

ANNUAL REPORT

2015-16



OIL INDUSTRY DEVELOPMENT BOARD
MINISTRY OF PETROLEUM & NATURAL GAS, GOVERNMENT OF INDIA

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MEMBERS OF THE BOARD

(During the period under Report)

CHAIRMAN



Shri Saurabh Chandra
Secretary, Ministry of Petroleum &
Natural Gas
(Up to 30.04.2015)



Shri Kapil Dev Tripathi
Secretary, Ministry of Petroleum &
Natural Gas
(from 01.05.2015 onwards)

MEMBERS



Shri Surjit Chaudhary
Secretary, Deptt. Of Chemicals &
Petrochemicals



Shri A.N. Jha
Special Secretary (Expenditure).
Ministry of Finance



Dr. S.C. Khuntia
Special Secretary & Financial
Adviser, Ministry of Petroleum &
Natural Gas (Up to 31.08.2015)



Shri. Anant Kumar Singh
Addl. Secretary & Financial Adviser
Ministry of Petroleum & Natural
Gas (from 01.09.2015 onwards)



Shri U.P. Singh
Addl. Secretary (E), Ministry of
Petroleum & Natural Gas



Shri D.K. Sarraf
Chairman & Managing Director,
ONGC



Shri B.C. Tripathi
Chairman & Managing Director,
GAIL (India) Ltd.



Shri S. Varadharajan
Chairman & Managing Director,
BPCL



Shri B. Ashok
Chairman
Indian Oil Corporation Limited



Smt. Nishi Vasudeva
Chairman & Managing Director,
Hindustan Petroleum
(Upto 29.02.2016)



Shri B.N. Talukdar
Director General, Directorate
General of Hydrocarbons
(Upto 30.06.2015)



Shri Prabendra Kumar
General Secretary
Shramik Vikash Parishad
IOCL Barauni Refinery

MEMBERS SECRETARY



Shri L.N. Gupta
Secretary, Oil Industry
Development Board
(Upto 05.06.2015)



Shri U.P. Singh
Secretary, Oil Industry
Development Board
(from 18.06.2015 to 06.03.2016)

**OFFICERS/BANKERS/AUDITORS OF THE BOARD
(DURING THE PERIOD UNDER REPORT)**

Secretary	Shri L.N. Gupta Shri Sanjiv Mittal
FA&CAO	Shri Ajay Srivastava
Bankers	i) State Bank of India ii) Oriental Bank of Commerce iii) Corporation Bank iv) Indian Overseas Bank
Auditors	Principal Director of Commercial Audit & Ex-officio Member, Audit Board –II, Mumbai
Registered Office of the Board	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Secretariat	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301.
Telephone Nos.	+91-0120-2594602 +91-0120-2594627
Fax	+91-0120-2594630
E-mail	facao.oidb@nic.in
Website	www.oidb.gov.in

Aims & Objectives of OI​DB

To administer Oil Industry Development Fund

To render financial and other assistance conducive for the development of oil industry.

To make grants and advance loans for activities such as:

- ★ Prospecting for and exploration of crude Oil & Natural Gas*
- ★ Projects providing pollution free environment*
- ★ Refining & marketing of petroleum and petroleum products*
- ★ Conservation for greater economy of hydrocarbons*

Funding of research and development programmes for sustainable development of oil industry.

To promote indigenisation of oil field equipment and Services in the country.

Funding the activities related to energy security of India.

Chapter-I

Organisational set up & Functions

1. Introduction

- 1.1 The Oil Industry (Development) Act, 1974 was enacted following successive and steep increase in the international prices of crude oil and petroleum products since early 1973, when the need of progressive self-reliance in petroleum and petroleum based industrial raw materials assumed more importance. The following objects were included in the statement of Objects and Reasons for the Oil Industry (Development) Bill, 1974:
- The programs for securing self-reliance in petroleum & petroleum based raw materials should be rapidly stepped up.
 - Necessary resources for execution of such programs must be assured.
 - For these purposes cess to be levied on crude oil and natural gas to create an Oil Industry (Development) Fund.
 - The fund would be used exclusively to provide financial assistance to the organizations engaged in development programs of oil industry.
- 1.2 The Act provides for the establishment of a Board for the development of oil industry and for that purpose to levy duty of excise on crude oil and natural gas and for matters connected therewith.

2. Organizational set up and Functions of the Board

- 2.1 The Oil Industry Development Board was established on 13th January 1975 and is functioning under the administrative control of Ministry of Petroleum and Natural Gas, Government of India. The Board comprises of a Chairman who is appointed by the Government and the following members:
- i. Not more than three members to be appointed by the Central Government to represent the Ministry or Ministries of the Central Government dealing with petroleum and chemicals.
 - ii. Two members to be appointed by the Central Government to represent the Ministry of the Central Government dealing with finance.
 - iii. Not more than five members to be appointed by the Central Government to represent the Corporations, being Corporations owned or controlled by the Central Government engaged in activities as envisaged under the Oil Industry (Development) Act 1974.
 - iv. Two members of whom one shall be appointed by the Central Government from amongst persons who, in the opinion of that Government have special knowledge or experience of oil industry and the other shall be appointed by that Government to represent labour employed in the oil industry
 - v. The Secretary to the Board is the ex- officio member.
- 2.2 The Oil Industry Development Board has been set up to provide financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry. Subject to the provisions of the OID Act, the Board may render assistance for the following purposes:

- a) Prospecting for and exploration of mineral oil within or outside India;
- b) The establishment of facilities for production, handling, storage and transportation of crude oil;
- c) Refining and marketing of petroleum and petroleum products;
- d) The manufacture and marketing of petro chemicals and fertilizers;
- e) Scientific, technological and economic indirectly useful to oil industry;
- f) Experimental or pilot studies in any field of oil industry;
- g) Training of oil industry personnel in India or abroad.

- 2.3 Any oil industrial concern or other person who is engaged in any activity, which is directly or indirectly connected with the oil industry in the country, is eligible for financial or other assistance from the Board.
- 2.4 The Board is also duty bound to carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of the OID Act.

3. Financial arrangement under Oil Industry (Development) Act, 1974

- 3.1 Section 15 of the Oil Industry (Development) Act, 1974 provides for collection of cess as a duty of excise on indigenous crude oil and natural gas (Appendix-II). The cess on crude oil has been levied/revised by Government as duty of excise on 'indigenous crude oil produced in India (including the continental shelf thereof), from time to time, at the following rates. No cess is available on crude oil production from NELP blocks

With effect from	Rate Per Tonne
23rd July, 1974	Rs.60
13th July, 1981	Rs.100
15th February, 1983	Rs.300
1st March, 1987	Rs.600
1st February, 1989	Rs.900
1st March, 2002	Rs.1800
1st March, 2006	Rs.2500
17th March, 2012	Rs.4500
1 st March 2016	20% ad valorem

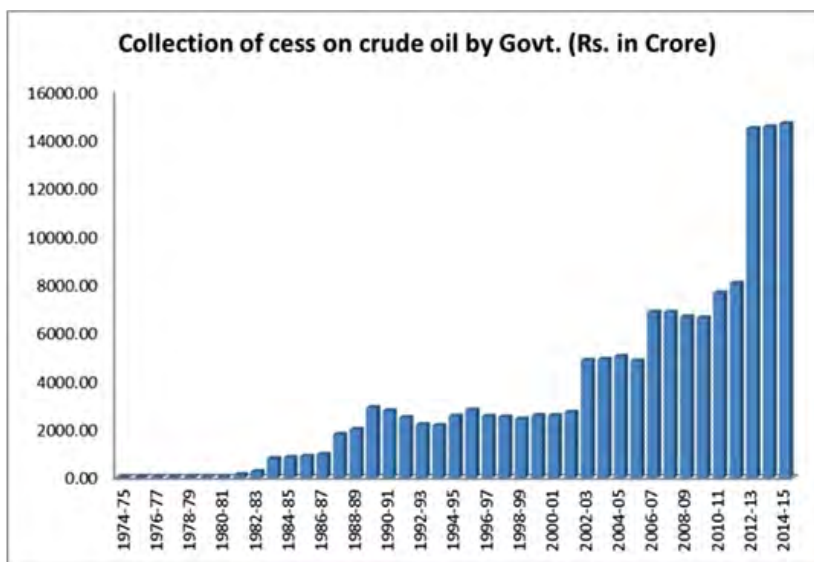
Source: Ministry of Finance

- 3.2 The Central Government has, in the public interest, exempted the duty of excise on crude oil to the extent of Rs.900 per tonne as against the rate of duty of excise of Rs.1,800 per tonne in respect of the 26 identified fields under Production Sharing Contracts in April, 2012.
- 3.3 As per section 16 of Oil Industry (Development) Act, the proceeds of the duties of excise levied are first credited to the Consolidated Fund of India. The Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purposes of this Act.

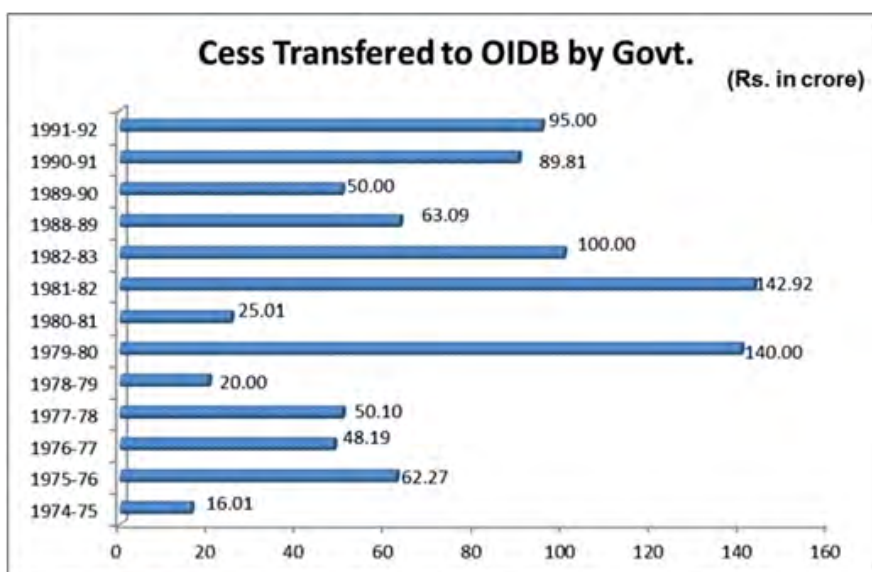
3.4 The Central Government under section 17 of the Act may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary.

4. Funds received by OIDB

4.1 As per the information provided by ONGC, OIC and DGH, it is seen that the amount of cess collected in 2015-16 has grown significantly to Rs.14,468.94 crore as compared to Rs. 30.82 crore in 1974-75. The following graph given yearwise details of the cess collected on crude oil by the Govt.



4.2 Central Government since inception has collected an amount of Rs.1,62,195.51 crore approximately (Annexure) up to 31st March, 2016, as cess. OIDB has been paid an amount of Rs.902.40 crore till 1991-92. The following graph provides year-wise details of cess transferred to OIDB.

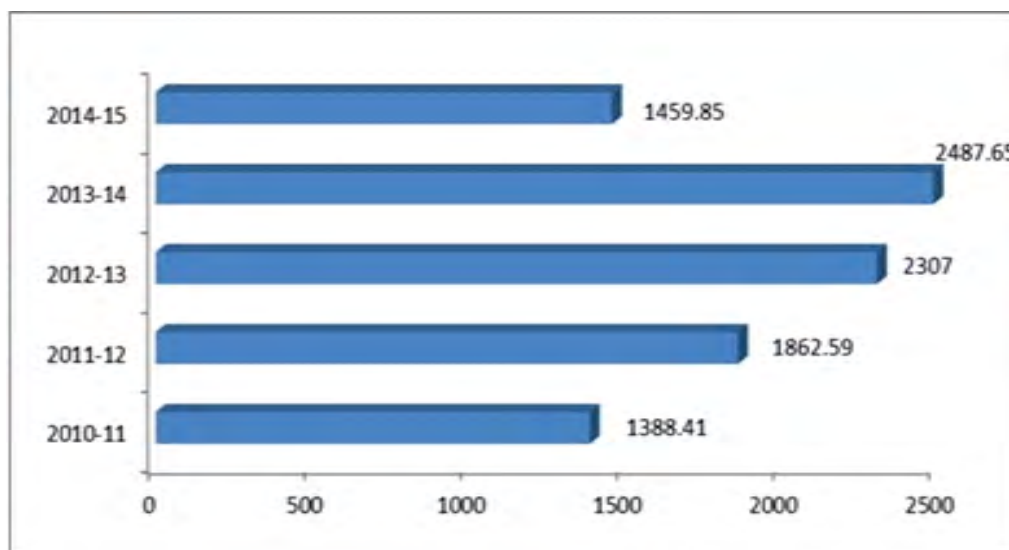


4.3 The OIDB also generates its internal resources by way of interest income on loans given to various oil sector companies and short-term investment of surplus funds in Fixed Deposit Receipts. The Oil Industry (Development) Fund has accumulated to Rs.11,452.96 crore as on 31st March, 2016 with the contribution of cess receipts and the internal resources generated by OIDB.

Chapter-II

Financial Assistance : Loans to Oil Concerns

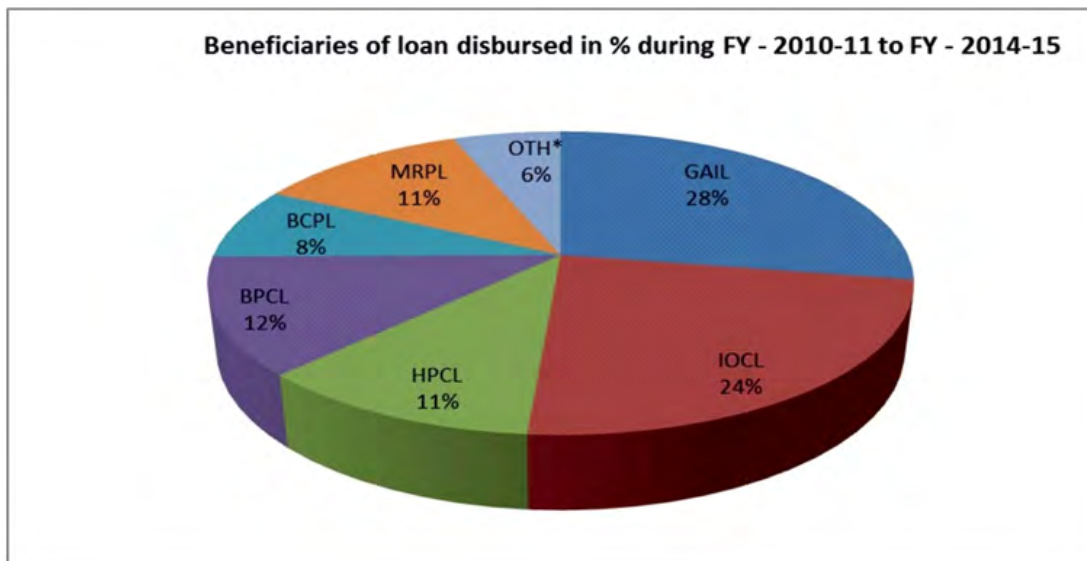
1. OIDB has been providing loan to oil PSUs ever since its creation in 1974-75. The quantum of loan disbursed by OIDB has increased from Rs 16.01 crore in 1974-75 to an average of about Rs 1900 crores during the last five years. The loan has been primarily utilized to fund gas and oil pipeline projects, setting up of new refineries, quality improvement of existing refineries, single point mooring projects, city gas distribution projects etc.
2. The loan disbursed by OIDB since FY-2011-12 to FY-2015-16 is shown in the following graph:



3. The Company wise details of the loans disbursed by OIDB to finance oil sector projects in the last five years is given in the following table:

Sl. No.	Name of oil concerns	Financial Year					Total for 5 years
		2011-12	2012-13	2013-14	2014-15	2015-16	
1.	IOCL	100.00	1050.00	572.00	420.00	711.25	2853.25
2.	BPCL	100.00	97.00	-	907.50	744.25	1848.75
3.	GAIL	675.00	490.00	975.00	-	-	2140.00
4.	HPCL	500.00	-	138.00	120.00	124.75	882.75
5.	BCPL	44.00	250.00	435.00	-	298.00	1027.00
6.	MRPL	400.00	400.00	300.00	-	-	1100.00
7.	GAIL Gas Ltd.	43.59	20.00	25.65	12.35	24.23	125.82
8.	NRL	-	-	-	-	-	42.00
9.	Biecco Lawrie Ltd.	-	-	-	-	12.00	12.00
	TOTAL	1862.59	2307.00	2487.65	1459.85	1914.48	10031.57

4. GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL) Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Ltd. (HPCL) have been the major beneficiaries of loan provided by OIDB during 2011-12 to 2015-16 accounting for 64% of loan disbursed by OIDB during the period. The following graph gives the company-wise share of loan disbursed during 2011-12 to 2015-16.



5. As on 31.3.2016, there is an amount of Rs.7229.09 crore outstanding loan, the company wise details of which are given below:

Sl. No.	Name of oil concerns	Amount
1	IOCL	2110
2	BPCL	1725
3	GAIL	1145
4	HPCL	473
5	BCPL	1161
6	MRPL	525
7	GAIL Gas Ltd.	76
8	Biecco Lawrie Ltd.	12
	TOTAL	7229

6.0 Projects funded by OIDB during the financial year 2015-16

6.1. Indian Oil Corporation Limited

M/s. Indian Oil Corporation Limited (IOCL) has availed loan assistance of Rs.711.25 crore from OIDB during the financial year 2015-16 for the following projects:-

I Paradip Refinery Project:

Paradip Refinery is Indian Oil's most prestigious and capital intensive project till date and this will be the 11th refinery of group of Indian Oil Corporation Ltd. The Refinery is located at Paradip, Orissa. It was dedicated in the service of the nation by PM Shri Narendra Modi on February 7, 2016. Envisioned as the Energy Gateway to Eastern India, the 15 MMTPA Refinery has been set up at an estimated cost of Rs.34,555 crore.



Diesel Hydrotreater Unit (DHDT)

It is the most-modern refinery of the country, with a complexity factor of 12.2 based on Nelson Index. The refinery is configured to process high-sulphur heavy crude oils with major secondary processing units like Fluidised Catalytic Cracker, Delayed Coking Unit (DCU) for coke production, besides Diesel Hydro-treatment and Catalytic Reformer, Alkylation unit, Merox, etc., for quality upgradation of products. Loan assistance of Rs. 500 crore has been extended by OIIB for this project.

II Paradip- Raipur-Ranchi Pipeline:

The project involves laying of 1069 km long product pipeline with intermediate pumping stations at Jatni and Sambalpur and delivery stations at Jatni, Jharsuguda, Ranchi, Raipur and Korba. The pipeline will have telescopic dia. of 18"/16"/14"/12"/10" with capacity to transport 5MMTPA of products. Anticipated completion of this project is by December 2016. Loan of Rs. 73.7 crore has been released for this project.



Jatni Station - Piping area

III Debottlenecking of Salaya-Mathura Pipeline System:

The project involves Debottlenecking of Salaya-Mathura Pipeline (SMPL) System for enhancement of capacity of Salaya-Viramgam section from 21 MMTPA to 25 MMTPA. Project envisages laying of 28"/24" dia, 797 km long pipeline in sections along SMPL and installation of new pumping facilities at Viramgam, Abu Road and Rajola. Anticipated completion of this project is by December 2016. OIIB has provided loan of Rs. 62.50 crore for the said pipeline system.

IV Paradip-Haldia-Durgapur LPG Pipeline:

The project involves laying of 670 km long, 10" dia LPG pipeline of 0.5 MMTPA capacity from Paradip to Durgapur via Haldia along with associated facilities for transportation of LPG from

Paradip and Haldia to the existing bottling plants at Balasore, Budge-Budge, Kalyani and Durgapur. Anticipated completion of this project is by June 2017. The loan assistance provided by OIDB for the payment is Rs. 75 crore.

6.2 Bharat Petroleum Corporation Limited

Bharat Petroleum Corporation Limited is an integrated oil company engaged in refining oil and marketing of petroleum products and petrochemical feed stocks. Loan amount of Rs.744.25 crore has been released by OIDB to the company towards part finance of the following projects during the year

- I Integrated Refinery Expansion Project of Kochi Refinery: Bharat Petroleum Corporation Ltd. has availed loan assistance of Rs.654 crore from OIDB during the financial year 2015-16. The company's integrated Refinery Expansion Project (IREP) at Kochi Refinery will increase the Refinery capacity to 15.5 MMTPA from its present level of 9.5 MMTPA. The modernization of the refinery facilities envisages production of auto fuels conforming to BS-IV/VI specifications and upgradation of the residue streams to distillates and petcoke. The approved cost of the project is Rs.16,504 crores.
- II CDU/VDU Project Mumbai: Bharat Petroleum Corporation Ltd. has also availed loan assistance of Rs.74.75 crore from OIDB during the financial year 2015-16. The Crude Distillation Unit (CDU)/Vacuum Distillation Unit (VDU), Demountable flare, first Gas Turbine Generator (GTG), Reverse Osmosis & Demineralisation Plant, Heat Recovery Steam Generator-III, Raw water quarry & Raw water treatment plant have been commissioned. Other major units such as Diesel Hydro Treater (DHDT), two GTG, two utility Boilers, Vacuum Gas Oil Hydro Treater, Sulphur Recovery Unit, Delayed Coker Unit and Fluid Catalytic Cracking Unit are planned for completion sequentially as per commissioning requirements. The project has achieved an overall physical progress of 97.99% with cumulative expenditure of Rs.12,479 crores as on 31.10.2016. The project is expected to be operational and stabilized during the first quarter of financial year 2017-2018.



6.3 Hindustan Petroleum Corporation Limited

Hindustan Petroleum Corporation Limited is engaged in refining of oil and marketing of petroleum products and petrochemical feed stocks. An amount of Rs.124.75 crore has been released by OIDB to the company as loan towards part finance of the following Pipeline Projects during the year 2015-16:

I Rewari Kanpur Pipeline Project : Rs.72 crore

The objective of the project is to lay a dedicated Cross Country Product Pipeline from Rewari (Haryana) to Kanpur (Uttar Pradesh) to avoid Rail and Road Transport for supply of Petroleum Products in Uttar Pradesh. The length of pipeline is about 442 Km and the Design capacity is

7.98 MMTPA and it passes through the States of Haryana, Rajasthan and Uttar Pradesh. Approved cost of the project is Rs.1446.34 Crore. The pipeline was commissioned on October 2015 ahead of target completion schedule.

II Mangalore-Hassan-Mysore-Solur LPG Pipeline Project Rs.52.75 crore

The objective of the project is to lay dedicated Cross Country Pipeline for transporting LPG from LPG import facilities at Mangalore to HPCL's proposed bottling plant at Yediyuru near Bangalore. Also, a spur line is being laid from Hassan Tap-off point to HPCL's bottling plant at Mysore. The approved cost of the project is Rs.838.08 Crore. The length of pipeline is about 356 Km with capacities of 2.279 MMT (first year of operation) and 3.106 MMT (eighth year of operation). The project has achieved overall physical progress of 96.67% as of May, 2016. The completion schedule of the project is November 2016.



