two years. The production of Benzene was further stepped up at the Gujarat Refinery to about 50 thousand tonnes, and that of Toluene to 14.7 thousand tonnes. The production of Carbon Black feedstock at Barauni Refinery increased by about 17 per cent. Also facilities were provided for supply of Carbon Black feedstock from Haldia Refinery. The production of Bright Stocks, a premium grade lubricating oil base stock hitherto imported, was increased to 28,218 tonnes (1976-77: 5,528 tonnes) at the Haldia Refinery, thus effecting significant savings in foreign exchange outgo.

Gauhati:- Throughput 8.17-lakh tonnes. The despatches of LSHS to Assam State Electricity Board's Power Station at Chandrapura were maintained on a regular basis which helped to reduce the flare losses. The construction of a new Effluent Treatment Plant for further improving the effluent quality was completed and the plant is under trial runs. The installation of one additional 1 0,000M³ tank for crude oil and two 2,000M³ tanks for ATF along with reallocation of existing tankages and one 400M³ Horton Sphere for LPG have been taken up for augmenting storage facilities. The refinery achieved the safety record for the second time by completing accident free period of more than one million manhours.

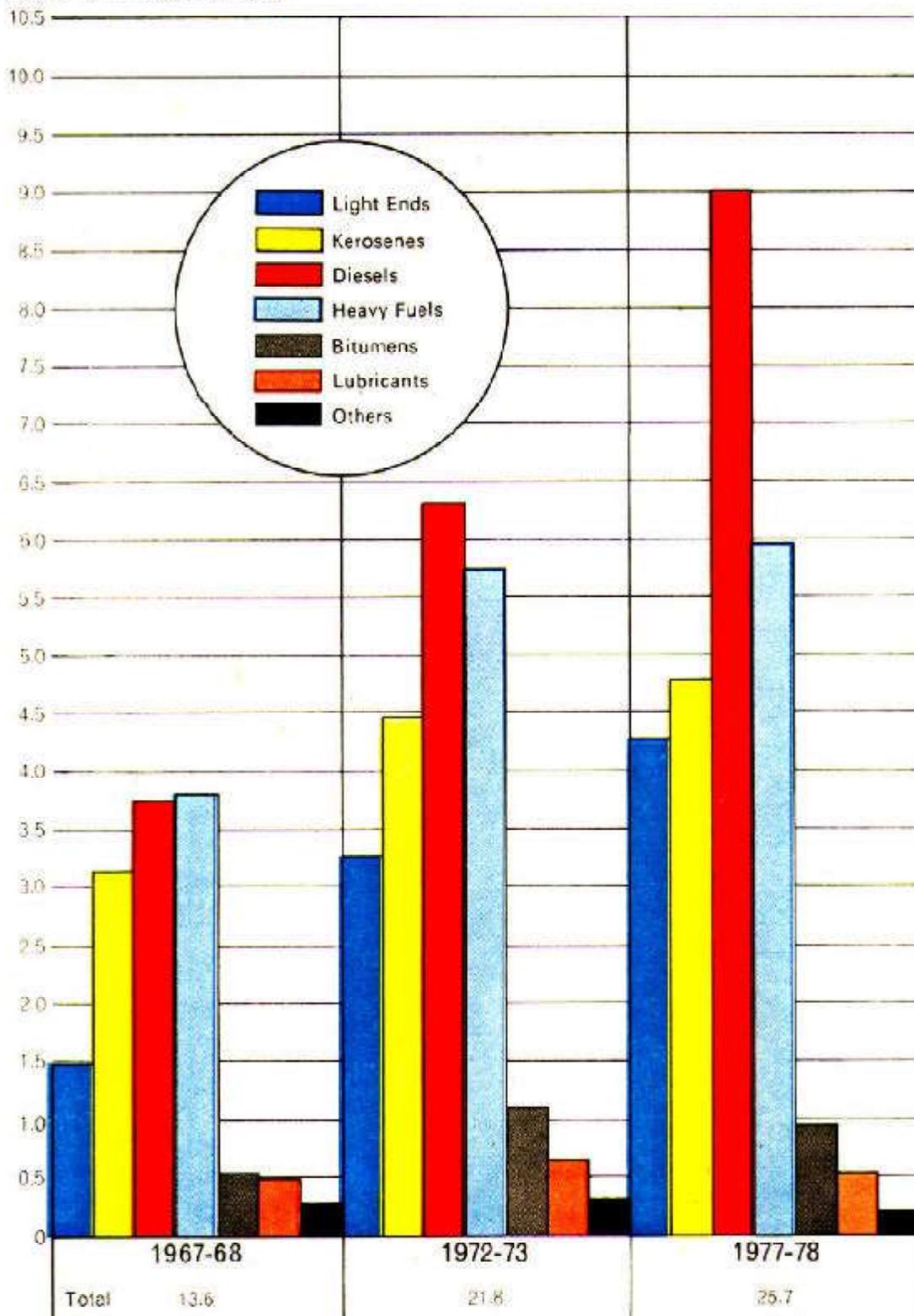
Barauni:- Throughput 30.60-lakh tonnes. The crude intake was the highest achieved so far and surpassed even the design capacity. Several new schemes like Treatment Plant for boiler feed water to improve the efficiency of Thermal Power Station, installation of new cooling towers for circulating water system, bulk wagon loading facilities for LPG and two Horton Spheres each of 300M³ capacity for LPG are under implementation. The refinery organised improvised facilities on a crash basis to augment the supply of lomex for meeting urgent requirements of pesticides.

Gujarat- Throughput 41.29-lakh tonnes. Besides maintaining the supply of special cut Naphtha for the Gujarat Aromatics Plant, the

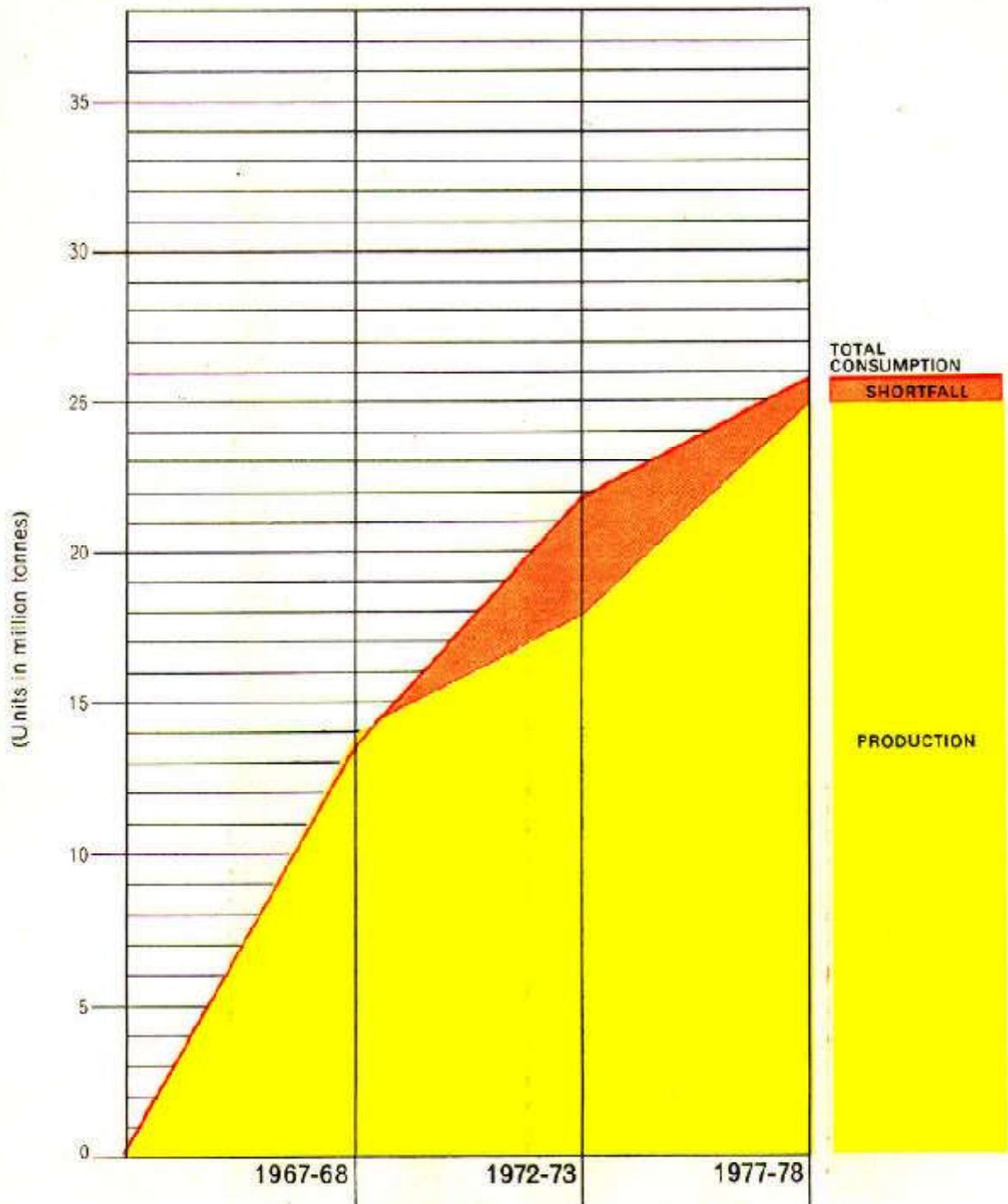


CONSUMPTION PATTERN OF PETROLEUM PRODUCTS IN INDIA

UNITS IN MILLION TONNES



CONSUMPTION AND PRODUCTION OF PETROLEUM PRODUCTS IN INDIA



NOTE: Production refers to the net production of products for consumption and does not include captive uses of RBF losses and stock differential.



refinery also commenced supplies of feed stocks to IPCL's new projects, viz. Special Kerosene Cut for the Alkyl Benzene Plant and Naphtha for the Olefin Plant and Heat Transfer Oil used as a heating medium in the Alkyl Benzene Plant. In the field of safety, the refinery received the National Safety Award from Government of India and two awards from the Gujarat Safety Council. The three million tonnes refinery Expansion Project is almost complete and trials are scheduled for September, 1978. Steady progress is being made on the Fluid Catalytic Cracker Unit Project scheduled for completion in 1981.

Haldia:- Throughput 20.96-lakh tonnes. Rate of Lube production was stepped up and the Lube Sector has settled into regular production. The refinery has provided additional facilities for production of Jute Batching Oil. The receipt of Barauni LSHS and its utilisation increased from 5,890 tonnes in 1976-77 to 42,035 tonnes in 1977-78, thus improving the Barauni Refinery's capacity for processing indigenous crude. Construction of one Horton Sphere of 1,500M³ capacity for storage of LPG is in the final stage of completion.

Mathura Refinery Project :- Considerable progress was achieved in the construction of the Mathura Refinery, the overall progress being assessed at about one-third as at the end of the year. The Detailed Project Report and the revised cost estimates at Rs. 195.31 crores have been submitted to Government for approval. Additional land needed to be acquired for the water pipeline and the effluent channel has been acquired. Majority of the civil and mechanical contracts have been awarded and work has commenced on fabrication and erection of storage tanks, erection of equipment, piping and steel structures in units as well as off-site areas, fabrication of atmospheric and vacuum columns etc. About 28,500 MT of equipment and materials have been received at site from the USSR. Noticeable progress has been achieved by M/s. Bharat Heavy Electricals Limited in design, supply and construction of the power plant. Despite some setbacks like slowing down of the construction work due to unprecedented rains during the third quarter of 1977, acute shortages of cement during the last quarter, every effort is being made to maintain the tempo of construction and to complete the Project on schedule viz. mechanical completion by end 1979 and commissioning by April, 1980.

The Expert Committee, appointed by Government under the Chairmanship of Dr. S. Varadarajan to

advise on the environmental impact of the Refinery submitted its report to Government. The Committee has concluded amongst other things that based on the available data the contribution from the Refinery to the concentration of Sulphur Dioxide in the Agra Zone would only be of the order of 1 to 2 micrograms per M³ compared to the existing level of 15 to 20 micrograms per M³. The report is presently under consideration by Government.

Maintenance and Technical Audit

As in the previous years, emphasis continues to be placed on refining capacity utilisation, intensified product recovery, energy conservation and cost optimisation. Maintenance and Inspection Department at the Head Office continued to provide technical back-up to the refineries with a view to improving the capacity utilisation of the refineries. Preventive maintenance is receiving increasing attention. Conscious and concerted efforts for optimising consumption of fuel, utilities, chemicals and other consumables are being continued as part of the Technical Audit activities.

PIPELINES

The record throughput of 4.07 million tonnes during 1977-78 compares with 3.92 million tonnes for 1976-77 and the installed capacity of 4.38 million metric tonnes. The Koyali-Ahmedabad Pipeline achieved 107.4 per cent capacity utilisation, Gauhati, Silliguri 72.1 per cent, Barauni-Kanpur 96.77 per cent and Haldia - Rajbandh - Barauni 90.25 per cent. Capacity utilisation on the whole was 92.9 per cent and compares with 89.5 per cent of the previous year.

Salaya- Viramgam-Koyali-Mathura Crude Oil Pipeline Project:- The laying of the Koyali Viramgam 18" dia (141 KMs) line and the 28" dia Salaya-Viramgam Section (275 KMs) has been completed. The work on the offshore facilities in the Gulf of Kutch (a single buoy mooring and a 5.275 KM 42" dia Submarine Pipeline) is complete. Four of the 8 storage tanks being constructed at Salaya are also complete. The Salaya-Viramgam Koyali Section is expected to be commissioned in September, 1978 and will provide crude for the expanded (7 MMT/yr capacity) Koyali Refinery.

The contract for main line construction of the 24" dia 803 KM Viramgam-Mathura Pipeline, has been awarded. Completion of this pipeline section is

targetted to synchronise with the mechanical completion of the Mathura Refinery by end 1979.

Mathura-Ambala-Jullundur Pipeline:- The Project envisages the construction of a 532 KM long pipeline from Mathura to Jullundur through Delhi and Ambala, at an estimated cost of Rs. 37.70 crores for moving white oil products from Mathura Refinery. The initial capacity will be 3.4 MMT per annum to be expanded with additional investment of Rs. 9.5 crores to 6 MMT per year in two stages viz. 4.6 MMT and 6 MMT per annum. A Feasibility Report on this project has been submitted to Government in December, 1977 and the project is awaiting approval of Government.

Expansion of Gauhati-Siliguri Pipeline:- The proposal to expand the capacity of this pipeline to 0.9 MMT per year at a cost of Rs. 1.6 crores has been approved by Government. The work is to be completed by December, 1979.

MARKETING

SALES

Marketing Companies in the Oil Industry are now subject to the discipline of the Sales Plan approved by the Department of Petroleum for the period upto 1980-81. As part of Government's scheme to increase the market share of other Oil Companies, your Corporation's market share will decline from 64.7 per cent in 1975-76 to 59.2 per cent by 1980-81 while overall volumes will increase from year to year. Thus the sales volume in 1980-81 will be 19.44 MMT.

Direct Sales during 1977-78 amounted to 15.88 MMT(61.8 percent of Industry Volume) as compared to the Sales Plan figure of 15.94 MMT- the shortfall being due to the smaller growth in demand particularly of Naphtha. The sales volume was 15.35 MMT in 1976-77 and 14.58 MMT in 1975-76. The growth rate during the last three years has been as under:-

1977-78	..	3.4%
1976-77	..	5.3%
1975-76	..	0.9%

The annual growth rate is expected to be much higher during the next three years and could be of the order of 8 per cent average.

Special attention is being paid to the retail distribution which is vital to the public at large. During the year, 195 new retail outlets were commissioned and the total number of retail outlets

in operation at the end of the year was 4,127. Several existing retail outlets were modernised either through remodelling or by providing additional facilities. The Corporation continued to award dealerships under the Social Objectives Schemes. At the end of 1977-78, 591 dealerships have been commissioned under the Defence Personnel Scheme, 274 under the Unemployed Graduate Scheme and 65 under the Scheduled Castes/ Tribes Scheme.

By end March 1978, 314 Multi-purpose Distribution Centres had been set up (31-3-77-265). These Centres cater to the rural sector meeting not only the requirements of product but also of fertilisers, pesticides, tractor spare parts, etc. Non-scheduled drugs, cloth, stationery and other local requirements, are also marketed at many of these Centres.

