

ANNUAL REPORT 2017-18



OIL INDUSTRY DEVELOPMENT BOARD

MINISTRY OF PETROLEUM & NATURAL GAS
Government of India



CONTENTS

MEMBERS OF THE BOARD	02
OFFICERS/BANKERS/AUDITORS OF THE BOARD	04
AIMS & OBJECTIVES	05
CHAPTER-I Organisational set up and functions	06
CHAPTER-II Financial Assistance : Loans to Oil Concerns	11
CHAPTER-III Financial Assistance : Grants to Regular Grantee Institutions	16
CHAPTER-IV Financial Assistance : R&D and other Grants	38
CHAPTER-V OIDB's contribution to Energy Security	43
CHAPTER-VI Other Initiatives / Activities	48
CHAPTER-VII OIDB Annual Accounts 2017-18	55
CHAPTER-VIII Audit Report of the Comptroller & Auditor General of India	80
CHAPTER-IX Annual Report & Accounts of Indian Strategic Petroleum Reserves Ltd. (ISPRL)	89
CHAPTER-X Appendices	154





MEMBERS OF THE BOARD

(During the period under Report)

CHAIRMAN



Shri Kapil Dev Tripathi

Secretary, Ministry of Petroleum & Natural Gas

MEMBERS



Shri Anuj Kumar Bishnoi
Secretary, Department of
Chemicals & Petrochemicals
(Till 31.05.2017)



Shri Rajeev Kapoor
Secretary, Department of
Chemicals & Petrochemicals
(from 23.06.2017 to 19.02.2018)



Shri P. Raghavendra Rao
Secretary, Department of
Chemicals & Petrochemicals
(from 19.03.2018 onwards)



Shri Anant Kumar Singh
Additional Secretary & F.A.
Ministry of Petroleum & Natural Gas
(Till 11.05.2017)



Shri Rajiv Bansal
Additional Secretary & F.A.
Ministry of Petroleum & Natural Gas
(from 24.07.2017 onwards)



Shri Pramod Kumar Das
Additional Secretary
Department of Expenditure



Shri Atanu Chakraborty
Director General
Directorate General of
Hydrocarbons



Shri Amar Nath
Joint Secretary (Exploration)
Ministry of Petroleum & Natural Gas





Shri B. Ashok
Chairman
Indian Oil Corporation Ltd.
(Till 31.05.2017)



Shri Sanjiv Singh
Chairman
Indian Oil Corporation Ltd.
(from 01.06.2017 onwards)



Shri D.K. Sarraf
Chairman & Managing Director
Oil & Natural Gas Corporation Ltd.
(Till 30.09.2017)



Shri Shashi Shanker
Chairman & Managing Director
Oil & Natural Gas Corporation Ltd.
(from 01.10.2017 onwards)



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



Shri D. Rajakumar
Chairman & Managing Director
Bharat Petroleum Corporation Ltd.



Shri M.K. Surana
Chairman & Managing Director
Hindustan Petroleum Corporation Ltd.



Dr. SSV Ramakumar
Director (R&D)
Indian Oil Corporation Ltd.



Shri Prabendra Kumar
General Secretary
Shramik Vikas Parishad, Indian Oil
Barauni Refinery

MEMBER SECRETARY



Shri Ashish Chatterjee
Secretary
Oil Industry Development Board





OFFICERS/BANKERS/AUDITORS OF THE BOARD

(DURING THE PERIOD UNDER REPORT)

**Secretary
FA&CAO**

Shri Ashish Chatterjee
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, 3rd Floor,
Sector -73, NOIDA- 201 301.

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www.oidb.gov.in

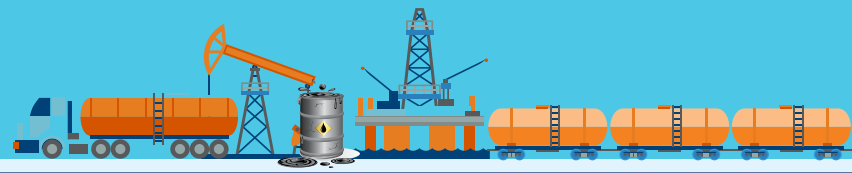




AIMS & OBJECTIVES OF OIDB

- **To administer Oil Industry Development Fund**
- **To render financial and other assistance to oil industry concern for the development of oil industry.**
- **To make grants, advance loans and make equity investments for activities such as:**
 - ➔ Prospecting for and exploration of mineral oil within India or outside India.
 - ➔ Establishment of facilities for production, handling, storage and transportation of crude oil
 - ➔ Refining & marketing of petroleum and petroleum products
 - ➔ Marketing of petrochemicals and fertiliser.
 - ➔ Scientific, technological and economic research which could be directly or indirectly useful to the oil industry.
 - ➔ Experimental or pilot studies in any field of oil industry.
 - ➔ Training of personnel whether in India or outside engaged or to be engaged in any field of oil industry and such other measure as may be prescribed.





CHAPTER
1

**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 1973, when the need for progressive self-reliance in petroleum and petroleum based industrial raw materials assumed importance. The following objects were included in the statement of Objects and Reasons of 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. As per the provisions of Section 6 of Oil Industry (Development) Act, 1974 (Appendix-I), the Board may render assistance for the following purposes:
- Prospecting for and exploration of mineral oil within or outside India;
 - The establishment of facilities for production, handling, storage and transportation of crude oil;
 - Refining and marketing of petroleum and petroleum products;
 - The manufacture and marketing of petro chemicals and fertilizers;
 - Scientific, technological and economic indirectly useful to oil industry;
 - Experimental or pilot studies in any field of oil industry;
 - 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
1st March, 2016	20% ad valorem