6.4 Brahmaputra Crackers & Polymers Limited (BCPL)

M/s. Brahmaputra Cracker and Polymer Ltd. has availed loan assistance of Rs.298 crore during 2015-16 for Assam Gas Cracker Project. Assam Gas Cracker Project (AGCP), an offshoot of historic Assam accord, has been implemented by Brahmaputra Cracker and Polymer Limited (BCPL) at Lepetkata, district Dibrugarh, Assam. It consists of a cracker unit, downstream polymer units and integrated offsite and utilities plant. The complex has a capacity of 220,000 tons per annum (TPA) of Polyethylene and 60,000 tons per annum (TPA) of Polypropylene along with other by-products with Natural gas and Naphtha as feed stocks. The project is first of its kind Petrochemical Complex in North East India funded by Capital Subsidy from Govt. of India, Equity by GAIL, OIL, NRL & Govt. of Assam and loans by OIDB, SBI and OIL. The project was commissioned on 02.01.2016 and dedicated to the Nation by Hon'ble Prime Minister on 05.02.2016. During the year under report, OI DB has disbursed Rs.298 crore for the project.



6.5 GAIL Gas Limited

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated for implementation of City Gas Distribution projects across the country. GAIL Gas Limited a wholly owned subsidiary of GAIL (India) Limited, was incorporated for implementation of City Gas Distribution project across the country. GAIL Gas operates over 374.21 Kms. of steel pipeline

network and approximately 586.74 Kms. of MDPE pipeline in the cities of Sonapat, Meerut, Kota, Dewas and Taj Trapezium Zone. GAIL Gas supplies Natural Gas to more than 503 industrial & commercial units and 8774 domestic customers progressively in these cities.

During the year under report, OIDB has disbursed loan amount of Rs.24.23 crore to GAIL Gas Ltd.



6.6 Biecco Lawrie Ltd.

During the year under report, Biecco Lawrie Ltd. (BLL) has availed a Special Bridge loan assistance of Rs.12 crore during 2015-16 for meeting statutory dues and working capital requirements. The Central Government approval for the same was communicated by Ministry of Petroleum & Natural Gas on 25.03.2015.

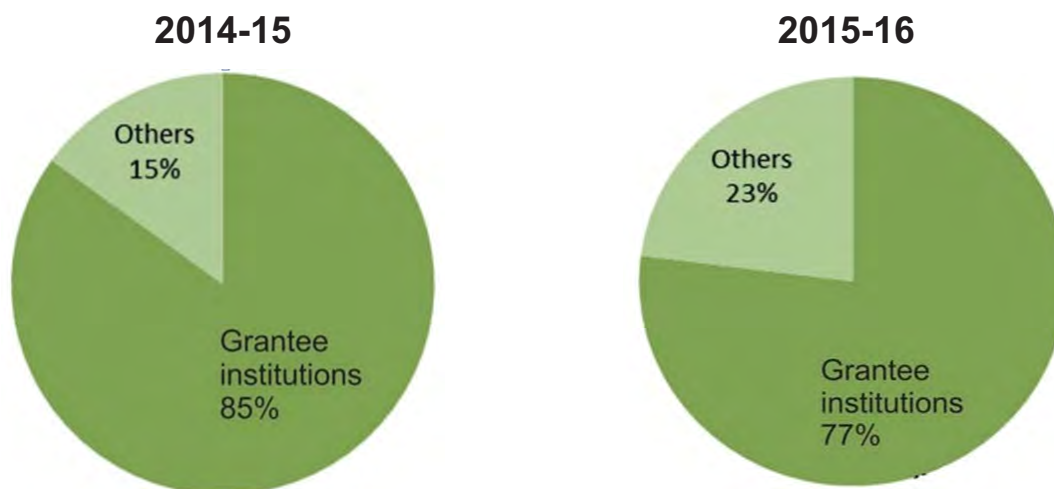
Chapter-III

Financial Assistance : Grants to Regular Grantee Organisations

- In pursuance of its mandate, OI DB has been providing assistance to oil sector by way of grants. These grants include grants to five regular grantee institutes namely Directorate General of Hydrocarbons (DGH), Oil Industry Safety Directorate (OISD), Centre for High Technology (CHT), Petroleum Conservation Research Association (PCRA) and Petroleum Planning and Analysis Cell (PPAC).
- In addition to the grants to its regular grantee institutes, OI DB also provides grants for promotion of R&D in the Oil sector. Besides, to promote world class education, training, and research requirements of the Petroleum & Energy sector, OI DB has provided grant to Rajiv Gandhi Institute of Petroleum Technology (RGIPT) on the projects being carried out at Sivasagar, Assam and Jaes, Rae Bareilly. Since 1975-76 OI DB has disbursed a cumulative grant of Rs 2607.76 crore till 31.3.2016. During 2015-16, a total grant of Rs.275.23 crore was disbursed of which Rs 215.05 crore was disbursed to the regular grantee institutes.
- Details of the grants disbursed to regular Grantee institution, in last five years are as under:

Institutions	2011-12	2012-13	2013-14	2014-15	2015-16
DGH	55.14	62.09	39.62	137.95	121.51
PCRA	25.00	46.96	41.54	40.86	41.13
CHT	12.04	13.92	18.45	10.38	19.59
PPAC	12.21	12.35	14.36	14.83	17.77
OISD	9.96	10.88	13.74	16.25	15.05
Total	114.35	146.20	127.71	220.27	215.05

- The composition of grant during 2015-16 vis-à-vis 2014-15 is shown in the following graph. OI DB incurred the following expenditure on grants/schemes sponsored by Government of India/OI DB during the year 2015-16:



4.1 Directorate General of Hydrocarbons (DGH)

Directorate General of Hydrocarbons (DGH) was established under the administrative control of Ministry of Petroleum & Natural Gas by Government Resolution in 1993. Objectives of DGH are to promote sound management of the oil and natural gas resources having a balanced regard for environment, technological and economic aspects of the petroleum activity. DGH has been entrusted with responsibilities concerning the production sharing contracts for discovered fields and exploration blocks, promotion of investment and monitoring of E&P activities including review of reservoir performance of major fields. In addition, DGH is also engaged in opening up new/unexplored fields for future exploration and development of non-conventional hydrocarbon energy sources.

DGH is fully funded by OIDB. During the year 2015-16, OIDB provided a grant of Rs.121.51 crore to DGH. DGH has carried out the following major activities during the year 2015-16:

1) OPENING UP OF NEW AREAS FOR FUTURE EXPLORATION:

Government has approved the Hydrocarbon Exploration and Licensing Policy (HELP) on 30.03.2016. Four main facets of this policy are (i) uniform license for exploration and production of all forms of hydrocarbon; (ii) an open acreage policy; (iii) easy to administer revenue sharing model and (iv) marketing and pricing freedom for the crude oil and natural gas produced.

HELP will enhance domestic oil & gas production, bring substantial investment in the sector and generate sizable employment. The policy is also aimed at enhancing transparency and reducing administrative discretion. This policy also provides for marketing freedom for crude oil and natural gas produced from these blocks.

2) IMPLEMENTATION OF NELP

The development of E&P sector has been significantly boosted through NELP Policy of Government of India, which brought significant liberalization in the sector and opened it up for private and foreign investment, where 100% Foreign Direct Investment (FDI) is allowed.

Till date, nine rounds of NELP have been concluded and 254 blocks were awarded for exploration and production. During 2015-16, 5 oil and 7 gas discoveries have been made in 7 blocks under NELP. Under NELP, a total 154 oil and gas discoveries have been made in 51 blocks. Currently, a total of 25 NELP discoveries are under development and 19 NELP discoveries are on production.

3) MONITORING OF PRODUCTION SHARING CONTRACTS:

Government of India has signed 28 contracts for discovered fields, 33 CBM blocks, 28 exploration blocks under pre-NELP regime and 254 blocks under NELP regime. DGH monitors the execution of management of these Production Sharing Contracts on behalf of GOI through Management Committees set up for each block / field. During 2015-16, fields/blocks under PSC regime, produced 11.36 MMT of oil and 8.23 BCM of natural gas.

4) FIELD DEVELOPMENT, RESERVOIR AND PRODUCTION MONITORING:

Field development activities of various fields under the Production Sharing Contracts (PSCs) regime were monitored and activities in exploration blocks with reference to reservoir performance monitoring, review of discoveries, potential commercial interest, Declaration of Commerciality (DoCs) and Field Development Plan (FDP) etc. were also carried out. During FY 2015-16, 3 DOCs and 5 FDPs for discoveries under PSC regime were approved.

5) SETTING UP OF NATIONAL DATA REPOSITORY (NDR):

Integration of Software at NDR site has been completed. Initial population phase of NDR project completed on 02.03.2016. During initial population phase, G&G data of relinquished blocks (Private Operators/ NOCs), active NELP blocks were loaded. As on 31.03.2016, total of 11,00,213 LKM 2D seismic data & 2,97,516 SKM 3D seismic data and 1,954 numbers of well data have been loaded in NDR. Operation phase of NDR project started on 03.03.2016 wherein data loading pertaining to nomination blocks of NOCs is in progress.

6) COAL BED METHANE (CBM):

CBM Policy was formulated in 1997. Under the policy, 4 global bidding rounds offering 36 CBM blocks were floated for exploration and exploitation of CBM resources. A total of 33 CBM blocks were awarded to various companies including private/JV companies which include 3 blocks awarded on nomination basis.

Out of 33 CBM Blocks awarded so far, 2 CBM blocks have entered production phase, 6 CBM blocks are in Development phase, 5 CBM blocks are in Exploration phase, 2 CBM Blocks are awaiting PEL from State Government, 4 CBM blocks have been relinquished by contractor due to poor prospectivity and 14 CBM blocks are under relinquishment. Thus out of 15 Active CBM blocks (Development and Exploration phase), 5 have commenced production (including test production) and 3 more CBM blocks are likely to commence production by FY 2017-18.

7) ESSENTIALITY CERTIFICATES:

During the year 2015-16, DGH has issued 12709 Essentiality Certificates having CIF value of INR 2972.35 Crores.

8) SHALE OIL AND SHALE GAS:

Shale gas and shale oil policy for NOCs was announced by the Government of India in October, 2013 to explore and exploit shale oil and gas resources in nomination regime acreages. As per the policy guidelines, ONGC and Oil India Ltd have to carry out Shale Gas and Oil exploration in 50 and 05 blocks respectively for assessment under Phase-I. ONGC is carrying out Shale Gas and Oil exploration activities in Cambay, Cauvery, Krishna-Godavari and Assam and Arakan Basins. Oil India Ltd is carrying out Shale Gas and Oil exploration activities in Assam and Rajasthan basins.

9) North East Hydrocarbon Vision 2030 document:

The Ministry of Petroleum & Natural Gas (MoPNG), Government of India, has constituted a committee to prepare Hydrocarbon Vision 2030 for northeast India. CRISIL Risk and Infrastructure Solutions Limited (CRIS) has been appointed by the DGH as a knowledge partner to assist the committee in preparing the vision document.

In order to encourage the E&P activities in North East, Hydrocarbon Vision 2030 document for north-east India has been prepared with the aim of a roadmap for the next 15 years to increase the production of oil and gas in northeast India and outline the necessary investment in the hydrocarbon sector to increase exploration activities.

4.2 Petroleum Conservation Research Association (PCRA)

PCRA is a registered society set up in 1978 under the aegis of Ministry of Petroleum & Natural Gas. As a non-profit organization, PCRA is the nodal agency engaged in promoting Fuel efficiency in various sectors of economy of the country i.e. Industry, Agriculture, Transport, Domestic and Commercial sectors through direct technical assistance, R&D, educational & training programs and mass awareness campaigns for the purpose of achieving environment protection and sustainable development. In its quest, PCRA takes the support of Public Sector Oil Companies, Govt. & Non-Govt. Organizations, Research institutes and laboratories, educational institutes, consumer associations and other Organizations. It also helps the Government in proposing policies and strategies for petroleum conservation, aimed at reducing dependence of country on Oil & Gas requirement.

During 2015-16, an amount of Rs.41.13 crore was released by OI&NB to PCRA for performing its activities including administrative expenditure. PCRA carried out following activities during the year:

i) FIELD ACTIVITIES

Through Sectoral Field Activities, PCRA engineers and its empanelled experts reach the targeted groups with energy conservation programs. These activities are designed to cover a large spectrum of socio-economic profile of our country in different sectors viz. Industry, Transport, Domestic, Agricultural and Commercial. During the year, a total of 10842 field activities were carried out throughout the country.

ii) INDUSTRIAL SECTOR

The industry sector consumes about 14% of fuel consumption in the country. PCRA programs in this sector focus on improvement in fuel use brought out through energy efficiency studies of large, medium and small-scale industries, Seminars, Training programs etc.

Energy Efficiency Studies, Technical Seminars, Institutional Training Programs and Industrial Workshops

During 2015-16, PCRA conducted 688 energy efficiency studies in this sector, which include Energy Audits (317), Fuel Oil Diagnostic Studies (151) and walk through audits (220) in Small-

scale industries. PCRA also organized 145 nos. of Seminars / Technical Meets in different parts of the country for the benefit of specific industrial sectors for improvement in operational practices for improving energy efficiency. PCRA also conducted 565 Industrial Training Programs in various industries to create awareness among stakeholders about the conservation potential that can be realised through energy audit of their plants. Besides, PCRA conducted 616 workshops covering energy and fuel saving measures for the sector which includes screening of clippings and films on the tips of fuel and energy saving in industries.

Programs on Energy Efficiency for Industries through Energy Audits under PAT scheme.

PAT (Perform, Achieve & Trade) is part of the BEE initiated National Mission on Enhanced Energy Efficiency (NMEEE), which intends to enhance energy efficiency in large energy intensive industries in India. The PAT scheme has been spread to cover 621 units in 11 sectors. During the year 2015-16, PCRA completed 14 energy / verification audits under PAT scheme in Textile, Iron & Steel, Chlor-Alkali industries and thermal power plants.

Empanelment of Energy Auditors

Over the years, PCRA has been playing an important role of developing quality energy auditors whose services become available to industries and commercial establishments in the country. PCRA's empanelment committee comprises members from BEE, NPC, TERI and PCRA. Today a strong force of 83 PCRA empanelled energy auditors is providing services to the Indian industry.

iii) TRANSPORT SECTOR

PCRA conducts variety of programs like Driving Training Programmes (DTPs), Model Depot Projects etc. for State Transport Undertakings (STUs), private fleet operators, organizations in the private & public sector to promote efficient use of petrol, diesel, lubricants and greases through better maintenance practices and better driving habits. During the year 2015-16, PCRA conducted 2097 DTPs and trained 42233 Drivers.

iv) AGRICULTURE SECTOR

To create awareness amongst the farmer community, PCRA conducts activities like van publicity, kisan melas and educational programs for students of agricultural colleges. During these events, clippings and films on fuel conservation are also shown. During the year 2015-16, PCRA participated in 83 kisan melas and conducted 971 agricultural workshops.

v) DOMESTIC SECTOR

Workshop of LPG/ Kerosene Savings

In order to promote conservation of LPG, PNG and Kerosene, PCRA educates housewives, college girls and cooks on better cooking habits leading to fuel conservation, use of fuel-efficient stoves and lighting appliances, use of alternative sources of energy such as solar, bio-gas etc. During the program, LPG/PNG/Kerosene savings tips are disseminated through display of information, video clippings, films etc. PCRA conducted 1437 nos. of such awareness workshops during the year 2015-16.

Youth programs

PCRA aims to make young minds understand the importance of energy conservation and motivate them to apply and promote the cause of oil conservation into their widening spheres of domestic and professional lives. During 2015-16, a total of 2230 nos. of youth programs were conducted all across the country.

vi) RESEARCH & DEVELOPMENT

PCRA sponsors R&D projects aiming at optimal utilization of energy and reduced carbon emissions. PCRA promotes new R&D initiatives and sponsors development, demonstration and implementation of improved technology, processes and products to conserve oil & gas in identified areas. During 2015-16, four R&D projects were successfully completed, 7 new R&D projects are ongoing and 3 new R&D projects were approved.

vii) EDUCATION CAMPAIGN

Education campaign is a communication tool to create mass awareness and to bring attitudinal changes towards energy efficiency and efficient utilization of energy resources. In order to bring about the changes, sector specific energy saving measures and techniques are propagated to targeted end users. PCRA utilized technology to promote awareness thru its website, social media sites like Facebook, Twitter, Google +, YouTube and My Gov. Daily fuel saving tips, inviting suggestions and update on PCRA's conservation activities were posted regularly on these social media platforms of PCRA.

vii) MEGA MEDIA CAMPAIGN 2015-16

The Mega Media Campaign and OGCF campaign were conducted successfully through Radio, Doordarshan and Private Channels, for which documentary, jingle, and appeal of Hon'ble Minister (IC) of P&NG were prepared and used. Print Campaign was done for specific segments of people identified for OGCF'16. PCRA also conducted national level essay competitions in 23 Indian languages, organised painting competition. PCRA put up a completely digital stall at India International Trade Fair 2015 with an innovative Cycle game 'Ride a cycle and conserve fuel'.

viii) INTERNATIONAL / NATIONAL NETWORKING

As part of the initiative of Govt. of India for fostering Indo-Japanese collaboration in the energy sector, PCRA maintained relationship with ECCJ (The Energy Conservation Centre, Japan) for co-operation in the field of energy efficiency besides National / Regional industry bodies such as Bureau of Energy Efficiency (BEE) etc.

ix) OIL & GAS CONSERVATION FORTNIGHT 2016

PCRA under the aegis of MoP&NG and Oil & Gas PSUs organized Oil & Gas Conservation Fortnight (OGCF) from 16th - 31st January 2016 to sensitize the people about the conservation and efficient use of petroleum products towards better health & environment. To achieve this goal, the theme of the event was kept as "Indhan Ho Swachh, Jan Gan Rahein Swasth".

Honorable Minister of Petroleum and Natural Gas, Shri Dharmendra Pradhan inaugurated the fortnight on January 16, 2016 in New Delhi. Shri K. D. Tripathi, Secretary and other senior officers of MoP&NG, Oil PSUs, State Governments, school children etc. participated in the event. Addressing the event, Shri Pradhan highlighted the hazards of pollution due to burning of wood and other conventional fuels. He stressed on the usage of clean fuels like CNG, PNG and LPG effectively and also added that the Government supported 100% LPG connected smokeless villages. During the function, oil & gas conservation pledge was administered by the Hon'ble Minister. Awards for exemplary work on fuel conservation by the Oil Industry and the State Government as well as 1st prize winners of National Level Essay & Painting competitions on fuel conservation were given away during the function.



4.3 Centre for High Technology (CHT)

Centre for High Technology (CHT) was established by Ministry of Petroleum & Natural Gas (MOP&NG) in 1987 as a specialised agency of the oil industry to assess futuristic technology requirements and to promote development and adoption of new refinery processes, petroleum products and additives. CHT was certified by M/s Det Norske Veritas (DNV) for the Quality Management System Standard, ISO 9001:2008 in July 2013.

CHT acts as the Technical Wing of MOP&NG for implementation of scientific and technological programmes of Govt. of India. Major functions of CHT include assessment of technology requirement, operational performance evaluation and improvement of the refineries. CHT acts as a focal point of oil industry for centralised technical assistance, knowledge dissemination, performance data base, exchange of information and experience. CHT also coordinates funding of research work in refining and marketing areas and pursue the programmes of "Scientific Advisory Committee on Hydrocarbons" of MOP&NG.

During the year 2015-16, an amount of Rs.19.59 crore was received by CHT as grant-in-aid from OIIB. Out of this fund, Rs.5.94 and Rs.4.00 crores were released by CHT for R&D projects

and special studies respectively during the year. The following major activities were carried out by CHT during the year :

i) Auto Fuel Vision & Policy 2025:

Auto Fuel Vision & Policy-2025 report was submitted by the Expert Committee on 2nd May 2014. CHT had provided extensive technical and secretarial support to the Expert Committee in preparation, finalisation and publication of the Report. In line with the Expert Committee's recommendations, Bharat Stage-IV fuels under Phase-I were expanded in whole of Northern India covering Jammu & Kashmir. As a result, about 50.8% of gasoline and 47.7% of diesel meeting Bharat Stage-IV specifications are being supplied in the country.

ii) Performance Benchmarking of PSU refineries & Technical Services Agreement:

CHT, on behalf of MoP&NG and PSU/ JV refineries, has engaged M/s Solomon Associates to benchmark refineries based on the data for the calendar year 2014. Data submitted by the refineries has been validated by the consultant and final reports have been received in February/ March 2016. CHT had entered into Technical Services Agreement (TSA) with Shell Global Solutions International in April 2013. TSA contract concluded on 30th June 2015, after expiry of 2-year contract period. During the period, 2284 man-hours were utilized as against 2000 fixed fee man-hours.

iii) Indigenous Technology Development:

CHT co-ordinates the activities of Scientific Advisory Committee (SAC) on Hydrocarbons of MOP&NG in identifying and funding of research projects for hydrocarbon sector. SAC approved and steered projects of national importance and refining operations. During the year 2015-16, SAC approved three new R&D projects.

iv) Oil & Gas Conservation Awards for 2015 and 2016:

CHT organized surveys in the area of "Steam leak" during January 2015 and for "Furnace/ Boiler Insulation effectiveness and Furnace/ Boiler efficiency" during January 2016. The survey was conducted simultaneously at all Refineries including Jamnagar Refinery of Reliance and Vadinar Refinery of Essar. The survey data for 2015 was evaluated by CHT and the awards were finalised by the Award Selection Committee, for presentation to the winning refineries. The data for 2016 is under evaluation by CHT.

v) Compendium of Indian Refineries:

CHT evaluating the performance of refineries, felt the need to have Indian refineries' information available at one place. Accordingly, CHT prepared a Compendium of Indian Refineries and brought out in the form of a booklet in February 2015 covering all the 22 refineries' process configuration, capacity, process licensors etc.

vi) Activity Committee Meetings:

With the aim of sharing of best operational practices & improvements and dissemination of information on latest developments, CHT organised various Activity Committee Meetings (ACMs) on major areas of Refinery operations and Pipelines during the year.

vii) Perform, Achieve and Trade (PAT) Scheme implementation in refineries:

Petroleum Refinery Sector has been included in the PAT scheme from the cycle-II, which has commenced from 1.4.2016. Out of 23 Refineries in the country, 18 Refineries (except four smaller refineries viz. Tatipaka, Cauvery Basin, Guwahati and Digboi Refineries; and the newly commissioned Paradip Refinery) have been notified as Designated Consumers (DC) vide Gazette Notification No. 225 dated 30th December 2015.

CHT has closely worked with BEE providing the methodology to calculate the specific energy consumption taking into account the complexity of each Refinery; verification of data, documents and calculations submitted for Baseline year.

viii) Other Activities:

CHT reviewed and examined applications for issuance of essentiality certificates for import of various project items and submitted its analysis/ recommendations to MOP&NG. CHT prepared the consolidated report on the analysis of refineries' performance and submitted for review by MOP&NG.

4.4 Oil Industry Safety Directorate (OISD)

Oil Industry Safety Directorate (OISD) is a technical directorate under the Ministry of Petroleum and Natural Gas and has been entrusted with the responsibility of formulating standards, overseeing its implementation through safety audits in petroleum industry to enhance safety levels and reduce risk inherent with this industry. OISD standards cover the entire activities pertaining to hydrocarbon sector i.e. exploration & production, refining, gas processing, storage, distribution, environment etc. which are implemented on self-regulatory basis by the Oil & Gas companies. OISD's goal is to achieve enhance safety in Oil & Gas Installations in co-ordination with industry members both public and private sector.