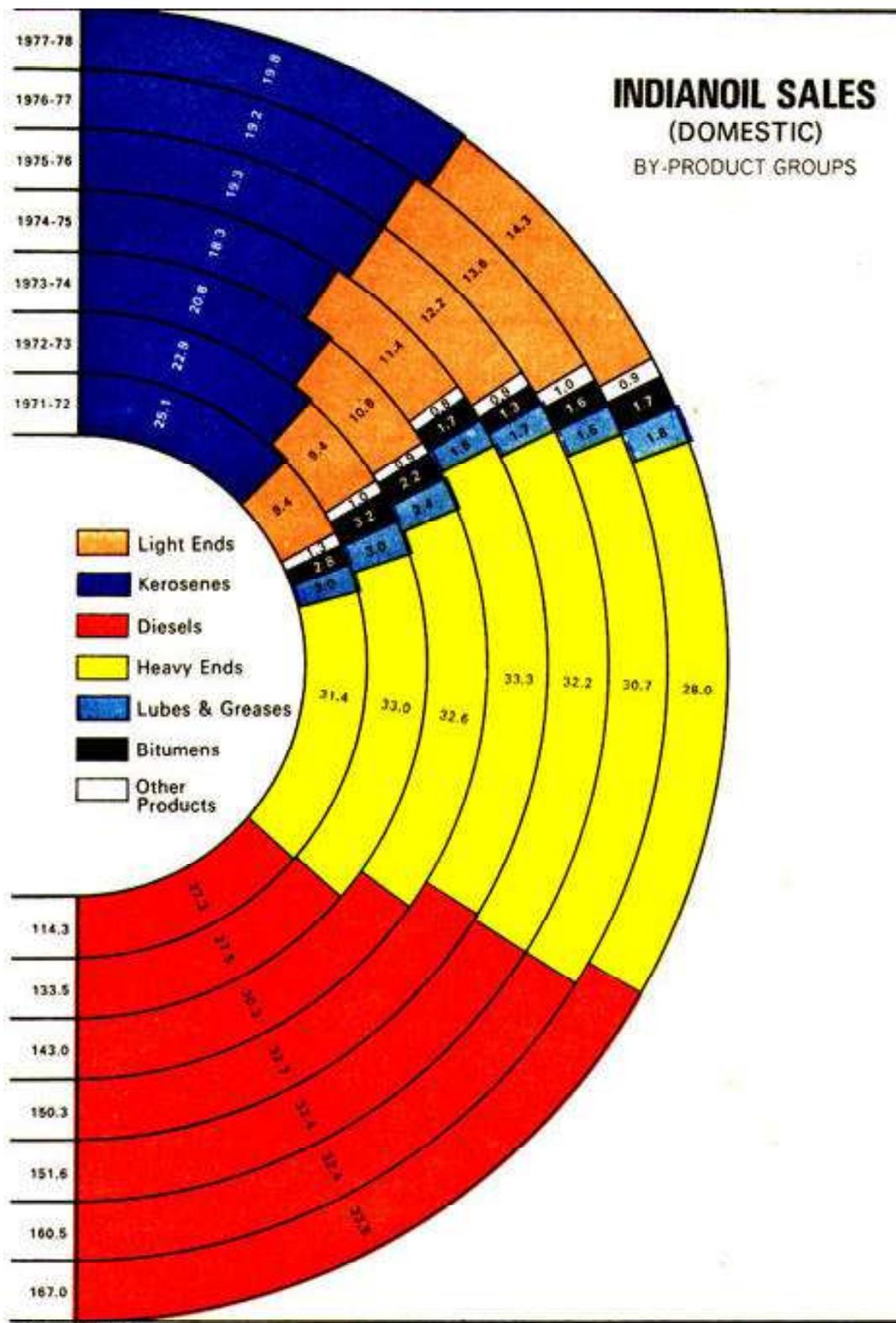
Particular mention needs to be made of LPG. Your Corporation is now responsible for 51.2 per cent of the market. It enrolled 97 thousand new customers during 1977-78 bringing the total list to 1.53 million spread over 218 towns and serviced through 446 distributors. Availability of LPG continued to be behind demand and the position is expected to ease only after LPG from Bombay High, Mathura Refinery and the FCCU at Koyali are available. Your Corporation is presently planning for a doubling of its present sales of LPG by 1981-82 and investment proposals in this regard have been submitted to Government.

DISTRIBUTION

Your Corporation continued to maintain equitable and economic distribution of petroleum products to all the categories of customers in close co-ordination with the Central and State Governments. Your Corporation and its employees lay great stress on promoting availability of products to the consumer even at the risk of higher costs and the sacrifice of extended hours of work.

At the end of the year, your Corporation had 16 Port Installations, 8 Pipeline Installations, 2 Inland Installations and 108 Bulk Depots and a total tankage at the Installations and Bulk Depots of 18.76 lakh KLs as against 18.54 lakh KLs in the previous year. The throughput of all products increased from 20.502 M.KLs during 1976-77 to 21.56 M. KLs during 1977-78. At Kanpur, a new LPG bottling plant supported by 2 numbers 80 MT capacity bullets has been set up in addition to the existing mini plant

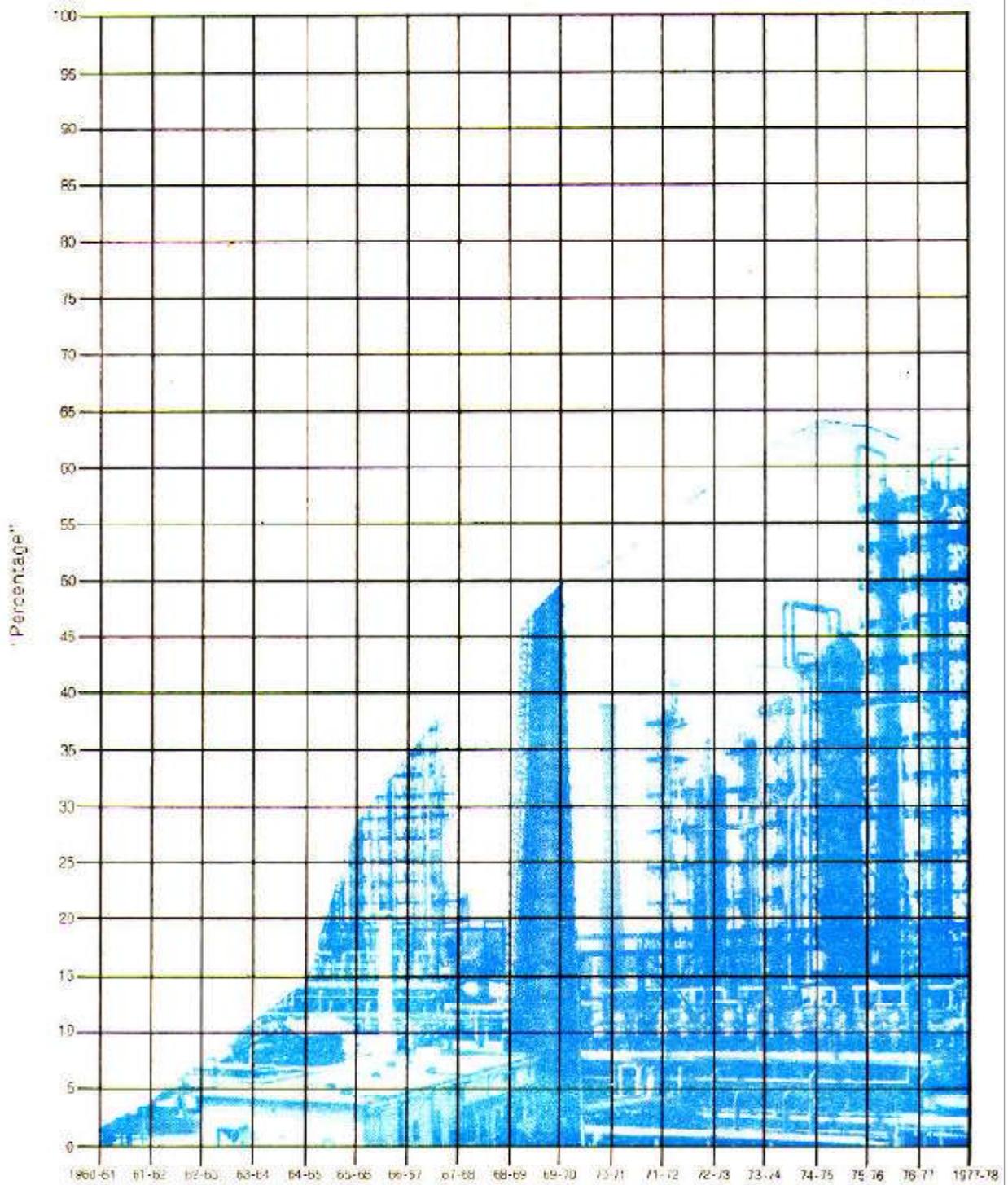




UNITS: '000 MTs.
Figures inside the arc denote percentage.



MARKET PARTICIPATION OF INDIANOIL



with 2 x 10 MT capacity bullets. At Shakurbasti, two new 500 MT Horton spheres for LPG are scheduled for commissioning during 1978-79. Additional 51 LPG tank wagons have been fabricated during the year on joint ownership basis with the Railways for bulk movement of LPG by rail. Tankage of 81 54 KL at Amritsar, Jammu, Patiala, Moradabad, Bareilly and Saharanpur has been set up as part of the build up of the North West area. A fuel Hydrant System for the new International Terminal Complex at Bombay is to be set up and the first phase of the project estimated to cost Rs. 7.25 crores, to be completed by 1981, is now awaiting approval of Government.

Having regard to the drive to avoid product shortages, increased reliance is being placed on road movements and hence bridging expenses during the year increased by more than five times and were Rs. 52.40 lakhs as against Rs. 11.71 lakhs during the year 1976-77. This increase is partly due to the shortfall in tankwagon availability throughout the country and partly due to the rapid increase in demand for products.

CONSERVATION

In conjunction with Petroleum Conservation Action Group, 158 fuel oil consumers (total annual consumption -1.13 M KLs) were offered guidance on achieving greater economy in fuel utilisation and the possible savings to them would amount to Rs. 5.25 crores per year. Besides, 210,000 KLs of fuel oil per year has been replaced by coal and the alternative indigenous fuel LSHS. Action on "Operation Diesel Conservation" studies conducted in 16 State Transport units in different parts of the country are being followed up with the units. Sales of the high thermal efficiency NUTAN stove, are progressively being extended.

As a measure of conserving consumption of steel, your Corporation has been promoting sale of Bitumen in bulk instead of packed in Drums. Bitumen supplies in bulk to Public Works Departments of Orissa and West Bengal commenced during the year. Bulk Bitumen sales ex-Haldia and Madras Refineries went up by over 50 per cent, that is, from 12,200 MTs in 1976-77 to 18,600 MTs in 1977-78.

Periodical meetings and seminars were conducted for the benefit of major consumers of lubricating oils with a view to helping them in selecting correct grades of lubricants and optimising their utilisation.

RESEARCH & DEVELOPMENT

The five-year Technical Assistance and Collaboration Agreement with Castrol Ltd., U.K. (which was signed in February, 1976) has been in operation for over two years. A number of formulations of various lubricants and specialities have been received. Samples of finished lubricants selected for our marketing needs and blended as per their know-how have been cleared and certificates have also been received for a number of products. Several scientists/engineers from R&D Centre, Marketing Division and IOBL have undergone training in Castrol. Castrol specialists have also been visiting the R&D Centre for guiding our scientists. However, inspite of your Corporation's best efforts certain differences have 'developed with Castrol regarding the scope of their responsibilities in certain areas particularly those relating to securing of customer approvals.

Approvals are being sought from reputed foreign manufacturers of Marine Engines and allied equipment for Servo Marine Oils. Servo RR 405 and Servo RR 407 have been approved by General Motors, USA, and will soon be put on trial. Field trials of Transmission Fluid cleared by M/s. Voith, West Germany, for Voith transmission systems fitted in locomotives will commence shortly. Servo Prime 14 has been approved by Railways for use in Expressor units of their locomotives. Hydraulic Oil (HLP-36) and a special gearoil (CLP- 144) meeting stringent specifications of Hoesch, West Germany, have been developed. Improved Industrial Gear Oils meeting AGMA, US Steel 222, 223 standards and ASLE specification have been introduced in the market. Special Bearing Oils with excellent water separating properties used in Morgan Bearing Systems of various Steel Plants have been developed. A superior quality Orchard Spray Oil has been developed and introduced in the markets of J&K and HP. Development work of high thermal efficiency LPG stove has reached a final phase.

IMPORT SUBSTITUTION

Sustained efforts have resulted in indigenous availability of hardwares like alloy steel furnace heaters, tube hangers, process pumps for high temperatures and high pressure and their spares, burner assemblies, heat exchanging equipments, etc. Since the inception of the Technical

Development Committee, your Corporation is actively associated with this national forum for import substitution. The efforts of the R&D Centre at Faridabad are contributing more and more to import substitution and the resulting foreign exchange savings are presently running at the level of about Rs. 4 crores per annum.

EXPORTS

During the year 1977-78, 6947 MT of Asphalt and 13103 MT of Base Oil were exported earning foreign exchange to the value of Rs. 2.96 crores. Besides, about 85 thousand MT of various petroleum products valued at Rs. 17.43 crores were exported to Nepal though these were more or less balanced by imports made on their account. An amount of Rs. 32.92 crores was realised for supplies of about 2 lakh MT of Aviation fuels and lubricants to International Airlines and Rs. 10.25 crores for supplies of about 1 lakh tonnes of bunkers/lubes to foreign flag vessels calling at Indian Ports.

INDUSTRIAL RELATIONS

On the whole, Industrial Relations were not as happy as they were in the previous year. On account of inter-Union rivalries and other Union problems as well as in support of some of the local demands, workmen of three of the refineries of the Corporation went on strike for short periods. However, in the Marketing Division, the industrial relations were generally satisfactory except for some minor stoppages of work particularly in the Eastern Region due to inter-Union rivalry. In support of their demands the officers of the Corporation located at the metropolitan towns and Refinery townships went on mass casual leave for one day in March, 1978.

WELFARE

Corporation continued to follow its welfare oriented policies. Medical benefits in the Refineries have been increased. For providing better educational facilities, Central Schools at Barauni and Mathura are being set up. Cooperative Societies of the employees showed good results and are being given encouragement. Employees continued to be given housing loans to build their own houses. A Group Insurance Scheme for employees has been introduced and will replace the Provident Fund linked insurance scheme. A scheme has been introduced to permit employees to avail of accumulated leave

benefits after retirement.

TRAINING

The Training Centres in the Corporation conducted training programmes for employees in the various disciplines of management. Unit level classes were continued under the guidance of Central Board of Workers' Education. With the assistance of Hindi Teaching Scheme of Government of India, Hindi training classes have been started by the Corporation at various places. Various training programmes were conducted by the Training Centre of the Corporation to train Defence personnel. The Corporation also conducted Aviation Training Courses for officers of I.A.F., Nepal Oil Corporation and Kuwait Aviation Fuelling Co. Ltd.

INDIAN OIL BLENDING LIMITED

Annual Accounts and Directors' Report of Indian Oil Blending Limited - a wholly owned subsidiary of the Corporation are annexed herewith. During the year 1977-78, the Bombay and Calcutta Plants of IOBL had a throughput of 2,33,322 KL of Lubes as against 1,92,499 KL of Lubes during the year 1976-77. The Grease Plant at Bombay had a throughput of 5,148 MT compared to 5,333 MT during the preceding year. The gross profit of the Company, before depreciation, investment allowance, taxation and provision for development rebate of earlier year, was Rs. 62,74,655 as against Rs. 48,84,631 during the previous year. The net surplus available for distribution, after provision for depreciation, investment allowance, taxation and provision for development rebate of earlier year and adding back prior year's excess provision of Rs. 13,50,959 and writing back of development rebate of Rs. 5,40,000 was Rs. 38,20,229 as against Rs. 24,11,616 during the year 1976-77.

BOARD OF DIRECTORS

In terms of Article 94 (b) of the Articles of Association of the Corporation, the following shall retire at the Annual General Meeting but are eligible for reappointment:

1. Shri L. Kumar
2. Shri C. Venkataramani
3. Shri S. L. Khosla
4. Shri P. C. Mittra
5. Shri Hiten Bhaya
6. Shri A. N. Buch



**DIRECTIVES RECEIVED FROM THE
PRESIDENT OF INDIA**

On 27th January, 1978 the Corporation received a directive from the President of India under powers conferred on him by Article 144 (b) of the Articles of Association of our Corporation relating to reservation for Scheduled Castes and Scheduled Tribes in appointment in Public Enterprises. A copy of letter No. IS-49011/7/74-IOC dated the 27th January, 1978 from the Ministry of Petroleum is enclosed.

ACKNOWLEDGEMENTS

The Directors have pleasure in placing on record their appreciation of the excellent work done by Members of the IOC family and are confident that the future of the Corporation is safe in the hands of its employees. The Directors gratefully acknowledge the assistance, guidance and support received by the Corporation from Government and the patronage and confidence of its customers.

PARTICULARS OF EMPLOYEES

Particulars of employees pursuant to Section 217 (2A) of the Companies Act and Companies (Particulars of Employees Rules, 1975) are enclosed.

For and on behalf of the Board

(C. R. DAS GUPTA)
Chairman

New Delhi:
Dated: 19th August, 1978



Annexure I

Index

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM

No. IS-49011/7/74-IOC

New Delhi, 27th January, 1978

The Chairman,
Indian Oil Corporation Ltd.,
Indianoil Bhavan,
Janpath, New Delhi-1.

Sub: Reservation for Scheduled Castes and Scheduled Tribes in
appointment in Public Enterprises.

Sir,

Reference is invited to the Directives issued on 24-3-71 and 24-3-1975 to you under Article 144 of Articles of Association, on the subject mentioned above. The President is now pleased to direct M/s. Indian Oil Corporation Ltd., under Article 144 of the Articles of Association that the following addition shall be made at the end of para 6 of the Directive bearing this Ministry's No. IS-490 11/7/74- IOC, dated 24-3-1975.

"6. A. para 9 (B) of the directive (bearing this Ministry's No. 17/4/69-IOC, dated 24-3-1971) will be substituted by the following :-

"9 (B) Promotions by selections to class II, within Class II and from Class II to the lowest rung in Class I.