Source: Ministry of Finance



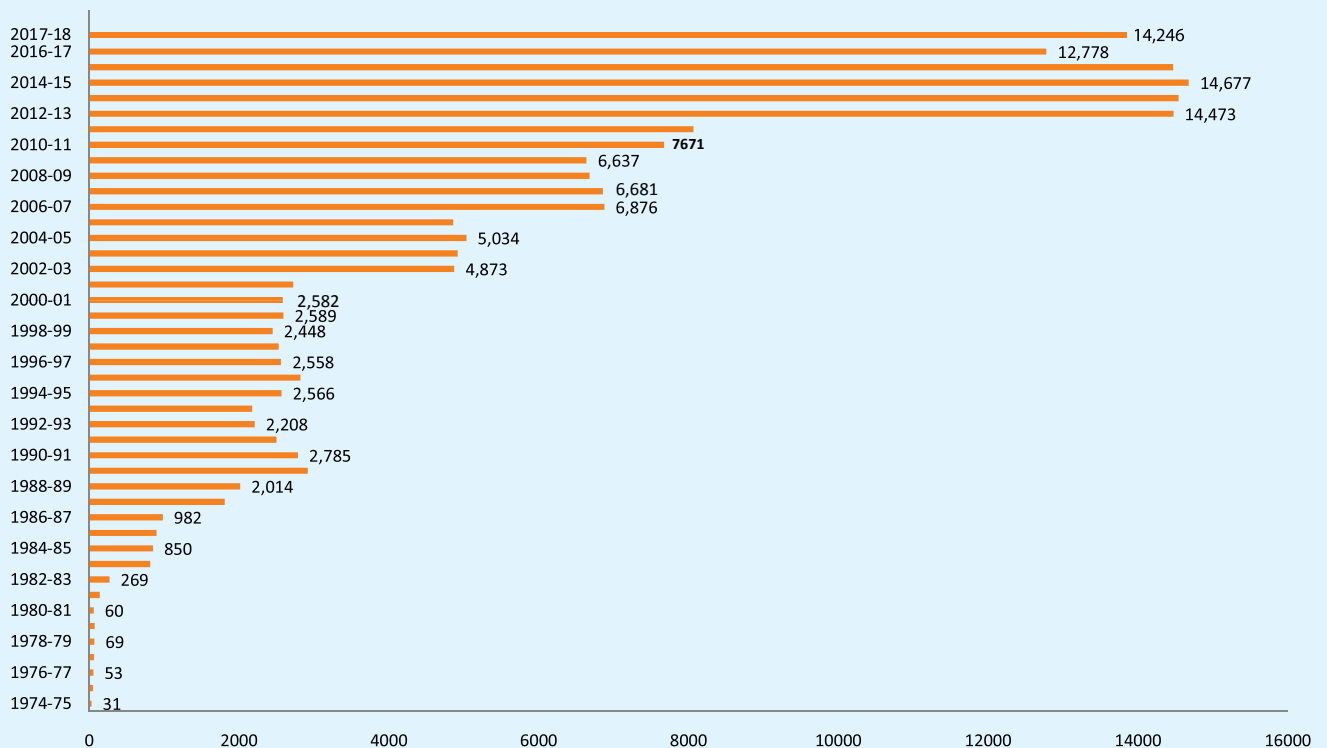


- 3.2 The Central Government has, in the public interest, exempted the duty of excise on crude oil to the extent of Rs.900 per tonne as against the rate of duty of excise of Rs.1,800 per tonne in respect of the 26 identified fields under production sharing contracts in April, 2012.
- 3.3 As per section 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

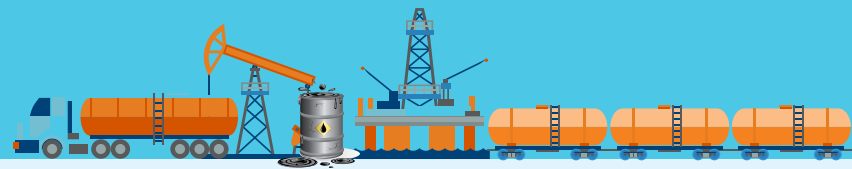
- 4.1 The amount of cess collected has increased from Rs.30.82 crore in 1974-75 to Rs.14246.20 crore in 2017-18. The year-wise details of the cess collected on crude oil by Government since 1974-75 is shown in the following graph:

Collection of cess on crude oil by Govt. (Rs. in Crore)

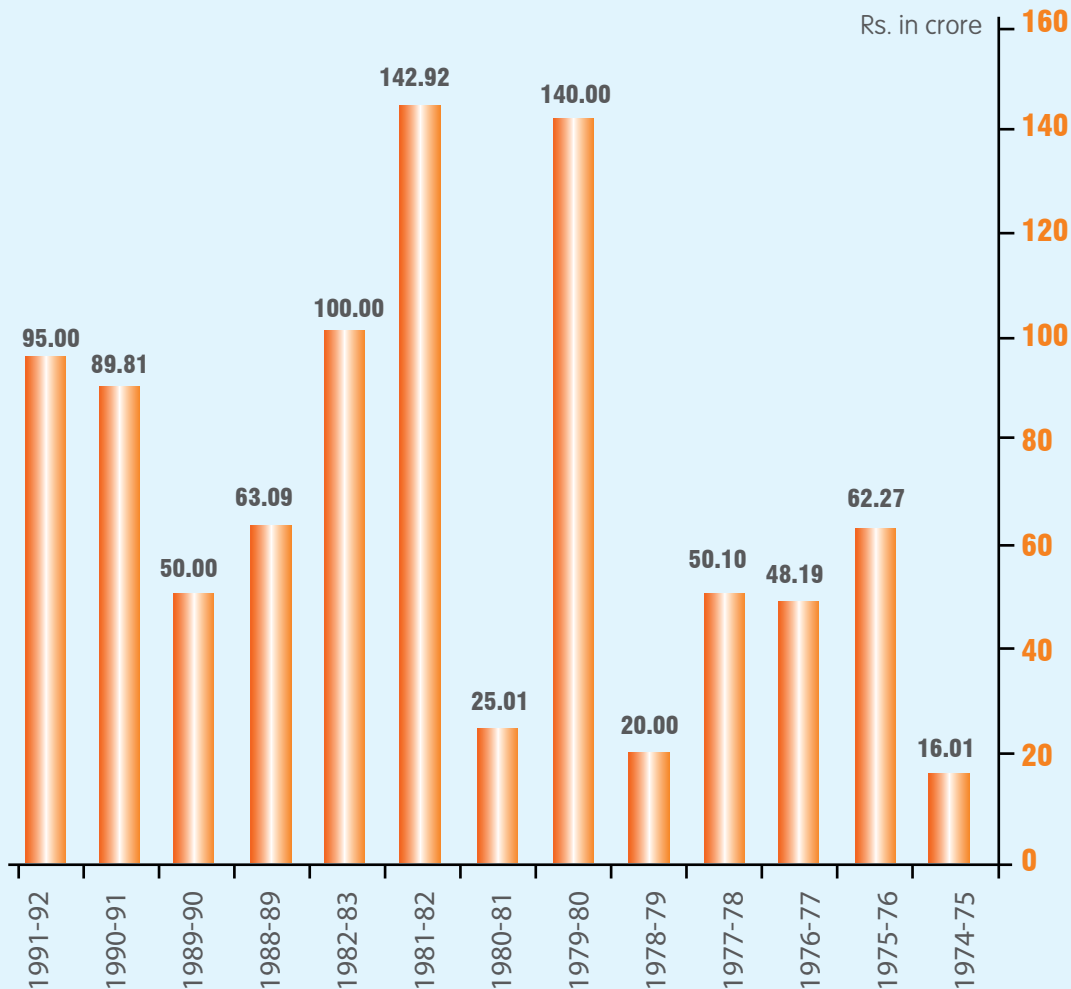


Source: ONGC, OIL and DGH.