During the year 2015-16, an amount of Rs.16.25 crore was disbursed to OISD as grant-in-aid by OIDB. As per OISD, following major activities were carried out by OISD during the year :

i) Safety Audits by OISD: FY 15-16

OISD carries out periodic safety audits of all types of Oil & Gas installations to monitor their compliance with the OISD standards. OISD Safety Audit Performance for the year 2015-16 is as indicated below:

Actions	Unit	Plan	Actuals
Core Audits			
Refineries & Gas Processing plants	Nos	14	14+22*
Installations	Nos	70	49+49*
E&P Onshore Installations	Nos	50	50
E&P Offshore Installations	Nos	16	17
Cross Country Pipelines	Kms	7000	6892
Additional audits Pipelines Installations			
Jetty Pipelines for Hydrocarbon Transportation	Nos	01	
Pipelines Crude Tank farms	Nos	01	
Single Point Mooring (SPM) Installations	Nos	02	

ii) Pre-Commissioning Safety Audits (PCSA)

To ensure safe & productive capitalization thereby enabling uninterrupted distribution of petroleum products for the public at large, OISD carries out pre-commissioning safety audits of Greenfield projects across the Oil & Gas Industry. These audits are conducted where green-field developments and also major additional facilities at existing locations are being done, to ensure ab initio compliance of these facilities to the OISD standards at the construction stage itself.

During 2015-16, 71 nos. of such audits had been conducted on the request of the user Industry members. 567 Km of Pipeline covering eleven pipelines installations was also audited in this context.

ii) "Consent to Operate" for Offshore Installations

OISD, as the competent authority to oversee implementation of the Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008 accords "consent to operate" to offshore installations including Drilling Rigs. 76 drilling platforms and 09 drilling rigs have been accorded "consent to operate" during the year 2015-16.

iii) Technical Seminar / Conference / Workshops

Technical Seminars / Conferences / Workshops for the Oil industry are conducted by OISD to discuss the latest technological developments, sharing of incident experiences etc. During the year 2015-16, OISD has organized the following seminars/workshops:

- (i) Joint workshop with ONGC on the theme 'Well Control & Workover Operations' was held during 18 – 19 September, 2015 at Chennai.
- (ii) One day Joint Technical Seminar with ASME on the theme 'ASME Codes & Quality Assurance' was held on 05th February, 2016 at Noida.

iv) Encouragement of Safety Performance across the Industry through 'Oil Industry Safety Awards'

Annual evaluation of safety performance of the industry members is done by a specially developed methodology, which takes cognizance of hazards associated, incident recorded during the year and safety management system of the installation. Organizations, achieving 'exceptional safety performance' during the year, are awarded with the Oil Industry safety Awards. 'Oil Industry Safety Awards' for the year 2013-14, had been handed over to the recipients by Hon'ble Minister of State (Independent Charge) for Petroleum & Natural Gas on 04th August, 2015.



In pics above – Some of the Proud winning entities receiving the 'Oil Industry Safety Award' from Hon'ble MoS (I/C) PNG, Shri Dharmendra Pradhan at the award ceremony held at New Delhi

v) **Compilation of two Safety Critical Compendiums by OISD.**

For further enhancing the safety in the Oil & Gas Industry, OISD, during the year 2015-16, has compiled two very useful and important compendiums. These compendiums were released by Shri Dharmendra Pradhan, Hon'ble Minister of Petroleum of State (I/C), PNG. One such compendium is the compilation of 'Safety Audit Checklist' for safety audits of all categories of Oil & Gas installations viz Refineries & Gas



Release of compendium on 'Safety Audit Checklists' by Hon'ble MoS (I/C) PNG, Secy. PNG & JS-(R) during Oil Industry safety Awards ceremony at New Delhi.

processing Plants, exploration & production installations, marketing operations installations, cross country pipelines etc. The second compendium is on 'Analysis of Major Incidents in Oil & Gas Industry for the period 2004-15. The root cause of failures and learnings from the all the major onsite incidents which have occurred in the Industry during the last decade have been enunciated in this booklet.

vi) **The Safety Council**

To ensure proper implementation of the various aspects of safety in the Oil & gas Industry in India, Government of India had set up a Safety Council at the apex under the administrative control of Ministry of Petroleum & Natural Gas. OISD assists the Safety Council, which is headed by Secretary, P&NG as Chairman and members represent the entire spectrum of stakeholders – PSU, Pvt. Sector & JVs – as well as relevant expert bodies. To review the safety performance, the Safety Council meets once a year and 32nd meeting of the Council was held on 15th March, 2016.

vii) **Development of Safety Standards**

OISD develops Standards / Guidelines / Recommended Practices for the oil and gas sector through a participative process involving all the stakeholders, drawing inputs from international standards and adapting them to Indian conditions by leveraging the experience of the constituents. These standards cover inbuilt design safety, asset integrity and best operating practices in the field of production, processing, storage and transport of petroleum. As on date, OISD has developed 120 technical safety standards for the oil industry. 11 of these standards had also been included in statutory provisions of Petroleum Rules and Gas Cylinder Rules.

During the year 2015-16, OISD has formulated two numbers of New Standards and revised/amended 08 Numbers of the existing standards. Currently, four numbers of New Standards are under formulation and another six numbers of existing OISD Standards have been taken up for revision/amendments.

viii) Incident Investigation & Analysis

OISD investigates as well as participates in investigation of major incidents (depending upon the severity/damage) to analyze root cause of the incident. A databank of incidents of the oil industry is maintained and analysed to assess trends, areas of concern and required corrective action. These are then disseminated to the industry through safety alerts, advisory notes, workshops, training programs, website links etc. During 2015-16, 16 major incidents were investigated by OISD.

ix) Other Major Activities**OISD audit of Major Ports to assess the capability of Oil Spill Response (OSR) Capability and Firefighting System**

In addition to the Safety Audits of the Oil & Gas Installations in the country, OISD was also requested to carry out independent audit of 12 Major Ports in the country. These audits were basically intended to assess the capability of Oil Spill Response (OSR) Capability and Firefighting System at these Ports. OISD has carried out such special purpose audits and reports of such audits have been submitted to Ministry of Shipping (Ports Wing), Govt. of India.

Site Restoration Guidelines for Petroleum Operations

OISD was a key member of the Committee constituted by MoP&NG for development of 'Site Restoration Guidelines for Petroleum Operations'. OISD was instrumental in framing the sections related to "Permanent Well Abandonment" and "Offshore Structural Removal Requirements", in the said Guidelines. Upon cessation of Petroleum activities, all the Operators in the country shall have to mandatorily follow Abandonment and site restoration procedures as prescribed in the aforesaid Guidelines.

Safety Regulator for Petroleum & Natural Gas industry

In line with the recommendations of Parliamentary Standing Committee on Petroleum & Natural Gas and various expert committees, OISD has developed the draft Petroleum & Natural Gas Safety Board Bill. The bill aims at creating an Umbrella Organization for regulation of Safety in the entire Petroleum & Natural Gas Industry in the country.

With the passage of the Bill, the existing fragmentation in Statutory Set-Up of Overseeing Safety in Petroleum and Natural Gas Industry in the country shall be avoided and; in the matters related to safety in this Industry, the Oil Industry Safety Directorate (OISD), as a single agency would be conferred with statutory status. The bill has been duly processed for consideration at the Committee of Secretaries (CoS) and at present the Bill is under consideration of CoS.

Monitoring of MB Lal Committee Recommendations

OISD and MoP&NG continue to vigorously monitor & review the implementation status of MB Lal and OISD-116 & 117 compliances with the entire Oil & Gas. Such regular review meetings have helped to enhance the pace of execution of safety critical items significantly. Around 99% of the recommendations have already been complied with by the Industry and the rest are under advanced stage(s) of implementation.

4.5 Petroleum Planning & Analysis Cell (PPAC)

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum Sector with effect from 1st April 2002, the Oil Coordination Committee was abolished and a new cell, Petroleum Planning & Analysis Cell (PPAC) was created from 1st April 2002 as attached office of the Ministry of Petroleum and Natural Gas, to assist the Government in the following activities:

- a. Administration of subsidy on PDS Kerosene and domestic LPG and freight subsidy for far-flung areas
- b. Maintenance of information data bank and communication system to deal with emergencies and unforeseen situations
- c. Analysing the trends in the international oil market and domestic prices
- d. Forecasting and evaluation of petroleum import and export trends
- e. Operationalizing the sector specific surcharge schemes, if any.

During the year 2015-16, an amount of Rs.16.25 crore was disbursed to PPAC as grant by OIDB. As per PPAC, following major activities were carried out by PPAC during the year :

i) Settlement of Subsidy & DBTL Claims of OMCs

With effect from 1st April 2015, separate fiscal subsidy under the PDS SKO & Domestic LPG Subsidy Scheme, 2002 and freight (Far flung areas) Subsidy scheme, 2002 is no more available. However, amounts of *Rs 3296.18 crore and Rs 0.59 crore under the main subsidy and freight subsidy schemes are pending for disbursement to the OMCs for want of budget with MOP&NG.

Further, Direct Benefit Transfer of LPF (DBTL) claims of Rs 16056 crore have been processed for the year 2015-16. Out of this Rs 10515 crore has been disbursed to the OMCs. The balance has remained pending for want of budgetary funds.

ii) Settlement of NE Gas Subsidy Claims

During the year 2015-16, Rs.660 crore were paid as subsidy on North Eastern Natural Gas by MOP&NG on claims processed by PPAC.

iii) Settlement of Under-recovery claims of OMCs

Total under-recovery claims of Rs.11515 crore on PDS Kerosene and Subsidized Domestic LPG (non DBTL) were scrutinized and compensation mechanism thereof was prepared by PPAC. Under the burden sharing mechanism, Rs.1251 crore were contributed by the PSU Upstream companies in the form of discounts on crude oil and petroleum products and an amount of Rs.10245 crore was provided as cash assistance by the Government. The unmet under-recovery of Rs.18 Crore was absorbed by the OMCs.

iv) Domestic Natural Gas Price Notification

Ministry of Petroleum and Natural Gas authorized Director General, PPAC to notify the periodic revision of natural gas prices under the guidelines issued by Ministry. Accordingly, natural gas

price was notified by PPAC for the period October, 2015 to March, 2016 and April, 2016 to September, 2016.

v) Gas Price Ceiling Notification:

Ministry of Petroleum & Natural Gas allowed marketing freedom including pricing freedom subject to the ceiling price on the basis of landed price of alternate fuels for the gas produced from discoveries in Deep-water, Ultra deep water and High pressure-High Temperature areas in March 2016. Ministry of Petroleum & Natural Gas authorized Director General, PPAC to notify the periodic revision of gas price ceiling under the said notification. Accordingly during the year 2015-16, gas price ceiling was notified by PPAC for the period April, 2016 to September, 2016.

vi) In-house study on India's vulnerability due to over-concentration of oil infrastructures in one region.

MOPNG has a Memorandum of Understanding (MOU) with International Energy Agency (IEA) on cooperation in Oil & Gas security. Under the MOU, an Emergency Response Assessment (ERA) was conducted by IEA for India. In the final ERA report submitted by IEA to MOPNG, IEA had recommended that India should carry out a study on its vulnerability due to over-concentration of oil infrastructures in one region. PPAC on the direction of MoP&NG conducted a study after obtaining relevant data from various stakeholders like IOCL, BPCL, HPCL, ISPRL, ONGC, OIL and ESSAR etc. and using its in-house database. The draft report is under finalization.

vii) Preparation of a comprehensive master plan for improving LPG penetration in next three years, taking into account the entire supply chain logistics.

MOPNG advised PPAC to engage an external agency to assist in preparation of a comprehensive master plan for improving LPG penetration in the next three years, taking into account the entire supply chain logistics. Accordingly, PPAC engaged an external agency which after carrying out extensive stakeholders consultations has submitted the draft report. The report is under review. The report, inter alia includes findings of primary survey carried out for 1,03,000 unconnected households (i.e those households which do not have LPG connection) spread over 120 districts in 13 states having low LPG penetration. The survey also covered 1418 gram panchayats in these 120 districts. The survey captured the perceptions and expectations of the unconnected households in the above mentioned 13 states in using LPG as a cooking fuel.

By analysing the data of the 68th Round of NSSO survey, it was revealed that 76.8% of the total kerosene consumption is in rural

By analysing the data of the 68th Round of NSSO survey, it was revealed that 76.8% of the total kerosene consumption is in rural areas and 51.3% consumption of PDS kerosene is by AAY and BPL cardholders. The data also showed that 75.5% of the Kerosene consumed was obtained from PDS sources. The study report was submitted to the Ministry in July 2014.

viii) Institutionalize a mechanism for regular review of import of Petroleum Products

Ministry of Commerce had advised relevant Departments/Ministries to institutionalize a mechanism for regular review of import of products falling under their jurisdiction with a view to see that inessential imports are rationalized within the premise of international commitments in the WTO. MoP&NG requested PPAC in November 2014 to furnish a report on the proposed mechanism for review of imports of crude oil and petroleum products. PPAC examined the issue taking inputs from stakeholders and proposed a review mechanism for import of petroleum products.

Chapter-IV

Financial Assistance : R&D and other Grants

1. Section 6 of Oil Industry (Development) Act, 1974, inter-alia, provides that the Board may render assistance for scientific & technological research useful to oil industry. Hydrocarbon Vision 2025 also envisages that sufficient resources may be made available for appraising the unexplored/partly explored acreages through Oil Industry Development Board cess and other innovative resource mobilization approaches.

2. UPSTREAM SECTOR

In respect of OI DB grant in aid related to Upstream Sector, the OI D Board in its 76th meeting held on 27.03.2014 decided that a Committee headed by DG, DGH with other Members to be nominated by Chairman, OI DB may be constituted to identify and examine the R&D project/projects related to Energy Security for providing funds from OI DB in the form of grant for their execution. Accordingly, a Committee for Utilisation of OI DB grants with following composition was constituted: Director General, DGH Chairman Secretary, OI DB Member Director (Exploration), ONGC Member Director-IIP, Dehradun Member Director (R&D)-IOCL Member Director (Tech)-EIL Member Director General-Petrofed Member

The Committee headed by DG, DGH comprising Secretary-OI DB, Director(E)-ONGC, Director-IIP, Director (R&D)-IOCL, Director(Tech)-EIL and Director General-Petrofed or his nominee examines the proposals in the first instance and gives its recommendations. The recommendations of the Committee are submitted to OI D Board for taking a decision. The projects that are approved by OI D Board with an outlay of more than Rs.25 lakh are sent to Central Government for conveying its approval before release of grant in terms of Rule 24(1)(ii) of OI D Rules. Since inception, the OI D Board/Central Government has approved more than 120 projects. Most of these projects have been completed and yielded considerable benefit to oil industry in terms of oil production, upgradation of technology and identifying the new areas for exploration.

2.1 Review of the Projects

A Sub-Committee headed by DG, DGH, comprising Secretary-OI DB, Director(E)-ONGC, Director-IIP Dehradun, Director (R&D)-IOCL, Director(Tech)-EIL and Director General-Petrofed or his nominee constituted by OI D Board reviews the progress of the OI DB funded projects in the Upstream Sector from time to time. The recommendations of the Sub-Committee are presented before OI D Board for consideration and appropriate directions for implementation of the projects in a more efficient manner wherever necessary.

2.2 R&D Projects under Upstream Sector – Grant of Rs.1.05 crore

Steered by the Ministry of Petroleum & Natural Gas and technically coordinated by Directorate General of Hydrocarbons (DGH), NGHP is a Consortium of National E&P companies, namely ONGC, GAIL India Ltd & Oil India Ltd and National Research Institutions namely National Institute of Oceanography (NIO), National Geophysical Research Institute (NGRI) and National Institute of Ocean Technology (NIOT).

The success of the National Gas Hydrate Programme Expedition-01 has established presence of gas hydrates in Krishna Godavari, Mahanadi and Andaman Basins. This has brought the Indian gas Hydrate Programme on the global map. The discoveries have stimulated widespread and

intensive research in gas hydrates in the country as well as abroad. The consequent studies have also brought out a large number of publications and scientific data. As Gas Hydrates are still at the global research level and no commercial production from marine gas hydrates have been proven, these data and publications are of vital importance for further research in the field of gas hydrates.

The envisaged Scientific Research Volume project intends to capture all researches and scientific investigations in one single module enabling researchers to have a complete understanding of the progress of scientific studies carried out in the field of gas hydrates in the country. The Scientific Research Volume intends to stimulate further research and studies to the future scientists. The large volume of data generated during the NGHP Expedition-01 through national and international agencies will also provide the necessary insight for the future programmes of the NGHP.

3. DOWNSTREAM SECTOR

The projects related to downstream sector are considered and recommended by Scientific Advisory Committee (SAC) on Hydrocarbons setup by the Ministry. These projects are primarily funded through CHT. The members representing SAC are eminent persons in various fields of Oil Industry. The tenure of this Committee is two years after which Ministry of Petroleum & Natural Gas reconstitutes it. Scientific Advisory Committee on Hydrocarbons also reviews progress of R&D projects in the downstream sector in its meetings.

R&D Projects under Downstream Sector - Scientific Advisory Committee (SAC)

CHT coordinates the activities of SAC on Hydrocarbons of MoP&NG in identifying and funding of research projects for hydrocarbon sector. The 73rd Meeting of Scientific Advisory Committee (SAC) on hydrocarbons of MoP&NG was held on 7th October 2013 at Hyderabad. The following R&D projects proposals, post revision, were reviewed and approved for funding by CHT/OIDB:

- (i) "Experimental and Simulation Studies on Coke Mitigation in Petroleum Refinery Systems" of BITS-Pilani, Goa Campus, Goa
- (ii) "Development of process know-how for indigenous production of Biphenyl for thermic fluids and other applications" of BPCL-R&D

Further, the following new project proposals were reviewed and approved for funding:

- (i) "Parametric study and technology development for De salter design" of BPCL-R&D and EIL-R&D.
- (ii) "Synthetic Aviation Lubricants –Phase II involving Ground & In-flight tests with indigenously developed SAL on TV2 Aero engine by Indian Air Force at 3BRD, Chandigarh of IICT, Hyderabad.

The SAC also deliberated the results of the following completed Hydrogen projects funded under Hydrogen Corpus Fund (HCF):

- (i) "Hydrogen production from Natural Gas (Methane) by Catalytic decomposition" of HPCL and IIT-Delhi.

- (ii) “Design and construction of Metal Organic Framework materials for Storage of Hydrogen” of HPCL and Gitam University, Visakh.

4 Assistance to Technical Institutes/CSIR Laboratories

OIDB provides assistance to educational institutes as well, for creating infrastructure for training and research such as Indian Institute of Technology (IIT), Mumbai, Rajiv Gandhi Institute of Petroleum Technology etc. for carrying out various R&D activities for the development of oil industry.

The OIDB incurred the following expenditure on grants/schemes sponsored by Government of India/OIDB during the year 2015-16:

(Rs. in crore)

S. No.	Name of the Institutes	Amount
(A) R &D Grants		
1	National Gas Hydrate Programr e (NGHP Phase-II)	1.05
2.	Indian Oil Corporation Ltd. (R&D)	38.50
Total		39.55
(B) Schemes/Projects sponsored by Govt. of India/OIDB		
3.	Rajiv Gandhi Institute of Petroleum Technology (RGIPT), Rai Bareli	20.64
Total		20.64

4.1 National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is steered by the Ministry of Petroleum & Natural Gas and technically coordinated by Directorate of Hydrocarbons (DGH). NGHP is a consortium of National E&P companies, namely ONGC, GAIL, OIL, IOC and national research institutions like NIO, NIOT and NGRI. ONGC had studied the data of Krishna Godavari Basin (offshore), Cauvery Basin (offshore), Gulf of Mannar and Western offshore for assessing Gas Hydrate prospectively during the period 1998 to 2003. These studies provided technical support in formulating NGHP Expedition-01 programme, wherein 21 sites were drilled/cored in Indian offshore in 2006 using the ship Joides Resolution. Gas hydrates has been stimulating considerable interest globally as a future energy resource. Countries like US, Japan, Korea, China are making considerable advances. India has also embarked on this journey in 1997 with the formation of the National Gas Hydrate Programme (NGHP). India had completed the NGHP Expedition- 01 in 2006 and established the presence of gas hydrate on the east coast of India in the KG, Mahanadi and Andaman Basins.

The Steering Committee of NGHP approved the execution of NGHP Expedition-02 in the 15th meeting held on the 7th October, 2013. NGHP Expedition-02 is presently under execution and consists of LWD/MWD (Logging while drilling/Measurement while drilling), Conventional coring/pressure coring, wireline logging, Vertical Seismic Profiling (VSP) and Modular Dynamic Testing (MDT) operations in KG and Mahanadi deep offshore areas with the aim of identifying sand dominated depositional systems within the Gas Hydrate stability zone. The

cost of NGHP Expedition-02 shall be shared by OIDB (50%), ONGC (20%), OIL (10%), GAIL (10%) and IOCL (10%). The integration of the field and laboratory studies & pilot production testing will be carried out during NGHP Expedition-03.

Member organizations of the NGHP proposed a total of about 87 + locations in the Krishna Godavari Basin & Mahanadi Basin. These were reviewed by a team of national and international experts. Based on the review about 34 Primary and Alternate targets were identified. These targets fall in four geographical areas named 'A' in Mahanadi Basin, 'B', 'C' & 'E' in the Krishna-Godavari basin, from north to south along the east coast.

Two NGHP R & D projects under direct funding by OIDB have been approved and formalities for the release of funds to the execution organizations are at an advanced stage.

RESEARCH PROJECTS UNDER NGHP:

An R&D project on firming up of theoretical background on heat transfer was undertaken by ONGC & IIT Kharagpur. The results of the project were significant as it revealed that the heat transfer rates were very slow and hence the ultimate production rate by thermal stimulation will also be very slow. The results are of significant importance as it highlights the importance of other techniques like depressurizing & sequestration.

NGRI, in a research project under NGHP, has demonstrated core competency development by successfully carrying out experimental studies on synthesizing gas hydrates in the laboratory and studying basic properties using Raman Microphone.

NGHP Expedition 3

Expedition 3 aims at carrying out pilot production testing of at least one site in the Indian deep-water environment will depend on the success of NGHP Expedition-02.

- a. Since the result of 2 priority core holes has not established presence of deposits, more core holes should not be drilled.
- b. The markers interpreted as lignite does not correspond to any lignite which is evident from the drilling of the wells.

During the year an amount of Rs.0.83 crore was released by OIDB for the above project.

4.2 Indian Oil Corporation Ltd. (R&D)

During the year 2015-16, OIDB has given a grant of Rs.38.50 crore for INDAdaptG technology project. INDAdaptG technology developed by Indian Oil R&D for desulphurization of cracked gasoline feedstock. The technology is for the deep desulfurization of cracked gasoline streams with minimum hydrogen consumption hence minimum octane loss. The technology employs the proprietary in-house developed adsorbent which removes the sulfur from gasoline streams by unique reactive adsorption process under optimized operating conditions. The process takes place in proprietary two fixed bed reactors operating in swing mode of operation, one of which is under adsorption mode and another one is in regeneration mode. The unit is unique as far as its technology is concerned and is being jointly licensed with EIL. A demonstration unit of 35000 TPA is scheduled to be commissioned in December 2016 at Guwahati Refinery. Estimated cost of the project is Rs.125.0 crore. Of this, Rs.88.5 crore has

been funded OIDB (Oil Industry Development Board) as grant and remaining funding is by IOCL. The unit is designed to produce heavy gasoline product having less than 50 ppm sulfur.