There will be reservation at 15% and 7½% of vacancies for Scheduled Castes and Scheduled Tribes respectively in promotions by selection from Class III to Class II, within Class II and from Class II to the lowest rung or category in Class I (now, from Group 'C' to Group 'B', within Group 'B' and from Group 'B' to the lowest rung or category in Group 'A'), in grades or services in which the element of direct recruitment, if any, does not exceed 66-2/3%. The following instructions will apply to the filling up of vacancies reserved for Scheduled Castes and Scheduled Tribes in such positions:

- (i) Selection against vacancies reserved for Scheduled Castes and Scheduled Tribes will be made only from among those Scheduled Caste/Scheduled Tribe officers who are within the normal zone of consideration.
- (ii) If candidates from Scheduled Castes and Scheduled Tribes obtain on the basis of merits with due regard to seniority on the same basis as others, less number of vacancies than that reserved for them, the difference should be made up by selecting candidates of these communities who are in the zone of consideration irrespective of merit but who are considered fit for promotion.
- (iii) A select list should then be prepared in which the names of all the selected officers, general as well as those belonging to Scheduled Castes and Scheduled Tribes, are arranged in the order of merit and seniority by placing the names in the three categories viz. 'Outstanding', 'Very good' and 'Good' in that order, without disturbing the seniority *inter se* within each category. This select list should, therefore, be followed for making promotions in vacancies as and when they arise during the year.
- (iv) For determining the number of vacancies to be reserved for Scheduled Castes and Scheduled Tribes in a Select List, a separate roster on the lines of the roster prescribed in Annexure II in which points 1, 8, 14, 22, 28 and 36 are reserved for Scheduled Castes and points 4, 17 and 31 are reserved for Scheduled Tribes (vide Ministry's directive sent under letter No. IS-49011/7/74-IOC, dated 24-3-1975), should be followed. If the number of eligible candidates belonging to Scheduled Castes/Scheduled Tribes found fit for promotions falls short of the number of vacancies reserved for either category during the year, the extent of such short-fall should be reported to the Board of Directors, alongwith proposals, if any, for dereservation of vacancies in respect of which the shortfall has occurred. If the competent authority for dereservation approves of such dereservation, the vacancy so dereserved may be filled up by another candidate in the Select list.
- (v) There will, however, be no carry forward of reservation from year to year in the event of an adequate number of Scheduled Caste/ Scheduled Tribe candidates not being available in any particular year.
- (vi) While vacancies reserved for SCs and STs will continue to be reserved for the respective community only, a Scheduled Caste officer may also be considered for appointment against a vacancy reserved for Scheduled Tribes, or vice-versa, in the same year itself in which the reservation is made, where the appropriate reserved vacancy could not be filled by a ST or a SC candidate, as the case may be.
- (vii) Where promotions in the above manner are first made on a long term officiating basis, confirmations should be made according to the general rule viz. that an officer who has secured earlier officiating promotion on the basis of his place in the select list should also be confirmed earlier and thus enable to retain the advantage gained by him provided that he maintains an appropriate standard. But the principle of reservations would not apply again at the time of confirmation of promotees."

Please acknowledge receipt.

Yours faithfully,

Sd/- (M. S. Pandit)

Under Secretary to the Govt. of India
For and on behalf of the President of India.



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 1978 together with the Profit and Loss Account of the Corporation for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1975 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of the books;
 - (c) The reports on the accounts of the Northern and Southern Regions of the Marketing Division audited by the respective Regional Auditors were received and properly dealt with by us while preparing our report;
 - (d) The allocation of the work between the auditors has been followed as per directions contained in the letter No.1 7/368/77-IGC dated 23rd November, 1977 addressed to the Secretary, Indian Oil Corporation Limited, by Government of India, Ministry of Law, Justice & Company Affairs, Department of Company Affairs (Company Law Board), New Delhi, copies of which were forwarded to us;
 - (e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:—
 - (i) in' the case of the Balance Sheet, of the state of affairs of the Corporation, at 31st March, 1978; and
 - (ii) in the case of Profit and Loss Account of the Profit of the Corporation for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

(S. J. MERCHANT)
Partner

Bombay, 31st July, 1978.

For RAY AND RAY
Chartered Accountants

(S. K. DAS GUPTA)
Partner



ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 1 of our report of even date)

1. The Corporation has generally maintained proper records to show full particulars including quantitative details and situation of fixed assets except in some cases of Furniture and Fixtures, Equipments and Appliances which are grouped under Plant and Machinery. All fixed assets of the Corporation have not been physically verified by the Management during the year as there is a phased programme of verification of all the fixed assets which in our opinion is reasonable having regard to the size of the Corporation and the nature of the assets. In regard to LPG Cylinders verified during the year, we are informed that the reconciliation of the physically verified quantities with the book records is in progress and the discrepancies, are yet to be ascertained and adjusted. To the best of our knowledge, no serious discrepancies have been noticed on verification in case of other assets.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts, packages and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not significant and the same have been properly dealt with in the books of account excepting stores and spares referred to in note 5. In our opinion, the valuation of the above mentioned stocks, read with note 4 regarding surplus stores is fair and proper and in accordance with the normally accepted accounting principles. There has been a change in the basis of valuation of Oil stocks as referred to in note 7 which has increased the value of stock by Rs. 101.65 lakhs and the profit of the Corporation to the same extent.
4. The Corporation has not taken any loan from the Companies, firms or other parties listed in the register maintained under Section 301 or from companies under the same management.
5. Loans and advances in the nature of loans have been given to the employees and outside parties. The employees are repaying the principal amounts as stipulated and are also regular in the payment of interest except in few cases where principal and interest have become overdue and reasonable steps have been taken for recovery.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets.
7. In our opinion and according to the information and explanations given to us, the prices paid for purchases of stores, raw materials or components in excess of Rs. 10,000 in value for each type from subsidiaries, or from companies or other parties in which directors are interested as listed in the register maintained under Section 301 are reasonable as compared to the prices of similar items supplied by other parties or as available with the Corporation, excepting cases covered under note 12. We are informed that, for certain items, there is no alternative source of supply.
8. As explained to us, the Corporation has a regular procedure for the determination of unserviceable, damaged and/or surplus stores, packages and raw materials. However, as on 31st March 1978, loss, if any, on the above items has not been determined. In this regard, reference is made to note 4.
9. The Corporation has not accepted any deposits from the public.

10. In our opinion, reasonable records have been maintained by the Corporation for the sale and disposal of contaminated products, slops and scraps.
11. In our opinion, the Corporation has an adequate internal audit system commensurate with the size and the nature of its business.
12. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Corporation.
13. According to the records of the Corporation provident fund dues have been regularly deposited during the year with the appropriate authorities and there are no arrears of provident fund dues as at 31st March, 1978.
14. As per the information and explanations given to us, there were no damaged stocks in the class of goods traded in by the Corporation.

For S. B. BILLIMORIA & CO.

Chartered Accountants

(S. J. MERCHANT)

Partner

For RAY & RAY

Chartered Accountants

(S. K. DAS GUPTA)

Partner

Bombay, 31st July, 1978.

BALANCE SHEET AS AT 31ST MARCH, 1978

Index

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	1977 <u>Rupees</u>
FUNDS EMPLOYED:				
1. Share Capital	'A'	82,17,72,000		82,17,72,000
2. Reserves and Surplus	'B'	2,31,61,75,424		1,90,59,52,094
3. Total Shareholders' Funds			3,13,79,47,424	2,72,77,24,094
4. Loans:				
(a) Secured	'C'	1,03,47,060		2,60,63,838
(b) Unsecured	'D'	75,29,18,855		45,16,90,573
			76,32,65,915	47,77,54,411
5. Total Funds Employed			3,90,12,13,339	3,20,54,78,505
APPLICATION OF FUNDS:				
6. Fixed Assets:				
(a) Gross Block	'E'	3,57,32,75,493		3,45,30,73,647
(b) Less: Depreciation		1,80,39,76,103		1,61,47,30,859
		1,76,92,99,390		1,83,83,42,788
(c) Construction Work-in-Progress and Capital Goods in Stock	'F'	2,27,90,12,391		1,31,22,76,242
			4,04,83,11,781	3,15,06,19,030
7. Investments	'G'		53,26,383	53,00,223
8. Current Assets, Loans and Advances:				
A. Current Assets:				
(a) Interest accrued on Investments		1,76,114		1,45,950
(b) Inventories	'H'	2,27,15,72,159		1,93,30,99,228
(c) Book Debts	'I'	1,03,00,57,513		90,92,90,752
(d) Cash Balances:				
Cash including Imprest and Cheques in hand..		8,84,67,918		12,90,70,342
(e) Bank Balances				
(i) With Scheduled Banks:				
(a) On Current Account		20,05,921		43,56,847
(b) On Current Account under Cash Credit arrangement		3,86,84,351		6,90,53,044
(c) On Fixed Deposit Account (including Rs. 17,01,127 - 1977: Rs. 16,60,795 lodged by outside parties per contra)		17,06,740		22,16,65,992
(d) On Call Deposit Account (including Rs. 1,30,683 - 1977: Rs. 34,323 lodged by outside parties per contra)		21,30,683		20,34,323
(e) On Deposit Account under The Companies (Surcharge on Income-tax) Scheme, 1976		2,57,54,000		2,57,54,000
C/F		3,46,05,55,399		3,29,44,70,478
Carried Forward..			4,05,36,38,164	3,15,59,19,253



BALANCE SHEET AS AT 31ST MARCH, 1978 Contd....

Index

	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>	<u>1977</u> <u>Rupees</u>
Brought Forward			4,05,36,38,164	3,15,59,19,253
B/F		3,46,05,55,399		3,29,44,70,478
(ii) With Non-Scheduled Banks:				
(a) On Blocked Account with Banque Nationale De Paris, France (Maximum amount during the year Rs. 12,47,344 - 1977: Rs.15,79,281)		6,34,915		12,47,344
(b) On Fixed Deposit Accounts lodged by outside parties per contra		12,586		3,79,236
(c) On Call Deposit Accounts lodged by outside parties per contra		5,356		9,466
(iii) With Post Office: On Savings Account		3,000		15,000
B. Loans and Advances	'J'	93,99,18,044		62,41,08,841
		<u>4,40,11,29,300</u>		<u>3,92,02,30,365</u>
9. Less: Current Liabilities and Provisions	'K'	4,55,35,54,125		3,87,06,71,113
10. Net Current Assets: (Working Capital) - (8) minus (9)			(15,24,24,825)	4,95,59,252
TOTAL			<u>3,90,12,13,339</u>	<u>3,20,54,78,505</u>
11. Contingent Liabilities not provided for (Refer Schedule 'P' - Note 1)				
Notes forming part of Accounts	'P'			

C. R. DAS GUPTA
Chairman

JOY JOSEPH
Finance Director

S. KETHARAMAN
Managing Director
(Marketing)

D. B. PURI
Secretary

As per our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

For RAY & RAY
Chartered Accountants

(S. J. MERCHANT)
Partner

(S. K. DAS GUPTA)
Partner

Bombay, 31st July, 1978



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1978

Index

	Rupees	Rupees	1977 Rupees
INCOME:			
1. (i) Sale of Products and Crude and Transfers under Product Exchange	30,02,01,38,464		26,65,43,62,661
(ii) Less: Commission and Discounts	<u>2,38,07,754</u>		<u>2,08,21,043</u>
	29,99,63,30,710		26,63,35,41,618
2. Company's use of own oil	<u>4,96,43,203</u>		<u>5,06,66,464</u>
		30,04,59,73,913	<u>26,68,42,08,082</u>
3. Main Installation charges received from other Marketing Companies		1,95,37,849	1,71,63,475
4. Increase in Stocks:			
Closing Stock as on 31st March, 1978:			
Finished Products	1,56,44,14,565		1,26,46,14,703
Stock in Process	<u>14,01,21,144</u>		<u>13,43,63,208</u>
	<u>1,70,45,35,709</u>		<u>1,39,89,77,911</u>
Less: Opening Stock as on 1st April, 1977:			
Finished Products	1,26,46,14,703		1,19,61,85,619
Stock in Process	<u>13,43,63,208</u>		<u>6,25,60,968</u>
	<u>1,39,89,77,911</u>		<u>1,25,87,46,587</u>
		30,55,57,798	<u>14,02,31,324</u>
5. Interest:			
(i) On Advances	53,99,294		52,19,047
(ii) On Deposit under The Companies (Surcharge on Income-tax) Scheme, 1976	15,45,240		—
(iii) On Short Term Deposits	1,00,06,641		64,99,155
(iv) From Customers on Outstandings (Tax deducted at source Rs. 4,75,676-1977: Rs. NIL)	<u>64,03,979</u>		<u>61,25,295</u>
		2,33,55,154	<u>1,78,43,497</u>
6. Other Income (Schedule 'L')		5,21,71,076	4,91,09,056
7. Provision for Doubtful Debts, Advances and Claims written back		38,80,054	40,78,727
8. Recovery under an award		<u>6,04,90,371</u>	<u>1,46,52,255</u>
TOTAL INCOME:		<u>30,51,09,66,215</u>	<u>26,92,72,86,416</u>
EXPENDITURE:			
1. Purchase of Products and Crude for resale and Transfers under Product Exchange		14,71,62,23,565	12,25,72,17,262
2. Manufacturing, Administration, Selling and other Expenses (Schedule 'M')		8,33,26,98,010	7,42,99,06,811
3. Excise Duty		6,21,57,74,614	5,97,91,76,976
4. Depreciation and Amortisation		<u>20,24,83,414</u>	<u>21,86,55,755</u>
Carried Forward		29,46,71,79,603	25,88,49,56,804



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1978

Index

	Rupees	Rupees	1997 Rupees
Brought Forward		29,46,71,79,603	25,88,49,56,804
5. Interest:			
(i) On Government Loan for fixed period	2,95,50,473		1,96,20,050
(ii) On loan from Oil Industry Development Board	83,70,228		94,52,691
(iii) On Foreign Credit for fixed period	28,42,926		36,54,825
(iv) Other	2,16,39,767		1,37,09,808
		<u>6,24,03,394</u>	<u>4,64,37,374</u>
		29,52,95,82,997	25,93,13,94,178
6. Less: (i) Amount transferred to construction period expenses pending allocation	8,60,07,164		6,25,91,410
(ii) Expenses transferred to Manufacturing of Drums	57,25,995		47,88,127
		<u>9,17,33,159</u>	<u>6,73,79,537</u>
TOTAL EXPENDITURE		<u>29,43,78,49,838</u>	<u>25,86,40,14,641</u>
7. PROFIT FOR THE YEAR BEFORE TAX		1,07,31,16,377	1,06,32,71,775
8. Less: Expenses relating to previous years (Net) (Schedule '0')		7,07,15,847	(8,02,819)
9. PROFIT BEFORE TAX		1,00,24,00,530	1,06,40,74,594
10. Less: Provision for taxation		51,00,00,000	58,00,00,000
11. PROFIT AFTER TAX		49,24,00,530	48,40,74,594
12. Balance brought forward from last year's account		52,094	48,570
13. DISPOSABLE PROFIT		<u>49,24,52,624</u>	<u>48,41,23,164</u>
APPROPRIATIONS:			
14. Proposed Dividends		8,21,77,200	7,12,97,748
15. Investment Allowance Reserve		1,30,00,000	—
16. Insurance Reserve Account		10,00,000	10,00,000
17. General Reserve		39,62,00,000	41,17,73,322
18. BALANCE CARRIED TO BALANCE SHEET		75,424	52,094
TOTAL		<u>49,24,52,624</u>	<u>48,41,23,164</u>
19. Notes forming part of Account (Schedule 'P')			

C. R. DAS GUPTA
Chairman

JOY JOSEPH
Finance Director

S. KETHARAMAN
Managing Director
(Marketing)

D. B. PURI
Secretary

As per our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants
(S. J. MERCHANT)
Partner

Bombay, 31st July, 1978

For RAY & RAY
Chartered Accountants

(S. K. DAS GUPTA)
Partner



SCHEDULE 'A' — SHARE CAPITAL

Index

	Rupees	1997 Rupees
SHARE CAPITAL:		
Authorised:		
15,00,000 Equity Shares of Rs. 1,000 each	1,50,00,00,000	1,50,00,00,000
Issued and Subscribed:		
8,21,772 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)	82,17,72,000	82,17,72,000
TOTAL	<u>82,17,72,000</u>	<u>82,17,72,000</u>

SCHEDULE 'B' — RESERVES AND SURPLUS

	Rupees	Rupees	1997 Rupees
RESERVES AND SURPLUS:			
General Reserve:			
As per last account	1,31,49,00,000		90,31,26,678
Transferred from Profit and Loss Account	<u>39,62,00,000</u>		<u>41,17,73,322</u>
		1,71,11,00,000	<u>1,31,49,00,000</u>
Insurance Reserve Accounts:			
As per last Account	10,00,000		
Transferred from Profit and Loss Account	<u>10,00,000</u>		<u>10,00,000</u>
		20,00,000	<u>10,00,000</u>
Development Rebate Reserve:			
As per last Account		59,00,00,000	59,00,00,000
Investment Allowance Reserve:			
Transferred from Profit and Loss Account		1,30,00,000	—
Profit and Loss Account as per annexed Account		75,424	52,094
TOTAL		<u>2,31,61,75,424</u>	<u>1,90,59,52,094</u>



SCHEDULE 'C' — SECURED LOANS

Index

	<u>Rupees</u>	<u>1997 Rupees</u>
<u>SECURED LOANS:</u>		
Loans and Advances from Bank:		
(i) Secured by hypothecation of inventories, book debts, outstanding monies, recoverable claims, contracts, engagements, etc.	—	1,99,91,894
(ii) Interest accrued and due on above	1,03,47,060	60,71,944
TOTAL	<u>1,03,47,060</u>	<u>2,60,63,838</u>

SCHEDULE 'D' — UNSECURED LOANS

	<u>Rupees</u>	<u>1997 Rupees</u>
<u>UNSECURED LOANS:</u>		
Other Loans and Advances:		
(i) From the Government of India [including Rs. 3,75,00,000 (1977: Rs. 2,57,75,250) due for payment within one year and Rs. 20,00,000 payable on demand (1977: Rs. 20,00,000)]	62,20,00,000	29,77,75,250
(ii) Oil Industry Development Board (including Rs. 98,50,000 - 1977: Rs. 90,50,000 due for payment within one year)	8,13,00,000	9,03,50,000
(iii) Foreign Credits (including Rs. 1,28,84,185 - 1977: Rs. 1,28,84,185 due for payment within one year)	4,86,12,445	6,14,96,630
(iv) Amount deposited by COMPAGNIE FRANCAISE D'ETUDES ET DE CONSTRUCTION in Bank Account	—	8,10,681
(v) Deferred payment (including Rs. 2,51,602 - 1977: Rs. 2,51,602 due for payment within one year)	10,06,410	12,58,012
TOTAL	<u>75,29,18,855</u>	<u>45,16,90,573</u>

SCHEDULE 'E' — FIXED ASSETS

	Gross Block as at 31st March, 1977 at cost	Additions during the year at cost	Transfers from construction work-in -progress at cost	Transfers, deductions and reclassifications at cost
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
LAND — Freehold	7,36,39,745	1,78,136	—	(-) 9,84,405
— Leasehold..	35,41,452	59,880	—	(-) 36,000
— Right of way	22,99,370	8,80,000	—	—
BUILDINGS, ROADS ETC	31,67,26,969	25,64,112	3,86,99,816	(-) 6,20,706
PLANT AND MACHINERY	2,70,74,38,742	2,45,63,706	4,49,47,362	(-) 91,88,825
TRANSPORT EQUIPMENT	9,24,71,347	1,01,48,380	84,00,687	(-) 56,55,534
FURNITURE AND FIXTURES	5,21,51,990	51,25,249	13,83,274	(-) 12,10,795
RAILWAY SIDINGS	3,46,88,846	5,48,369	45,568	(-) 261
DRAINAGE, SEWAGE AND WATER SUPPLY SYSTEM	16,94,46,091	8,392	3,95,848	(-) 75,573
SUNDRY ASSETS	6,69,095	43,810	7,924	(-) 26,568
TOTAL	3,45,30,73,647	4,41,20,034	9,38,80,479	(-) 1,77,98,667
PREVIOUS YEAR	3,06,21,17,851	8,20,20,058	32,26,48,455	(-) 1,37,12,717

* Includes (-) Rs. 11,27,626 in respect of previous years (1977: Rs. 46,02,655)



SCHEDULE 'E' — FIXED ASSETS Contd...