4.2 The Central Government since inception has collected cumulative amount of cess of Rs.1,89,219.91 crore up to 31st March, 2018 (Annexure). 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:



Source :ONGC, OIL and DGH.

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.11584.33 crore as on 31st March, 2018 with the contribution of cess receipts and the internal resources generated by OIDB.





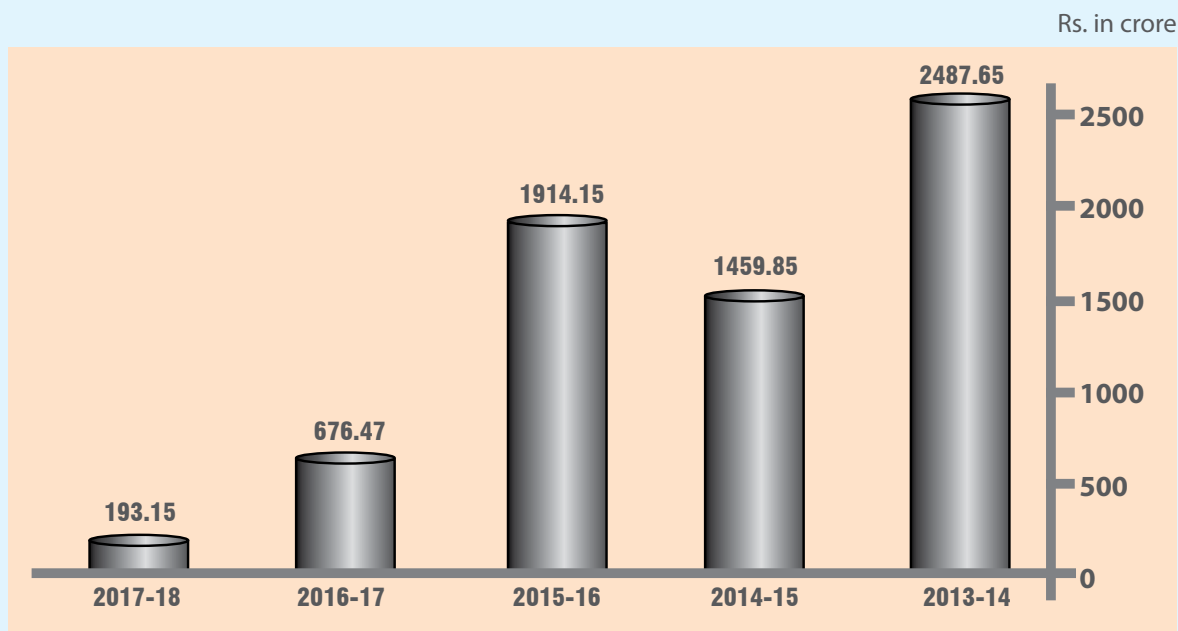
**CHAPTER
2**

**Financial
Assistance :
Loans to Oil
Concerns**





1. OIDB has been providing loans to oil and gas PSUs ever since its creation in 1974-75. The average loan disbursed during the last five years has been Rs.1346.32 crore. 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 from 2013-14 to 2017-18 is shown in the following graph:



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

Rs. in crore

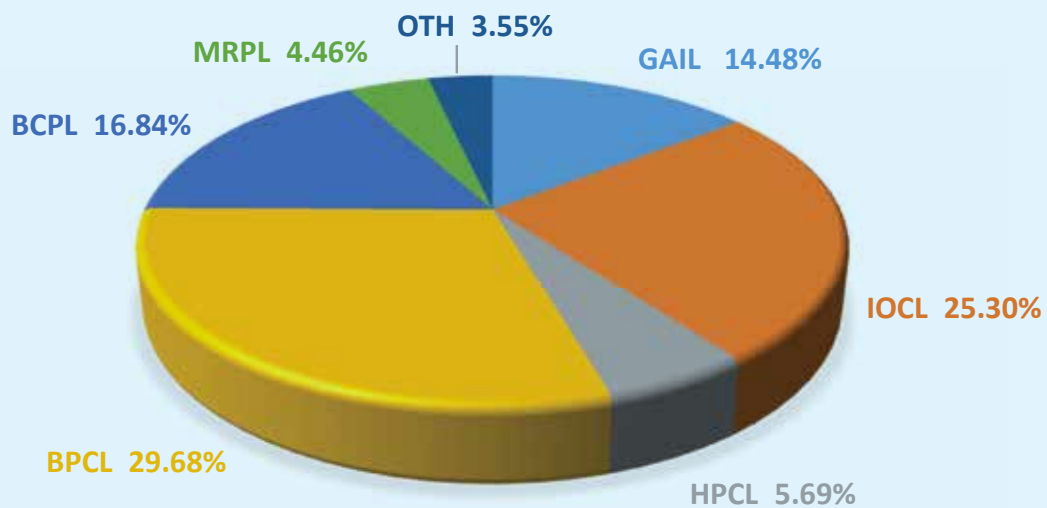
Sl. No.	Name of the Oil concern	Financial year					Total for 5 years
		2013-14	2014-15	2015-16	2016-17	2017-18	
1	IOCL	572.00	420.00	711.25	-	-	1703.25
2	BPCL	-	907.50	744.25	346.00	-	1997.75
3	GAIL	975.00	-	-	-	-	975.00
4	HPCL	138.00	120.00	124.75	-	-	382.75
5	BCPL	435.00	-	298.00	243.12	157.58	1133.70
6	MRPL	300.00	-	-	-	-	300.00
7	GAIL Gas Ltd.	25.65	12.35	24.23	87.35	35.57	185.15
8	NRL	42.00	-	-	-	-	42.00
9	Biecco Lawrie Ltd.	-	-	12.00	-	-	12.00
	Total	2487.65	1459.85	1914.48	676.47	193.15	6731.60





4. GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Ltd. (HPCL), Brahmaputra Cracker and Polymer Ltd. (BCPL), GAIL Gas Ltd. and Mangalore Refinery & Petrochemicals Ltd. (MRPL) have been the major beneficiaries of loan provided by OIDB during 2013-14 to 2017-18. The following graph gives the company-wise share of loan disbursed during 2013-14 to 2017-18.