4.3 Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

The Rajiv Gandhi Institute of Petroleum Technology (RGIPT) has been set up under an Act of Parliament (54 of 2007). The Institute is under the administrative control of Ministry of Petroleum & Natural Gas. The funding for construction of the institute's campus is being supported by Government of India through budgetary provision and grant from the Oil Industry Development Board. The recurring expenditure of the institute is met from the interest income from its endowment fund which is created for the contributions from the major Oil Companies (ONGC, IOCL, OIL, GAIL, BPCL and HPCL), besides collected from students.

RGIPT's objective is to create an educational and training centre of excellence for catering to the technical and managerial talent requirement of the Petroleum sector. The academic activities of the Institute have commenced in the year 2008, from temporary campus at Rae Bareilly and Noida. Currently, the following programmes are conducted by RGIPT:

- a) B. Tech in Chemical Engineering.
- b) M.Tech in Petroleum Engineering,
- c) MBA in Petroleum & Energy Management
- d) PhD in Petroleum Engineering (introduced from 2012)
- e) PhD in Management (introduced from 2016)
- f) Currently, 7 batches of MBA, 5 batches of B. Tech and M. Tech students have passed out.

Main Academic Centre – Jais, District Amethi.

The Jais Campus has been inaugurated by Hon'ble Minister of HRD on 22nd October 2016. The Campus has been constructed on 47 acres of land at Jais, District Amethi (Uttar Pradesh). The project cost of the campus is Rs. 519.10 crore. The constructed area is 9 lac sq. ft. and is equipped with State of the Art facilities to meet Green Rating for Integrated Habitat Assessment (GRIHA) requirements.

The phase – I facilities included Faculty / Staff Housing, Students Hostel, Dining Hall, Gymnasium, Shops, Meeting Room, Cafeteria, Indoor Games, Library and Computer Centre to accommodate more than 1000 students. One Administrative Block (President, Director and Dy. Director's rooms, Board Room, Cabins for Registrar, Deans and other staff), Two Academic Blocks for Classrooms, Labs, Conference Rooms, Faculty and Staff Rooms. The Lecture Hall (Vivekananda Auditorium) has a sitting capacity of 450 students. . In addition to the above, the facilities also have Guest Hostel, One Conference Room, Health Care Centre and Commercial Complex to house Shops, Post Office, Bank & Utility Buildings (like Substations and Plant Room).

Assam Centre – District Sivasagar (Assam).

RGIPT's Assam Centre was launched with the objective of catering to the spawning need of

skilled manpower for petroleum sector. The academic offering of this Centre will include education and training of skilled technical manpower at the diploma and advanced diploma levels. The foundation stone of the Centre was laid by the Hon'ble Prime Minister on 19th February 2011. The capital expenditure for construction of Rs. 143 crores was to be shared by ONGC, OIL, GAIL, IOCL, NRL, EIL and OIDB. The recurring expenses were to be met from the Endowment fund contributed by the above Oil PSUs.

In view of the delayed execution of the project due to various site related issues including large quantity of earth filling and piling work, the project cost had gone up from Rs. 143 crore to Rs. 235 crore. Oil PSUs and OIDB have given commitment of additional capital funds to MoPNG for Sivasagar Project. The entire proposal is now under revision by MoPNG and funding pattern is to be recasted.

Fire Safety Engineering, and Environmental Research Centre (FSEERC) of RGIPT at Bangalore

In 2011, MoP&NG advised RGIPT to carry out Feasibility Study for setting up a centre of RGIPT in the Southern Part of India. RGIPT submitted the Final Detailed Project Report to MoP&NG in October, 2014. The State Govt. of Karnataka directed KIADB to allot 150 acres of land at Kambalipura Industrial Area, Hoskote Taluk, Bangalore Rural District free of cost. The foundation stone was laid by Hon'ble Minister P&NG on 5th March 2014.

The Govt. of Karnataka has agreed to our request of allotting 150 acres of land free of cost. In this connection, KIADB has advised Tehsildar, Hoskote Taluk to convene a meeting of stakeholders and initiate the process of handing over the land to RGIPT free of encumbrances. The total project cost of Rs. 478 crore includes capital expenditure (Rs. 358 crore) and recurring expenditure (Rs. 120 crore). EFC and other approvals are under process for setting up the Centre.

OIDB has released an amount of Rs.20.64 crore during the year 2015-16 for RGIPT Rae Bareli centre.

5. Hydrogen Corpus Fund (HCF)

The Ministry of Petroleum & Natural Gas has set up a Hydrogen Corpus Fund on the use of hydrogen as an auto fuel. The Indian Oil Industry has to work synergistically and in close coordination with reputed technological institutions to make headway in this frontier area. With this object in mind, the Ministry has setup a hydrogen corpus fund of Rs.100 crore with contribution from Oil PSUs/OIDB as follows:

- | | |
|--------------------|------------------|
| 1. OI DB | Rs.40 crore |
| 2. ONGC, IOC, GAIL | Rs.16 crore each |
| 3. HPCL, BPCL | Rs.6 crore each. |

OIDB is maintaining the Accounts of the HCF. OI DB has so far contributed an amount of Rs.40 crore to the corpus. M/S IOCL and ONGC have already initiated R&D activities for usage of Hydrogen as a source of energy.

Chapter-V

OIDB's Contribution to Engery Security

To ensure energy security, Government of India had decided to build a strategic crude oil reserve of 5 MMT through a Special Purpose Vehicle (SPV). The SPV named Indian Strategic Petroleum Reserves Limited (ISPRL) was initially a subsidiary of Indian Oil Corporation Limited, which w.e.f. 09.05.2006, became a wholly owned subsidiary of Oil Industry Development Board (OIDB). The caverns are under constructions at three locations namely Visakhapatnam (1.00 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). Once completed, these reserves will store crude oil equivalent to India's net import requirement of 13 days.

Capital cost for constructing these strategic storage facilities was originally estimated to be Rs.2397 crore at September, 2005 prices, which had undergone upward revision to Rs.3832.56 crore. The authorized and paid up capital of the company as on 31.03.2016 is Rs.3832.56 crore and Rs.3418.82 crore respectively. O1DB has contributed Rs.3443.82 crore towards its equity participation in ISPRL till 31.03.2016 out of which shares for Rs.25 crore is yet to be allotted as on 31.3.2016. Status of the projects at the above 3 locations as on 31.03.2016 is as under:

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Visakhapatnam Cavern has been commissioned. The Underground civil works were executed by HCC and the process facilities by IOTIESL. The facility has two compartments Cavern A (1.03 MMT) and Cavern B(0.3MMT). Cavern A is for Strategic crude oil and is filled by funds made available by the Government of India. HPCL has been regularly using the Cavern B for its refinery operations at Visakhapatnam.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

The Mangalore Cavern facility falls in the Mangalore SEZ area. For the project 104.73 acres of land was obtained from MSEZL. The Underground civil works were executed by a Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV) and the process facilities by M/s Punj Lloyd. The underground civil works have been completed and the process facilities has also been completed. The facility has two compartments of 0.75 MMT each. Cavern Acceptance Test (CAT) has

been completed. Pursuant to the same EIL has advised drilling of additional boreholes to improve the containment in the cavern compartments. The same has been completed.

Inertization of the cavern in progress and pre commissioning checks have been undertaken. The overall physical progress is 99.72%. The progress does not include the progress of the pipeline.

The final commissioning of the Project is dependent on the laying of the 48" pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through an Intermediate Valve Station and the completion of the additional boreholes. Out of 12.725 km of the pipeline, 12.69 km has been completed and balance is scheduled to be completed by April 2016. The commissioning of the project is expected thereafter.



View of the above ground facilities at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

For the Padur project 179.21 acres of land was acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. This is the largest project executed by ISPRL. The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC and Part B were awarded to M/s SKEC-KCT JV. The underground works were completed in 2014 and cavern acceptance tests have also been completed. The facility has four compartments of 0.625 MMT each Inertization of caverns has been completed. The final completion of the Project is dependent on laying of a 10 km long 110KVA overhead electrical transmission line as well as the laying of a 42" diameter 36 kilometer pipeline from Intermediate Valve station to Padur. Out of 35.8 Kms, 8.49 Kms has been lowered .The laying of the electrical transmission line and the pipeline has been affected due to ROU issues. Out of the 56 towers to be erected for the 110 KV HT Line, 25 have been erected and foundations for 54 towers have been completed. Balance foundation are held up because of RoU issues filed in the high Court of Karnataka. The commissioning of the project is dependent on completion of the power line and the pipeline. The commissioning of the project shall be done once the 110 KV HT line and the 42" diameter crude oil pipeline is completed. The overall progress of the project including the pipeline progress is 98.12%



View of the above ground facilities at Padur

4. Phase II of Strategic Storage Program

The Integrated Energy Policy (IEP), approved by Cabinet in December 2008, recommends that a reserve equivalent to 90 days of oil imports should be maintained for strategic cum buffer stock purposes. An Approach paper prepared by MoP&NG in December 2009, indicated the requirement of a total storage of 44.14 Million Metric Tons of crude and petroleum products by the year 2019-20.

Based on direction from MoP&NG, ISPRL was entrusted the responsibility of preparation of Detailed Feasibility Reports (DFRs) for 12.5 MMT of Strategic Storage of Crude oil in Phase-II in four States. The locations chosen are Bikaner in Rajasthan, Chandikhol in Odisha, Rajkot in Gujarat and Padur in Karnataka. Engineers' India Limited (EIL) was awarded the job of preparing the DFRs. The DFR's have been prepared by EIL in which the revised capacities are as follows:-

- i. Padur 2.5 MMT,
- ii. Chandikhol 3.75 MMT,
- iii. Rajkot 2.5 MMT and
- iv. Bikaner 3.75 MMT.

Subsequently MOP&NG advised ISPRL to engage SBI caps inter-alia to recommend the manner of implementation of phase II programme. Investor meet was held on 8-9th June 2015 wherein various oil and infrastructure companies participated. Recommendations of SBI caps were received and comments of ISPRL were conveyed to MoP&NG.

Chapter-VI

Other Initiatives / Activities

1. Setting up of Hydrocarbon Sector Skill Council (HSSC)

Secretary (PNG) & Chairman, Oil Industry Development Board during the 86th Board meeting of Oil Industry Development Board which was held on 4th September, 2013 expressed the need for the formation of Skill Development Council for oil and gas sector. On 11.12.2013, it was decided that- (i) OIDB and PETROFED will file joint application with NSDC. (ii) PETROFED will have lead role in setting up HSSC (iii) Chairman, PETROFED will constitute a Steering Committee for setting up of HSSC (iv) Revenue model, Project Report and Action Plan will be prepared by PETROFED and (v) Oil Companies may utilize CSR funds for skill upgradation through HSSC. The focus of HSSC would be on short term training (not exceeding 6 months) for persons/workmen, who possess the minimum essential qualification (e.g. certificate from ITI) required by the Oil and Gas Industry.

Accordingly, an MOU between OIDB with PETROFED for establishing the proposed Hydrocarbon Sector Skill Council (HSSC) was signed on 31.01.2014. The joint application was also filed with National Skill Development Council (NSDC) on 31.01.2014 and HSSC came into existence on 28.4.2016.

The objectives of the HSSC include (i) Creating a pool of skilled manpower for Hydrocarbon sector (ii) Benchmarking new skills and up-skilling National Occupational Standards (NOS) (iii) Promoting inclusive growth through economic and social equity (iv) Reaping 'Demographic Dividend' (v) Improving productivity and sector competitiveness.

2. OIDB Relief Trust (OIDB RT)

During the period April to June 2000 unprecedented drought had hit some States viz. Andhra Pradesh, Rajasthan and Gujarat. In response to appeal made by the then Hon'ble Prime Minister, the Ministry of Petroleum & Natural Gas, in May 2000 decided to reimburse the cost of diesel for transportation of drinking water to the drought affected villages in these states. For this purpose, with the approval of the then Hon'ble Minister of Petroleum & Natural Gas, a Trust named OIDB Drought Relief Trust was formed on 01.06.2000 as a Charitable Trust. The President of the Trust is Secretary (PNG) ex-officio, Managing Trustee of the Trust is Additional Secretary (PNG) ex-officio and Secretary (OIDB) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. As directed by the Ministry, Oil PSUs has contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2016, an amount of Rs.21.40 crore approximately has been released to various State Governments, Prime Minister Relief Fund and other Welfare Organizations. As on 31.03.2016, the balance funds (including interest) in OIDB Relief Trust is at Rs.13.10 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act from A.Y.2011-12 onwards till it is rescinded. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the name of the Trust was changed from OIDB Drought Relief Trust to OIDB Relief Trust on 09.07.2010.

3. Welfare of Scheduled Castes/Scheduled Tribes, Other Backward Classes and Physically Handicapped.

Oil Industry Development Board (OIDB) follows the guidelines in respect of the reservation for Scheduled Castes/Scheduled Tribes, Other Backward Classes and physically handicapped

persons issued from time to time by the Government in this regard. For the monitoring of the implementation of reservation policy and redressal of grievances of SC/ST/OBC employees, a Liaison Officer has been appointed in OIDB. Roasters are being maintained for each category of posts as per Government guidelines and checked by the Liaison Officer. Inspection of Roasters for direct recruitment and promotion for SC/ST/ PH/OBC was carried out by the Ministry of P&NG and no discrepancy was pointed out in respect of maintenance of Roasters.

Further there is no backlog or shortfall in the employment of ST/ST/OBC/PH against their reserved quota. No complaints with regard to harassment or discrimination against SC employees have been received during the year.

4. Welfare, Development and Empowerment of Women:

Oil Industry Development Board(OIDB)is proactive in dealing with gender issue and to promote the cause of women empowerment OI DB has setup a Committee to attend to redressal of complaints on 'sexual harassment at workplace'. As on 31.03.2016, there are 4 women employees as against the total strength of 22 employees in OI DB.

5. Implementation of Government's Official Language Policy

Oil Industry Development Board has implemented the Rules and Policies of Official Language Act in its Secretariat office. OI DB also ensures implementation of Annual Programme issued by the Government from time to time. OI DB continued its efforts for promotion of official language in official work. All rules/MOUs/Agreements of OI DB are bilingual.

In order to undertake the Official Language implementation work effectively an Official Language Implementation Committee is functioning in OI DB under the Chairmanship of Secretary (OI DB). The Committee reviewed the overall progress of implementation of Official Language Policy in OI DB, as also the progress of implementation of the Annual Program circulated by Department of Official Language. OI DB is already notified under Rule 10(4) of Official Language Rules 1976.

During the year 2015-16, a number of steps were taken to maximize the use of Hindi such as:

- On the occasion of Hindi Diwas, Hindi Pakhwara was organized in OI DB from 14.09.2015 to 28.09.2015. During the Pakhwara, a Kavi Samellan was also organised on 24.09.2015.
- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included noting drafting skills, typing, Bhasha Gyan, debate, quiz competition etc.
- Instructions were issued to all officers/ employees of OI DB who are proficient in Hindi to submit their work in Hindi only.
- Quarterly, Half yearly and Annual Progress Reports on progressive use of Hindi were sent to Department of Official Language regularly.
- Regular Hindi Workshops were conducted in OI DB on quarterly basis on various development topics to effectively propagate the use of Hindi.

- OIDB continued to publish its annual in-house Hindi Magazine titled “Anubhuti” in 2014-15 also. The magazine provided topics related to literature, poetry, religious issues, and social experiences. This magazine aims to disseminate interest towards Hindi besides writing in the official language.

During the year, OI DB was ranked third in the category of Central Government offices having staff strength of less than 50 located in Region-2 (Uttar Pradesh, Utrakhand) for its commendable performance in implementing the Official Language Policy of the Government during 2014-15. For this purpose, Hon'ble Governor of Punjab presented a shield and a certificate to OI DB officers in September 2015 in a function organised by Department of Official Language, Ministry of Home Affairs at Amritsar.



During the year, OIDB was also awarded Consolation Prize for the year 2014-15 by Town Official Language Implementation Committee for OIDB's excellent performance in implementing the Official Language Policy and for its Hindi magazine 'Anubhuti'



6. Right to Information Act

Right to Information (RTI) Act, 2005 has been implemented in the OIDB as per Gazette Notification of Government of India dated 15th June, 2005. RTI Act is inter-alia designed to promote transparency and accountability in the functioning of public authorities.

As per provisions of Section 5 and 19 of the Right to Information Act, 2005, FA&CAO, DCF&AO and Section Officer are designated as Transparency Officer, Appellate Authority and Public Information Officer respectively.

During 2015-16, 14 applications/receipts were received under RTI Act, 2005 in the OIDB. All the 14 applications/receipts have been disposed off during the year.

Annexure

Statement of cess collection by the Central Government and its allocation to OIDB since inception and till 31.03.2016 (Rs./crore)

Sl.No.	Year	Collection of cess on crude oil by	Payment made to OI DB by
1	1974-75	30.82	16.01
2	1975-76	50.05	62.27
3	1976-77	52.88	48.19
4	1977-78	63.72	50.10
5	1978-79	68.89	20.00
6	1979-80	69.70	140.00
7	1980-81	60.40	25.01
8	1981-82	138.97	142.92
9	1982-83	268.83	100.00
10	1983-84	812.80	-
11	1984-85	850.12	-
12	1985-86	897.66	-
13	1986-87	981.50	-
14	1987-88	1806.60	-
15	1988-89	2013.64	63.09
16	1989-90	2914.57	50.00
17	1990-91	2785.15	89.81
18	1991-92	2500.64	95.00
19	1992-93	2207.61	-
20	1993-94	2175.46	-
21	1994-95	2566.16	-
22	1995-96	2819.52	-
23	1996-97	2558.03	-
24	1997-98	2528.74	-
25	1998-99	2448.18	-
26	1999-00	2589.44	-
27	2000-01	2582.21	-
28	2001-02	2722.79	-
29	2002-03	4873.17	-
30	2003-04	4919.49	-
31	2004-05	5033.97	-
32	2005-06	4857.58	-
33	2006-07	6875.53	-
34	2007-08	6854.00	-
35	2008-09	6680.94	-
36	2009-10	6637.13	-
37	2010-11	7671.44	-
38	2011-12	8065.46	-
39	2012-13	14473.16	-
40	2013-14	14,542.38	-
41	2014-15	14,677.24	-
42	2015-16	14,468.94	-
	Total	162195.51	902.40

Note:-The figures of collection of cess on crude oil by Government as provided to OI DB by ONGC, OIL & DGH.

Chapter-VII

Annual Accounts

BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year
CORPUS / CAPITAL FUND	1	90240	90240
RESERVES AND SURPLUS	2	1055056	1030840
EARMARKED / ENDOWMENT FUNDS	3	0	0
SECURED LOANS AND BORROWINGS	4	0	0
UNSECURED LOANS AND BORROWINGS	5	0	0
DEFERRED CREDIT LIABILITIES	6	0	0
CURRENT LIABILITIES AND PROVISIONS	7	23535	19260
TOTAL		1168831	1140340
ASSETS			
FIXED ASSETS (Net Block)	8	10602	11767
WORK IN PROGRESS	8	19	19
INVESTMENTS - EARMARKED / ENDOWMENT FUNDS	9	0	0
INVESTMENTS - OTHERS	10	334716	309966
CURRENT ASSETS, LOANS, ADVANCES ETC.	11	823494	818588
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		0	0
TOTAL		1168831	1140340
SIGNIFICANT ACCOUNTING POLICIES	25		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	26		

For and on behalf of OI DB

(Ajay Srivastava)
FA&CAO(Sanjeev Mittal)
SECRETARYDATE :
PLACE : NEW DELHI

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2016

(Rs.in lakh)

INCOME	Sch	Current Year	Previous Year
Income from Sales / Services	12	0	0
Grants / Subsidies	13	0	0
Fees / Subscriptions	14	0	0
Income from Investments	15	0	0
Income from Royalty, Publication, Sale of Data by DGH etc.	16	207	2221
Interest Earned	17	65705	68569
Other Income	18	1025	1609
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		66937	72399
EXPENDITURE			
Establishment Expenses	20	272	279
Other Administrative Expenses etc.	21	1294	915
Expenditure on Grants, Subsidies etc.	22	27523	31064
Interest paid	23	0	0
Royalty to State Governments	24	0	8300
Provision for doubtful debts		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)	8	1165	1179
TOTAL (B)		30254	41737
Balance being excess of Income over Expenditure (A-B)		36683	30662
Provision for Income Tax		12470	10422
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		24213	20240
SIGNIFICANT ACCOUNTING POLICIES	25		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	26		

For and on behalf of OIDB

(Ajay Srivastava)
FA&CAO(Sanjeev Mittal)
SECRETARYDATE :
PLACE : NEW DELHI

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 1 - CORPUS / CAPITAL FUND:		
Balance as at the beginning of the year	90240	90240
Add: Contributions towards Corpus / Capital Fund	-	-
Add / (Deduct) : Balance of net income / (expenditure) transferred from the Income & Expenditure Account	-	-
BALANCE AS AT THE YEAR-END	90240	90240
		(Rs. in lakh)
	Current Year	Previous Year
SCHEDULE 2 - RESERVES AND SURPLUS:		
1. <u>Capital Reserve:</u>		
As per last Account	-	-
Addition during the year	-	-
Less : Deductions during the year	(-)	(-)
2. <u>Revaluation Reserve:</u>		
As per last Account	-	-
Addition during the year	-	-
Less : Deductions during the year	(-)	(-)
3. <u>Special Reserves:</u>		
As per last Account	-	-
Addition during the year	-	-
Less : Deductions during the year	(-)	(-)
4. <u>General Reserve:</u>		
As per last Account	1030840	1007700
Addition during the year		
(i) Excess of income over expenditure	24213	20240
(ii) Add: Adjustment of provision for doubtful debts	3	2900
	24216	23140
TOTAL:	1055056	1030840

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

SCHEDULE 3 - EARMARKED / ENDOWMENT FUNDS	FUND-WISE BREAK UP				TOTALS	
	Fund	Fund	Fund	Fund	Current	Previous
a) Opening balance of the funds	NIL					
b) Additions to the Funds:						
(i) Donations / grants						
ii) Income from Investments made on account of funds						
(iii) Other additions (specify nature)						
TOTAL (a+b)						
c) Utilization / Expenditure towards objectives of funds						
(i) Capital Expenditure						
- Fixed Assets						
- Others						
Total:						
(ii) Revenue Expenditure	NIL					
- Salaries, Wages and allowances etc.						
- Rent						
- Other Administrative expenses						
Total:						
TOTAL ©	-	-	-	-	-	-
NET BALANCE AS AT THE YEAR-END (a + b - c)	-	-	-	-	-	-

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 4 - SECURED LOANS & BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
a) Term Loans		
b) Interest accrued and due		
4. Banks:		
a) Term Loans		
- Interest accrued and due		
b) Other Loans (specify)		
- Interest accrued and due		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
Others (Specify)		
TOTAL:		
Note: Amounts due within one year.		

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 5 - UNSECURED LOANS & BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
4. Banks:		
a) Term Loans		
b) Other Loans (specify)		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Fixed Deposit		
8. Others (Specify)		
TOTAL:		
Note: Amounts due within one year.		