Gross Block as at 31st March, 1978 at cost	Depreciation and amortisation charged this year *	Total depreciation and amortisation upto 31st March, 1978	Net Block	
			As at 31st March, 1978	1977
Rupees	Rupees	Rupees	Rupees	Rupees
7,28,33,476	—	—	7,28,33,476	7,36,39,745
35,65,332	(-) 4,02,204	4,92,148	30,73,184	26,47,100
31,79,370	—	—	31,79,370	22,99,370
35,73,70,191	2,06,35,733	9,29,73,180	26,43,97,011	24,42,36,955
2,76,77,60,985	15,83,16,845	1,53,36,40,824	1,23,41,20,161	1,32,59,69,044
10,53,64,880	97,55,213	5,82,93,481	4,70,71,399	3,91,22,976
5,74,49,718	45,21,082	3,61,18,728	2,13,30,990	1,95,75,714
3,52,82,522	14,09,624	1,15,22,480	2,37,60,042	2,45,75,990
16,97,74,758	70,66,434	7,03,67,379	9,94,07,379	10,61,44,033
6,94,261	53,061	5,67,883	1,26,378	1,31,861
3,57,32,75,493	20,13,55,788	1,80,39,76,103	1,76,92,99,390	1,83,83,42,788
3,45,30,73,647	22,32,58,410	1,61,47,30,859	1,83,83,42,788	

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

Index

	<i>Rupees</i>	<i>Rupees</i>	<i>1997 Rupees</i>
<u>CONSTRUCTION WORK-IN-PROGRESS AND CAPITAL GOODS IN STOCK:</u>			
1. Work-in-Progress (at cost) (including unallocated capital expenditure, materials at site and advances for Capital Expenditure)	1,41,21,84,038		68,83,70,612
2. Capital Stores (at cost) including Rs; 10,16,74,364 lying with Contractors (1977: Rs. 2,03,64,679)	63,33,38,106		44,81,36,184
3. Miscellaneous Capital Stores (at or under cost)	33,35,166		44,25,692
4. Capital Goods in transit (at cost)	4,53,42,669		6,89,36,171
5. Construction period expenses pending allocation:			
Balance as at 1st April, 1977	10,24,07,583		6,78,04,202
<i>Add:</i> Expenditure during the year:			
Establishment Charges	1,16,29,937		83,84,116
Interest	3,78,94,616		2,88,83,698
Depreciation	1,29,89,833		32,92,480
Other	2,56,84,950		2,52,54,681
	19,06,06,919		13,36,19,177
Less: Recoveries	21,92,172		32,23,565
	18,84,14,747		13,03,95,612
Less: Allocated to assets/construction work-in-progress during the year	36,02,335		2,79,88,029
		18,48,12,412	10,24,07,583
TOTAL	2,27,90,12,391		1,31,22,76,242



SCHEDULE 'G' — INVESTMENTS

Index

	Rupees	Rupees	Rupees	1997 Rupees
INVESTMENTS at cost (Unquoted):				
1. In Government Securities (including Rs. 4,17,355 – 1977: Rs. 4,12,355 deposited with various bodies)			4,17,555	4,12,555
2. Other Investments:				
(a) In International Co-operative Petroleum Association – 350 (1977: 328) Shares of \$100 each fully paid and part paid Common Stock of \$72.31 – (1977: \$87.76)		2,12,438		1,94,863
(b) In Consumers' Co-operative Societies:				
(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 – 344 (1977: 296) Equity Shares of Rs. 10 each fully paid in cash .	3,440			2,960
(iv) Indian Oil Employees Consumers' Co-operative Society Limited, Bombay –170 Equity Shares of Rs. 10 each fully paid in cash	1,700			1,700
(v) Indian Oil Employees Co-operative Consumers Stores Limited, Madras – 700 Equity Shares of Rs. 10 each fully paid in cash	7,000			7,000
(vi) Indian Oil Employees Co-operative Consumers Stores Limited, Delhi – 375 Equity Shares of Rs. 10 each fully paid in cash	3,750			3,750
		20,890		20,410
(c) In Co-operative Housing Societies:				
(i) Casa Grande – 10 Equity Shares of Rs. 50 each fully paid in cash	500			500
(ii) Seema Apartment – 5 Equity Shares of Rs. 50 each fully paid in cash	250			250
(iii) New Silver Home – 5 Equity Shares of Rs. 50 each fully paid in cash	250			250
(iv) Ruby – 5 Equity Shares of Rs. 50 each fully paid in cash	250			—
(v) St. Sarupdas – 10 Equity Shares of Rs.50 each fully paid in cash	500			—
(vi) Cuffe Parade Ravi Kiran – 15 Equity Shares of Rs. 50 each fully paid in cash	750			—
(vii) Twin Towers Premises – 10 Equity Shares of Rs. 50 each fully paid in cash	500			—
		3,000		1,000
			2,36,328	2,16,273
3. In a Subsidiary Company: Indian Oil Blending Limited – 8,000 Equity Shares of Rs. 500 each fully paid in cash			40,00,000	40,00,000
4. By Outside Parties – Security Deposit per contra			6,72,500	6,71,395
TOTAL			53,26,383	53,00,223



SCHEDULE 'H' – INVENTORIES

Index

	<u>Rupees</u>	<u>Rupees</u>	<u>1977</u> <u>Rupees</u>
INVENTORIES:			
1. Stores, Spares etc.:			
(a) Stores and Spare Parts (at or under cost)	20,54,56,112*		19,71,06,352*
(b) Loose Tools	–		1,04,011
(c) Stores in transit (at cost)	<u>2,74,52,853</u>		<u>1,74,52,451</u>
		23,29,08,965	<u>21,46,62,814</u>
2. Raw Materials (at cost)		32,35,11,080	31,02,47,063
3. Stock-in-Trade:			
(a) Oil Stocks (at cost or net realisable value whichever is lower)	1,56,44,14,565**		1,26,46,14,703**
(b) Stock-in-Process (at or under cost)	<u>14,01,21,144</u>		<u>13,43,63,208</u>
		1,70,45,35,709	<u>1,39,89,77,911</u>
4. Stock of empty Barrels and Tins (at cost or net realisable value whichever is lower)		1,06,16,405	92,11,440
TOTAL		<u>2,27,15,72,159</u>	<u>1,93,30,99,228</u>
* Includes stock lying with contractors Rs. 14,03,061 (1977: Rs 15,40,730)			
** Includes stock lying with other oil companies on loan Rs. 1,47,80,996 (1977: Rs. 5,49,313)			

SCHEDULE 'I'-BOOK DEBTS

	<u>Rupees</u>	<u>Rupees</u>	<u>1977</u> <u>Rupees</u>
BOOKDEBTS:			
1. Over Six Months:			
(a) Secured Considered Good	13,76,455		1,80,247
(b) Unsecured Considered Good	14,73,49,945		11,56,20,810
(c) Unsecured Considered Doubtful	<u>1,78,90,341</u>		<u>1,52,90,969</u>
		16,66,16,741	<u>13,10,92,026</u>
2. Other Debts:			
(a) Secured Considered Good	67,33,331		6,77,343
(b) Unsecured Considered Good	87,45,97,782		79,28,12,352
(c) Unsecured Considered Doubtful	<u>2,73,224</u>		<u>2,55,571</u>
		88,16,04,337	<u>79,37,45,266</u>
		1,04,82,21,078	92,48,37,292
Less: Provision for Doubtful Debts		1,81,63,565	1,55,46,540
TOTAL		<u>1,03,00,57,513</u>	<u>90,92,90,752</u>

1. Debts due from Directors Rs. Nil (1977: Rs. 156) (Maximum Rs. 156 - 1977: Rs. 257)
2. Debts due from Other Officers Rs. 1,039 (1977: Rs. 1,126) (Maximum Rs. 1,678-1977: Rs. 1,584)



SCHEDULE 'J' - LOANS AND ADVANCES

Index

	Rupees	Rupees	1977 Rupees
<u>LOANS AND ADVANCES.</u>			
1. Bills of Exchange - Unsecured considered Good		-	69,38,160
2. Advances recoverable in cash or in kind or for value to be received:			
(a) Secured Considered Good	5,19,17,172*		4,02,59,560*
(b) Unsecured Considered Good	61,23,90,422*		36,72,67,175*
(c) Unsecured Considered Doubtful	<u>17,45,842</u>		<u>18,91,815</u>
	66,60,53,436*		40,94,12,550
(d) Less: Provision for Doubtful Advances	<u>17,45,842</u>		<u>18,91,815</u>
		66,43,07,594	<u>40,75,20,735</u>
3. Claims Recoverable:			
(a) Unsecured Considered Good	18,62,16,136*		9,57,71,370*
(b) Unsecured Considered Doubtful	<u>2,13,10,559</u>		<u>1,88,69,015</u>
	20,75,26,695		11,46,40,385
(c) Less: Provision for Doubtful Claims	<u>2,13,10,559</u>		<u>1,88,69,015</u>
		18,62,16,136	<u>9,57,71,370</u>
4. Materials on Loan:			
(a) Secured Considered Good	6,71,125		2,38,006
(b) Unsecured Considered Good	<u>3,08,634</u>		<u>4,52,486</u>
		9,79,759	<u>6,90,492</u>
5. Balance with Customs, Port Trust and Excise Authorities - Unsecured Considered Good		6,55,54,381	7,98,12,940
6. Sundry Deposits (including amount adjustable on receipt of final bills):			
(a) Secured Considered Good	10,000		18,000
(b) Unsecured Considered Good	<u>2,28,50,174</u>		<u>3,33,57,144</u>
		2,28,60,174	<u>3,33,75,144</u>
TOTAL		<u>93,99,18,044</u>	<u>62,41,08,841</u>

* Includes

1. Rs. Nil (1977: Rs. 13) due from Directors (Maximum Rs. 1,241 - 1977: Rs. 2,120)

2. Rs. 5,50,339 (1977: Rs. 5,15,867) due from other Officers (Maximum Rs. 6,85,099 - 1977: Rs. 6,38,935)



SCHEDULE 'K'- CURRENT LIABILITIES AND PROVISIONS

Index

			1977
A. CURRENT LIABILITIES:	Rupees	Rupees	Rupees
1. Acceptances	20,92,98,484		28,33,36,679
2. Sundry Creditors	3,76,52,81,664		3,08,15,68,461
3. Due to Indian Oil Blending Ltd. (a subsidiary Co.)	13,73,157		13,03,567
4. Security Deposits (including Deposits lodged by outside parties with Banks per contra Rs. 18,49,752-1977: Rs. 20,83,820 and investments lodged by outside parties per contra Rs. 6,72,500-1977: Rs. 6,71,395)	30,22,15,324		25,50,26,001
5. Interest accrued but not due on loans	<u>31,25,579</u>		<u>26,25,152</u>
		4,28,12,94,208	<u>3,62,38,59,860</u>
B. PROVISIONS:	Rupees		
6. Provision for taxation	2,06,00,00,000		1,55,00,00,000
Less: Advance payments	<u>1,96,51,49,739</u>		<u>1,45,64,68,923</u>
	9,48,50,261		9,35,31,077
7. Provision for Gratuity ..	8,92,97,390		7,76,01,466
8. Provision for Renewal of Catalyst	59,35,066		43,80,962
9. Proposed Dividends ..	<u>8,21,77,200</u>		<u>7,12,97,748</u>
		<u>27,22,59,917</u>	<u>24,68,11,253</u>
TOTAL		<u>4,55,35,54,125</u>	<u>3,87,06,71,113</u>

SCHEDULE 'L'- OTHER INCOME

			1977
OTHER INCOME:	Rupees	Rupees	Rupees
1. Sale of Power and Water		1,58,42,735	1,64,00,939
2. Exchange Fluctuations		-	1,16,764
3. Profit on sale and disposal of Assets		33,53,071	35,12,779
4. Interest from Government Securities		33,308	30,605
5. Income from Other Investments		29,292	8,426
6. Surplus from Subsidiary Company (Indian Oil International Limited - Liquidated)		-	41,146
7. Dividends received from:			
(i) A Subsidiary - Gross (Tax deducted at source Rs. 92,000 - 1977: Rs. 92,000)	4,00,000		<u>4,00,000</u>
	Rupees		
(ii) Other Investments - Gross	5,277		6,215
Less: Withheld U.S.Tax	<u>1,583</u>		<u>1,655</u>
	3,694		4,560
		4,03,694	<u>4,04,560</u>
8. Royalty		1,39,097	11,114
9. Miscellaneous Income		3,23,69,879	2,85,82,723
TOTAL		<u>5,21,71,076</u>	<u>4,91,09,056</u>



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

Index

	Rupees	Rupees	1977 Rupees
<u>MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES:</u>			
1. Raw Materials Consumed:			
Opening balance as on 1st April, 1977 ..	31,02,47,063		28,70,72,339
Add: Purchases	6,46,39,97,285		5,69,97,50,540
	<u>6,77,42,44,348</u>		<u>5,98,68,22,879</u>
Less: Closing Stock	32,35,11,080,		31,02,47,063
		6,45,07,33,268	<u>5,67,65,75,816</u>
2. Consumption:			
(i) Stores and Spares	7,17,62,324		5,81,60,528
(ii) Packages	23,09,07,462		21,87,77,056
		30,26,69,786	<u>27,69,37,584</u>
3. Power and Fuel	33,89,70,084		29,22,63,790
Less: Fuel of own production	32,92,15,509		28,13,96,498
		97,54,575	<u>1,08,67,292</u>
4. Processing fees, Blending fees, Royalty and other charges		2,01,30,343	1,68,46,759
5. Provision for renewal of Catalyst		15,54,104	12,36,489
6. Repairs and Maintenance:			
(a) Plant and Machinery ..	8,13,87,324		5,76,41,593
/b) Buildings	1,28,17,125		93,18,974
(c) Other	1,54,49,581		1,43,57,404
		10,96,54,030	<u>8,13,17,971</u>
7. Freight and Transportation charges (net of recoveries from Pool Accounts)		87,21,59,478	84,23,94,039
8. Payment to and Provision for Employees:			
(a) Salaries, Wages and Bonus	27,30,10,169		24,95,44,463
(b) Contribution to Provident and other funds	1,65,57,180		1,49,31,645
(c) Staff Welfare Expenses	2,36,88,674		1,86,02,840
(d) Gratuity and Ex-Gratia	1,29,03,663		87,97,386
		32,61,59,686	<u>29,18,76,334</u>
9. Office Administration, Selling and other Expenses (Schedule 'N')		23,98,82,740	23,18,54,527
TOTAL		<u>8,33,26,98,010</u>	<u>7,42,99,06,811</u>



SCHEDULE 'N' - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES
Index

	Rupees	Rupees	1977 Rupees
OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES:			
1. Rent		2,57,36,667	2,22,05,113
2. Insurance (including Emergency Risk Insurance)		1,23,00,789	1,25,17,794
3. Rates and Taxes		1,45,63,858	1,31,70,132
4. Donations		13,39,601	2,37,358
5. Directors' Fees		1,000	900
6. Payments to Auditors:			
(a) Audit Fees	3,00,000		2,50,000
(b) Other Services (for issuing certificates etc.)	62,497		1,74,150
(c) Out of Pocket Expenses	99,132		77,682
		4,61,629	<u>5,01,832</u>
7. Main Installation Charges paid to other Marketing Companies		1,40,15,309	1,15,31,508
8. Office Administration, Selling and other expenses		14,18,67,538*	14,77,92,745*
9. Bad Debts, Advances and Insurance claims written off		22,97,448	8,79,623
10. Loss on Assets sold, lost or written off		37,54,775	23,10,699
11. Technical Assistance by Engineers India Ltd.		83,28,110	75,19,416
12. Exchange Fluctuations		4,21,996	-
13. Provision for Doubtful Debts, Advances and Claims..		87,92,650	71,24,553
14. Central Industrial Security Force Expenses		56,40,483	38,59,387
15. Pollution Control Expenses		3,60,887	22,03,467
	TOTAL	<u>23,98,82,740</u>	<u>23,18,54,527</u>
* Includes bank charges Rs. 2,35,78,837 - 1977: Rs. 4,10,67,283 and Rs. 12,08,740 - 1977: Rs. NIL towards payment to Government of Gujarat in respect of schemes for release of water from Panam Dam.			

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

	Rupees	Rupees	1977 Rupees
INCOME:			
1. (i) Sale of Products and Crude and Transfers under Product Exchange	1,45,91,530		(1,33,55,145)
(ii) Less: Commission and Discounts	(3,86,418)		2,07,651
	1,49,77,948		(1,35,62,796)
2. Company's use of own oil	8,28,458		-
		1,58,06,406	<u>(1,35,62,796)</u>
3. Interest:			
(i) On Advances	-		1,51,233
(ii) From Customers on Outstandings	(1,48,340)		-
		(1,48,340)	<u>1,51,233</u>
4. Sale of Power and Water		(6,60,895)	16,03,919
5. Miscellaneous Income		52,02,190	77,07,944
	TOTAL INCOME	<u>2,01,99,361</u>	<u>(1,00,99,700)</u>

SCHEDULE '0' - EXPENSES/INCOME PERTAINING TO PREVIOUS YEARS- (Contd.)