BENEFICIARIES OF LOAN DISBURSED IN % DURING FY 2013-14 TO FY 2017-18



5. As on 31.3.2018, there is an outstanding loan of Rs.3995 crore. Details of company wise outstanding loans are given below:

		Rs. in crore
Sl. No.	Name of Oil concern	Amount
1	Indian Oil Corporation Ltd.	886.44
2	Bharat Petroleum Corporation Ltd.	1357.95
3	Hindustan Petroleum Corporation Ltd.	188.06
4	Brahmaputra Cracker and Polymer Ltd.	1321.87
5	Mangalore Refinery and Petrochemicals Ltd.	75.00
6	Gail Gas Ltd.	153.68
7	Biecco Lawrie Ltd.	12.00
Total		3995.00





6. The details of loan disbursed during 2017-18 are as below:

(Rs. in crore)

Sl.No.	Name of Oil concerns	Amount
1	Brahmaputra Cracker and Polymer Ltd.	157.58
2	Gail Gas Ltd.	35.57
	Total	193.15

7.0 PROJECTS FUNDED BY OIDB DURING THE FINANCIAL YEAR 2017-18

7.1 Brahmaputra Crackers & Polymer Limited (BCPL)

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 to produce 220,000 tons per annum (TPA) of Polyethylene, 60,000 tons per annum (TPA) of Polypropylene and 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 loan by OIDB and SBI.

The Government of India on 06.07.2016 approved the revised Project cost of Rs.9965 crore. The plant was commissioned on 02.01.2016 and was dedicated to the nation by Hon'ble Prime Minister of India, Sh. Narendra Modi on 05.02.2016 in a grand function at Lepetkata.

In the financial year 2017-18, the plant operated at an average capacity utilization of around 78% (against 37% in 2016-17) and in the month of August'17 and March'18 the plant achieved more than 100% capacity utilization. Till the end of financial year 2017-18, the plant produced 3,15,458 MT of polymer and sold 2,92,510 MT of polymer. The products of BCPL have been well accepted in the market.





During the year under report, OIDB has disbursed loan of Rs.157.58 crore which was utilized to meet the liabilities towards implementation of the project. Till 31.03.2018, OIDB has released a total loan of Rs.1710.70 crore and is a major stakeholder of the project.

7.2 GAIL Gas Limited

GAIL Gas Limited is a wholly owned subsidiary of GAIL (India) Limited for implementing City Gas Distribution Project across various cities in the country. Over the years, the scale and scope of the Company's operations have undergone a significant transformation.

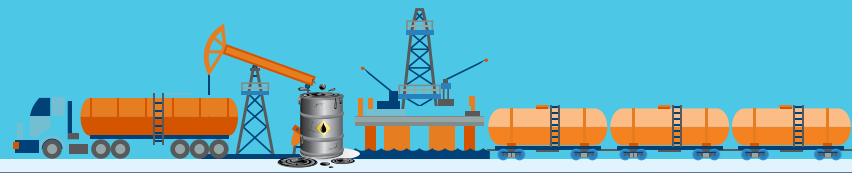
Company has delivered stellar performance and healthy growth during FY 2017-18. The Profit After Tax (PAT) grew by 24.19% from Rs.65.02 crore in FY 2016-17 to Rs.80.75 crore in FY 2017-18. Company has expanded its pipe network (Steel and MDPE) from 1567 kms to 2362 kms over the previous financial year with the aim to include more areas for domestic connections.

During the year, GAIL Gas further expanded its CNG infrastructure and commissioned 20 CNG stations. During the year under review, Company has total 78,000 PNG connections in authorized geographical areas as of 31 March 2018. In order to increase the domestic Segment penetration, a promotional scheme was launched for enhancing PNG registrations from individual customers. Company has maintained focus on the PNG industrial and commercial segment as one of its potential growth areas. Concentrated efforts have resulted in the growth in the total number of industrial and commercial customers from 580 in the FY 2016-17 to 703 in the FY 2017-18.

Company has undertaken several new IT initiatives to simplify processes and adopt user-friendly IT applications.

OIDB has released an amount of Rs.35.57 crore in 2017-18 for Bengaluru City Gas Distribution Projects of GAIL Gas Limited.





CHAPTER
3

**Financial
Assistance: Grants
to Regular Grantee
Organisations**





1. In pursuance of its mandate, OIDB has been providing assistance to oil sector by way of grants.

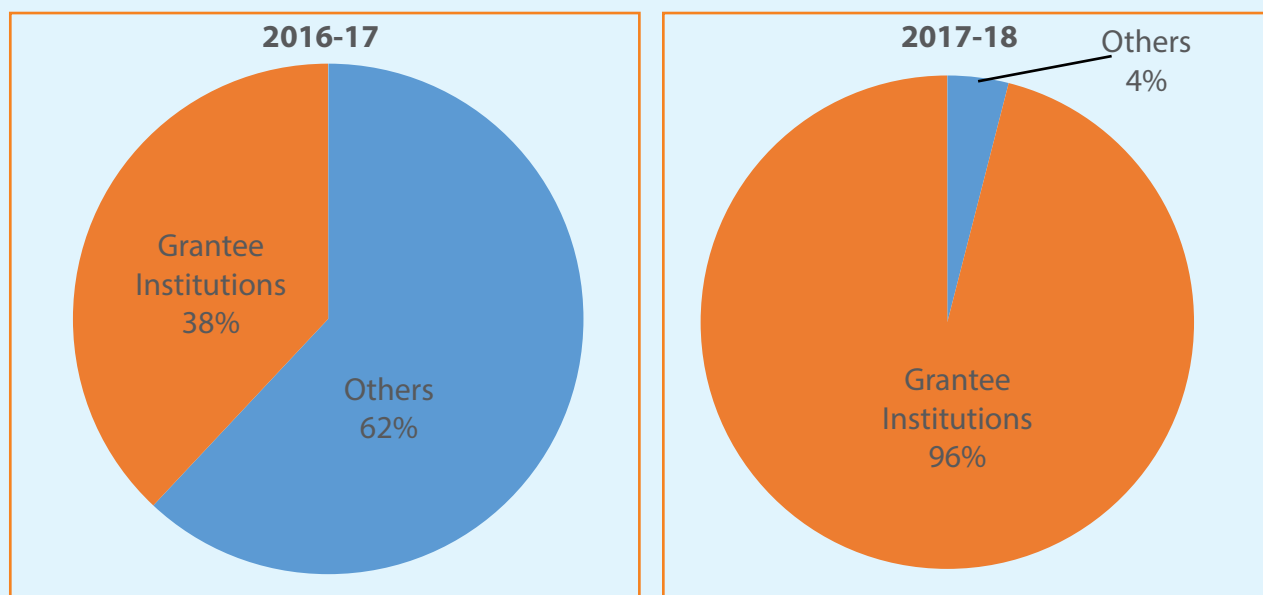
These grants include grants to five regular grantee institutions namely Directorate General of Hydrocarbons (DGH), Oil Industry Safety Directorate (OISD), Centre for High Technology (CHT), Petroleum Conservation Research Association (PCRA) and Petroleum Planning and Analysis Cell (PPAC).