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 6 - DEFERRED CREDIT LIABILITIES:		
a) Acceptance secured by hypothecation of capital equipment and other assets.		
b) Others		
TOTAL:		
Note: Amounts due within one year.		

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS				
A. CURRENT LIABILITIES				
1. Acceptances	-		-	
2. Sundry Creditors:				
a) For Goods	-		-	
b) Others	-		-	
3. Advances Received	-		-	
4. Interest accrued but not due on:				
a) Secured Loans / borrowings	-		-	
b) Unsecured Loans / borrowings	-		-	
5. Statutory Liabilities:				
a) Overdue	-		-	
b) Others	-		-	
6. Other current liabilities				
a) Royalty payable to State Government(s) & others	0		8300	
b) I.Tax/TDS/Works Contract Tax payable	3		3	
c) payment due to Contractors	257		234	
d) others	166		83	
e) Security Deposits including EMD	29		37	
f) Amount Withheld include Labour Cess (due to Contractors)	118	573	122	8779
TOTAL (A) :		573		8779
B. PROVISIONS				
1. For Taxation		22892		10422
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		66		58
5. Trade Warranties / Claims		-		-
6. Others - Provision for Auditors Remuneration		4		1
TOTAL (B) :		22962		10481
TOTAL (A + B) :		23535		19260

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

DESCRIPTION		GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost/Valuation as at beginning of the year 01.04.15	Additions during the year	Deductions during the year	Cost / valuation at the year-end 31.03.16	As at the beginning of the year 01.04.15	Additions during the year	Deductions during the year	Total up to the Year-end 31.03.16	As the Current year-end 31.03.16	As at the Previous year-end 31.03.15
A. FIXED ASSETS:											
1. LAND:											
	a) Freehold	0	0	0	0	0	0	0	0	0	0
	b) Leasehold	995	0	0	995	0	0	0	0	995	995
2. BUILDING:											
	a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
	b) On Leasehold Land	10248	0	0	10248	3236	701	0	3937	6311	7012
		0	0	0	0	0	0	0	0	0	0
	c) Ownership Flats / Premises										
	d) Superstructures on Land not belonging to the entity	32	0	0	32	18	1	0	19	13	14
	3. Plant Machinery & Equipment	2936	0	0	2936	1245	254	0	1499	1437	1691
	4. Vehicles	7	0	0	7	5	0	0	5	2	2
	5. Furniture, Fixtures	2953	0	0	2953	929	203	0	1132	1821	2024
	6. Office Equipment	50	1	0	51	39	2	0	41	10	11
	7. Computer /Peripherals	53	0	1	52	48	2	0	50	2	5
	8. Electric Installations	0	0	0	0	0	0	0	0	0	0
	9. Library Books	0	0	0	0	0	0	0	0	0	0
	10. Tubewells & Water Supply	0	0	0	0	0	0	0	0	0	0
	11. Other Fixed Assets	23	0	0	23	10	2	0	12	11	13
	Total of Current Year :	17297	1	1	17297	5530	1165	0	6695	10602	11767
	Previous Year :	17347	110	160	17297	4351	1307	128	5530	11767	12996
	B. CAPITAL WORK-IN-PROGRESS:	19	9	9	19	0	0	0	0	19	19

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 9 - INVESTMENTS FROM EARMARKED / ENDOWMENT FUNDS		
1. In Government Securities		
2. Other approved Securities		
3. Shares		NIL
4. Debentures and Bonds		
5. Subsidiaries and Joint Ventures		
6. Others (to be specified)		
TOTAL :	-	-
	Current Year	Previous Year
SCHEDULE 10 - INVESTMENTS - OTHERS		
1. In Government Securities	-	-
2. Other approved Securities	-	-
3. Shares	-	-
Biecco Lawrie Limited	5034	5034
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures (ISPRL)	329682	304932
6. Others (to be specified)	-	-
TOTAL :	334716	309966

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2016

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC.				
A. CURRENT ASSETS:				
1. Inventories:				
a) Stores and Spares	-		-	
b) Loose Tools	-		-	
c) Stock-in-trade				
Finished Goods	-		-	
Work-in-progress	-		-	
Raw Materials	-		-	
2. Sundry Debtors:				
a) Debts Outstanding for a period exceeding six months	-		-	
b) Others	-	-	-	-
3. Cash balances in hand (including cheques / drafts and imprest)		0		0
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	0		50000	
- On Saving Accounts	35510	35510	3680	53680
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts				
		-		-
TOTAL (A) :		35510		53680

(Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	22		25	
b) Oil PSUs (Annexure-II)	722909		717665	
c) Others(specify)	-		-	
		722931		717690
2. Advances and other amounts recoverable in cash or in kind or for value to be received				
a) On Capital Account (Advance to ISPRL & Mobilization Advance)	15963		16626	
b) Advance Rent	228		231	
c) Others (including Advance Tax, TDS, MM Cell, security Deposits & Advance to CHT for projects)	31677	47868	16075	32932
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	23		29	
c) On Loans and Advances -	6935		6568	
Less: Provision for doubtful debts made in earlier years	2711		2714	
d) Others (Data sale Proceeds From DGH)	1	4248	65	3948
4. Claims Receivable				
i) tax paid under protest	12895		10166	
ii) Accounts Receivable	42	12937	172	10338
TOTAL (B) :		787984		764908
TOTAL (A + B) :		823494		818588

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 12 - INCOME FROM SALES / SERVICES:		
1. Income from Sales		
a) Sales of Finished Goods		
b) Sale of Raw Material		NIL
c) Sale of Scraps		
2. Income from Services		
a) Labour and Processing Charges		
b) Professional / Consultancy Services		
c) Agency Commission and Brokerage		
d) Maintenance Services (Equipment / Property)		
e) Others (Specify)		
TOTAL:		
	Current Year	Previous Year

SCHEDULE 13 - GRANTS / SUBSIDIES

(Irrevocable Grants & Subsidies Received)

1) Central Government		
2) State Government(s)		
3) Government Agencies		NIL
4) Institutions / Welfare Bodies		
5) International Organization		
6) Others (Specify)		
TOTAL:		

(Rs.in lakh)

	Current Year	Previous Year		
SCHEDULE 14 - FEES / SUBSCRIPTIONS				
1. Entrance Fees	NIL			
2. Annual Fees / Subscriptions				
3. Seminar / Program Fees				
4. Consultancy Fees				
5. Others (Specify)				
TOTAL:				
	Investment from	Investment - others		
SCHEDULE 15 - INCOME FROM INVESTMENTS	Current Year	Previous Year	Current Year	Previous Year
(Income on Investment from Earmarked / Endowment Funds)	NIL			
1. Interest				
a) On Govt. Securities				
b) Other Bonds / Debentures				
2. Dividends:				
a) On Shares				
b) On Mutual Fund Securities				
3. Rents				
4. Others				
TOTAL:				
TRANSFERRED TO EARMARKED / ENDOWMENT FUNDS				

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 16 - INCOME FROM ROYALTY, PUBLICATION, SALE OF DATA BY DGH ETC.		
1. Income from Royalty	-	-
2. Income from Publications	-	-
3. Others - Sale of data by DGH	207	2221
TOTAL:	207	2221
	Current Year	Previous Year
SCHEDULE 17 - INTEREST EARNED		
1. On Term Deposits:		
a) With Scheduled Banks(FDRs)	4417	1756
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	75	76
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	1	1
b) Oil Companies	61137	66736
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation advance	75	0
b) Interest on Income Tax refund	0	0
TOTAL:	65705	68569
Note - Tax deducted at source.	6608	6884

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 18 - OTHER INCOME		
1. Profit on Sales / Disposal of Assets:		
a) Owned assets	-	-
b) Assets acquired out of grants, or received free of cost	-	-
2. Exports Incentives realised	-	-
3. Fees for Miscellaneous	-	-
4. Prior Period Income	848	1200
5. Miscellaneous Income	177	409
TOTAL:	1025	1609
	Current Year	Previous Year
SCHEDULE 19 - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS		
a) Closing Stock		
- Finished Goods		
- Work-in-progress		
b) Less: Opening Stock		
- Finished Goods		
- Work-in-progress		
NET INCREASE (DECREASE) (a+b)		NIL
	Current Year	Previous Year
SCHEDULE 20 - ESTABLISHMENT EXPENSES		
a) Salaries and Wages	203	205
b) Allowances and Bonus	23	31
c) Contribution to Provident Fund	0	0
d) Contribution to OI DB Employees Group Gratuity and Pension Fund	19	18
e) Staff Welfare Expenses including medical expenses	18	16
f) Expenses on Employees' Retirement and Terminal Benefits	8	7
g) Others	1	2
TOTAL:	272	279

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES ETC.		
a) Purchases	0	0
b) Labour and processing expenses	0	0
c) Cartage and Carriage Inwards	0	0
d) Electricity and power	315	276
e) Water Charges	1	1
f) Insurance	2	2
g) Repairs and maintenance	156	143
h) Excise Duty	0	0
i) Rent, Rates and Taxes	25	17
j) Vehicles Running and Maintenance	5	10
k) Postage, Telephone and Communication Charges	6	5
l) Printing and Stationery	8	10
m) Misc. expenses	2	4
n) Expenses on Seminar / Workshops	1	1
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	4	0
r) Hospitality Expenses	0	1
s) Professional Charges	23	33
t) Provision for Bad and Doubtful Debts / Advances	0	0
u) Irrecoverable Balances Written-off	0	0
v) Packing Charges	0	0
w) Freight and Forwarding Expenses	0	0
x) Distribution Expenses	0	0
y) Advertisement and Publicity	3	2
z) Others - FMS Work Expenses & Maintance of OIDB Bhawan	743	410
TOTAL:	1294	915

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 - EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations (Annexure -III -a)	25459	22511
b) Assistance for Govt./ OI DB sponsored Schemes & Projects (Annexure-III-b)	2064	8553
TOTAL:	27523	31064
Note - Name of the Entities along with the amount of Grants / Subsidies are disclosed in Annexure- III (a) & (b).		
	Current Year	Previous Year
SCHEDULE 23 - INTEREST PAID		
a) On Fixed Loans	0	0
b) On Other Loans (including Bank Charges)	0	0
c) Others	0	0
Total	0	0
	Current Year	Previous Year
SCHEDULE 24 - PAYMENT OF ROYALTY TO STATE GOVERNMENT		
Govt. of Arunachal Pradesh	0	4500
Govt. of Gujarat	0	3800
Total	0	8300

"Oil Industry Development Board"**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD
ENDED March 2016****SCHEDULE 25 – SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

The financial statements are prepared on the basis of accrual method except for the grant in aid that are deemed to be incurred in the year in which they are paid and accordingly charged to revenue.

2. INVESTMENTS

Long-term Investments are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investments.

3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses form part of the value of the assets capitalized.

4. DEPRECIATION

Depreciation is provided on Written down value method as per rates specified in the Income Tax Act, 1961. In respect of additions to / deductions from fixed assets during the year, depreciation is considered as per Income tax Rules. Assets costing Rs.5,000/- or less each are fully provided.

5. GOVERNMENT GRANTS / SUBSIDIES

Grants are accounted on cash basis except for the Royalty payable to the various States Government(s)/Operators, which is provided/paid as per directions of Government.

6. INCOME

Interest and other income are accrued in the case of performing assets on due basis and in case of non-performing assets, on realization basis. Performing assets are those on which the income that became due is not unpaid for more than 90 days.

7. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of the transaction.

8. LEASE

Lease rentals are expensed with reference to lease terms.

9. RETIREMENT BENEFITS

- 9.1 OIDB has established two trusts namely “OIDB employees Group Gratuity Scheme” & “OIDB employee's superannuation Scheme” covering the liability of OIDB towards its existing employees for the past service rendered. The funding to the schemes is being made through the trusts as per the actuarial valuation.
- 9.2 Provision for accumulated leave encashment benefit to the employees is accrued and computed on the assumption that employees are entitled to receive the benefit as at each year end.

Annexure-I
(Ref.Schedule 26, note no.4(a))

Profit & Loss Account for the year ended 31st March, 2016

(Rs.in lakh)

Particulars	Sch	Current Year	Previous Year
Income			
Interest Income	17	65705	68569
Income from Investment	15	0	0
Other Income	16&18	1232	3830
Total		66937	72399
Expenditure			
Expenses on direct operation	22&24	27523	39364
Salaries and amenities to staff	20	272	279
Administrative Expenses	21	1294	915
Depreciation on Fixed Assets	8	1165	1179
Total		30254	41737
Profit for the year		36683	30662
Profit before tax		36683	30662
Less : Provision for taxation		12470	10422
Net Profit after tax carried to balance sheet		24213	20240
Significant Accounting Policies & Notes on Accounts	25&26		

For and on behalf of OIDB

(Ajay Srivastava)
FA&CAO

(Sanjeev Mittal)
SECRETARY

DATE :
PLACE : NEW DELHI

Annexure-II
(Refer Schedule -11(B))**Details of outstanding balance of loan as on 31st March,2016 from Oil PSUs**

SL. No.	Name of the Company	O.B. as on 01.04.2015	Loan Disbursed during 2015-16	Loan received during 2015-16	C.B. as on 31.03.2016
1.	GAIL	180100	0	65600	114500
2.	IOCL	185575	71125	45675	211025
3.	BPCL	104950	74425	6850	172525
4.	HPCL	58300	12475	23450	47325
5.	CPCL	0	0	0	0
6.	NRL	5825	0	5825	0
7.	BPCL	93575	29800	7213	116162
8.	BLL	0	1200	0	1200
9.	MRPL	80000	0	27500	52500
10.	GAIL GAS LTD.	9340	2423	4091	7672
	TOTAL	717665	191448	186204	722909

Annexure-III
(Reference Schedule-22)

Statement showing payments of grants during 2015-16

(Rs.in lakh)

Sl. No.	A. Name of the Institutes	Current Year	Previous Year
A. Regular Grantee Institutes			
1.	Directorate General of Hydrocarbons	12151	13795
2.	Petroleum Conversation Research Association	4113	4086
3.	Centre for High Technology	1959	1038
4.	Petroleum Planning & Analysis Cell	1777	1625
5.	Oil Industry Safety Directorate	1505	1483
Total (A)		21505	22027
B. R&D Grants			
6.	NGHP-II	104	31
7.	IOCL (INDAepts R&D Centre), Faridabad	3850	370
8.	Govt. of Rajasthan, Deptt. of Petroleum	0	83
9.	IIT, Mumbai	0	0
Total (B)		3954	484
Total (A+B)		25459	22511

Annexure-III(b)
(Reference Schedule-22)

Expenditure on Schemes/Project sponsored by Govt. of India/OIDB during 2014-15

(Rs.in lakh)

Sl. No.	A. Name of the Institutes	Current Year	Previous Year
1.	Rajiv Gandhi Institute of Petroleum Technology, Rai Bareli	2064	8553
Total (C)		2064	8553

Chapter-VIII

Audit Report of the Comptroller & Auditor General of India

AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD (OIDB) FOR THE YEAR ENDED 31st MARCH 2016

We have audited the attached Balance Sheet of the Oil Industry Development Board (OIDB) as at 31st March, 2016 and the Income and Expenditure Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 20(2) of the Oil Industry (Development) Act, 1974 (OID Act, 1974). These financial statements are the responsibility of the Management of OIDB. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. Based on our audit, **we report that:**

- (i) We have obtained all the information and explanations, which to the best of our knowledge and believe were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts and other relevant records have been maintained by OIDB in so far as it appears from our examination of such books except that:

(A) Balance Sheet

(a) Investments-Others-(Schedule 10)-Rs.334716 lakh

This includes Rs. 5034 lakh being the value of investment inequity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to negative net worth. Government of India decided (May 2011) to convert OIDB loan of Rs. 3276 lakh into equity thereby enhancing BLL's equity capital from existing Rs.4200 lakh to Rs.7476 lakh and subsequent reduction of equity capital from Rs.7476 lakh to Rs.1516 lakh by setting off accumulated losses to the extent of Rs.5960 lakh. As at 31st March 2015, with further accumulation of losses, the shareholders' fund in BLL had turned negative to the tune of Rs.3115.56 lakh. As per Accounting Standard 13, diminution in the value of investment of Rs. 5034 lakh, being other than temporary, should have been provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs.403 lakh.

Despite C&AG's comments on the accounts of OIDB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.

(B) Income and expenditure account

(a) Expenditure on Grants, Subsidies etc.- (Schedule 22)-Rs.27523 lakh

This is understated by Rs.32034.89 lakh being the non-accounting of cash calls raised by ONGC towards the share of expenses reimbursable by OIDB towards National Gas Hydrate

Programme (NGHP) R&D Expedition-02 for the year 2015-16. This has resulted in understatement of Expenditure on Grants, Subsidies etc. and overstatement of Balance being excess of Income over Expenditure by Rs.32034.89 lakh.

(b) Other Administrative Expenses etc.-(Schedule 21)-Rs.1294 lakh

The above includes Rs.575.66 lakh being the prior period expenses which should have been disclosed separately as per AS-5. The prior period income should be disclosed in appropriation account under current year's excess income over expenditure (or profit). Thus, though the excess income transferred to Balance sheet is not affected, current years income is overstated.

(C) CONTINGENT LIABILITIES & NOTES ON ACCOUNTS--(SCHEDULE 26)

(a) Para d of Item No. 1 of Schedule 26 states the amount of penalties imposed by Department of Income Tax against which appeals are pending with various authorities as Rs.128.94 crore. However, the disclosure thereunder on deposits made under protest is limited to Rs.101.66 crore, which was the corresponding figure for the year 2014-15.

(b) Income Tax Department raised a demand of Rs. 385.40 lakh under Section 156 of the Income Tax Act, 1961 for the Assessment Year 2013-14 on 16.03.2016 against which OI DB filed an appeal to the Commissioner of Income Tax (Appeals) on 2.08.2016 for considering the total amount under TDS as per Form 26 AS of OI DB. This fact has not been disclosed.

(D) GENERAL

As per Para 7.01 of the Manual of Instructions for Audit of Autonomous Bodies of C & AG of India, 'Autonomous Bodies under Government of India are required to compile their accounts from the accounting year 2001-02 in a uniform Format of accounts'. As per this format the accounts of Autonomous Bodies should contain Balance Sheet, Income and Expenditure Account, Schedules to the above Financial Statements, Disclosure of 'Significant Accounting Policies', Disclosure of other information through 'Notes to Accounts' and Statement of Receipts and Payments. However, the Statement of Receipts and Payments has not been appended with the annual accounts submitted for CAG Audit. Despite C&AG's comments on the accounts of OI DB in the earlier years, it was noticed that OI DB was not publishing the same in the printed Annual Report which was submitted to Parliament along with the Audit Report of CAG.

(E) MANAGEMENT LETTER

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Secretary, Oil Industry Development Boards, through a Management letter issued separately for remedial/corrective actions.

(iii) Attention is also drawn to the significant matters stated in Annexure to this Report.

(iv) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.

- (v) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraphs 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India.
- (a) In so far as it relates to the Balance Sheet, of the state of affairs of OI​DB as on 31st March 2016.
- (b) In so far as it is relates to the Income and Expenditure Accounts, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.

Sd/-
Tanuja Mittal
Principal Director of Commercial Audit &
ex-officio Member Audit Board – II, Mumbai

ANNEXURE**(Referred to in the Para 3 (iii) of Audit Report)****1 Adequacy of Internal Audit**

The Internal audit of the Oil Industry Development Board for the year 2015-16 has been outsourced to external Chartered Accountants firm. The Internal Auditor has submitted the Internal Audit Report for the year 2015-16 separately for the period from April 2015 to September 2015 on 9 April 2016 and from October 2015 to March 2016 on 23 June 2016. Corrective actions are being taken by OIDB wherever applicable based on the Internal Audit Report and compliance of the recommendations are also considered by OIDB.

2 Internal Control System

(a) After release of grants OIDB received utilization certificate from the grantee institutions on a annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OIDB nor has any effective mechanism been evolved to monitor the manner of proper utilization of grants. The Internal Control system for obtaining assurance of physical progress of works undertaken by grantee institutions needs to be further strengthened and formalized.

(b) On the directions (October, 2004) of MoPNG, a separate fund called "Hydrogen Corpus Fund" (HCF) was established in the year 2004 for carrying out various R&D activities. MoPNG had, however, stated that there was no necessity of creating any separate Trust or organization or society to handle this fund. OIDB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OIDB norms.

As on 31st March, 2016 an amount of Rs. 141.49 crore has accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OIDB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable amount involved, a formal oversight mechanism over the financial of the fund is essential.

3. Physical Verification of Fixed Assets

Physical verification of assets with reference to books (Fixed Asset Register) as required in Rule 192(1) of the General Financial Rules had not been conducted despite the assurance given by OIDB during 2014-15.

4. Regularity in payment of Statutory Dues

As informed and reported to Audit by OIDB, all taxes and statutory dues were paid in time by OIDB.