	<u>Rupees</u>	<u>Rupees</u>	<u>1977</u> <u>Rupees</u>
EXPENSES:			
1. Purchase of Products and Crude for resale and Transfers under Product Exchange		3,33,30,955	(1,48,54,031)
2. Raw Materials Consumed - Purchases		35,05,777	52,53,029
3. Consumption:			
(i) Stores and Spares	(1,05,624)		74,869
(ii) Packages	4,03,900		7,31,386
		2,98,276	<u>8,06,255</u>
4. Power and Fuel		-	(5,26,717)
5. Procassing fees, Blending fees, Royalty and Other Charges		1,09,000	-
6. Repairs and Maintenance:			
(i) Plant and Machinery	3,67,977		8,77,109
(ii) Other	(8,19,398)		-
		(4,51,421)	<u>8,77,109</u>
7. Freight and Transportation charges (net of recoveries from Pool Account)		(98,69,512)	36,52,529
8. Payment to and Provision for Employees:			
(i) Salaries, Wages and Bonus	4,76,989		32,65,379
(ii) Contribution to Provident and other funds	2,21,029		80,235
(iii) Gratuity and Ex. Gratia	-		6,95,114
		6,98,018	<u>40,40,728</u>
9. Rent		7,07,219	(42,72,751)
10. Insurance		(1,12,344)	(3,50,926)
11. Rates and Taxes		8,81,582	1,40,156
12. Main Installation charges paid to Other Marketing Companies		(5,57,742)	6,27,802
13. Office Administration, Selling and Other Expenses		87,59,668*	(29,81,952)
14. Loss on Assets sold, lost or written off		7,90,481	-
15. Exchange Fluctuation		11,94,549	-
16. Excise Duty		9,96,085	(77,99,437)
17. Depreciation and Amortisation		(11,27,626)	46,02,655
18. Interest - Other		5,17,62,243	1,87,090
19. Expenses Capitalised		-	(3,04,058)
TOTAL EXPENSES		<u>9,09,15,208</u>	<u>(1,09,02,519)</u>
NET EXPENSES/(INCOME)		<u>7,07,15,847</u>	<u>(8,02,819)</u>

* Includes Rs. 53,64,000 towards payments to Government of Gujarat in respect of scheme for release of water from Panam Dam and discharge of effluents.

**SCHEDULE 'P' - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 1978**

Index

<p>1. Contingent Liabilities not provided for:</p> <p>(a) Claims against the Corporation not acknowledged as debts Rs. 2,498.24 lakhs (1977:Rs. 2,297.83 lakhs). These include:</p> <p>(i) Rs. 1,102.41 lakhs (1977: Rs. 1,136.86 lakhs) being the demands made by the Central Excise.</p> <p>(ii) Rs. 431.57 lakhs (1977:Rs. 629.12 lakhs) for which suits have been filed in the Courts or cases lying with arbitrators.</p> <p>(iii) Rs. 204.07 lakhs (1977:Rs. 204.07 lakhs) towards damages for short-fall and termination of supplies to a Customer.</p> <p>Interest, if any, on some of the claims is unascertainable.</p> <p>(b) Undertakings to indemnify banks and others for its providing guarantees aggregating to Rs. 1192.17 lakhs (1977: Rs. 1,196.05 lakhs).</p> <p>(c) Bills discounted with Banks Rs. 8.54 lakhs (1977: Rs. 96.16 lakhs).</p> <p>(d) Income tax, if any, reimbursible to foreign contractors.</p> <p>2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 11,734.67 lakhs (1977:Rs. 12,771.23 lakhs).</p> <p>3. (a) Title Deeds for land and Residential Apartments of the book value of Rs. 209.01 lakhs (1977: Rs. 285.14 lakhs), as also, Lease and other agreements in respect of certain other lands are pending execution and are therefore, not available for verification.</p> <p>(b) Pending the decision of the State Government no liability could be determined and provided for in respect of claims preferred by certain parties on the Collector, Mathura, for land acquired for Mathura Refinery Project.</p> <p>(c) A sum of Rs. 6.75 lakhs received from Indian Petro-Chemicals Corporation Ltd. as a deposit in 1973, against cost of land of the Northern Township at Koyali transferred to them has been credited to</p>	<p>freehold land account during the year and is subject to adjustment on receipt of final cost of the land and pending completion of various formalities by the transferee.</p> <p>(d) 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.</p> <p>4. Included amongst stores are some items which are surplus and no provision has been made in these accounts towards loss on disposal thereof, if any, that may arise, as the extent could not be determined.</p> <p>5. Stores and Spares include a sum of Rs. 4.20 lakhs representing unadjusted value of certain quantities of Brass Tubes found short on physical verification pending departmental investigation.</p> <p>6. Closing Stock includes stock of Tin Plates of value of Rs. 1.34 lakhs (1977: Rs. 1.34 lakhs) lying with a Contractor who contends that no stock is lying with him.</p> <p>7. Arising out of the changes in the pricing system and consequent procedure for adjustments in the Pool Accounts, there has been a change in the basis of determining the cost of Oil Stocks. This has resulted in a higher valuation and an increase in profit for the year, by Rs. 101.65 lakhs.</p> <p>8. Book debts include an amount of Rs 30.53 lakhs (1977: Rs. 30.53 lakhs) for which the Corporation has filed a suit against a Party. Pending the Court's decision, the amount is considered good and recoverable.</p> <p>9. Sundry Deposits include an amount of Rs. 50.59 lakhs (1977: Rs. 50.59 lakhs) deposited by the Corporation with another Marketing Company in respect of supply on installation exchange arrangement. However, the amount was appropriated by the said company. The Corporation has disputed the appropriation and has filed a suit in the Bombay High Court. Pending the Court's decision, the amount is considered good and recoverable.</p> <p>10. No credit has been taken for the following:</p> <p>(a) Under an award given for the price of RFO/ LSHS supplied to a State Electricity Board the Corporation has received 5 instalments totalling Rs. 7.52 crores which accrued, became due and receivable upto this year. The credit for the balance amount of Rs. 65.77 crores will be taken</p>
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on the respective dates when they will accrue, become due and receivable.

- (b) Out of the claim for Rs. 155.25 lakhs (1977: Rs. 155.25 lakhs) preferred on a Shipping Company on account of additional charter hire paid an amount of Rs. 151.39 lakhs (1977: Rs. 151.39 lakhs) has not been taken credit for in the accounts as the matter is under arbitration.
- (c) Claims amounting to Rs. 1,262.58 lakhs (1977: Rs. 899.34 lakhs) relating to product pattern variations, pending approval of the appropriate authorities.
- (d) Excise claims of Rs. 30.96 lakhs.
- (e) The supply of power during the year to Gujarat Electricity Board by the Corporation has been taken on the basis of the price formula which was operative upto 31st March, 1977 as the new basis is yet to be finalised.
11. A sum of Rs. 28.42 lakhs (1977: Rs. 28.42 lakhs) being compensation for loss on utilisation of Indian Flag vessel (used for carrying crude oil/oil products) has been included under claims recoverable, pending decision by Government.
12. The Corporation, for a part of the year, has in some cases, been making purchases of materials and goods from Public Sector Undertakings and/or Government Companies, who enjoyed a price preference generally not exceeding 10 per cent under the orders of the Government.
13. Claims and provisions on account of various Pool Accounts have been worked out provisionally on the basis of available instructions/clarifications and are subject to final adjustment on receipt of further clarifications from Government.
14. Adjustments for certain inter company oil transactions have been carried out on a provisional basis, pending finalisation of detailed terms and conditions.
15. Remuneration paid or payable to full time Directors was Rs. 1,79,454 (1977: Rs. 2,55,575). In addition, full time Directors are also allowed the use of the Corporation's car for private purposes upto 6,000 KM per annum on a payment of Rs. 1,200 per annum to be recovered in instalments of Rs. 100 per mensem. The Managing Director (Marketing) has been allotted a company owned flat on recovery of rent at 10 per cent of his basic pay. Further, the Finance Director has been allotted a company leased flat on recovery of rent at 10% of his basic pay. However, the rent paid by the Corporation during 1977-78 exceeds the ceiling stipulated by the Government by Rs. 6,206/-. This is subject to the approval of the appropriate authority.
16. The Profit and Loss Account includes :
- (a) Expenses on Public Relations and Publicity of Rs. 39.43 lakhs (1977: Rs. 37.95 lakhs).
- (b) Entertainment Rs. 5.22 lakhs (1977: Rs. 6.84 lakhs)
17. Payments made to the Government of Gujarat in respect of schemes for release of water from Panam Dam and discharge of effluents amounting to Rs. 65.73 lakhs (including payments in earlier years Rs. 53.64 lakhs) has been charged off to Revenue during the year under the head "Office Administration, Selling and Other Expenses".
18. Information required under paragraphs 3(i) (a), 3(a), 3(x) (f) note 2, 4C and 4D(b) and 4D(e) of Part II of Schedule VI to the Companies Act, 1956 is given in Schedule 'Q' to 'V'. Exemption has been obtained from the Government from compliance of para 4D(a) and 4D(c) of part II of Schedule VI of the Companies Act, 1956.
19. Figures in bracket indicate deductions.
20. Previous year's comparative figures have been regrouped to the extent practicable, wherever necessary.

Signature to Schedules 'A' to 'V'

C.R. DAS GUPTA
Chairman

JOY JOSEPH
Finance Director

S. KETHARAMAN
Managing Director
(Marketing)

D. B. PURI
Secretary



SCHEDULE 'Q' - LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

Index

	<u>PETROLEUM PRODUCTS</u>		<u>LUBRICATING OILS</u>	
	<u>1978</u> <u>M.Ts.</u>	<u>1977</u> <u>M.Ts.</u>	<u>1978</u> <u>M.Ts.</u>	<u>1977</u> <u>M.Ts.</u>
(i) Licenced Capacity (including Mathura Refinery Project under construction 60,00,000 M.Ts. and 30,00,000 M.Ts. for Gujarat Refinery Expansion)	1,82,50,000	1,82,50,000	1,70,000	1,70,000
(ii) Installed Capacity*	92,50,000	92,50,000	1,40,000***	1,40,000***
(iii) Actual Production	94,96,295 5,875@	91,30,042 40,166@	72,990	69,803
(iv) Product Processed/Manufactured by others	—	—	89,046	77,268
			1,51,091@@	1,21,706@@

* As certified by the Management and accepted by the auditors without verification.
 ** Licensed Capacity is 15,00,000 drums for Asphalt Drums and Lube Oil Drums put together.
 *** Per year operating in two shifts.
 + Per year operating in single shift.
 ++ Per single shift.
 @ Cubic metres.
 @@ In Kilo Litres.

SCHEDULE 'R' - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS – TURNOVER

	OPENING STOCK		
	QUANTITY		VALUE
	MTs.	KLs.	RUPEES
FORMULA PRODUCTS:			
As on 31st March, 1978	3,08,007	11,19,070	1,02,49,69,214
As on 31st March, 1977	243,793	11,80,138	95,70,59,707
LUBRICANTS AND GREASES:			
As on 31st March, 1978	1,256	57,400	16,96,93,019
As on 31st March, 1977	2,109	39,980	15,63,39,092
OTHER PETROLEUM PRODUCTS:			
As on 31st March, 1978	1,16,504	1,147	6,88,37,598
As on 31st March, 1977	1,22,788	9,884	8,20,62,215
CRUDE OIL			
As on 31st March, 1978	—	—	—
As on 31st March, 1977	—	—	—
BASE OIL AND ADDITIVES:			
As on 31st March, 1978	897	—	11,14,872
As on 31st March, 1977	583	—	7,24,605
TOTAL:			
As on 31st March, 1978	4,26,664	11,77,617	1,26,46,14,703
As on 31st March, 1977	3,69,273	12,30,002	1,19,61,85,619



SCHEDULE 'Q' - LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION Contd...

ASPHALT DRUMS		LUBE OIL DRUMS		18.5 LITRE TINS	
1978 Nos.	1977 Nos.	1978 Nos.	1977 Nos.	1978 Nos.	1977 Nos.
15,00,000**	15,00,000**	—**	—**	—	—
10,00,000***	10,00,000***	5,00,000+	5,00,000+	8,000++	8,000++
8,33,193	7,52,970	2,45,868	2,27,463	—	—
6,95,228	4,40,360	12,280	4,37,330	—	—

SCHEDULE 'R' - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS – TURNOVER Contd..

PURCHASES INCLUDING EXCISE DUTY			SALES			CLOSING STOCK		
QUANTITY		VALUE	QUANTITY		VALUE	QUANTITY		VALUE
MTs.	KLs.	RUPEES	MTs.	KLs.	RUPEES	MTs.	KLs.	RUPEES
11,95,085	1,19,70,245	14,52,18,01,708	16,68,719	2,01,87,607	22,40,46,25,410	3,82,941	10,62,431	1,25,10,71,288
10,84,185	1,07,98,175	12,73,81,44,010	14,80,433	1,88,74,012	20,30,96,38,267	3,08,007	11,19,070	1,02,49,69,214
11,127	17,336	42,89,81,830	14,361	3,31,564	1,57,76,87,593	1,990	34,664	21,80,94,882
515	7,566	33,02,51,717	6,190	2,56,063	1,24,61,27,272	1,256	57,400	16,96,93,019
1,257	10,085	3,11,88,936	13,35,710	2,72,163	1,48,30,02,390	1,38,547	5,845	9,47,77,340
—	4,155	3,43,62,689	12,95,561	5,00,729	1,38,19,34,543	1,16,504	1,147	6,88,37,598
			25,880*					
56,08,687	—	4,49,96,86,969	56,08,687	—	4,49,96,26,355	—	—	—
46,74,011	—	3,68,63,47,077	46,74,011	—	3,70,31,11,318	—	—	—
20,806	10,855	5,20,63,622	20,806	10,855	5,51,96,716	379	—	4,71,055
9,729	—	1,29,15,208	9,737	—	1,35,51,261	897	—	11,14,872
68,36,962	1,20,08,521	19,53,37,23,065	86,48,283	2,08,02,189	30,02,01,38,464	5,23,857	11,02,940	1,56,44,14,565
			5,878*					
57,68,440	1,08,09,896	16,80,20,20,701	74,65,932	1,96,30,804	26,65,43,62,661	4,26,664	11,77,617	1,26,46,14,703
			25,880*					

* Cubic Metres.

- Note: 1. Purchases and Sales exclude value adjustments, shown under items pertaining to the previous years.
 2. In view of the physical stocks and the records of drums manufactured as well as purchased being combined, separate information in respect of opening and closing stock of drums manufactured is not feasible.
 3. Adjustment for transit and temperature variations has been made in regard to quantitative information given in respect of purchases.



SCHEDULE 'S' - CONSUMPTION PARTICULARS OF RAW MATERIALS

	1977					
	QUANTITY		VALUE	QUANTITY		VALUE
	MTs.	KLs.	RUPEES	MTs.	KLs.	RUPEES
Crude Oil	1,01,01,432	–	5,68,26,16,702	97,30,509	–	5,01,13,09,202
Base Oils	2,00,043	1,574	63,26,65,004	61,524	1,79,950	52,98,60,625
Additives	3,828	5,250	13,54,51,562	3,641	4,894	13,54,05,989
Steel Coils and Sheets*	22,389	–	7,84,33,695	29,021	–	11,25,15,018
TOTAL	1,03,27,692	6,824	6,52,91,66,963	98,24,695	1,84,844	5,78,90,90,834

Note: 1. Additives are not considered as Raw Materials in Refineries Division.

2. Consumption excludes value adjustments if any, shown under items pertaining to the previous years.

3. * Shown under packages consumed in the Profit and Loss account.

**SCHEDULE 'T' - DETAILS OF EMPLOYEES DRAWING NOT LESS THAN
RS. 36,000 PER ANNUM OR RS. 3,000 PER MONTH**

		<u>Rupees</u>	<u>1977</u> <u>Rupees</u>
1. Employees employed throughout the year and in receipt of total remuneration not less than Rs. 36,000 per annum:			
Number	<u>67</u>		<u>47</u>
(a) Salaries, Wages and Bonus		24,67,673	16,61,324
(b) Contribution to Provident Fund/Family Pension Fund		1,81,085	1,23,489
(c) TOTAL (a) + (b)		<u>26,48,758</u>	<u>17,84,813</u>
2. Employees employed for part of the year and in receipt of remuneration not less than Rs. 3,000 per month:			
Number	<u>11</u>		<u>12</u>
(a) Salaries, Wages, Bonus and Gratuity paid		2,44,270	3,20,252
(b) Contribution to Provident Fund/Family Pension Fund		14,586	14,497
(c) TOTAL (a) + (b):		<u>2,58,856</u>	<u>3,34,749</u>
The above figures exclude amounts shown under items pertaining to previous years.			