2. In addition to the grants to its regular grantee institutions, OIDB also provides grants for promotion of R&D in the Oil and gas sector. Besides, to promote world class education, training, and research requirements of the petroleum & energy sector, OIDB has provided grant to Rajiv Gandhi Institute of Petroleum Technology (RGIPT) for its projects at Sivasagar, Assam and Jais, Rae Bareilly.
3. Since its inception in 1975-76, OIDB has disbursed a cumulative grant of Rs.3499.66 crore till 31.3.2018. During 2017-18, a total grant of Rs.315.52 crore was disbursed of which Rs.303.23 crore was disbursed to the regular grantee institutions.
4. Details of the grants disbursed to regular grantee institutions during last five years are as under:

Rs. in crore

Institute	2013-14	2014-15	2015-16	2016-17	2017-18	Total
DGH	39.62	137.95	121.51	121.53	189.50	610.11
PCRA	41.54	40.86	41.13	41.25	43.88	208.66
CHT	18.45	10.38	19.59	19.82	32.12	100.36
PPAC	14.36	14.83	17.77	20.82	21.34	89.12
OISD	13.74	16.25	15.05	16.06	16.39	77.49
Total	127.71	220.27	215.05	219.48	303.23	1085.74

5. The composition of grant during 2017-18 vis-à-vis 2016-17 is shown in the following graph:





6.1 DIRECTORATE GENERAL OF HYDROCARBONS (DGH)

Directorate General of Hydrocarbons (DGH) was established under the administrative control of Ministry of Petroleum & Natural Gas by a Government Resolution in 1993. The 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 certain additional 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 area for future exploration and exploration & development of non-conventional hydrocarbon energy sources.

OIDB provides 100% grant to DGH. During the year 2017-18, a grant of Rs.189.50 crore was provided to DGH.

Following major activities have been carried out by DGH during the year 2017-18:

6.1.1 Open Acreage Licensing Programme-I

The Government of India on March 30th 2016 conveyed the policy notification of Central Government for Hydrocarbon Exploration and Licensing Policy (HELP) as approved by the Cabinet wherein it was conveyed that Blocks are to be auctioned through International Competitive Bidding (ICB) and DGH was asked to take necessary action in this regard. Subsequently, in the meeting of Empowered Committee of Secretaries (ECS) held on June 24th, 2017, ECS approved the documentation for the Model Revenue Sharing Contract, the Model Reconnaissance Contract, the Procedure for Operationalisation of Open Acreage License Policy (OALP) and the draft of the notice inviting offers for future bidding rounds. Six monthly cycles of OALP Bidding was announced with cut off dates of November 15 and May 15 every year.

OALP process started with effect from July 1, 2017 and by November 15, 2017 when the aggregation was carried out of a total of fifty seven (57) received EOIs, of which fifty five (55) EOIs were approved. The ECS in its meeting held on January 11, 2018 approved 55 blocks for an International Competitive Bidding. The OALP Bid Round was launched on January 18th, 2018 with an offering of 55 Blocks across 10 sedimentary basins. The total area of the 55 blocks is spread over 59,282 square kilometres basins over Onland, Shallow water and Deepwater areas, for exploration and production. Of the 55 Blocks on offer, 46 are onland, 8 in Shallow water and 01 in Deepwater.

This bid round elicited a response of a total of 110 online bids which includes 51 from PSUs and 59 from Indian private companies, of these, 92 bids were for onshore blocks and 18 bids were for offshore blocks which give an average of 2 bids per block.

6.1.2 Implementation of New Exploration Licensing Policy (NELP)

Till date, nine rounds of NELP have been concluded and 254 blocks were awarded for exploration and production. They are from onland (111), shallow water (62) and deepwater (81) blocks. Out of 254 blocks, at present 60 blocks are operational, PEL (Petroleum Exploration License) is awaited in 6 exploration blocks, 142 blocks have been relinquished and other 46 blocks have been proposed for relinquishment.





Under NELP, a total of 162 oil and gas discoveries have been made in 55 blocks that includes 2 oil discoveries in 2 blocks during 2017-18. Currently, a total of 39 NELP discoveries are under development and 29 NELP discoveries are on production.

6.1.3 Monitoring of Production Sharing Contracts

Government of India 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. This involves in depth review of annual work programme, project monitoring, evaluation of reserves and production profile, review and approval of development plan, budget and Safety Management System.

During 2017-18, fields/blocks under PSC regime, produced 10.06 MMT of oil, 5.60 BCM of natural gas and 0.73 BCM CBM.

6.1.4 Geo-Scientific Data Acquisition

A. Policy for Geo-scientific data generation for hydrocarbons in Indian sedimentary Basins:

Seismic survey is an expensive process – particularly in offshore areas. Non-exclusive multi-client geo-scientific surveys facilitate unique business proposition which allows appraisal of the area without any funding on the part of Government. Under multi client geo scientific data acquisition policy, 310.5 LKM of CSEM data has been acquired and processed in West Coast-Kutch, Saurashtra & Mumbai Basin.