**CAG AUDIT PARA ON THE ACCOUNTS OF OIDB FOR THE FY 2015-16
AND OIDB'S REPLY**

Audit Para	Comments of OIDB
<p>(A) Balance Sheet</p> <p>(a) Investments-Others-(Schedule 10)-Rs.334716 lakh</p> <p>This includes Rs. 5034 lakh being the value of investment inequity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to negative net worth. Government of India decided (May 2011) to convert OIDB loan of Rs. 3276 lakh into equity thereby enhancing BLL's equity capital from existing Rs.4200 lakh to Rs.7476 lakh and subsequent reduction of equity capital from Rs.7476 lakh to Rs.1516 lakh by setting off accumulated losses to the extent of Rs.5960 lakh. As at 31st Mach 2015, with further accumulation of losses, the shareholders' fund in BLL had turned negative to the tune of Rs.3115.56 lakh. As per Accounting Standard 13, diminution in the value of investment of Rs. 5034 lakh, being other than temporary, should have been provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs.403 lakh.</p> <p>Despite C&AG's comments on the accounts of OIDB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.(B)</p>	<p>M/s. BLL has informed vide letter BLL/MD/DCO/2015-16/017 dated 17.06.2015 that the company has been declared sick industrial company on October, 2015, within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and in view of the said development, capital reduction of the Company has been kept in abeyance. Copies of letters are annexed. (Annexure-I)</p>
<p>Income and expenditure account</p> <p>(a) Expenditure on Grants, Subsidies etc.-(Schedule 22)-Rs.27523 lakh</p>	

Audit Para	Comments of OIDB
<p>This is understated by Rs.32034.89 lakh being the non-accounting of cash calls raised by ONGC towards the share of expenses reimbursable by OIDB towards National Gas Hydrate Programme (NGHP) R&D Expedition-02 for the year 2015-16. This has resulted in understatement of Expenditure on Grants, Subsidies etc. and overstatement of Balance being excess of Income over Expenditure by Rs.32034.89 lakh.</p>	<p>OIDB Board in its 92nd meeting held on 11.02.2016 considered DGH proposal for revised cost sharing of NGHP Expedition-2 and approved OIDB's contribution of Rs.308.475 crore i.e. 50% of the total cost of Rs.616.95 crore towards NGHP expedition-2 and that the release of OIDB's said share will be subject to communication of EFC approval of NGHP Expedition-2 (copy enclosed). OIDB's budget estimates are based on the inputs made available by the grantee institutions. OIDB made a budget provision of Rs.308.475 crore in its RE 2015-16 as per the requirements indicated by DGH (copy enclosed). Due to non-receipt of EFC approval from DGH, the amount of Rs.308.475 crore could not be released before 31.03.2016 for funding of NGHP Expedition-2. The provisions for the same could not be made in BE 2016-17 as BE 2016-17 was finalized in February,2016 and it was not known this payment would not be made before 31st March, 2016. (Annexure-II)</p>
<p>(b) Other Administrative Expenses etc.- (Schedule 21)-Rs.1294 lakh</p> <p>The above includes Rs.575.66 lakh being the prior period expenses which should have been disclosed separately as per AS-5. The prior period income should be disclosed in appropriation account under current year's excess income over expenditure (or profit). Thus, though the excess income transferred to Balance sheet is not affected, current years income is overstated.</p>	<p>The suggestion of audit has been noted for future compliance. However, the correct position has now been shown.</p>

Audit Para	Comments of OIDB
<p>(C) CONTINGENT LIABILITIES & NOTES ON ACCOUNTS--(SCHEDULE 26)</p> <p>(a) Para d of Item No. 1 of Schedule 26 states the amount of penalties imposed by Department of Income Tax against which appeals are pending with various authorities as Rs.128.94 crore. However, the disclosure thereunder on deposits made under protest is limited to Rs.101.66 crore, which was the corresponding figure for the year 2014-15.</p> <p>(b) Income Tax Department raised a demand of Rs. 385.40 lakh under Section 156 of the Income Tax Act, 1961 for the Assessment Year 2013-14 on 16.03.2016 against which OIDB filed an appeal to the Commissioner of Income Tax (Appeals) on 2.08.2016 for considering the total amount under TDS as per Form 26 AS of OIDB. This fact has not been disclosed.</p>	<p>In 4 (b) in Schedule 26 i.e Contingent liability an amount of Rs. 128.94 crore towards amount of penalty deposited under protest has been show as contingent liability but is has been stated erroneously “that this has resulted in understatement of contingent liability of Rs. 101.66 crore”. The same would be rectified now.</p> <p>The observation & suggestion of audit would be complied while finalization of Annual Accounts for the F.Y. 2015-16. The same can be rectify now.</p>
<p>(D) GENERAL</p> <p>As per Para 7.01 of the Manual of Instructions for Audit of Autonomous Bodies of C & AG of India, 'Autonomous Bodies under Government of India are required to compile their accounts from the accounting year 2001-02 in a uniform Format of accounts'. As per this format the accounts of Autonomous Bodies should contain Balance Sheet, Income and Expenditure Account, Schedules to the above Financial Statements, Disclosure of 'Significant Accounting Policies', Disclosure of other information through 'Notes to Accounts' and Statement of Receipts and Payments. However, the Statement of Receipts and</p>	<p>OIDB is a statutory body set up under “The Oil Industry (Development) Act 1974with the objective of providing assistance to Oil Industry concerns for the development of oil industry. Hence, there is no profit motive involved. The assistance is provided by way of loans & advances, grants & equity participation as per the Act. The interest income is primarily on the loans given and is used for providing grants. This reflects in Income & Expenditure Statement. Profit & Loss Accounts is prepared with objective of income tax calculations. In view of the above, Receipt& Payment Statement is not prepared.</p>

Audit Para	Comments of OIDB
<p>Payments has not been appended with the annual accounts submitted for CAG Audit. Despite C&AG's comments on the accounts of OIDB in the earlier years, it was noticed that OIDB was not publishing the same in the printed Annual Report which was submitted to Parliament along with the Audit Report of CAG.</p>	

ANNEXURE
(Referred to in the Para 3 (iii) of Audit Report)

Audit Para	Comments of OIDB
<p>1 Adequacy of Internal Audit</p> <p>The Internal audit of the Oil Industry Development Board for the year 2015-16 has been outsourced to external Chartered Accountants firm. The Internal Auditor has submitted the Internal Audit Report for the year 2015-16 separately for the period from April 2015 to September 2015 on 9 April 2016 and from October 2015 to March 2016 on 23 June 2016. Corrective actions are being taken by OIDB wherever applicable based on the Internal Audit Report and compliance of the recommendations are also considered by OIDB.</p>	<p>Collection of Cess on Crude oil and payment to OIDB from F.Y. 1974-75 to 2015-16 is Rs. 902 crore (Annexure-II).</p>
<p>2 Internal Control System</p> <p>(a) After release of grants OIDB received utilization certificate from the grantee institutions on an annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OIDB nor has any effective mechanism been evolved to monitor the manner of proper utilization of grants. The Internal Control system for obtaining assurance of physical progress of works undertaken by grantee institutions needs to be further strengthened and formalized.</p>	<p>The Utilization Certificates have been obtained from the grantee institutions in the prescribed formats with a view to ensure proper utilization of grants. Further, whenever demands for monthly grants are received from the grantee institutions, it has been ensured that the utilisation of funds under different heads is within the approved budget and accordingly funds are released.</p> <p>However, due to a limited manpower and non-availability of technical/expert professional, it is not feasible for OIDB with existing manpower to check/verify the physical progress of works carried out by the R&D institutes. However, the verification of projects of importance and involving large funding would be inspected physically in future.</p>

Audit Para	Comments of OIDB
<p>(b) On the directions (October, 2004) of MoPNG, a separate fund called "Hydrogen Corpus Fund" (HCF) was established in the year 2004 for carrying out various R&D activities. MoPNG had, however, stated that there was no necessity of creating any separate Trust or organization or society to handle this fund. OIDB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OIDB norms.</p> <p>As on 31st March, 2016 an amount of Rs. 141.49 crore has accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OIDB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable amount involved, a formal oversight mechanism over the financial of the fund is essential.</p>	<p>MOPNG was requested vide this office d.o. letters dated 14.01.2015, 21.09.2015 & 30.03.2016 that necessary directions on the status of Hydrogen Corpus Funds may be communicated to OIDB at the earliest. However, no directions of the Government have been received to OIDB in this regard till date. Copies of the D.O. letters are Annexed.(Annexure-VI)</p>
<p>3. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Asset Register) as required in Rule 192(1) of the General Financial Rules had not been conducted despite the assurance given by OIDB during 2014-15.</p>	<p>At present, the detail of asset is complied in computerized format. Which inter-alia includes detail such as Furniture & fixture etc. Keeping in view the observation of the audit the format as per GFR 192 has been obtained and the records would be maintained in the prescribed format w.e.f.F.Y. 2016-17.</p>
<p>4. Regularity in payment of Statutory Dues</p> <p>As informed and reported to Audit by OIDB, all taxes and statutory dues were paid in time by OIDB.</p>	<p>All Statutory dues have been remitted on time.</p>

Chapter-IX

Annual Report & Accounts of ISPRL

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri Rajan K. Pillai

COMPANY SECRETARY

Shri Arun Talwar

STATUTORY AUDITORS

M/s Purushothaman Bhutani & Co.
Chartered Accountants

BANKERS

Corporation Bank

M-41, Connaught Circus,
New Delhi-110 001

REGISTERED OFFICE

301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110 001

ADMINISTRATIVE OFFICE

OIDB Bhawan, 3rd Floor, Plot No.2, Sector-73, Noida-201301, U.P.

Phone No. : 91-120-2594641, Fax No. 91-120-2594643

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office

Lovagarden, Behind HSL Fabrication Yard,
Gandhigram Post, Visakhapatnam - 530 005
Phone : 0891-2574059

Mangalore Project Office

Strategic Storage of Crude Oil Project
Chandrasahas Nagar, Kalavar Post.,
Bajpe via, Mangaluru-574142,
Tel : 0824-6066100

Padur Project Office

PO : Padur, Via Kaup, Distt. Udupi - 574 106
Karnataka
Phone : 820-6560005

DIRECTORS' REPORT

To,

**The Shareholders,
Indian Strategic Petroleum Reserves Limited**

The Board of Directors of your Company is pleased to present the 12th Annual Report on the working of the Company for the Financial Year ended 31st March, 2016 together with the Audited Statement of Accounts and Auditor's Report thereon.

FINANCIAL RESULTS

The Highlights of the Financial Results of your Company for the Financial Year ended 31st March, 2016 are as under:

S.No.	Particulars	Figures in Lakhs		Reference to Balance Sheet
(A)	Opening Balance of Work in Progress as on 1 st April, 2015		322,626.54	Note 9B – Closing balance as of 31.03.2015
(B)	Pre-Operative Expenses during the year (Vizag Project capitalized during the F.Y. 2015-16)		(80,257.12)	Note 9B – Difference between Closing balance as of 31.03.2016 and Closing balance as of 31.03.2015
(C)	Increase in Fixed Assets		84,633.46	Note 9A - Net Additions during the year
(D)	Net Non-current Assets {(i)- (ii)}		1231.19	
	(i) Non-Current assets (Long term Loans & Advances)	2285.98		Note 10
	(ii) Non-Current Liabilities	1054.79		Note 5
(E)	Net Current Assets {(i)- (ii)}		(298.58)	
	(i) Current Assets	8141.97		Balance sheet - Current Assets
	(ii) Current Liabilities	8440.55		Balance sheet - Current Liabilities
(F)	Accumulated Loss		(6066.01)	Note 4 - Reserves & Surplus
Total (A+B+C+D+E+F)			3,21,869.48	

PERFORMANCE OVERVIEW

Your Company has been mandated to establish crude oil storages of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are, Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The capital cost for constructing the strategic storage facilities was originally estimated to be Rs. 2,397 Crore at September 2005 prices. The approval for the Revised Cost Estimate (RCE) of Visakhapatnam was obtained in June, 2011 and thereafter again in February 2015. The RCEs for Mangalore and Padur were approved in November, 2013. The RCE for the three locations are as follows: Visakhapatnam – Rs. 1,178.35 Crore; Mangalore – Rs. 1,227 Crore and Padur – Rs. 1,693

Crore. Thus the total revised cost of the projects stands at Rs 4098.35 crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with OIDB, except for the 0.3 MMT compartment at Visakhapatnam, which would be met by Hindustan Petroleum Corporation Limited on proportionate cost sharing basis. It was also decided that the operation and maintenance cost of the strategic storages shall be met by the Government of India. Government of India, has allocated Rs.4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17.

Your company has taken various initiatives in furtherance of its objectives. Engineers India Limited is the PMC for all the projects. The status of the projects is as under:

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Board is pleased to inform the members that Visakhapatnam Cavern has been commissioned. The Underground civil works were executed by HCC and the process facilities by IOTIESL. The facility has two compartments Cavern A (1.03 MMT) and Cavern B(0.3MMT). Cavern A is for Strategic crude oil and is filled by funds made available by the Government of India. HPCL has been regularly using the Cavern B for its refinery operations at Visakhapatnam.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

The Mangalore Cavern facility falls in the Mangalore SEZ area. For the project 104.73 acres of land was obtained from MSEZL. The Underground civil works were executed by a Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV) and the process facilities by M/s Punj Lloyd. The underground civil works have been completed and the process facilities has also been completed. The facility has two compartments of 0.75 MMT each. Cavern Acceptance Test

(CAT) has been completed. Pursuant to the same EIL has advised drilling of additional boreholes to improve the containment in the cavern compartments. The same has been completed. Inertization of the cavern in progress and pre commissioning checks have been undertaken. The overall physical progress is 99.72%. The progress does not include the progress of the pipeline. The final commissioning of the Project is dependent on the laying of the 48" pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through an Intermediate Valve Station and the completion of the additional boreholes. Out of 12.725 km of the pipeline, 12.69 km has been completed and balance is scheduled to be completed by April 2016. The commissioning of the project is expected thereafter.



View of the aboveground facilities at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

For the Padur project 179.21 acres of land was acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. This is the largest project executed by ISPRL. The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC and Part B were awarded to M/s SKEC-KCT JV. The underground works were completed in 2014 and cavern acceptance tests have also been completed. The facility has four compartments of 0.625 MMT each. Inertization of caverns has been completed. The final completion of the Project is dependent on laying of a 10 km long 110KVA overhead electrical transmission line as well as the laying of a 42" diameter 36 kilometer pipeline from Intermediate Valve station to Padur. Out of 35.8 Kms, 8.49 Kms has been lowered. The laying of the electrical transmission line and the pipeline has been affected due to ROU issues. Out of the 56 towers to be erected for the 110 KV HT Line, 25 have been erected and foundations for 54 towers have been completed. Balance foundations are held up because of RoU issues filed in the High Court of

Karnataka. The commissioning of the project is dependent on completion of the power line and the pipeline. The commissioning of the project shall be done once the 110 KV HT line and the 42" diameter crude oil pipeline is completed. The overall progress of the project including the pipeline progress is 98.12%.



View of the aboveground facilities at Padur

4. Phase II of Strategic Storage Program

The Integrated Energy Policy (IEP), approved by Cabinet in December 2008, recommends that a reserve equivalent to 90 days of oil imports should be maintained for strategic cum buffer stock purposes. An Approach paper prepared by MoP&NG in December 2009, indicated the requirement of a total storage of 44.14 Million Metric Tons of crude and petroleum products by the year 2019-20.

Based on direction from MoP&NG, ISPRL was entrusted the responsibility of preparation of Detailed Feasibility Reports (DFRs) for 12.5 MMT of Strategic Storage of Crude oil in Phase-II in four States. The locations chosen are Bikaner in Rajasthan, Chandikhol in Odisha, Rajkot in Gujarat and Padur in Karnataka. Engineers' India Limited (EIL) was awarded the job of preparing the DFRs. The DFR's have been prepared by EIL in which the revised capacities are as follows:-

- i. Padur 2.5 MMT,
- ii. Chandikhol 3.75 MMT,
- iii. Rajkot 2.5 MMT and
- iv. Bikaner 3.75 MMT.

Subsequently MOP&NG advised ISPRL to engage SBI caps interalia to recommend the manner of implementation of phase II programme. Investor meet was held on 8-9th June 2015 wherein various oil and infrastructure companies participated. Recommendations of SBI caps were received and comments of ISPRL were conveyed to MoP&NG.

DIVIDEND

Your Board of Directors do not recommended any Dividend for the Financial Year ended 31st March 2016.

PUBLIC DEPOSITS

Your Company has not invited, accepted or renewed any fixed deposit from the public as at 31st March 2016 and accordingly there is no principal or interest outstanding in respect thereof.

AUDIT COMMITTEE

The Board has constituted the Audit Committee as per Section 177 of the companies Act, 2013. The Audit Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (i) | Shri A.P. Sawhney, Additional Secretary,
MoP&NG / Director, ISPRL | : | Chairman |
| (ii) | Smt. Sangita Gairola, Independent Director | : | Member |
| (iii) | Shri S.B. Agnihotri, Independent Director | : | Member |

NOMINATION AND REMUNERATION COMMITTEE

As per Section 178 of the Companies Act, 2013, the Board of Directors have constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (i) | Shri Sandeep Poundrik, Joint Secretary (R),
MoP&NG | : | Chairman |
| (ii) | Smt. Sangita Gairola, Independent Director | : | Member |
| (iii) | Shri S.B. Agnihotri, Independent Director | : | Member |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (i) | Shri A.P. Sawhney, Additional Secretary,
MOP&NG / Director, ISPRL | : | Chairman |
| (ii) | Shri Sandeep Poundrik, Joint Secretary (R),
MOP&NG | : | Member |
| (iii) | Smt. Sangita Gairola, Independent Director | : | Member |

The Company has not spent any money on CSR activities as the Company has not made any profit during the preceding three financial years.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 read with rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual return is enclosed in Form No. MGT-9 at **Annexure A**.

MEETING OF THE BOARD

The Board of Directors of the Company met 4 (four) times in the financial year 2015-16 as per the following details :

- (i) 23rd July 2015
- (ii) 24th September 2015
- (iii) 14th December 2015
- (iv) 28th March 2016

CHANGE IN THE NATURE OF BUSINESS

During the year under report, there have been no changes in the nature of business.

TRANSFER TO RESERVES

There has been no transfer of amounts to the reserves of the Company.

PARTICULARS OF EMPLOYEES

The Company has no employee in respect of whom the Statement under the provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is required to be furnished.

DECLARATION BY THE INDEPENDENT DIRECTORS

All the Independent Directors have given declarations that they meet all the requirements specified under sub section 6 of Section 149 of Companies Act, 2013.

PERFORMANCE EVALUATION OF THE BOARD

The Chairman and majority of the directors of ISPRL are already evaluated by the Government under All India Services Act. ISPRL is also subject to Comptroller and Audit General (C&AG) audit, like any other Government Company. ISPRL has requested to Ministry of Corporate Affairs to exempt performance appraisal of directors of ISPRL as in the case of Government Companies.

RISK MANAGEMENT

During the year 2015-16, the Mangalore and Padur projects implemented by ISPRL were in the construction phase. The projects were being executed through contractors on turn key basis. As per contract, the contractors are expected to cover risks of their equipments and manpower etc. including third party risk on account of their activities. In addition, for erection related work, ISPRL has taken insurance cover from National Insurance Company.

For Visakhapatnam facilities, the risks are covered under Mega Risk Policy of HPCL. Sovereign crude oil stored in covered under Standard Fire and all peril policy with National Insurance Company.

KEY MANAGERIAL PERSONNEL

The following were designated as Whole-time Key Managerial Personnel by the Board of Directors during the year under review:

- a) CEO & Managing Director – Shri Rajan K. Pillai
- b) Chief Financial Officer – Shri S.R. Hasyagar
- c) Company Secretary – Shri Arun Talwar

REMUNERATION OF DIRECTORS

All Directors on the Board of ISPRL are ex-officio directors nominated by Ministry of Petroleum and Natural Gas except CEO & MD and independent directors. Other officers of the Company including KMP are on deputation from oil sector PSUs. On the recommendations of the Nomination and Remuneration Committee, Board has approved the remuneration and other terms of appointment of CEO & MD. The Remuneration given to CEO & MD, ISPRL and independent directors are given in the Annexure-I attached to the report.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes which have occurred subsequent to the close of financial year of the Company to which the Balance Sheet relates and the date of the report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company is not having any Subsidiary/Joint Ventures/Associate Companies under the provisions of the Companies Act, 2013.

AUDITORS

STATUTORY AUDIT:

The Comptroller & Auditor General of India (C&AG) has appointed M/s Purushothaman Bhutani & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company, who have submitted their report on the accounts of the Company for the Financial Year ended 31st March, 2016 (**Annexure B**). The Auditors Report to the Shareholders does not contain any qualification.

Supplementary audit conducted by Comptroller and Auditor General of India (C&AG) under Section 143 (6) of the Companies Act, 2013 of the Financial Statements of the Company for the Financial Year ended 31st March 2016. There is no significant observations of C&AG on the Financial Statements.

SECRETARIAL AUDIT :

During the year, the Board of the Company had appointed M/s PG & Associates, Company Secretaries in Whole-time Practice (C.P.No. 6065), as Secretarial Auditors of the Company to carry out Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 and the Rules

framed thereunder, for the financial year 2015-16. The Report given by Secretarial Auditors is annexed to this report as **Annexure C**. The Auditors Report to the Shareholders does not contain any qualification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has commissioned Visakhapatnam cavern and caverns at Mangalore and Padur are yet to be commissioned. The Company has no information to be published regarding conservation of energy and technology absorption.

The Company does not have any foreign exchange earnings during the year. However it has utilized foreign exchange for its business activities aggregating to Rs. 5.85 Lakh during the period under review.

INTERNAL CONTROLS

The Company has Internal Audit system which is responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as regulatory and legal requirements.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a policy on Prohibition and Prevention of Sexual Harassment of Women at workplace and matters connected therewith or incidental covering thereto all the aspects as contained in "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year, the Company did not receive any complaint under the said Act.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013 during the year.

RELATED PARTY TRANSACTIONS

All related party transactions were limited to Equity capital participation & temporary advance by OIIB and payment of managerial remuneration to CEO & MD, ISPRL.

DIRECTORS RESPONSIBILITY STATEMENT

As required under clause (c) of sub-section (3) Section 134 of the Companies Act, 2013, your Board of Directors of the Company hereby state and confirm:

1. That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. That Directors have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2016 and of the Profit and Loss of the Company for that year;

3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2016 on a 'going concern' basis.
5. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS

Your Board of Directors presently comprises of 7 part-time Non-Executive Directors (ex-officio) and one full-time CEO & MD, details are given below :

- (i) Shri K.D. Tripathi, Secretary, Ministry of Petroleum and Natural Gas (MoP&NG) – Chairman (DIN 07239755)
- (ii) Shri Anant Kumar Singh, Additional Secretary & Financial Advisor, MoP&NG – Additional Director (DIN 07302904)
- (iii) Shri A.P. Sawhney, Additional Secretary, MoP&NG - Director (DIN 03359323)
- (iv) Shri Sanjiv Mittal, Secretary, OI DB – Director (DIN 07479317)
- (v) Shri Sandeep Poundrik, Joint Secretary (R), MoP&NG – Director (DIN 01865958)
- (vi) Shri Rajan K. Pillai, Chief Executive Officer & Managing Director (DIN 06799503)
- (vii) Smt. Sangita Gairola, Independent Director (DIN 07172316)
- (viii) Shri S.B. Agnihotri, Independent Director (DIN 03390553)

The following changes took place in the Board of Directors since 1st April, 2015:

- (i) Shri Saurabh Chandra, Chairman (ceased w.e.f. 30.04.2015)
- (ii) Shri L.N. Gupta, Director (ceased w.e.f. 05.06.2015)
- (iii) Dr. S.C. Khuntia, Director (ceased w.e.f. 15.06.2015)
- (iv) Shri U.P. Singh, Director (ceased w.e.f. 07.03.2016)
- (v) Shri K.D. Tripathi (appointed w.e.f. 17.07.2015)
- (vi) Shri Anant Kumar Singh (appointed w.e.f. 08.10.2015)
- (vii) Shri Sanjiv Mittal, Director (appointed w.e.f. 29.03.2016)

ACKNOWLEDGEMENT

Your Board of Directors gratefully acknowledges the valuable guidance and support received from the Government of India, Ministry of Petroleum and Natural Gas and Oil Industry Development Board.

For and on behalf of the Board

Sd/-
(Sandeep Poundrik)
Director
(DIN 01865958)

Sd/-
(Rajan K. Pillai)
CEO & MD
(DIN 06799503)

Date: 26th September 2016

Place: New Delhi

**Annexure – A
FORM NO. MGT.9**

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U63023DL2004GOI126973
- ii) Registration Date – June 16, 2004
- iii) Name of the Company – INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
- iv) Category/Sub-Category of the Company – UNLISTED PUBLIC LIMITED COMPANY
- v) Address of the Registered office and contact details – 301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110001. Tel : 0120-2594641, Fax : 0120-2594643
- vi) Whether listed company - No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any – N/A

II. ACTIVITIES OF THE COMPANY

Construction of the Strategic Crude Oil Storage Caverns at Visakhapatnam, Mangalore and Padur, Operating the Caverns and Custody of Crude Oil in the caverns.