SCHEDULE 'U' - EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF ROYALTY, KNOW-HOW, PROFESSIONAL AND CONSULTATION FEES, INTEREST AND OTHER MATTERS

Index

	<i>Rupees</i>	<i>1977 Rupees</i>
1. Foreign Agency Fees	5,62,41,534	5,65,68,967
2. Royalty (excluding income tax)	9,88,152	4,02,356
3. Technical Services fees	15,52,109	11,43,156
4. Technical know-how fees	8,52,700	-
5. Professional consultation fees	59,33,570	62,60,024
6. Interest	30,53,990	39,09,927
7. Others	80,96,010	98,91,570
TOTAL	<u><u>7,67,18,065</u></u>	<u><u>7,81,76,000</u></u>

SCHEDULE 'V' - EARNINGS IN FOREIGN EXCHANGE

	<i>Rupees</i>	<i>1977 Rupees</i>
1. Export of Goods Calculated on FOB Basis:		
(a) Export	53,91,34,235	49,40,64,658
(b) Capital goods issued to Nepal Oil Corporation Limited	52,229	2,98,075
2. Interest and Dividend	13,560	74,283
3. Other Income and Service Charges	11,03,971	5,62,391
TOTAL	<u><u>54,03,03,995*</u></u>	<u><u>49,49,99,407*</u></u>

* Includes Rs. 39,58,35,435 (1977: Rs. 39,11,54,361) received in Indian Currency out of repatriable funds of foreign customers and other export sales through canalising agencies



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 company were registered in the name of the Company and their nominees as indicated		
<u>As at 31st March, 1978 :</u>		
Indian Oil Blending Limited	8,000	40,00,000
2. Net aggregate amount of the Profit of subsidiary Company not dealt with in the Company's account so far as they concern the members of the Company are:		
	<u>For the financial year ended 31st March, 1978</u>	<u>Previous financial year cumulative Total</u>
	<u>Rupees</u>	<u>Rupees</u>
Indian Oil Blending Limited	38,08,613	44,81,916
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>For the financial year ended 31st March, 1978</u>	<u>Previous financial year cumulative Total</u>
	<u>Rupees</u>	<u>Rupees</u>
Indian Oil Blending Limited	4,00,000	7,11,200

C. R. DAS GU PTA
Chairman

JOY JOSEPH
Finance Director

S. KETHARAMAN
Managing Director
(Marketing)

D. B. PURI
Secretary

SCHEDULE OF FIXED ASSETS (TOWNSHIP)

Index

	Gross Block as at 31st March, 1977 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	1,11,81,722	2,727	-	(-) 2,98,671
Leasehold	8,31,769	-	-	(-) 26,000
BUILDINGS, ROADS ETC.	10,89,14,783	5,97,936	1,34,44,874	-
PLANT AND MACHINERY	55,55,377	-	23,037	-
DRAINAGE, SEWAGE & WATER SUPPLY SYSTEM	1,28,64,054	843	5,86,549	(-) 1,275
EQUIPMENT AND APPLIANCES	26,83,135	1,27,085	-	(-) 13,945
FURNITURE AND FIXTURES	8,57,718	1,40,490	-	(-) 731
VEHICLES 37,66,417	4,18,739	-	-	(-) 5,33,114
SUNDRY ASSETS	43,084	14,423	-	-
TOTAL	14,66,98,059	13,02,243	1,40,54,460	(-) 8,73,736
<i>PREVIOUS YEAR</i>	<i>13,96,62,757</i>	<i>30,38,554</i>	<i>49,17,407</i>	<i>(-) 9,20,659</i>
CAPITAL WORK-IN-PROGRESS				
<i>PREVIOUS YEAR</i>				
TOTAL				
<i>PREVIOUS YEAR</i>				



SCHEDULE OF FIXED ASSETS (TOWNSHIP) Contd...

Index

Gross Block as at 31st March, 1978 at cost	Depreciation and amortisation provided during the year	Total depreciation and amortisation upto 31st March, 1978	Net Depreciated Block	
			As at 31st March, 1978	1977
<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
1,08,85,778	-	-	1,08,85,778	1,11,,81,722
8,05,769	4,812	1,11,237	6,94,532	7,25,344
12,29,57,593	26,98,394	2,42,04,059	9,87,53,534	8,74,14,382
55,78,414	2,71,976	24,14,488	31,63,926	34,12,864
1,34,50,171	5,39,463	54,38,997	80,11,174	79,63,848
27,96,275	1,82,015	20,45,804	7,50,471	8,06,097
9,97,477	77,089	6,38,767	3,58,710	2,96,289
36,52,042	3,88,134	17,12,594	19,39,448	20,23,472
57,507	6,997	43,442	14,065	6,639
16,11,81,026	41,68,880	3,66,09,388	12,45,71,638	11,38,30,657
14,66,98,059	39,33,594	3,28,67,402	11,38,30,657	
			80,23,880	
			62,61,860	
			12,18,54,537	
			12,00,92,517	



**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST
MARCH, 1978 ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL
AND OTHER FACILITIES**

Index

	<u>Rupees</u>	<u>1997 Rupees</u>
<u>INCOME</u>		
1. Recovery of House Rent	31,15,483	26,18,304
2. Recovery of Utilities : Power and Water	9,61,043	7,63,956
3. Recovery of Transport charges	2,28,038	2,14,642
4. Other Recoveries	4,52,838	4,88,332
5. Excess of Expenditure over Income	4,58,27,306	4,12,69,248
TOTAL	<u>5,05,84,708</u>	<u>4,53,54,482</u>
<u>EXPENDITURE</u>		
1. Salaries, Wages and P.F. Contribution	1,35,60,992	1,20,89,093
2. Consumable Stores and Medicines	48,14,151	42,75,528
3. Subsidies for Social and Cultural activities	18,81,177	13,46,482
4. Repairs and Maintenance	64,86,965	45,66,319
5. Interest	72,15,457	69,85,624
6. Depreciation	41,68,879	39,33,593
7. Miscellaneous Expenses:		
Taxes, Licence fees, Insurance etc.	33,20,170	30,75,789
8. Utilities: Power and Gas	90,20,859	89,72,893
9. Land Rent	20,380	20,380
10. Welfare (School)	42,296	42,296
11. Bus Hire charges	46,485	46,485
12. Club & Recreation	6,897	-
TOTAL	<u>5,05,84,708</u>	<u>4,53,54,482</u>



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, 1978 AND REPLIES OF THE BOARD OF DIRECTORS.

COMMENTS OF THE COMPTROLLER AND
AUDITOR-GENERAL OF INDIA

REPLIES OF THE BOARD OF DIRECTORS

BALANCE SHEET:

1. Fixed Assets

Gross Block-Schedule 'E' - Rs. 357,32,75,493/-

Does not include Rs. 4.46 lakhs (Depreciation Rs.4.24 lakhs) being the original cost of 5346 LPG Cylinders reported short with the distributors and written off the gross block. The distributors concerned, on whom claims have been raised, have disputed the shortages.

Adjustments are made in the books of accounts and claims raised with Distributors for shortages of LPG cylinders with them as identified from time to time. Re-adjustments on fresh accountals by them will be made after scrutiny in due course.

2. Construction work-in-progress and capital goods-in-stock-Schedule 'F'-Rs.227,90,12,391/-

(a) This includes an expenditure of Rs. 15.15 lakhs on works which have been completed in previous years. As a result there is under provision of depreciation to the extent of Rs. 2.06 lakhs (Rs. 1.57 lakhs for prior period).

Necessary adjustments will be carried out in 1978-79 accounts.

(b) This includes dismantled assets, capital stores and stores-at-site valued at Rs. 2,130.19 lakhs for which no physical inventory has been taken in 1977-78.

Capital stores of value Rs. 21.15 crores were located at various places for the execution of the 1219 KM Salaya-Viramgam-Koyali Mathura pipeline project. Physical verification of stores for this project was carried out in 1976-77. Final material tally will be made on completion of the project.
Noted.

(c) This includes Rs. 19.42 lakhs being the value of stores-in-transit which has been incorrectly classified as capital goods-in-transit.

The amount is included in Schedule 'F' under item 1, work-in-progress.

(d) This does not include Rs. 25.78 lakhs being the value of capital goods-in-transit.

3. Book Debts-Schedule-'I'- Rs. 103,00,57,513/-Un-secured considered good Rs. 102,19,47,727/-

The above amount includes a sum of Rs. 909.20 lakhs which has been disputed/rejected by the concerned parties.

Recovery of Rs. 749.62 lakhs due from Bihar State Electricity Board for LSHS supplies is being pursued with them. Rs. 159.58 lakhs are due from the Gujarat State Electricity Board and the matter has been referred by the Corporation as well as the Board to the Ministry of PC&F for a decision.

4. Loans and Advances - Schedule 'J' - Advances recoverable in cash or kind or for value to be received - Secured considered good - Rs. 519,17,172/-.

The above amount includes advances amounting to Rs. 1.76 lakhs which were not secured.

The amount represents Housing loans given to the Corporation employees for which the mortgage documentation remains to be completed.

5. Loans and Advances - Schedule 'J' - Claims Recoverable-unsecured considered good -Rs. 18,62,16,136/-.

(a) This includes a rejected claim of Rs. 28.42 lakhs.

This claim for deadfreighting of tankers is presently under consideration of Government.
Necessary adjustments will be carried out in 1978-79 Accounts.

(b) This also includes Rs. 2.09 lakhs which has been wrongly classified as claims instead of stock.

6. Current Liabilities and Provisions - Schedule 'K' -Rs. 455,35,54,125/-.

Provision has not been made for liabilities aggregating Rs. 28.32 lakhs. (Rs. 27.44 lakhs on revenue account and Rs. 0.88 lakh on Capital account).

Necessary adjustments will be carried out in 1978-79 Accounts.

COMMENTS OF THE COMPTROLLER AND
AUDITOR-GENERAL OF INDIA

"REPLIES OF THE BOARD OF
DIRECTORS

Index

**7. Schedule 'P' - Notes on the account for the year ended
31st March, 1978.**

(a) Note 1:

- (i) This does not include a contingent liability of Rs. 60.37 lakhs (Rs. 81.22 lakhs due for prior years) towards excise duty on axle oil arising out of reclassification of the product under Central Excise Tariff by the Excise Authorities. No claim has yet been received from the supplier who is the Excise Assessee. Besides the amount payable, if any, is debitible to Block Control Account.
- (ii) This does not include an amount of Rs. 28.00 lakhs being the value of bond executed by the Company as surety to another oil Company. Noted.

(b) Note 1(a) (i)

Contingent liability of Rs. 1102.41 lakhs in respect of Central Excise Duty mentioned in the note includes an amount of Rs. 660.81 lakhs which represents the duty payable on fuel used in Gauhati and Barauni Refineries upto 16th December, 1970 and that payable in respect of Furnace Oil declared as LDO in Barauni Refinery and the loss of manufactured product at Gauhati. The Government have not accepted the request of the Company for waiver. The demands in respect of Central Excise Duty have been disputed by the Corporation and it has appealed to Government not to enforce these demands.

(c) Note 2:

Estimated amount of contracts remaining to be executed on Capital account and not provided for (Rs. 11,734.67 lakhs) does not include contracts valuing Rs. 276.19 lakhs relating to Mathura Refinery and R&D Centre, Faridabad. Noted.

PROFIT & LOSS ACCOUNT

A. INCOME

8. Sale of products and crude and transfers under product exchange - Rs. 30,02,01,38,464/-.

The Company is required to debit/credit under-recoveries/super-profits on the sale of-Lubricants and Greases to cost and Freight Adjustment Account in accordance with the Government orders in this behalf. During 1977-78 under-recovery of Rs. 8.19 crores has been so debited. The net under-recoveries debited upto 31st March, 1977 amounted to Rs. 33.13 crores. Government's approval to these adjustments has not been received. Further, the claims include the following items/expenses which are not admissible as per Government Orders: -

- (i) An amount of Rs. 9.62 lakhs has been debited provisionally as a fair return towards blending charges. Adjustment of Rs. 9.62 lakhs has been made on the same basis as was approved by Government in respect of earlier years.
- (ii) A sum of Rs. 3.10 lakhs being realisation from other oil companies towards processing charges in excess of actuals has not been credited to Block Control Account. The recovery of Rs. 3.10 lakhs is not required to be credited to the Block Control Account.
- (iii) Demurrage, bridging, stock losses have been treated as cost items although not specifically approved by Government. The Block Control Account Scheme as existing upto 21-12-1977 did not exclude these elements of costs. For the period from 22-12-77, adjustments as may become necessary arising out of the Block Control Scheme recently finalised, will be carried out in 1978-79.
- (iv) Discount of Rs. 2.10 lakhs has been debited although this is not debitible to Block Control.
- (v) For the period 22-12-1977 to 31-3-1978, the blending fees, container cost, stock losses have not been adjusted as per Block Control Account Scheme effective from 22-12-1977. Necessary adjustments will be carried out during 1978-79. Adjustments as necessary will be carried out during 1978-79.
- (vi) An amount of Rs. 3.03 lakhs being value of empty drums has not been credited to Block Control.

The amount being the sale proceeds of empty additive drums is not required to be credited to the Block Control Account.



COMMENTS OF THE COMPTROLLER AND
AUDITOR-GENERAL OF INDIA

REPLIES OF THE BOARD OF
DIRECTORS

Index

9. Company's use of own oil - Rs. 4,96,43,203/-.

The supply of bunkers to vessels chartered by the Company for international as well as Coastal movement, though treated as Company's use of own oil, has been taken credit for at the selling price instead of at cost. The difference between the selling price and the cost in respect of international movement amounted to Rs. 11.01 lakhs and that (difference between selling price and cost), in respect of coastal movement amounted to Rs. 63.76 lakhs. The extent to which profit is overstated is not ascertainable.

On a consistent basis the bunkers issued to vessels chartered by the Corporation is treated as consumption and not invoiced as sale.

10. Other Income- Schedule 'L' - Rs. 521,71,076/-

This includes Rs. 18.49 lakhs being the claim at penal rate on LPG distributors for alleged shortage of cylinders with them as on 30-9-1977 which has been disputed by them.

The distributors are obliged to meet the Corporation's claims for identified shortages of cylinders as per agreements signed by them. Claims have been raised as per rates prescribed for this purpose by the Corporation. Adjustments as may become necessary on fresh account of cylinders by distributors will be made in due course.

B. EXPENDITURE:

11. Manufacturing, Administration, Selling and Other expenses - Rs. 833,26,98,010/-.

This does not include maintenance charges of Rs. 2.10 lakhs for a Railway siding which should have been provided for in terms of agreement with the Railways.

Necessary adjustments will be carried out during 1978-79.

12. Expenses/income pertaining to previous year Schedule '0' - Rs. 707,15,847/- (Expenses).

(a) This does not include Rs. 5.80 lakhs being expenses pertaining to previous year which have been incorrectly classified as expenses pertaining to current year.

Noted.

(b) An amount of Rs. 11.95 lakhs being the amount short deposited with Government for the cost of crude has been incorrectly classified as "Exchange Fluctuations" instead of "Purchases".

Noted.

(c) An amount of Rs. 35.99 lakhs being the amount recoverable from a shipping company for poor pumping performance and speed performance has been incorrectly classified under "Purchases" instead of under "Freight and Transportation charges".

Noted.

M. RAMACHANDRAN
MEMBER, AUDIT BOARD & EX-OFFICIO
DIRECTOR OF COMMERCIAL AUDIT,
(PETROLEUM & OIL)
MADRAS

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

Madras. Dated 8th September, 1978

Bombay, Dated 11th September, 1978



ANNEXURE TO THE DIRECTORS' REPORT DATED 19TH AUGUST, 1978

Index

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1978 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 :-

(Rupees in lakhs)

	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
Liabilities :			
(a) Paid-up Capital	7,117.72	8,217.72	8,217.72
(b) Reserves and Surplus	14,931.75	19,059.52	23,161.75
(c) Borrowings			
(i) From the Government of India	2,230.42	2,977.75	6,220.00
(ii) Oil Industry Development Board	985.00	903.50	813.00
(iii) Foreign Credit	768.49	623.07	486.12
(iv) From Bank-Cash Credit	231.89	199.92	-
(v) Deferred Payment	15.10	12.58	10.06
(d) Trade dues and other liabilities (including provisions)	34,759.63	38,767.43	45,639.01
TOTAL	<u>61,040.00</u>	<u>70,761.49</u>	<u>84,547.66</u>
Assets :			
(e) Gross Block	30,621.18	34,530.74	35,732.75
(f) Less: Depreciation	14,019.49	16,147.31	18,039.76
(g) Net fixed assets	16,601.69	18,383.43	17,692.99
(h) Capital work-in-progress (including un-allocated expenses)	5,297.84	7,907.78	15,969.96
(i) Other assets (mainly machinery and equipments in transit and stores)	2,483.93	5,214.98	6,820.16
(j) Current assets, loans and advances (excluding investments other than those lodged by outside parties as security deposit)	36,610.14	39,209.01	44,018.01
(k) Investments	46.40	46.29	46.54
TOTAL	<u>61,040.00</u>	<u>70,761.49</u>	<u>84,547.66</u>
Capital employed	19,156.43	19,601.02	16,964.96
Net worth	22,049.47	27,277.24	31,379.47

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

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



2. Capital Structure:

a) Debt equity ratio:

The debt equity ratio for the Company has been 0.56 :1 in 1975-76, 0.55: 1 in 1976-77 and 0.91 :1 in 1977-78.

(b) The amount of loans taken from the Government of India outstanding as on 31st March, 1978 was Rs. 6220.00 lakhs. In respect of loan of Rs. 3500.00 lakhs taken by the Corporation in 1977-78, moratorium for one year for repayment of principal was granted by the Government of India.

3. Reserves and Surplus:

The reserves and surplus (Rs. 23,161.75 lakhs) amounted to

(a) 27.4 per cent of the total liabilities in 1977-78 as against 26.9 per cent in 1976-77 and 24.5 per cent in 1975-76

(b) 281.9 per cent of equity capital (Rs. 8217.72 lakhs) in 1977-78 as against 231.9 per cent in 1976-77 and 209.8 per cent in 1975-76.

4. Liquidity and Solvency:

(a) The proportion of current assets (including investments) to total net assets decreased from 60.1 per cent in 1975-76 to 55.5 per cent in 1976-77 and to 52.1 per cent in 1977-78.

(b) The percentage of current assets (including investments) to current liabilities (including provisions) decreased from 105.5 per cent in 1975-76 to 101.3 per cent in 1976-77 and to 96.6 per cent in 1977-78.

(c) The percentage of quick assets (sundry debtors, advances, cash and bank balances) to current liabilities (excluding provisions) decreased from 53.2 in 1975-76 to 51.6 in 1976-77 and to 47.6 in 1977-78.

5. Working Capital:

The working Capital (Current assets, loans and advances less trade dues and current liabilities excluding provision for gratuity) of the Company at the close of two years ended 31st March, 1977 amounted to Rs. 2554.74 lakhs and Rs. 1217.59 lakhs and represented 0.1 months value of business at cost (excluding depreciation) during these years. However as on 31-3-1978 trade dues and current liabilities excluding provisions for gratuity exceeded Current Assets, loans and advances by Rs. 728.03 lakhs.