B. 2D seismic survey in “To Be Appraised Areas” of onland Indian Sedimentary basin:

ONGC and OIL have been given the task for data acquisition of 2D seismic data under National Seismic Program.

OIL commenced data acquisition work in North eastern part of India covering states of Assam, Arunachal Pradesh, Nagaland, Manipur, Tripura and Mizoram except Nagaland in FY 2017-18 total 1514.28 LKM seismic data has been acquired.

ONGC commenced 2D seismic data acquisition in September 2016. In FY 2017-18 total 14620.98 LKM seismic data has been acquired in Saurashtra, Cambay, Rajasthan Kutch, Mahanadi Bengal, Deccan Syncline North, Vindhyan Narmada sectors. Work in other areas is likely to commence soon.

6.1.5 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 2017-18, 6 Nos DOC of 9 Discoveries and 19 FDP of 29 Discoveries under PSC and RSC regime were approved.





6.1.6 National Data Repository (NDR):

- (i) Operation phase of NDR project started in 2016 wherein well data loading and sharing is in progress.
- (ii) As on 31.03.2018, total of 18.02 Lakh LKM 2D seismic data & 6.51 Lakh SKM 3D seismic data and 14,415 numbers of well data have been loaded in NDR.
- (iii) Secure Data Center (SDC) has been shifted at Bhubaneswar.

6.1.7 National Gas Hydrate Programme (NGHP):

National Gas Hydrate Programme in the country is steered by the Ministry of Petroleum and Natural Gas and technically coordinated by Directorate General of Hydrocarbons (DGH).

The objective of the NGHP Expedition-02 was to identify sand bearing depositional systems with the gas hydrate stability zone on the east coast of India within the Krishna Godavari and Mahanadi deep-water Basins. NGHP Expedition-02 commenced on the 03rd March 2015 and Japanese drillship 'CHIKYU' was commissioned to collect Gas Hydrate samples and related information thereof in Deep waters of Krishna Godavari and Mahanadi basins in presence of DGH/ONGC personnel. Total 42 wells have been drilled and cored in NGHP Expedition-02. NGHP Expedition-02 was completed on the 28th July 2015.

NGHP Expedition-02 has discovered gas-hydrate-bearing sand reservoir system in the offshore Krishna Godavari basin. Mahanadi deep water basin has turned out to be devoid of gas hydrates. Gas hydrates were identified in two distinct accumulations in Krishna Godavari Basin.

NGHP Expedition-02 results are encouraging and further extensive studies are planned to assess the gas hydrate resource potential, reservoir characterization, reservoir delineation and geo-mechanical modelling for seafloor and wellbore stability and identification of sites for pilot production for testing. KG deep offshore Area 'B' & 'C' contain gas hydrate accumulations may be suitable sites for gas hydrate production testing under NGHP Expedition- 03.

At present, collation and interpretation of all data is being done now primary to identify sites for pilot production testing. The objective of NGHP Expedition-03 is to carry out pilot production testing at a suitable site identified during the NGHP Expedition-02.

6.1.8 Coal Bed Methane (CBM):

CBM production is approximately 2.01 MMSCMD which constitutes around 11.6% of the total natural gas production of the country in FY 2017-18. In order to ramp up CBM production in the country, a CBM policy dated 11.04.2017 has been notified for early monetization of CBM. The policy provides marketing and pricing freedom to the CBM contractors so as to promote increase in CBM production in the country. The basic intent of the policy has been to promote "Ease of doing business" and "Maximum Governance and Minimum Government" so that water-tight contract provisions are relaxed to give impetus to further investment in E&P of CBM thereby contributing in energy security of India.

6.1.9 Discovered Small Field Bid Round

Under Discovered Small Field (DSF) Bid Round-2016, Thirty (30) Revenue Sharing Contract (RSC) were signed on 27th March, 2017. Total locked up Hydrocarbon resources in these awarded





contract areas are 61.5 MMT (O+OEG) which shall be put on production as per well-defined Contract timelines, 03 Years in onshore (i.e 2021-22)and 04 years in Offshore areas (2022-23) from the date of award of PML .

Further, Government has launched Discovered Small Field Bid Round-II, where 25 contracts areas (59 fields) are being offered. These fields have locked up Hydrocarbon resource of 190 MMT (O+OEG) and a total area of 3042 SKM. As per the timeline bid round will be closed in December' 2018 and contract shall be signed in early 2019.

6.1.10 Hydrocarbon Resource Assessment project

Re-assessment of hydrocarbon resources of 26 sedimentary basins including deep water areas has been completed in 27 months from the date of award of work by November, 2017.

As per the recently completed study, the prognosticated conventional hydrocarbon resources in the country, are estimated to be of the order of 41.87 billion tonnes of oil and oil equivalent of gas, which is ~ 49% more than the earlier estimates. Out of this, we have discovered ~12.01 billion tonnes (oil and oil equivalent of gas) i.e 29% of total. So, about 71 % of resources are under “yet to find category” which can be discovered through more aggressive and concerted exploration activities.

6.1.11 Setting up of National Core Repository (NCR):

MoP&NG in its order dated 08-08-17 conveyed in-principle approval of Competent Authority for the following:

- a. Set up of NCR at Gandhinagar, Gujarat
- b. Declare major Core Laboratories of National Oil Companies (“NOC”) as the National Assets
- c. Direct all such laboratories to functionally work under DGH until the NCR is fully operational
- d. DGH to issue operational guidelines to manage and access these laboratories
- e. DGH to engage Project Management Consultant (“PMC”)

NCR is designed to be a state-of-the-art centre of global standard of its kind with an integrated facility under same roof for inspection and general tour of core viewing, descriptive and analytical studies in hand and/or under microscope, selection of cores for independent studies by interested companies/ institutes.

6.1.12 Essentiality Certificates:

During the year 2017-18, DGH issued a total 8446 Nos. of Essentiality Certificates having CIF value of INR 28236.44 Crores.

6.2 PETROLEUM CONSERVATION RESEARCH ASSOCIATION (PCRA)

Petroleum Conservation Research Association is a registered society set up in the year 1978 under the aegis of Ministry of Petroleum & Natural Gas, Government of India. PCRA is a national government agency entrusted with the task of creating awareness amongst the masses about the importance, methods and benefits of conserving petroleum products & emission reduction. It sponsors R&D activities for the development of fuel-efficient equipment/devices. 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 2017-18, an amount of Rs.43.88 crore was released by OIDB to PCRA for performing its activities including administrative expenditure. The major activities undertaken by PCRA during 2017-18 are as below:

6.2.1 Field Activities

Field Activities are one of the core areas of PCRA operations. Through Sectoral Field Activities, PCRA engineers and its empaneled experts reach out to 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 2017-18, a total of 17097 field activities were carried out throughout the country.