SI.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Construction, Operation and Maintenance of Crude oil caverns facilities	43900 52109	
2.	--	--	--
3.	--	--	--

III. PARTICULARS OF HOLDING COMPANY

SI.No.	Name and Address of the Company	PAN No.	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	Oil Industry Development Board	AAAJO0032A	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
k) Banks/FI									
l) Any Other..									
Sub-total (A) (1):-	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total share holding of Promoter (A) = (A)(1)+(A) (2)	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	312.73	312.73	100%	NIL	341.88	341.88	100%	9.32

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Oil Industry Development Board *							
	Total	312.73	100	NIL	341.88	100	NIL	9.32

* In addition to Oil Industry Development Board (OIDB), there are six other shareholders of the Company, who are Nominees of OIDB. The names of other six shareholders are given below:

1. Mr. Ganesh Chandra Doval
2. Mr. Rajesh Kumar Saini
3. Mr. Girish Chandra
4. Mrs. Jyoti Sharma
5. Mr. M. S. Chauhan
6. Mr. Rajesh Mishra

(iii) Change in Promoter's Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares (Number in Crore)	% of total shares of the company	No. of shares (Number in Crore)	% of total shares of the company
	At the beginning of the year	312.73	100	341.88	100
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	<u>Allotment of Shares</u> i) 22.05.2015 7.60 Cr. Shares ii) 23.07.2015 7.25 Cr. Share iii) 14.12.2015 2.10 Cr. Shares iv) 28.03.2015 12.20 Cr. Shares			
	At the end of the year	312.73	100	341.88	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NA	NA	NA	NA
	At the End of the year (or on the date of separation, if separated during the year)	NA	NA	NA	NA

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director**

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Shri Rajan K. Pillai, CEO & Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.15,71,904/-	Rs.15,71,904/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.10,77,450/-	Rs.10,92,300/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify...		
5.	Others, please specify		
	Total (A)	Rs.26,49,354/-	
	Ceiling as per the Act	Rs.91,68,800/-	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration of other directors:

SI No.	Particulars of Remuneration	Name of Directors		Total Amount
	3. Independent Directors	Smt. Sangita Gairola	Shri S.B. Agnihotri	
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	Total (1)	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	4. Other Non-Executive Directors			
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B) = (1 + 2)	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	Total Managerial Remuneration	Rs.29,29,354/-		
	Overall Ceiling as per the Act	Rs.91,68,800/-		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Already covered in Table at S.No. A.	*	*	
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total				

*CFO & Company Secretary are not employees of ISPRL and are on deputation to ISPRL from other oil PSUs.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

This revised Independent Auditor's Report is being issued in supersession of our earlier Independent Auditor's Report dated August 09, 2016 & September 14, 2016. Revised report is being issued in view of the certain deficiency as pointed out by C & AG of India in our earlier report. Further, we confirm that there is no change in the opinion as expressed earlier and also none of the figures have undergone any change in the standalone financial statements of the Company as at 31 March, 2016.

Report on the Financial Statements

We have audited the accompanying financial statements of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its Loss and its Cash Flows for the year ended on that date.

Emphasis of Matter

According to the information and explanation given to us the main objects of the Company are to own and control its crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of its Crude Oil stock as per the specific instruction of the Government. In this regard, approval of the members to suitably amend the memorandum of association is pending. During the year the company has received critical sovereign crude oil in Vishakhapatnam, therefore accounting of crude oil's strategic reserve stored in caverns is not accounted for in books of accounts, the same has been disclosed in the financial statements – Refer Note No.- 14.4 (iv) . Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- A) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
- B) As required by Section 143(3) of the Act, we report that :
- (a) We have sought and 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 those books ;
 - (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14.1 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- C) As required by sub directions under section 143(5) of Companies Act 2013, refer to our separate report in "**Annexure C**"

For PURUSHOTHAMAN BHUTANI & CO.

Chartered Accountants

Firm Registration No: 005484N

Sd/-

CA BINAY KUMAR JHA

Partner

M.No.509220

Place : New Delhi

Date : 20th September, 2016

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 5A of the Auditors' Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the financial statements for the year ended 31st March, 2016, we report that:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of its fixed assets.
(b) All fixed assets have been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. In respect of Mangalore the lease agreement is in process.
- II. As per the information furnished, the crude oil inventories being critical sovereign reserves of government of India have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.
- III. (a) As per the information furnished, the Company has not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under sec 189 of the Companies Act. Thus, paragraph 3(III) of the order is not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations given to us, the company has, in respect of investments, guarantees, and security provisions, complied with section 185 and 186 of the Companies Act, 2013.
- V. The Company has not accepted any deposits from the public and hence the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act & Companies (Acceptance of Deposits) Rule ,2015 with regard to the deposits accepted from the public are not applicable .Thus, paragraph 3(V) of the order is not applicable to the Company and hence not commented upon.
- VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company. Thus, paragraph 3(VI) of the order is not applicable to the Company and hence not commented upon.

- VII. (a) According to the information and explanations given to us and on the basis of our examination of books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Value Added Tax, Work Contract Tax, Service Tax, Cess and any other Statutory dues with the appropriate authorities
- (b) According to the information and explanations given to us and as certified by the management, the following dues of income-tax, sales-tax and royalties have not been deposited by the Company on account of dispute.

Name of the statute	Nature of dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	27	2012-13	CIT (A), Delhi
Income Tax Act, 1961	Income Tax	255	2013-14	CIT (A), Delhi
Sales Tax	Entry Tax	38	2010-11	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	121	2011-12	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	55	2012-13	Dy Comm. Department of Commercial taxes, Bangalore
Sales Tax	Entry Tax	67	2013-14	Dy Comm. Department of Commercial taxes, Bangalore
Andhra Pradesh Minor Mineral Concession Rules 1996	Royalty	10493	2013-14	Directorate of Mines and Geology, Andhra Pradesh

- VIII. According to the information and explanations given to us, the Company has not taken any loans either from the financial institutions, banks or from the government and has not issued any debentures. Thus, paragraph 3(VIII) of the Order is not applicable to the Company and has not commented upon.
- IX. The Company did not raise any money by way of initial public offer or further public offer including debt instruments and term loans during the year. Thus, paragraph 3(IX) of the Order is not applicable to the Company and has not commented upon.
- X. Based upon the audit procedures performed and according to the information and

explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

- XI. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Companies Act.
- XII. The company is not a NIDHI Company. Accordingly, paragraph 3(XII) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year. Accordingly, paragraph 3 (XIV) is not applicable to the Company and hence not commented upon.
- XV. According to the information and explanations given to us and as certified by the management the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(XV) is not applicable to the Company and hence not commented upon.
- XVI. In our opinion the company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph (XVI) is not applicable to the Company and hence not commented upon.

For PURUSHOTHAMAN BHUTANI & CO

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 “the Act”

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED (ISPRL)

We have audited the internal financial controls over financial reporting of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** “the Company” as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting the “Guidance Note” and the standards on auditing as specified under Section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and

evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PURUSHOTHAMAN BHUTANI & CO

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

ANNEXURE - C TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 5C of the Auditors' Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the financial statements for the year ended 31st March, 2016, we report that:

1. According to the information and explanation given to us the main objects of the Company are to own and control its crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of its Crude Oil stock as per the specific instruction of the Government. During the year the company has received critical sovereign crude oil in Vishakhapatnam, therefore accounting of crude oil's strategic reserve stored in caverns is not accounted for in books of accounts, the same has been disclosed in the financial statements – Refer Note No - 14.4 (iv).
2. Verification of information furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the actuary regarding discount rate, future cost increase etc for arriving at the provisions for retirement benefits are not applicable as all the employees are on deputation & the same has been disclosed in the notes to the financial statements – Refer note 2.9 to the financial statements.
3. According to the information and explanation given to us the Company has facility at three locations Vizag, Mangalore & Padur. Possession of the land at all three locations has been handed over to the company for undertaking construction activities. In Vizag & Padur location, lease deeds have already been registered. In respect of Mangalore the lease agreement is in process.
4. As per information and explanation given to us reporting on waiver/ write off of debts/loans/interest etc, matter is not relevant to the company.
5. As per information and explanation given to us there is no inventory lying with third party and no assets have been received as gift/grants from government and other authorities, matter is not relevant to the company.

For **PURUSHOTHAMAN BHUTANI & CO**

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

ANNUAL ACCOUNTS

2015-16

Indian Strategic Petroleum Reserves Limited

Balance Sheet as at 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	341,882.47	312,732.46
(b) Reserves and surplus	4	(6,066.01)	(3,144.38)
		335,816.46	309,588.08
Share application money pending allotment	3.3	2,500.00	7,600.00
Non-current liabilities			
a) Other long - term liabilities	5	1,054.79	17,945.50
Current liabilities			
(a) Trade Payables	6	5,371.99	2,724.83
(b) Other current liabilities	7	2,881.03	3,370.34
c) Short Term Loans	8	187.54	0.00
		8,440.55	6,095.17
TOTAL		347,811.81	341,228.75
ASSETS			
Non-Current assests			
a) Fixed assets			
(i) Tangible assets	9A	95,014.44	13,122.16
(ii) Capital work-in-progress	9B	242,369.42	322,626.54
b) Long-term loans and advances	10	2,285.98	2,248.56
		339,669.84	337,997.26
Current assets			
(a) Cash and cash equivalents	11	350.37	2,069.22
(b) Short-term loans and advances	12	7,791.60	1,162.27
		8,141.97	3,231.49
TOTAL		347,811.81	341,228.75
Additional information to the Financial Statements		1 to 15	

In terms of our report attached.

For Purushothaman Bhutani & CompanyChartered Accountants
FRN.005484N**(CA Binay Kumar Jha)****Partner**
M.No.509220Place : New Delhi
Date :**For and on behalf of the Board of Directors****Sd/-**
(Sandeep Poundrik)
Director
(DIN.01865958)**Sd/-**
(Arun Talwar)
Company Secretary**Sd/-**
(Rajan K. Pillai)
CEO & MD
(DIN.06799503)**Sd/-**
(S.R. Hasyagar)
Chief Finance Officer

Indian Strategic Petroleum Reserves Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
Expenses			
(a) Depreciation and amortization expenses	9A	2,741.17	449.86
(b) Other expenses	13	147.23	36.83
(c) Stamp duty	13A	33.23	73.03
Total expenses		2,921.63	559.72
(Loss) before exceptional extraordinary items and tax		(2,921.63)	(559.72)
Exceptional items :			
Excess provision of stamp duty reversed		-	(0.01)
		(2,921.63)	(559.71)
Prior Period Expenses			
Amortization and Depreciation Expense		-	30.33
Tax expense :			
Current tax expense for current year		-	-
(Loss) from continuing operations		(2,921.63)	(590.03)
(Loss) for the year		(2,921.63)	(590.03)
(Loss) per share (of '10/- each)	15.2		
(a) Basic	15.2.a	(0.0900)	(0.0217)
(b) Diluted	15.2.b	(0.0893)	(0.0217)
Additional information to the Financial Statements	1 to 15		

In terms of our report attached.

For Purushothaman Bhutani & Company
Chartered Accountants
FRN.005484N

(CA Binay Kumar Jha)
Partner
M.No.509220

Place : New Delhi
Date :

For and on behalf of the Board of Directors

Sd/-
(Sandeep Poundrik)
Director
(DIN.01865958)

Sd/-
(Arun Talwar)
Company Secretary

Sd/-
(Rajan K. Pillai)
CEO & MD
(DIN.06799503)

Sd/-
(S.R. Hasyagar)
Chief Finance Officer

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note	Particulars
1	<p><u>Corporate Information</u></p> <p>Indian Strategic Petroleum Reserves Limited was incorporated on 16th June 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by OI DB and its nominees on 9th May 2006.</p> <p>The main objects of the Company are to own and control crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.</p>
2	<p><u>Significant Accounting Policies</u></p>
2.1	<p>Basic of Accounting</p> <p>The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 2013, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 129 of the Companies Act 2013.</p>
2.2	<p>Use of Estimates</p> <p>The Financial Statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.</p>
2.3	<p>Fixed Assets / Intangible Assets</p> <p><u>Fixed Assets</u></p> <p>All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.</p> <p>Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land. Land acquired on lease for 99 years or less is treated as leasehold land.</p>

Intangible Assets

Intangible assets are recognized if:

- It is probable that the future economic benefits that are attributable to the assets will flow to the company,
and
- The cost /fair value of the assets can be measured reliably.

2.4 Depreciation and Amortisation

Depreciation is provided on Straight Line Method as per the useful life specified in Schedule II to the Companies Act, 2013 except for, underground cavern the useful life of which is considered as 60 years based on certification by Engineers India Limited.

The Company has adopted Straight Line Method of depreciation.

The land cost is amortized over the remaining period of lease in terms of number of years or part thereof.

2.5 Revenue Recognition; Construction Work in Progress & Allocation and Apportionment of expenses

- (i) The project for Strategic Oil Reserves is under implementation at Mangalore and Padur where company has not started commercial operations. The Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Statement of Profit & Loss account.
- (ii) The expenses incurred for project development, feasibility studies, fees to pollution control Boards, Project Management Consultancy charges, Land acquisition expenses, payments made to the contractors (underground/aboveground), Advertisement expenses, Insurance premia, cost of diesel supplied for underground works etc. have been shown as "Construction Work In Progress".
- (iii) The indirect/incidental expenses (including Head Office expenses) are apportioned to all the three projects i.e. Vishakhapatnam, Mangalore and Padur in proportion to the direct expenditure incurred as on the close of the financial year.
- (iv) Insurance Claims are accounted on settlement of the claim.

2.6 Provisions and Contingencies

The Company recognizes a provision when there is present obligation as a result of past event and it is more likely than not that there will be an outflow of resources to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's best estimate of the amount of obligation at

the year-end. These are reviewed at each balance sheet date and adjusted to reflect management's best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. Contingent liabilities are also disclosed for present obligations in respect of which it is not probable that there will be an outflow of resources or a reliable estimate of the amount of obligation cannot be made.

When there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote, no disclosure or provision is made.

2.7 Impairment of Assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortization, if no impairment loss has been recognized.

2.8 Leases

Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease payments under operating lease arrangements are recognized as an expense under the head Construction Work in Progress on a straight line basis over the lease term.

2.9 Employee Benefits

As on date the Company had no employee on its own payroll and the company's work is presently handled by deputationists. Hence the provision of AS-15 on "Employee Benefits" is not applicable.

2.10 Foreign Currency Transactions and Translations

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized appropriately. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets

2.11	Taxes on Income Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. As a prudent measure the Company has not recognized Deferred Tax Asset.
2.12	Earnings Per Share Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity share outstanding during the period. For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period will be adjusted for the effects of all dilutive potential equity shares.
2.13	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	₹ In Lakhs	Number of Shares	₹ In Lakhs
(a) Authorised Equity shares of Rs. 10 each	38,325.60	383,256.00	37,240.00	372,400.00
(b) Issued/Subscribed and fully Paid Up Equity shares of Rs. 10 each	34,188.25	341,882.47	31,273.25	312,732.47
Total	34,188.25	341,882.47	31,273.25	312,732.47

Particulars			
Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Equity shares			
Year ended 31 March, 2016			
- Number of shares	31,273.25	2,915.00	34,188.25
- Amount (Rs.)	312,732.47	29,150.00	341,882.47
Year ended 31 March, 2015			
- Number of shares	23,970.00	7,303.25	31,273.25
- Amount (Rs.)	239,700.00	73,032.47	312,732.47

Note 3.2 Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Oil Industry Development Board, New Delhi and its nominees	34,188	100%	31,273	100%

Note 3.3 Share Application Money Pending Allotment

As at 31 March 2016, out of amounts received from OIIB till 31.3.2016, Equity Shares were yet to be allotted for an amount of Rs. 25,00,00,007 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
(Deficit) in Statement of Profit and Loss		
Opening balance	(3,144.38)	(2,554.35)
Add: (Loss) for the year	(2,921.63)	(590.03)
Total	(6,066.01)	(3,144.38)

Notes forming part of the Financial Statements

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Withholding from Contractors - Contractual	1,054.79	4,445.50
Advance from HPCL	0.00	13,500.00
Total	1,054.79	17,945.50

Note 6 Trade Payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Trade payables	5,371.99	2,724.83
Total	5,371.99	2,724.83

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Other Payables		
(i) Statutory remittances (Withholding Taxes, Labour Cess, TDS & Work Contract Tax)	256.15	211.94
(ii) Others (Amount Adjustable against Rock Disposal)	69.90	85.42
(iii) Security deposit / EMD	68.57	16.43
(iv) Withholding from Contractors - Supply	2,486.41	3,056.55
Total	2,881.03	3,370.34

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
OIDB	187.54	0
Total	187.54	0

Notes forming part of the Financial Statements

Note 9 Fixed Assets		Gross Block					Accumulated Depreciation			Net Block	
		Balance as at 1 April, 2015	Additions During the Year	Deletions During the Year	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation/Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2016	Balance as at 31 March, 2015	
A.	Tangible Assets	₹	₹	₹	₹	₹	₹	₹	₹	₹	
	(a) Leasehold Land	15,477.25	1,979.31	1,371.86	16,084.70	2,432.02	463.03	-	2,895.04	13,189.65	
	(b) Building	-	3,195.16	-	3,195.16	-	309.93	-	309.93	2,885.23	
	(c) Roads & culverts	-	968.33	-	968.33	-	144.54	-	144.54	823.79	
	(d) Plants & Machinery	4.32	29,574.87	-	29,579.20	0.00	1,030.19	-	1,030.20	28,549.00	
	(e) Caverns	-	49,517.40	-	49,517.40	-	652.31	-	652.31	48,865.09	
	(f) furniture & Fixtures	23.60	576.75	-	600.35	3.28	114.50	-	117.78	482.57	
	(g) Transport Vehicles	-	37.72	-	37.72	-	3.53	-	3.53	34.19	
	(h) Office equipment	44.58	149.73	-	194.32	10.38	15.43	-	25.81	168.50	
	(i) Computer	41.29	6.03	-	47.32	23.20	7.70	-	30.90	16.42	
	31 March, 2015	15,591.04	86,005.32	1,371.86	100,224.50	2,468.88	2,741.17	-	5,210.05	95,014.44	
		15,077.97	513.07	-	15,591.04	1,988.70	480.19	-	2,468.88	13,122.16	

B. Capital Work In Progress (Refer Note No. 9B)		Balance as at 31 March, 2016		Balance as at 31 March, 2015	
		₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Phase-I					
- Visakhapatnam Cavern		98.30		103,612.63	
- Padur Cavern Storage Project @		141,958.53		135,356.92	
- Mangalore Cavern Project @		100,312.59		83,656.99	
Total		242,369.42		322,626.54	

@ includes apportioned Head Office expenses

Notes forming part of the Financial Statements

Note 9.B Capital Work in Progress

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Construction Work in Progress (Including unallocated capital expenditure, material at site)		
<u>Storage Phase - I</u>		
<u>Vishakhapatnam Cavern Storage project</u>		
Aboveground Civil Works	98.30	49,548.30
Aboveground Process Facilities	-	41,280.29
Project Management Consultancy	-	10,906.93
Study & Survey	-	172.68
Pre-commissioning/Commssioning-Vizag.	-	186.75
Other Project Expenses	-	324.35
Head Office Expenses	-	1,193.33
TOTAL	98.30	103612.63
<u>Padur Cavern Storage Project</u>		
Underground Civil Works	82,940.69	82,884.98
Aboveground Process Facilities	32,649.69	27,706.82
Project Management Consultancy	14,305.63	13,619.19
Study & Survey Padur	121.68	121.68
Pre-commissioning/Commssioning-Padur	653.61	114.65
Other Project Expenses	1,052.16	919.58
Pipeline	9,068.78	8,959.71
Head Office Expenses	1,166.29	1,030.31
TOTAL	141,958.53	135,356.92
<u>Mangalore Cavern Storage Project</u>		
Underground Civil Works	43,706.64	41,215.03
Aboveground Process Facilities	29,388.06	24,855.41
Project Management Consultancy	10,268.26	10,119.64
Study & Survey	135.59	135.59
Pre-commissioning/Commssioning-Mangalore	595.81	128.81
Other Project Expenses	282.84	179.61
Pipeline	15,103.56	6,383.38
Head Office Expenses	831.83	639.52
TOTAL	100,312.59	83,656.99
TOTAL CONSTRUCTION WORK IN PROGRESS	242,369.42	322,626.54

Note 10 Long-term Loans and Advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Security deposits	502.99	465.57
Balances with Government - CENVAT credit receivable	1,440.84	1,440.84
Advance against - Padur	342.15	342.15
Total	2,285.98	2,248.56

Note 11 Cash and Cash Equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Cash in hand	0.20	0.03
Balances with banks - Autosweep Current A/c	350.17	2,069.19
Total	350.37	2,069.22

Note 12 Short-term Loans and Advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Prepaid expenses - Unsecured, considered good	80.47	54.77
Other loans and advances - Unsecured considered good		
HPCL proportionate shares of fixed assets	4,517.90	
O&M Expenses Vizag Receivable from GOI	778.70	-
TDS Receivable *	97.20	128.24
Advances recoverable in cash or kind	194.09	117.67
Advances towards ROU Acquisition & Diesel Supply	1,755.14	72.54
Mobilisation Advance	340.18	744.19
Advance against Stamp Duty on Shares	27.92	44.87
Total	7,791.60	1,162.27

* TDS receivable of Rs.38.10 Lakhs is towards excess TDS paid. The Refund has been forwarded to TDS CPC.

Note 13 Other Expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Legal and Professional Fee	0.00	0.01
Payments to auditors (Refer Note (i) below)	2.94	2.73
Office Expenses	144.29	34.10
Total	147.23	36.84

Notes forming part of the Financial Statements

Note 13 (i) : Details of payments to Auditors

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Payments to the auditors comprises :-		
'As auditors - Statuary audit-	2.57	1.69
'Reimbursement of expenses -	0.05	0.16
'For Company law matters -	0.00	0.00
Internal Auditor's Remuneration	0.32	0.88
Total	2.94	2.73

Note 13A Details of Stamp Duty Expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Stamp duty on share issued	33.23	73.03
Total	33.23	73.03

Note 14 Additional information to the Financial Statements**14.1 Contingent liabilities and commitments (to the extent not provided for)**

	Particulars	As at	As at
		31 March, 2016	31 March, 2015
		₹ In Lakhs	₹ In Lakhs
A	Contingent liabilities		
	Claims against the company not acknowledged as debt	611	611
	Liability towards development of Green Belt and CST reimbursement		
B	No provision has been made in accounts in respect of the following disputed demands since they are subject to appeals filed by the company		
	Demand of Entry Tax including interest and penalty on Diesel purchased from MRPL		
i.	F.Y. 2010-11	38	38
ii.	F.Y. 2011-12	121	121
iii.	F.Y. 2012-13	55	-
iv.	F.Y. 2013-14	67	-
v.	Demand of Income Tax including interest for Assessment Year 2012-13	27	27
vi.	Demand of Income Tax including interest for Assessment Year 2013-14	255	-
vii.	Demand of Department of Mines & Geology of Government of Andhra Pradesh for royalty on sale of excavated material at visakhapatnam site as per the department rules		
	F.Y. 2014-15	10,493.00	10,493.00
C	Indemnity and Guarantees		
i.	Managlore Special Economic Zone Limited has been issued an Indemnity, the Indemnity so issue is covered by Insurance policy	2,500.00	2,500.00
D	Capital Commitments		
i.	Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	20,599	439,570
ii.	Uncalled liability on shares and other investments partly paid	NIL	NIL
iii.	Other commitments	NIL	NIL

vii. In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs.1,03,800 Lakhs for Visakhapatnam project, as against the estimated cost of Rs.67,183 Lakhs (at September 2005 prices). During the year 2013-14 revised cost estimates for Mangalore for Rs. 12,27,00 Lakhs, as against the originally estimated cost of Rs. 7,31,72 Lakhs & for Padur project Rs. 16,93,00 Lakhs, as against original estimated cost of Rs. 9,93,28 Lakhs were approved. In August 2014, the Government approved revised cost estimates of Rs. 1,17,835 Lakhs for Visakhapatnam (excluding Rs. 9,100 Lakhs as income tax liability on account of joint ownership with HPCL). The proportionate capital contribution by HPCL is on the basis of storage capacity (HPCL share 0.30 MMT, total cavern capacity 1.33 MMT), relative to the cost of project.