6. Sources and uses of funds:

Funds amounting to Rs. 6249.17 lakhs from internal resources (reserves and surplus, depreciation and provisions) and Rs. 9429.45 lakhs from other sources were utilised in 1977-78 as under :-

	(Rupees in lakhs)
Gross Block including Capital Work-in-progress	9264.19
Other Assets (net)	6414.43

7. Working Results:

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

	(Rupees in lakhs)		
	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
(i) Profit before tax	5,567.32	10,632.72	10,731.16
(ii) Tax provision	<u>2,700.00</u>	<u>5,800.00</u>	<u>5,100.00</u>
(iii) Profit after Tax	<u><u>2,867.32</u></u>	<u><u>4,832.72</u></u>	<u><u>5,631.16</u></u>
Percentage of Profit before tax			
(a) To sales (inclusive of product exchange and transfers)	2.3	4.0	3.6
(b) To gross fixed assets	18.2	30.8	30.0
(c) To capital employed	29.1	54.2	63.3
Percentage of Profit after tax			
(a) To net worth	13.0	17.7	17.9
(b) To equity capital	40.3	58.8	68.5
(c) To capital employed	15.0	24.7	33.2



8. Cost trends:

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

	<i>(Rupees in lakhs)</i>		
	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
Sales (inclusive of product exchange and transfers)	2,42,838.64	2,66,842.08	3,00,459.74
Less: Profit before tax	<u>5,567.32</u>	<u>10,632.72</u>	<u>10,731.16</u>
Cost of Sales	<u>2,37,271.32</u>	<u>2,56,209.36</u>	<u>2,89,728.58</u>
Percentage of cost of sales to sales	97.7	96.0	96.4

9. Business performance:

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

	<i>(Rupees in lakhs)</i>		
	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
1. Sales (inclusive of product exchange and transfers)	2,42,838.64	2,66,842.08	3,00,459.74
2. Closing Stock of raw materials, finished goods and stock-in-process	15,458.19	17,092.25	20,280.47
3. Opening stock of raw materials, finished goods and stock-in-process	17,892.85	15,458.19	17,092.25
4. Adjustment in respect of opening stock	(-) 133.59	-	-
5. Value of business (1+2)-(3+4)	<u>2,40,537.57</u>	<u>2,68,476.14</u>	<u>3,03,647.96</u>

The percentage of value of business to net worth decreased from 1,090.9 in 1975-76 to 984.3 in 1976-77 and to 967.7 in 1977-78. The Percentage of value of business total net assets decreased from 394.1 in 1975-76 to 379.4 in 1976-77 and 359.1 in 1977-78.

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:

	<i>(Rupees in lakhs)</i>		
	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>
(i) Stores and spare parts (including-in-transit)	2,578.93	2,145.59	2,329.09
(ii) Loose tools	1.10	1.04	
(iii) Stock-in-trade (including raw materials and stock in-process)	15,458.19	17,092.25	20,280.47
(iv) Stock of empty barrels and tins	<u>162.95</u>	<u>92.11</u>	<u>106.16</u>
	<u>18,201.17</u>	<u>19,330.99</u>	<u>22,715.72</u>

Stock-in-trade represented 0.8 month's sales in 1977-78, 1976-77 and 1975-76.

11. Sundry debtors and turnover

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

As on	Total book debts		Sales (inclusive of product exchange and transfers)	Percentage of debtors to sales
	Considered good	Considered doubtful		
31st March, 1976	4,669.10	178.87	2,42,838.64	2.0
31st March, 1977	9,092.91	155.46	2,66,842.08	3.5
31st March, 1978	10,300.58	181.63	3,00,459.74	3.5

Sundry debtors represented about 0.2 month's turnover in 1975-76 and 0.4 month's in 1976-77 and 1977-78.

M. RAMACHANDRAN
MEMBER, AUDIT BOARD & EX-OFFICIO
DIRECTOR OF COMMERCIAL AUDIT,



PERFORMANCE AT A GLANCE

Index

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
REFINERIES THROUGHPUT in million tonnes	6.91	6.99	7.86	9.23	9.73	10.10
PIPELINES THROUGHPUT in million tonnes	3.23	3.22	3.70	3.83	3.92	4.07
SALES <i>in million tonnes</i>	13.48	14.48	15.27	15.40	16.17	16.80
(Rs. Crores)						
TURNOVER	996.15	1,240.76	1,960.60	2,421.63	2,663.39	2,999.63
PROFIT - before depreciation & interest & tax provision	63.09	60.71	79.23	86.66	129.63	128.71
PROFIT- before depreciation & tax provision	59.64	56.84	70.50	81.54	127.87	126.26
PROFIT- after depreciation, interest & prior year adjustments, but before tax provision	49.17	30.81	52.14	52.41	106.41	100.24
PROFIT - after depreciation, interest, prior year adjustments & tax provision	22.17	9.81	30.64	29.91	48.41	49.24
DUTIES PAID	454.38	519.61	606.45	651.82	690.72	751.29
LOANS REPAID – from internal resources	11.48	11.54	10.99	6.05	6.41	4.88
DIVIDENDS	4.98	3.56	5.69	5.69	7.13	8.22
RESERVES & SURPLUS Cumulative	93.90	100.16	125.10	149.32	190.60	231.62

INDIAN OIL BLENDING LIMITED

(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

ANNUAL REPORT FOR THE YEAR 1977-78



BOARD OF DIRECTORS

S. B. BUDHIRAJA	:	<i>Chairman</i> (ceased w.e.f. 1-2-78)
R. GURUMOORTHY	:	<i>Managing Director</i>
K. L. GOEL	:	<i>Financial Director</i> (ceased w.e.f. 1-9-77)
U. M. KINI	:	<i>Financial Director</i> (from 1-9-77)
Dr. J. S. AHLUWALIA	:	<i>Director</i>

SECRETARY

J. K. WADHWA

BANKERS

STATE BANK OF INDIA

AUDITORS

M/s. LADHAWALA & SHAH,
Chartered Accountants,
211-13, KALBADEVI ROAD,
BOMBAY-400 002.

REGISTERED OFFICE

PIR PAU, TROMBAY,
BOMBAY-400 074.

PLANTS

BOMBAY & CALCUTTA



Regd. Office : Pir Pau, Trombay, Bombay 400 074

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of INDIAN OIL BLENDING LIMITED will be held at the Office of the Indian Oil Corporation Limited, situated at 254-C, Dr. Annie Besant Road, Prabhadevi, Bombay-400 025, at 1130 hours on Monday, the 28th August, 1978, to transact the following business:—

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet, Profit & Loss Account, reports of the Directors and Auditors there on for the financial year ended 31st March, 1978;
2. To declare a dividend;
3. To appoint Shri S. Ketharaman as Director and further as Chairman, pursuant to Article 140(a) of the Articles of Association of the Company;
4. To appoint Director in place of Dr. J. S. Ahluwalia, who retires at the conclusion of the Annual General Meeting, and is eligible for re-appointment;
5. To appoint Shri G. S. Pandya as Director and further as Financial Director, pursuant to Article 140(b) of the Articles of Association of the Company, in place of Shri U. M. Kini, who retires at the conclusion of the Annual General Meeting and is not offering himself for re-election.

By Order of the Board,
J. K. WADHWA
Secretary

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

To:

ALL MEMBERS OF IOBL.

cc: M/s. Ladhawala & Shah, Chartered Accountants, Bombay.

cc: Government Auditors, C/o. IOC Ltd., HO, Bombay-400 025.

BOMBAY,

Dated: 5th August, 1978.



LADHAWALA & SHAH,
Chartered Accountants.

REPORT OF THE AUDITORS TO THE MEMBERS OF INDIAN OIL BLENDING LIMITED

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 1978 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1975 issued by the Company Law Board, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in Paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in Para 1 above:
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
 - (c) The Balance Sheet and Profit & Loss Account referred to in this report, are in agreement with the books of account;
 - (d) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1978 and
 - (ii) In so far as it relates to the Profit & Loss Account, of the PROFIT of the Company for the year ended on that date.

For LADHAWALA & SHAH,
Chartered Accountants,

BOMBAY,
Dated: 15th July, 1978.

Sd/-
Partner



LADHAWALA & SHAH,
Chartered Accountants.

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph 1 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All items of fixed assets have been physically verified by the Management during the year under review. All discrepancies noticed on such verification have been properly dealt with in the accounts.
2. None of the fixed assets have been revalued during the year.
3. The Company has stocks of Maintenance Stores and Spare Parts only which have been physically verified as at the close of the year and the valuation of these stocks are in accordance with the normally accepted accounting principles and is on the same basis (i.e. weighted average method) as in the earlier years except in respect of those at Calcutta Plant which have been valued on F.I.F.O. basis this year. In our opinion, the change in the method of valuation has no significant impact on the Profit & Loss Account.
4. The Company has not taken any loans from Companies, Firms or other parties required to be listed in the register maintained under Section 301 and 370 (1-C) of the Companies Act, 1956 or which are otherwise Companies under the same Management as this Company.
5. The loans and advances in the nature of loans, have been given to the employees only and the same are being repaid as stipulated except ad hoc advances amounting to Rs. 1,962. The said ad hoc advances are in dispute and the matter is referred to Arbitration as mutually agreed upon.
6. The interest on loans given to the employees for vehicles is accounted for as and when realised. The accrued amount of interest for the year and the amount accumulated till the date of the Balance Sheet not provided for in the books of account are approximately Rs. 5,000/- and Rs. 24,000/- respectively.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of stores, components, plant and machinery, equipment, etc.
8. The Company has purchased, at controlled prices, fuels and oils exceeding Rs. 10,000 in value, during the year, from Indian Oil Corporation Limited, the Holding Company.
9. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores. We are informed that during the year, no item of stores became unserviceable or damaged.
10. The Company has not accepted any deposits from the public.
11. The Company does not have any by-products or scrap arising from its processing operation. Scrap of maintenance stores and components are accounted for only at the time of sale, for which reasonable records have been maintained.
12. In our opinion, the Internal Audit system in operation is commensurate with the size and nature of its business.
13. Maintenance of cost records has not been prescribed for the Company by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
14. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.

For **LADHAWALA & SHAH,**
Chartered Accountants,

BOMBAY,
Dated: 15th July, 1978.

Sd/-
Partner



Directors' Report to the Shareholders

Gentlemen:

Your Directors are pleased to place before you the audited Profit & Loss Account for the year ended 31st March, 1978, and the Balance Sheet as at that date, prepared in accordance with the requirements of the Companies Act, 1956.

FINANCIAL RESULTS:

The Company has made a gross profit of Rs. 62,74,655, as against Rs. 48,84,631 during the year 1976-77. The comparative figures of gross profit, depreciation, provision for taxation, provision for development rebate, etc., are as under :-

	<u>1977-78</u>	<u>1976-77</u>			
	Rs.	Rs.			
Gross profit before depreciation and investment allowance	62,74,655	48,84,631			
Depreciation	9,89,501	10,60,807			
Provision for Investment Allowance	67,000	—			
Provision for Development Rebate of earlier year	500	—			
Provision for taxation	33,00,000	23,30,000			
			Net profit after tax	19,17,654	14,93,824
			<i>Add:</i> Excess provision of earlier years for expenses	1,20,850	41,938
			<i>Add:</i> Excess provision of earlier years for taxation	12,30,109	4,72,682
			<i>Add:</i> Development rebate written back	5,40,000	—
			<i>Add:</i> Research and Development expenses written back	—	3,96,144
			<i>Add:</i> Balance from last year's account	11,616	7,028
			Net surplus available for distribution	38,20,229	24,11,616
			Provision for proposed dividend	4,00,000	4,00,000
			Appropriated to General Reserve	34,00,000	20,00,000
			Balance carried to Balance Sheet	20,229	11,616



GENERAL RESERVE AND DIVIDENDS:

Your Directors recommend a dividend @ Rs. 50/- per equity share, aggregating to Rs. 4 lakhs, being 10% of the paid up capital, for which provision, as also appropriation, has been made in the accounts, as per statutory requirement. After making provision for the aforesaid dividend, the balance available from the net surplus is Rs. 34,20,229, out of which an amount of Rs. 34,00,000 is transferred to General Reserve, thus leaving a balance of Rs. 20,229 in the Profit & Loss Account to be carried forward.

The balance in the General Reserve at the beginning of the year was Rs. 44,70,300 and after adding the current year's transfer of Rs. 34,00,000, the balance in the General Reserve amounts to Rs. 78,70,300 as at 31st March, 1978.

The balance in the Development Rebate Reserve at the beginning of the year was Rs. 21,23,211. An amount of Rs. 500 has been set aside during the year to make good the deficiency of earlier years and an amount of Rs. 5,40,000 only is being written back out of Rs. 10,48,000, which has become free for release after the statutory period of 8 years, pending clearance from Income-tax Department.

PROFITABILITY:

The higher profitability is contributed mainly by the following factors:—

- (1) The bulk share of incremental profit over the last year was contributed by increased throughput of lube oils. The processing fee earned on the manufacture of lube oils rose substantially during the year 1977-78 and was Rs. 155.13 lakhs, as against Rs. 130.59 lakhs during the preceding year and, therefore, Rs. 24.54 lakhs more than the previous year's figure.
- (2) With the higher earning of blending fee, the Company had a better cash flow position and by judicious deployment of funds in fixed deposit, earned an incremental interest of Rs. 1.30 lakhs.
- (3) The operating costs were kept in strict control, which was exercised in almost all the facets of the operation of the Company.

OPERATIONS:

Lubes: During the year, under review, Bombay and Calcutta Plants had a throughput of 1,51,091 KLs and 82,231 KLs respectively of lubes. The total throughput thus was 2,33,322 KLs, as against 1,92,499 KLs during the previous year, registering an increase of 21.2%. Consequent upon the additional capacity generated at Calcutta Plant and revamping of facilities at Bombay Plant towards the end of the year, the volume of Auto Lubes filled in

small packs registered a rise of about 30% and better trend is expected during 1978-79. Integration of pipeline facilities at HPC Lube Refinery and IOBL Bombay Plant was affected for the loading of tankers with base stocks directly from the Refinery itself. The first vessel loaded through this integrated pipeline system was export tanker to Sri Lanka in May, 1977.

Greases: The Grease Plant at Bombay produced 5,148 MTs of greases during 1977-78, as against the previous year's production of 5,333 MTs, although the licensed capacity of the Plant is only 4,536 MTs per year. A second homogenizer is being imported and will assist the Plant by providing a balancing equipment to increase the production of greases with the existing facilities and also for augmenting production when the additional 7 ton capacity grease kettle is installed. Additional facilities at a cost of Rs. 10.58 lacs are planned for the next two years, which will substantially increase the grease production.

DIVERSIFICATION:

The building for installing the facilities for the manufacture of Hydraulic Brake Fluid at Bombay Plant is getting ready and the facilities are likely to be commissioned by end of 1978. A filling machine for filling small packs with Hydraulic Brake Fluid has already been procured and it is proposed to commence filling operation utilizing HBF to be supplied by IOC. Additional facilities to blend Servo 2-T Self Mixing Oil, Oil Mineral Hydraulic Buffer (OMHB) and OM 11 are in the design stage and installation of necessary plant and machinery will be taken up shortly. Trial batches of a few new grades of Cutting Oils and a few new items of Defence grades have been blended and further development work in this area is progressing.

PROJECTS:

Additional land at Calcutta: A piece of land admeasuring 11,400 Sq. Meters was acquired from the Calcutta Port Commissioners in June, 1977 for easing the space problem at Calcutta Plant. Construction of warehouse, boundary wall, development of roadways, etc., are being tendered out and the work in this regard is progressing.

Base Stocks storage capacity: The storage capacity of IOBL Calcutta Plant is being expanded by installing 2 Nos. storage tanks each of 2,000 KL capacity. This will facilitate blending of Axle Oils at the Plant itself, which hitherto were being received from MRL by coastal tankers.

Diesel Generator: The installation of a captive diesel generator at Calcutta Plant with a capacity of 200 KW to meet the power shortage is expected to be commissioned in September, 1978.

Filled drums storage and handling: Steps have been taken to ensure proper handling and



storage of filled drums at Bombay Plant. Improvement has been made in some of the infrastructure facilities including enlargement of the loading platform of the warehouse to facilitate loading and unloading of trucks, R.C.C. paving for the drive-way and adjacent areas of the loading platform and re-asphalting of the drum storage yards. With these measures, the Bombay Plant can now better handle production, stacking and shipping out operations in a more systematic manner and increasingly take over direct movements to up-country stations/consumers avoiding as far as possible an intermediate storage at Trombay Installation of IOC, which involves additional transportation cost.

PERSONNEL AND WELFARE:

The total number of employees as on 31st March, 1978, stood at 453, as compared to 448 during the preceding year. Industrial relations during the year were most cordial.

PARTICULARS OF EMPLOYEES:

A statement showing the particulars of employees under the Companies (Particulars of Employees) Rules, 1975, required to be included in the Directors' Report, pursuant to Section 217(2A) of the Companies Act, 1956, is enclosed.

DIRECTORS:

During the year, under report, Shri K. L. Goel ceased to be the Financial Director of the

Company with effect from 30th August, 1977 (afternoon) and Shri U. M. Kini was appointed in his place with effect from 30th August, 1977 (afternoon). Shri S. B. Budhiraja ceased to be the Chairman and Director of the Company with effect from 1st February, 1978 (forenoon).

All the Directors, other than the Managing Director, whose appointment is upto 24th March, 1979, are liable to retire at the conclusion of the next Annual General Meeting, pursuant to Article 157 of the Articles of Association of the Company.

Notice has been received for the election of Shri S. Ketharaman as Director and Chairman of the Company. Dr. J. S. Ahluwalia, being eligible, offers himself for re-election. However, Shri U. M. Kini is not offering himself for re-election and, in his place, notice has been received for the election of Shri G. S. Pandya as Financial Director of the Company.