6.2.2 Energy efficiency studies under PAT scheme for Industry sector:

PCRA has been assisting energy intensive industries by helping them reduce their energy consumption through energy efficiency studies conducted under PAT scheme. During 2017-18, the Mandatory Energy Audit (MEA) under PAT-II cycle in 12 PSU Refineries & one Joint Sector Refinery (IOCL-Haldia, Koyali, Panipat, Mathura, Barauni, Bongaigaon refineries, HPCL-Mumbai & Visakhapatnam refineries, BPCL-Mumbai refinery, Chennai Petroleum Corp. Ltd., Bharat Oman Refinery Ltd, Mangalore Refinery & Petrochemicals Ltd. and Numaligarh Refinery Ltd.) were successfully completed within the stipulated time schedule. Through these audits, saving potential of 1.84 Lakh Tons of Oil Equivalent were identified in the refinery sector in 2017-18.

6.2.3 Implementation consultant for ISO 50001:2011 Energy Management System (EnMs)

PCRA has also been working as an implementation consultant for ISO 50001 Energy Management System through ISO-50001:2011 EnMs lead auditors, who have been associated in Energy Efficiency Studies across industrial sector in varying capacities. During the year 2017-18, PCRA completed 31 assignments for implementation of ISO 50001:2011 EnMs in Lube Oil Plants, Gas Terminals, Heavy Engineering Companies, LPG Bottling Plants, Oil Terminals and Dairy Firms.

6.2.4 Fuel Efficiency Norms for Heavy Duty Vehicles (Trucks and Buses)

Diesel is the highest consumed petroleum product in India. India's estimated requirement of High Speed Diesel (HSD) is likely to increase from 81.1 MMT in 2017-18 to 110.8 MMT in 2021-22. The transport sector is the major consumer of diesel and accounts for more than 70% of total diesel sales in India. Heavy Duty Commercial Vehicles (Trucks & Buses) have maximum HSD consumption share (approximately 31%) in transport sector. The transport sector in India is steadily expanding and will be one of the most attractive field for manufacturers across the world. This eventually means the related fuel consumption (in transport sector) and emissions will also rise in the country.

In order to reduce the fuel emissions and energy security concerns, it has been observed that the transport sector in India, with such a large fleet of Heavy Commercial Vehicles, has significant potential to bring energy /fuel savings. Accordingly, a steering committee was constituted by Ministry of Petroleum & Natural Gas (MoP&NG) to formulate an action plan and monitor development of fuel efficiency norms for Heavy Duty Vehicles (trucks & buses) with more than





12 GVW (gross vehicle weight). The norms were developed & notified by BEE under Energy Conservation Act-2001 on 17.08.2017. The Ministry of Road, Transport and Highways will enforce the norms along with provisions relating to testing and calculation methodologies, reporting, consequence of noncompliance and equivalent vehicle credits for electricity driven motor vehicles under the Central Motor Vehicle Rules in consultation with Ministries concerned.

6.2.5 Research and Development

PCRA sponsors R&D projects for development, demonstration and implementation of improved technology, processes and products aiming at optimal utilization of energy and reduced carbon emissions. PCRA recommends field trials of devices, equipment or appliances in the form of pilot projects and encourages commercialization of products or processes after successful completion of field trials through technology transfer.

Projects successfully completed during 2017-18:

- (i) Design and development of roof top biogas plant on solid state fermentation using kitchen waste by Central Mechanical Engineering Research Institute (CMERI) - CoEFM, Ludhiana.
- (ii) Development of improved PNG domestic cooking burner by Indian Institute of Petroleum (IIP), Dehradun.
- (iii) Thermal treatment of plastic waste for recovery of fuel oil and gas by Central Mechanical Engineering Research Institute (CMERI), Durgapur
- (iv) Development of a statistical model for trade-off between fuel economy and CO2 emission for in use 2 wheelers in India by Indian Institute of Petroleum (IIP), Dehradun.
- (v) Estimation of Fuel Consumption during Idling of vehicles at Bhikaji Cama Intersection and savings after employing suitable mitigation measures by Central Road Research Institute (CRR), Delhi.
- (vi) Production of Biodiesel from Tung seed in North East India – Stage – I by Central Mechanical Engineering Research Institute (CMERI) - CoEFM, Ludhiana.
- (vii) Refinery tank sludge and FCC spent catalyst valorization (partially completed) by BPCL Corporate R&D Centre, Greater Noida.

Ongoing projects at the end of 2017-18:

S. N.	Project Title	Institution
1	Improving thermal efficiency of LPG domestic cooking stoves	BPCL Corporate R&D Centre, Greater Noida
2	Development of ultra-low density refractory granules for Kiln Cars trolleys.	Central Glass & Ceramic Research Institute (CGCRI), Khurja
3	Study on carpooling among office goers and its benefits	SUVIKAS, The society for Sustainable Development
4	Integrated process for conversion of Lignocellulosic biomass to Bio-methanol and value added products.	Indian Institute of Technology (IIT), Delhi
5	Impact of road condition on fuel consumption of vehicle.	Central Road Research Institute (CRR), New Delhi
6	Design, Development and testing of a down draft biomass gasifier system complemented by Hydrogen enrichment through air-steam gasification.	The Energy & Resource Institute (TERI) University, New Delhi

6.2.6 Education campaigns





Education campaign aims towards creating mass awareness on efficient utilization of energy resources and propagation of fuel conservation messages utilizing various media of communication such as social media sites viz. Facebook, Twitter, You Tube etc., Print & Electronic media, people connect activities like participation in the major exhibitions in the country like IITF, Petrotech, Vibrant Gujarat etc., advertisements in magazines, souvenirs, distribution of printed literature on fuel conservation, National level Essay/Painting/Quiz competitions for students etc. PCRA also nurtures innovative people engaging activities like development of fuel conservation related PC games and virtual reality game amongst others. Apart from the above, children and youth that comprise more than 40% of India's population and are the future of the country, are also being targeted in order to inculcate the habit of energy efficiency in them. PCRA conducted Saksham National Competition-2017 in Essay, Painting and Quiz categories successfully with active contribution of OMCs. Participation of about 40 Lakh students from nearly 31000 schools across the country has been recorded.