Notes forming part of the Financial Statements

14.2 Expenditure in Foreign Currency (Equivalent INR)

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Other matters (Foreign Travel)	4.49	5.50
Other matters (Payment released 1600 euros towards charges for technical supervisory service during pumps repairs.)	1.36	37.87

14.3 Earnings in foreign exchange

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Earnings	NIL	NIL

14.4 Estimated cost of construction

- (i) Estimated costs of construction is determined based on contracts signed for underground civil works, above ground process facilities, pipeline works etc. are expected to be incurred over period of time on the project, till the final completion and include cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31st March 2016, the construction activities for Phase I was completed for Visakhapatnam and were in progress Mangalore and Padur. Direct Costs and allocable costs incurred upto balance sheet date are shown under Construction Work In Progress. Expenses incurred during the year 2015-16, which are not directly attributable to the projects, have been charged to the Statement of Profit & Loss.
- (iii) Visakhapatnam facility has been commissioned during the year. Unloading of first parcel of crude oil was completed on 17th June 2015. Capitalization and depreciation in the books of accounts is reckoned from this date. Depreciation charge on the assets is on the basis of NESD.
- (iv) Crude oil received in Visakhapatnam are critical sovereign reserves. As on date, filling of the strategic cavern has been completed. 1007721.55 MT of critical sovereign crude oil is in custody of ISPRL. Difference in the quantity billed and quantity received will be reviewed by committee of experts and reported to Board/Govt.
- (v) Board in its 44th meeting approved joint ownership of Visakhapatnam facility with HPCL. Proportionate cost of fixed assets of Visakhapatnam has been transferred to HPCL. HPCL has paid Rs.21000 lakhs till March 2016. Balance amount of Rs.4517 lakhs is receivable from HPCL. Joint ownership agreement with HPCL is under process.
- (vi) Detailed Feasibility Report for Phase II projects for 12.5 MMT capacity at 4 places at Rajkot (2.5 MMT), Padur (2.5 MMT), Chandikhol (3.75 MMT) and Bikaner (3.75 MMT) has been completed.

14.5 (i) Department of Mines & Geology of Government of Karnataka has permitted the Company to dispose off the excavated material at Padur & Mangalore Projects to suitable buyers after the payment of Seigniorage fee/Royalty to the department as per the rules.

(ii) Quarrying license from Department of Mines & Geology is required for removal of rock debris. Accordingly, Company has obtained the quarrying license from Department of Mines & Geology, Government of Karnataka. Based on awarded job, disposal of rocks has been carried out from the 2 sites of Padur.

14.6 (i) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Entire cost of land including amount of Rs.350 Lakhs for diversion of road had been paid to MSEZL and capitalised, amortised for the balance period of lease. Final one time compensation of Rs. 158.40 lakhs has been paid to the 44 PDFs at Mangalore during the Year. Lease agreement with MSEZL is in process.

(ii) The Company had deposited Rs.3,252.11 Lakhs with Karnataka Industrial Areas Development Board

(KIADB) for acquisition of 179.2 acres of land for Padur project, which was accounted as advance during the years 2008-2010. KIADB has already handed over possession of 138.57 acres of land, which has been capitalized at a cost of Rs.2909 Lakhs at the rate of Rs.21 Lakhs per acre as indicated by KIADB including the Relief & Rehabilitation assistance paid to the project displaced families. Balance available of Rs.342 Lakhs including stamp duty of Rs.34 Lakhs continues to be treated as advance against remaining land still to be acquired through KIADB, which is considered to be sufficient for the purpose.

- 14.7** Based on the management decision to pay stamp duty on share certificates, stamp duty totalling to Rs.357.60 lakhs has been paid till 31st March 2016 on Rs.3,57,600 Lakhs share capital. During the year, shares have been issued for Rs. 29150 Lakhs.
- 14.8** Share capital as on 31.3.2012 includes Rs. 17,801 lakhs allotted in May 2010 and Rs. 47,930 lakhs allotted in May 2011. Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. The decision to pay stamp duty was taken by the Board after 31st March 2011 and pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment was filed with Company Law Board (CLB) in April 2012. The Board in 47th Board Meeting approved withdrawal of the CLB petition. Application for withdrawal of the petition has been disposed off by CLB.
- 14.9** The Company is exploring option to provide Warehousing services for Crude Oil in facilities being developed. The Company has registered with Service Tax Authorities in January 2011 and is eligible for CENVAT credit. During 2013-14 Company had recalculated and accounted eligible CENVAT credit amounting to Rs.3807 Lakhs as on 31.3.2012. Service Tax Return has been filed accordingly. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit from April 2011 for the construction activities for setting up of the projects.
- 14.10** During the Financial Year 2014-15, Government approved total budgetary support of Rs. 4,94,800 lakhs for filling of crude oil. HPCL and IOCL were directed to procure 2 VLCCs each for filling Visakhapatnam cavern with strategic crude oil. Accordingly, CENVAT receivable of Rs. 2,366.92 Lakhs related to Visakhapatnam facility has been reversed in FY 2014-15.
- 14.11** Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. All approvals have been received for Mangalore. In respect of Padur, application for becoming FTWZ has been accepted "in-principle" by Board of Approvals, Ministry of Commerce.
- 14.12** Retention money of Rs.1054.81 lakhs specified in Note No. 5: Withholding from contractors is towards 5% of the value of work done for variable items, payment of which would be released after successful completion of the contracts. The retention money has been provided for as payable in the accounts.
- 14.13** As on 31st March 2016, the Company's day to day work was handled by 14 personnel taken on deputation HPCL (3), ONGC (2), IOCL (4), BPCL (2) & MRPL(1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
- 14.14** Advance recoverable in cash or kind or kind for value to be received including amount due from other companies in which any director is a director or member is Rs. NIL (Previous Year-Rs. NIL).
- 14.15** (i) The Company has earned Rs.104 Lakhs interest from the balances available in "Sweep-in-Sweep-Out" account during 2015-16 as against Rs.82.85 lakhs during the year 2014-15.
(ii) Other expenses in note no 13 includes an amount of Rs.95.24 lakhs amortized during the year being expenditure incurred on approach road and street light poles outside the boundary of Visakhapatnam facility on which the company does not have any control.
- 14.16** Pipes purchased for Padur and Manglore have been identified for each project and the applicable costs of Rs. 8,959.71 Lakhs for Padur & Rs. 6,383.38 Lakhs for Manglore have been classified under respective project.
- 14.17** (i) As per Accounting Standard -10, Company has consistently followed the policy of reducing the revenue received on account of interest and sale proceeds of rock disposal from the capital work in progress. During the year the amount of interest received was Rs.104 lakhs and receipts from sale of rocks was Rs. 50 Lakhs.

- (ii) The total interest and receipts from rock sale reduced from Capital Work in Progress from year 2008-09 to 2015-16 is Rs. 1917 lakhs.

14.18 Deferred Tax

In the absence of Taxable Income no provision for income tax has been considered necessary. Further, Deferred Tax Asset has also not been recognized as there is no virtual certainty with convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Asset can be adjusted.

14.19 Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.

14.20 There are no dues payable to Small Scale Industrial Undertakings. Contractors/service providers accounts, in debit/credit, are subject to confirmation, reconciliation and consequential adjustments thereof, if any.

14.21 The Company has constituted an Audit Committee under section 177 of the Companies Act, 2013 with the following composition:

Shri A.P. Sawhney, Additional Secretary, MoP&NG	--	Chairman
Shri S.B. Agnohotri Independent Director	--	Member
Smt. Sangita Gairola, Independent Director	--	Member

14.22 Balances of the Contractors are subject to confirmation.

Notes forming part of the Financial Statements

Note 15 Disclosures under Accounting Standards

Note	Particulars			
15.1	Related party transactions			
15.1 a	Details of related parties:			
	Description of relationship	Names of related parties		
	Holding Organisation	Oil Industry Development Board (OIDB) holding 100% equity in the Company		
	Key Management Personnel (KMP)	<p>1. Shri Rajan K Pillai, CEO & MD is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRL. He superannuated from Hindustan Petroleum Corporation Ltd on 30.11.2013. He has been inducted as MD w.e.f. 25.02.2014. (2) Mr S.R Hasyagar, CFO on deputation from HPCL (3) Mr Arun Talwar, Company secretary on deputation from IOCL.</p> <p>Board of Directors (Ex-Officio) Shri Saurabh Chandra, Chairman (w.e.f. 07.03.2014 to 30.04.2015) Shri K.D. Tripathi, Chairman (w.e.f. 17.07.15) Shri Subhash Khuntia, Director (w.e.f. 0908.12 to 15.06.15) Shri Anant Kumar Singh, Additional Director (w.e.f. 08.10.15) Shri Ajay Prakash Sawhney, Director (w.e.f. 28.03.2015) Shri U.P. Singh, Director (w.e.f.28.08.15 to 07.03.16) Shri Sanjeev Mittal (w.e.f. 29.03.16) Shri L.N. Gupta , Director (w.e.f.17.06.2013 to 05.06.2015) Shri Sandeep Poundrik, Director (w.e.f. 12.01.15)</p> <p>Independent Directors Smt.Sangita Gairola, Director (w.e.f. 28.03.2015) Shri Satish Balram Agnihotri , Director (w.e.f. 28.03.2015)</p>		
15.1 b	Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:			
	Particulars	Holding Organisation (OIDB)	KMP (CEO) & MDI	Total
		₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
	Finance (including loans and equity contributions in cash or in kind)	2,714.69 (7,621.04)		2,714.69 (7,621.04)
	*Management contracts including for deputation of employees		21.11 (21.11)	21.11 (21.11)
	Note: Figures in bracket relates to the previous year			
15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Government of India. Remuneration to Board of Directors is NIL (Previous Year-NIL)			
15.1.d	Balances outstanding / transactions with related parties:			
	Particulars	Oil Industry Development Board		Hindustan Petroleum Corporation Ltd.*
		Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016
		Year ended 31.03.2015		Year ended 31.03.2015
		₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
	(i) Transaction during the year <i>Expenses incurred on behalf of the Company</i>	27.15	21.04	290.04
	(ii) Balances at the year end	2,687.54	7,600.00	-
	Total	2,714.69	7,621.04	290.04
				157.60
	* To be reimbursed to HPCL for salaries of KMP(CEO) on deputation from HPCL.			

Note 15 Disclosures under Accounting Standards (Contd.)

Note	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
15.2	Earnings per share		
15.2.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(2,922)	(590)
	Weighted number of equity shares outstanding	32,456	27,189
	Par value per share	10	10
	Loss per share from continuing operations - Basic	(0.0900)	(0.0217)
15.2.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(2,922)	(590)
	Weighted number of equity shares outstanding	37,725	27,189
	Par value per share	10	10
	Loss per share, from continuing operations - Diluted	(0.0893)	(0.0217)

Cash Flow Statement for the year ended 31 March, 2016

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
A. Cash flow from operating activities				
Net Loss before extraordinary items and tax		(2,921.63)		(590.03)
Add:				
Depreciation and amortisation for the year	2,741.17		480.19	
		2,741.17		480.19
Operating (Loss) before working capital changes		(180.46)		(109.85)
Adjustments for :				
Short term loans & advances	(6,629.33)		770.00	
Trade Payables	2,647.17		49.54	
Other Current Liabilities	(489.31)		4,235.63	
Short term provisions	187.54		(0.01)	
		(4,283.94)		3,055.15
Cash generated from operation (before extraordinary items)		(4,464.40)		2,945.30
Net cash from / (used in) operating activities (A)		(4,464.40)		2,945.30
B. Cash flow from investing activities				
Long-term loans and advances	(37.42)		3,262.90	
Advance made to third party	0.00		0.00	
Purchase of fixed assets	(84,633.45)		(513.07)	
Capital Work In Progress	80,257.12		(36,986.19)	
		(4,413.75)		(37,499.26)
Net Cash from / (used in) investing activities (B)		(4,413.75)		(37,499.26)
C. Cash flow from financing activities				
Repayment of long term borrowings	(16,890.70)		(2,954.72)	
Proceeds from long term borrowings	0.00		0.00	
Proceeds from issue of equity shares	24,050.01		33,875.00	
		7,159.31		30,920.28
Net Cash from / (used in) financing activities (c)		7,159.31		30,920.28
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		(1,718.85)		(370.77)
Cash and cash equivalents at the beginning of the year		2,069.22		2,439.99
Cash and cash equivalents at the end of the year		350.37		2,069.22

In terms of our report attached.

For and on behalf of the Board of Directors

For Purushothaman Bhutani & Company

Chartered Accountants
FRN.005484N

(CA Binay Kumar Jha)

Partner
M.No.509220

Place : New Delhi
Date :

Sd/-
(Sandeep Poundrik)
Director
(DIN.01865958)

Sd/-
(Arun Talwar)
Company Secretary

Sd/-
(Rajan K. Pillai)
CEO & MD
(DIN.06799503)

Sd/-
(S.R. Hasyagar)
Chief Finance Officer

Annexure – C

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN STRATEGIC PETROLEUM RESERVE LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 20 September 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the act of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on behalf of the
Comptroller and Auditor General of India

Sd/-
(Nandana Munshi)
Director General of Commercial Audit &
Ex-officio Member, Audit Board - II, New Delhi

Place: New Delhi

Date: 22.09.2016

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.3.2016**

To,
The Members,
Indian Strategic Petroleum Reserves limited
301 World Trade Centre
3rd floor, Babar Road
New Delhi-110001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Indian Strategic Petroleum Reserves limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indian Strategic Petroleum Reserves Limited ("the Company") for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; N.A
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; N.A
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 : N.A
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 : N.A

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: N.A
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: N.A
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: N.A
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client : N.A
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: N.A
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: N.A
- (vi) Other applicable laws :
 - i) The Petroleum Act, 1934
 - ii) The Oil Industry (Development) Act, 1974
 - iii) The Oil fields Act, 1948
 - iv) Indian Explosives Act, 1884

The Environmental Laws :

- i) The Water (Prevention and Control of pollution) Act, 1974
- ii) The Air (Prevention and Control of pollution) Act, 1981
- iii) The Environment (Protection) Act, 1986
- iv) Hazardous Wastes (Management and handling) Rules 1989

Misc Acts :

- i) Income tax Act 1961, Service tax Act.
- ii) Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013

We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable laws and also reporting done to the Board through Agenda papers

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) : N.A

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice alongwith detailed agenda is given to all directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes maintained by the Company for the Board/Committee and shareholders meetings, we noticed that all decisions were approved by the respective Board/Committee and shareholders without any dissent note.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not undertaken any event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

FOR PG & ASSOCIATES

Sd/-
(PREET GROVER)
Company Secretary
FCS No.5862
C.P. No.:6065

Place : Noida

Date : 30.08.2016

COMPANY SECRETARIES

To,
The Members,
Indian Strategic Petroleum Reserves limited
301 World Trade Centre
3rd floor, Babar Road
New Delhi-110001.

Our report of even date is to be read alongwith this letter.

1. We have not conducted any business and/or financial audit of the Company and the figures mentioned by the company are assumed to be true.
2. We have expressed no opinion on any matters pertaining to marketing, operations, technical services, tax, commercial or financial and accounting of the Company.
3. We have assumed the authenticity of all signatures, originality and completeness of all the documents provided to us, and further which were not in originals, to be in conformity with its corresponding original.
4. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion

FOR PG & ASSOCIATES

Sd/-

(PREET GROVER)

Company Secretary

FCS No.5862

C.P. No.:6065

Place : Noida

Date : 30.08.2015

List of documents verified

1. Revised Memorandum and Articles of Association
2. Annual Report for the financial year ending on 31st March, 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee of the Board , Nomination and Remuneration Committee, CSR Committee along with their respective attendance registers, held during the financial year under audit.
4. Minutes of General Body Meeting held during the financial year under the audit.
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of transfers
 - Register of members
6. Agenda papers submitted to all the directors/members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. All e-forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under audit.
9. Half yearly Service tax returns filed for the year under Audit.
10. Renewal of licence to import and store petroleum Class A and Class B for facility at Padur.
11. Renewal of licence to store liquid nitrogen valid till 31.3.2018 for facility at Padur.
12. Licence to store compressed gas in pressure vessels valid upto 31.3.2016 for Padur location.
13. Licence to store petroleum class A and class B at Mangalore.
14. Licence to store compressed gas valid till 31.3.2018 for facility at Mangalore.
15. Licence to store petroleum valid till 31.12.2024 for the facility at Vishakhapatnam .
16. Approval for laying of pipeline to underground rock cavern at Vishakhapatnam by Petroleum and Explosives Safety Organisation, Nagpur
17. Renewal of licence to store liquid nitrogen valid till 31.3.2018 for the facility at Vishakhapatnam
18. Grant of factory Licence under Factories Act, 1948 for the Vishakhapatnam facility dated 25.8.2015 .

Chapter-X

Appendices

Appendix - I

Section 6 of the Oil Industry (Development) Act, 1974 - Functions of the Board

6 (1) Subject to the provisions of this Act and the rules made thereunder, the Board shall render, in such manner, to such extent and on such terms and conditions as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Board may render assistance under that sub-section by :-

(a) making grants or advancing loans to any oil industrial concern or other person who is engaged or is to engage in any activity referred to in clause (k) of section 2;

(b) guaranteeing on such terms and conditions as may be agreed upon loans raised by any oil industrial concern or other person which are repayable within a period not exceeding twenty-five years and are floated in the market or loan raised by an oil industrial concern or other person from any bank which is a scheduled bank, or a state co-operative bank, as defined in the Reserve Bank of India Act, 1934.

(c) guaranteeing on such terms and conditions as may be agreed upon loan deferred payments due from any oil industrial concern or other person in connection with import of capital goods from outside India or in connection with purchase of capital goods within India by such concern or other person;

(d) guaranteeing on such terms and conditions as may be agreed upon loans raised from or credit arrangements made with any bank or financial institution in any country outside India, by any oil industrial concern or other person in foreign currency; Provided that no such guarantee shall be given without the prior approval of the Central Government.

(e) underwriting the issue of stock, shares, bonds or debentures by any oil industrial concern and retaining as part of its assets any stock, shares, bonds or debentures which it may have to take up in fulfillment of its obligations thereto;

(f) acting as agent for the Central Government or, with its approval for any overseas financial organisation of credit agency in the transaction of any business with any oil industrial concern in respect of loans or advances granted or debentures subscribed by the Central Government or such organisation or agency;

(g) subscribing to the stock or shares of any oil industrial concern;

(h) subscribing to the debentures of any oil industrial concern repayable within a period not exceeding twenty-five years from the date on which they are subscribed to;

Provided that nothing contained in this clause shall be deemed to preclude the Board from subscribing to the debentures of any oil industrial concern, the amounts outstanding thereon may be convertible at the option of the Board into stock or shares of that concern within the period the debentures are repayable.

Explanations: In this clause, the expression “amounts outstanding thereon” used in relation to any loan or advance shall mean the principal, interest and other charges payable on such loan or advance as at the time when the amounts are sought to be converted in to stock or shares.

- (3) Without Prejudice to the generality of the provision of sub-section (1), the measures for the promotion of which the Board render assistance under that sub-section may include measures for or by way of:-
- (a) prospecting for and exploration of mineral oil within India (including the continental shelf thereof) or outside India;
 - (b) the establishment of facilities for production, handling, storage and transport of crude oil;
 - (c) refining and marketing of petroleum and petroleum products;
 - (d) the manufacture and marketing of petrochemicals and for fertilizers;
 - (e) scientific, technological and economic research which could be directly or indirectly, useful to oil industry;
 - (f) experimental or pilot studies in any field of oil industry;
 - (g) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry, and such other measures as may be prescribed.
- (4) The Board may charge such fees or receive such commissions as it may deem appropriate for any services rendered by it in the exercise of its functions.
- (5) The Board may transfer for consideration any Instrument relating to loans or advances granted by it to any oil industrial concern or other person.
- (6) The Board may do all such things as may be incidental to or consequential upon the discharge of its functions under this Act.

Appendix-II

Finance, Accounts and Audit

Section 15 of the Oil Industry (Development) Act, 1974 - Duties of Excise

15(1) There shall be levied and collected, as a cess for the purposes of this Act, on every item specified in column 2 of the Schedule, which is produced in India (including the continental shelf thereof) and

(a) removed to a refinery or factory; or

(b) transferred by the person by whom such item is produced to another person, a duty of excise at such rate not exceeding the rate set forth in the corresponding entry in column 3 of the Schedule, as the Central Government may, by notification in the Official Gazette, specify;

Provided that until the Central Government specifies by such notification the rate of the duty of excise in respect of crude oil (being an item specified in the Schedule) the duty of excise on crude oil under this sub-section shall be levied and collected at the rate of rupees sixty per tonne (Revised rate Rs.4500/- per tonne w.e.f.17.3.2012).

(2) Every duty of excise leviable under sub-section (1) on any item shall be payable by the person by whom such item is produced, and in the case of crude oil, the duty of excise shall be collected on the quantity received in refinery.

(3) The duties of excise under sub-section 9(1) on the item specified in the Schedule shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.

(4) The provision of the Central Excises and Salt Act, 1944, and the rules made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of duties of excise leviable under this section and for this purpose the provisions of that Act shall have effect as if that Act provided for the levy of duties of excise on all items specified in the Schedule.

Section 16 of the Oil Industry (Development) Act, 1974 - Crediting of proceeds of duty to Consolidated Fund of India.

The proceeds of the duties of excise levied under Section 15 shall first be credited to Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilised exclusively for the purposes of this Act.

Section 17 of the Oil Industry (Development) Act, 1974 - Grants and loans by the Central Government

The Central Government may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grant or loans such sums of money as the Central Government may consider necessary.

Section 18 of the Oil Industry (Development) Act, 1974 - Oil Industry Development Fund

18(1) There shall be formed a Fund to be called the Oil Industry Development Fund and there shall be credited thereto-

- (a) any sums of money paid under section 16 or section 17;
- (b) any grants that may be made by any person or institution for the purposes of this Act;
- (c) any borrowing by the Board;
- (d) the sums, if any, realised by the Board in carrying out its functions or in the administration of this Act.

(2) The Fund shall be applied-

- (a) For meeting the salaries, allowances, honoraria and other remuneration of the officers and other employees of the Board and of the advisers, consultant or other agencies whose services are availed of by the Board.
- (b) for meeting the other administrative expenses of the Board;
- (c) for rendering assistance under section 6;
- (d) for repayment of any loans taken by the Board or for meeting other liabilities under this Act.



OIL INDUSTRY DEVELOPMENT BOARD

Ministry of Petroleum & Natural Gas, Government of India

INSTITUTION COMMITTED TOWARDS DEVELOPMENT OF OIL INDUSTRY IN THE COUNTRY.

Registered Office :- 301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110001

Corporate Office :- Oidb Bhawan, "C"Block, 3rd Floor, Plot No.2, Sector-73, Noida-201301, U.P.