For **INDIAN OIL BLENDING LIMITED,**

(R. GURUMOORTHY)

Managing Director

Encl: Statement

Place: BOMBAY,

Dated: 15th July, 1978.



BALANCE SHEET AS AT 31ST MARCH, 1978

LIABILITIES		As at 31st March, 1978 Rs.	As at 31st March, 1977 Rs.
	Schedule		
Share Capital	I	40,00,000	40,00,000
Reserves and Surplus	II	95,41,240	66,05,127
Current Liabilities and Provisions	III	81,86,022	79,79,927
TOTAL		<u>2,17,27,262</u>	<u>1,85,85,054</u>

NOTES: SCHEDULE VII

DR. J. S. AHLUWALIA
Director

R. GURUMOORTHY
Managing Director

U. M. KINI
Financial Director

J. K. WADHWA
Secretary

Bombay,

Dated : 15th July, 1978



BALANCE SHEET AS AT 31ST MARCH, 1978 Contd...

ASSETS		As at 31st March, 1978 Rs.	As at 31st March, 1977 Rs.
	Schedule		
Fixed Assets	IV	91,24,962	93,05,487
Capital Work-in-Progress	V	4,05,718	1,19,911
Current Assets, Loans and Advances	VI	1,21,96,582	91,59,656
TOTAL		<u>2,17,27,262</u>	<u>1,85,85,054</u>

As per our report of even date.

For **LADHAWALA & SHAH,**
Chartered Accountants

Sd/-
Partner



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1978

	Rs.	Rs.	Previous Year Rs.
INCOME:			
Throughput, Blending & Manufacturing Charges	1,73,14,507		1,49,25,388
Technical & Laboratory Service charges	<u>2,49,000</u>		<u>2,49,000</u>
		1,75,63,507	<u>1,51,74,388</u>
Interest	1,68,352		35,614
Miscellaneous Income	<u>60,422</u>		<u>39,448</u>
-		2,28,774	<u>75,062</u>
TOTAL INCOME		<u>1,77,92,281</u>	<u>1,52,49,450</u>
EXPENDITURE:			
Operating and other expenses (As per Annexure A)	1,14,04,849		1,00,50,796
Interest	259		25,165
Depreciation	9,89,501		10,60,807
Investment Allowance Reserve	67,000		—
Loss on sale/scraping of assets	<u>77,037</u>		<u>1,25,887</u>
TOTAL EXPENDITURE		<u>1,25,38,646</u>	<u>1,12,62,655</u>
PROFIT BEFORE TAX		52,53,635	39,86,795
Development Rebate Reserve for earlier years		500	—
Provision for taxation including Rs, 1,83,000/- Surtax on profits (Rs. 1,27,500/- previous year)		<u>33,00,000</u>	<u>23,30,000</u>
PROFIT AFTER TAX		19,53,135	16,56,795
Expenses of Prior Years		<u>35,481</u>	<u>1,62,971</u>
		19,17,654	14,93,824
Excess provision for expenses of earlier years		1,20,850	41,938
Excess provision for taxation of earlier year		12,30,109	4,72,682
Development Rebate Reserve written back on Expiry of Statutory Period		5,40,000	—
Research & Development Expenses written back		<u>—</u>	<u>3,96,144</u>
DISPOSABLE PROFIT		38,08,613	24,04,588
Balance brought forward from last year		<u>11,616</u>	<u>7,028</u>
		38,20,229	24,11,616
Provision for Proposed Dividend (Subject to deduction of I. Tax)	4,00,000		4,00,000
Appropriated to General Reserve	<u>34,00,000</u>		<u>20,00,000</u>
		38,00,000	<u>24,00,000</u>
Balance Carried to Balance Sheet		<u>20,229</u>	<u>11,616</u>

DR. J. S. AHLUWALIA
Director

R. GURUMOORTHY
Managing Director

U. M. KINI
Financial Director

J. K. WADHWA
Secretary

As per our report of even date.
For **LADHAWALA & SHAH,**
Chartered Accountants.

Sd/-
Partner

Bombay,
Dated: 15th July, 1978



	Rs.	Rs.	Previous Year Rs.
SCHEDULE I			
SHARE CAPITAL:			
Authorised:			
8,000 Equity Shares of Rs. 500/- each .		40,00,000	40,00,000
Issued and Subscribed:			
8,000 Equity Shares of Rs. 500/- each, fully paid-up (entire share capital held by Indian Oil Corporation Limited' the Holding Company)		40,00,000	40,00,000
SCHEDULE II			
RESERVES AND SURPLUS:			
1. Development Rebate Reserve:			
Balance per last Balance Sheet	21,23,211		21,23,211
Add: Amount set aside during the year	500		—
	21,23,711		21,23,211
Less: Released on expiry on statutory period	5,40,000		—
		15,83,711	21,23,211
2. Investment Allowance Reserve:			
Amount set aside during the year		67,000	—
3. General Reserve:			
Balance per last Balance Sheet	44,70,300		28,70,300
Add: Amount appropriated from Profit and Loss Account	34,00,000		20,00,000
	78,70,300		48,70,300
Less: Dividend paid for the year ended 31-3-1977 (In earlier year paid for the year ending 31-3-1976)	—		4,00,000
		78,70,300	44,70,300
4. Surplus:			
Balance in Profit & Loss Account		20,229	11,616
		95,41,240	66,05,127
SCHEDULE III			
CURRENT LIABILITIES AND PROVISIONS			
(A) Current Liabilities:			
SUNDRY CREDITORS:			
Amount due to Indian Oil Corporation Limited, the Holding Company and a Company under the same Management		29,503	4,937
Other Creditors		14,52,624	15,14,270
Other Liabilities		1,35,895	1,33,720
		16,18,022	16,52,927
(B) Provisions:			
For Taxation		61,68,000	59,27,000
For proposed dividend.		4,00,000	4,00,000
		65,68,000	63,27,000
Summary:			
(A) Current Liabilities		16,18,022	16,52,927
(B) Provisions		65,68,000	63,27,000
		81,86,022	79,79,927



**SCHEDULE IV—FIXED ASSETS & CAPITALWORK-IN-PROGRESS
FOR THE YEAR ENDING 31-3-1978**

	COST			
	As on 1-4-1977	Additions including transfers	Deductions including transfers	As on 31-3-1978
	Rs.	Rs.	Rs.	Rs.
BUILDINGS (ON LEASEHOLD LAND)	44,19,941	4,71,387	77,495	48,13,833
RAILROAD SIDING	2,73,039	—	—	2,73,039
PLANT AND MACHINERY	1,28,99,440	3,54,822	68,861	1,31,85,401
FORKLIFT TRUCKS	12,60,951	—	—	12,60,951
FURNITURE, FIXTURES AND OFFICE EQUIPMENT	11,11,987	55,030	9,427	11,57,590
MOTOR VEHICLES	1,80,635	—	—	1,80,635
<u>RESEARCH & DEVELOPMENT:</u> BUILDING (ON LEASEHOLD LAND)	26,483	—	—	26,483
PLANT AND MACHINERY	4,92,419	4,774	—	4,97,193
TOTAL	2,06,64,895	8,86,013	1,55,783	2,13,95,125
<i>PREVIOUS YEAR</i>	<i>(1,98,33,156)</i>	<i>(10,85,748)</i>	<i>(2,54,009)</i>	<i>(2,06,64,895)</i>

SCHEDULE V:

CAPITAL WORK IN PROGRESS:

PLANT AND MACHINERY	94,094	3,20,716	2,13,660	2,01,150
BUILDING	25,817	3,91,381	2,67,065	1,50,133
FURNITURE AND FIXTURES	—	54,435	—	54,435
TOTAL	1,19,911	7,66,532	4,80,725	4,05,718
<i>PREVIOUS YEAR</i>	<i>(1,12,738)</i>	<i>(1,78,658)</i>	<i>(1,71,485)</i>	<i>(1,19,911)</i>



**SCHEDULE IV—FIXED ASSETS &
CAPITALWORK-IN-PROGRESS FOR THE
YEAR ENDING 31-3-1978 Contd...**

DEPRECIATION				NET BLOCK	
Upto 31-3-1977	For the Year	Adjusted on sale/ scrapping/ writeback	Upto 31-3-78	As on 31-3-78	As on 31-3-77
Rs.	Rs.	Rs.	Rs.	Rs.	Rs
14,85,663	1,95,345	37,708	16,43,300	31,70,533	29,34,278
1,86,078	8,696	—	1,94,774	78,265	86,961
83,29,065	5,00,653	33,898	87,95,820	43,89,581	45,70,375
5,64,228	1,55,643	—	7,19,871	5,41,080	6,96,723
5,31,027	79,790	7,140	6,03,677	5,53,913	5,80,960
1,10,349	14,057	—	1,24,406	56,229	70,286
3,149	583	—	3,732	22,751	23,334
1,49,849	34,734	—	1,84,583	3,12,610	3,42,570
1,13,59,408	9,89,501	78,746	1,22,70,163	91,24,962	93,05,487
(1,08,22,529)	(10,60,807)	(5,23,928)	(1,13,59,408)	(93,05,487)	(90,10,627)
				2,01,150	94,094
				1,50,133	25,817
				54,435	—
				4,05,718	1,19,911
				(1,19,911)	(1,12,738)



	Rs.	Rs.	Previous Year Rs.
SCHEDULE VI:			
Current Assets, Loans and Advances:			
(A) Current Assets:			
Interest accrued on Fixed Deposits		45,541	12,018
Stores and Spare Parts—At cost (Per summarised inventories certified by the Managing Director)		2,67,302	2,58,315
Sundry Debtors: (Unsecured)			
Due from Indian Oil Corporation Ltd., the Holding Company and the Company under the same Management.			
(i) Debts outstanding for a period exceeding six months - Considered good		1,69,374	1,17,751
(ii) Other Debts — Considered good		<u>11,76,614</u>	<u>11,48,779</u>
		13,45,988	<u>12,66,530</u>
(Maximum amount due at any time during the year Rs. 17,89,286 Previous Year: Rs. 17,60,631)			
Cash and Cheques on Hand		18,200	18,200
Bank Balances with Scheduled Banks:			
In Current Account		31,00,000	15,00,000
In Fixed Deposits		<u>49,15,549</u>	<u>33,12,015</u>
(B) Loans and Advances:			
(i) Unsecured, Considered Good:			
Due from Indian Oil Corporation Ltd., the Holding Company and the Company under the same Management		1,64,062	1,54,490
Due from others		3,58,050	2,32,466
(ii) Advance Payment of Income Tax		58,67,726	51,56,406
(iii) Secured, Considered Good		7,82,595	1,95,679
(iv) Company's Surcharge Deposit Account		1,08,600	1,08,600
		<u>72,81,033</u>	<u>58,47,641</u>
SUMMARY:			
(A) Current Assets		49,15,549	33,12,015
(B) Loans and Advances		72,81,033	58,47,641
TOTAL		<u>1,21,96,582</u>	<u>91,59,656</u>



SCHEDULE VII:

NOTES FORMING PART OF THE ACCOUNTS

- 1.1. Release of Development Rebate Reserve amounting to Rs. 5,08,000 on expiry of statutory period in respect of Development Rebate actually allowed, has not been written back since the Company's claim for higher Development Rebate is pending before the Income Tax Authorities.
- 1.2. Rs. 500 have been set aside during the year as Development Rebate Reserve to make good deficiency of Rs. 32 and Rs. 432 for the years ending 31st March, 1971 and 31st March, 1972 respectively.
2. The buildings as shown in Schedule of Fixed Assets have been constructed on the plots of land owned by Port Trust Authorities, and given on lease basis to the Company.
3. Stores have been valued at F.I.F.O. basis at Calcutta Plant and on Weighted Average basis at Bombay Plant. In view of the smallness of items of stores, the effect on Profit and Loss Account will be insignificant.
4. The Company is contingently liable in respect of the following items:

	As at 31-3-1978 Rs.	As at 31-3-1977 Rs.
(i) Claims for miscellaneous items (including claim for reimbursement of demurrage charges of Rs.1,69,374 by Indian Oil Corporation Ltd., the Holding Company) not acknowledged as debts by the Company	2,83,599	2,06,544
(ii) Estimated amount of contract remaining to be executed on capital account and not provided for.	5,16,467	2,76,211
(iii) Surety executed in favour of Government of Kerala, for Purchase Tax demanded by Sales Tax Authorities, Kerala, from Indian Oil Corporation Limited.	35,03,286	35,03,286

	<u>As on 31-3-1978</u>		<u>As on 31-3-1977</u>	
	<u>Lubes</u> (KLs)	<u>Grease</u> (MTs)	<u>Lubes</u> (KLs)	<u>Grease</u> (MTs)
(1) Capacity and Production:				
(i) Licensed Capacity	2,50,000	4,536	2,50,000	4,536
(ii) Installed Capacity	2,50,000	4,536	2,50,000	4,536
(iii) Actual Production	2,33,322	5,148	1,92,499	5,333

Note: The Company does not produce any goods or purchase any raw materials on its own account but processes materials received by it from Indian Oil Corporation Ltd., The quantities mentioned above relate to such processing operation.



	As on 31-3-1978	As on 31-3-1977
(2) (i) Raw Materials consumed	NIL	NIL
(ii) Goods produced:		
Opening stock	NIL	NIL
Closing stock	NIL	NIL
(3) Turnover (Processing Fees):		
(i) Lube Blending Kilo Ltrs.	2,33,332	1,92,499
Rupees.	1,55,12,588	1,30,58,755
(ii) Grease Metric Tons.	5,148	5,333
Manufacturing Rupees.	18,01,919	18,66,633
(4) (i) Number of employees who were in receipt of remuneration, excluding provision for gratuity, which in the aggregate, was not less than:		
(a) Rs. 36,000 for the year (employed throughout the year)	12	5
(b) Rs. 3,000 per month, (employed for a part of the year)	NIL	NIL
(ii) Break-up of the expenditure incurred on the above employees:		
Salaries and Bonus	4,46,481	1,85,558
Contribution to PF & Family Pension Fund	29,251	17,707
(5) The Company has not imported any raw materials, components and spare parts and capital goods; has not incurred expenditure in foreign currency on account of royalty, know-how, professional consultation fees, interest and other matters (except Rs. 22.059 incurred in respect of travelling in previous year), has not remitted any amount on account of dividends and has no earnings in foreign exchange during the financial year and previous year.		
(6) The stores and spare parts consumed during the year are out of indigenous purchases only.		

Signatures to Schedules I to VII.

DR. J. S. AHLUWALIA
Director

R. GURUMOORTHY
Managing Director

U. M. KINI
Financial Director

J. K. WADHWA
Secretary

As per our report of even date.

For **LADHAWALA & SHAH**
Chartered Accountants.

Sd/-
Partner

Bombay,
Dated: 15th July, 1978.



	Rs.	Rs.	Previous Year Rs.
ANNEXURE A			
OPERATING AND OTHER EXPENSES:			
Salaries, Wages Allowances and Bonus (including Rs. 2,34,795 <i>Previous Year</i> : Rs. 1,51,649 paid to Contractor for Casual Labour)	66,27,541		59,90,488
Company's contribution to:			
Employees' Provident and Family Pension Funds	3,58,302		3,31,894
Employees' Deposit Linked Insurance	<u>22,199</u>		<u>13,603</u>
	70,08,042		<u>63,35,985</u>
Gratuity		1,17,508	78,832
Staff Welfare and Benefits		9,97,566	8,31,230
Fuel, Power and Water charges		11,61,953	10,66,192
Stores Consumed		3,10,838	1,61,301
Rent		1,45,796	1,05,258
Rates and Taxes		1,20,016	1,08,614
Licence Fees		25,445	33,218
Material Handling (Forklift Truck) Expenses		2,74,973	1,92,809
Equipment Rental		900	2,785
Repairs and Maintenance of:			
Buildings	1,26,289		1,01,600
Plant and Machinery	4,07,946		3,59,971
Railway Siding	56,985		61,192
Others	<u>76,438</u>		<u>70,928</u>
		6,67,658	5,93,691
Insurance		40,203	36,989
Travelling and Conveyance		1,44,900	2,01,945
Printing and Stationery		70,292	60,515
Postage, Telegrams and Telephones		1,03,715	93,275
Freight and Cartage (Outward)		2,196	515
Bank Charges		753	5,357
Subscription and Membership		3,465	3,307
Advertisements		5,100	3,725
Entertainment Charges		6,302	5,848
Legal and Professional Charges		22,531	15,895
Payments to Auditors:			
As Auditors	10,000		10,000
For verification of amended accounts of earlier years	—		2,000
For reimbursement of out-of-pocket expenses	<u>1,160</u>		—
		11,160	12,000
General Expenses		1,63,537	1,01,510
TOTAL		<u>1,14,04,849</u>	<u>1,00,50,796</u>

DR. J. S. AHLUWALIA
Director

R. GURUMOORTHY
Managing Director

U. M. KINI
Financial Director

J. K. WADHWA
Secretary

As per our Report of even date.

For **LADHAWALA & SHAH**
Chartered Accountants

Sd/-
Partner

Bombay,
Dated: 15th July, 1978



INDIAN OIL BLENDING LIMITED

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF M/s. INDIAN OIL BLENDING LIMITED
FOR THE YEAR ENDED 31ST MARCH, 1978.**

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I am to state that the Comptroller & Auditor General of India has decided not to review the report of the Statutory Auditors on the accounts of your Company for the year ending 31st March, 1978. There are, therefore, no comments to make under Section 619(4) of the Companies Act, 1956.

Yours faithfully,

Sd/-

Dated 7th August, 1978

(M. RAMACHANDRAN)
*Member, Audit Board
(Petroleum & Oil)
Madras*

INDIAN OIL BLENDING LIMITED

Regd. Office: Pir Pau, Trombay, Bombay 400 074

1. The Board noted the comments of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 1978.
2. The Board also noted that the Comptroller and Auditor General of India had decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 1978, and, as such, they had no comments to make under Section 619(4) of the Companies Act, 1956.

For INDIAN OIL BLENDING LIMITED,

Sd/-

(R. GURUMOORTHY)
Managing Director

PLACE: Bombay,

DATED: August 28, 1978.