6.2.7 Participation in major events IITF 2017

PCRA participated in the IITF-2017 held at Pragati Maidan, New Delhi from 14.11.2017 to 27.11.2017, to showcase the activities done by PCRA and to educate and create awareness amongst the masses about the importance of fuel conservation. Live steaming of the activities was also organized on Facebook. The stall witnessed heavy footfall. The exhibits and virtual reality game were greatly appreciated by the visitors.

Participation in 44th Jawaharlal Nehru National Science, Mathematics and Environment Exhibition 2017 at Bhopal. PCRA participated in 44th Jawaharlal Nehru National Science, Mathematics and Environment Exhibition 2017, organized by NCERT. The event was organized at Bhopal from 10.11.2017 to 16.11.2017. Premier organizations like CBSE, KV Sangathan, Navodaya Vidyalaya Samiti, Deptt. of Atomic Energy etc. participated in this National Exhibition. Hon'ble Chief Minister of Madhya Pradesh visited the PCRA stall and praised PCRA for its initiatives in the field of fuel conservation.





Organising Saksham 2018

PCRA undertakes nationwide people centric mass awareness campaign, called “Saksham” (Sanrakshan Kshamta Mahotsav) starting 16th January in association with PSU Oil & Gas Companies. During this one-month drive, various sections of society viz. students, youths, farmers, housewives, drivers, industrial workers, etc. are engaged to profess and propagate the need to conserve by judicious utilization of petroleum products. The inaugural function for the year 2018 was held at Siri Fort Auditorium, New Delhi on 16th January 2018, where large number of students, teachers, senior Officials from MoP&NG, Chairman/CMDs of Oil PSUs, Media etc. were present. The Mega Media Campaign was conducted successfully through AIR, Private FMs and Electronic media, for which documentary, jingle, and appeal of Hon’ble Minister (IC), P&NG were prepared and used.

Organizing Cycle Rallies:

On the appeal of Hon’ble Prime Minister to citizens not to use diesel and petrol one day in a week in the “Mann Ki Baat” program, PCRA organized mega cycle rallies at Delhi, Indore, Bhubaneswar & Mumbai to promote cycling for going to office, local markets, schools/colleges and short distance travelling instead of using private vehicles that consume fossil fuels.

Mega Media Campaigns:

Media campaigns were successfully run in Doordarshan, All India Radio, Lok Sabha TV, Pvt. FM Channels, Pvt. TV channels, and Digital Cinemas across the country educating people about the need for fuel conservation. The Appeal of Hon’ble Minister of P&NG was aired on radio channels across the country. The campaign for Android application was also run during Saksham-2018 on news channels propagating the use of android application on Petroleum conservation in Agriculture, domestic, industrial and transport sectors.

Conservation messages through printed literatures:

Literatures related to fuel conservation for various sectors viz. domestic, agriculture, industrial, transport, Standards and Labeling were printed and distributed to OMC Refineries, Krishi Vikas Kendras etc. A total of 21.73 Lakh copies of 20 different types of literature in Hindi, English and 10 regional languages were printed and distributed pan India in the year 2017.

Recognition:

Documentary developed by PCRA on the subject ‘Energy Recovery from Plastic Wastes through Plasma Pyrolysis’ was shortlisted by the distinguished jury in 8th National Science Film Festival of India held at Guwahati between 20-24 February, 2018 in the competitive films - Category A (Films sponsored by government and non-government institutions/organizations) and has been awarded with a Trophy and Certificate of Merit.

6.3 CENTRE FOR HIGH TECHNOLOGY (CHT)

Centre for High Technology (CHT) was established in 1987 by Ministry of Petroleum & Natural Gas and 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 sharing. CHT also coordinates funding of research work in downstream hydrocarbon sector and pursue the programmes of “Scientific Advisory Committee on Hydrocarbons” of MOP&NG.

During 2017-18, an amount of Rs.32.12 crore was released by OIDB to CHT for performing its activities including administrative expenditure. The major activities undertaken by CHT during 2017-18 are as below:

6.3.1 Performance Benchmarking of PSU Refineries

Performance Benchmarking of 15 PSU refineries, 4 lube units and 1 JV Refinery (BORL) for the Study Cycle 2016 through M/s Solomon Associates (SA), USA was completed in September 2017. The findings of the Study were presented by SA to all the participating refineries as well as MoP&NG.

6.3.2 Energy Efficiency Improvement Study and Performance Audit

Energy Efficiency Improvement Study and Performance Audit of 15 PSU Refineries by EIL, at cost of Rs 12.9 crore (excluding ST/GST), is in the final stages of completion. Study has been completed for 12 refineries; balance 3 refineries (MRPL, CPCL & HPCL-V) shall be completed by July 2018. 50% base cost excluding ST/GST was borne by CHT/OIDB.

6.3.3 Mandatory Energy Audit (MEA)

CHT, on behalf of industry, engaged PCRA for carrying out MEA of 12 PSU refineries (excluding IOCL-Guwahati, Digboi and Paradip, who are not part of PAT, and BPCL-Kochi who have already completed MEA) The Audit was completed in June 2017 at a cost of Rs 5.44 crore with 50% base cost excluding ST/GST borne by CHT/OIDB.

6.3.4 Compendium on Experience Sharing

Compendium containing following was prepared and shared with all refineries:

- 1) Refinery-wise schemes under implementation/ planned
- 2) Best practices
- 3) Findings of Walk-through Audits
- 4) Innovations in refining sector
- 5) Takeaways from Activity Committee Meetings conducted by CHT
- 6) Feedback from refineries from cross sharing

6.3.5 Refining & Petrochemicals Technology Meet (RPTM)

CHT regularly organises the Meet in association with oil companies in India on various topics of interest to the Refining and Petrochemical sector. The 3 day technical event covers around 70 oral papers in 16 Technical Sessions, 100 poster papers and Exhibition Stalls by leading technology/ service providers. The Meet provides a forum for exposition of recent advances and technological developments. Leading global consultants/technology providers like Shell, UOP, Chevron, ExxonMobil, Haldor Topsoe, Axens, KBR, Solomon, DuPont, Lyondell Basell, Grace Univation, Mitsui Chemicals, participate in the Meet and make technical presentations. More than 900 participants from India and abroad participate in the Meet.

During 2017-18, 2 Meets were organised by CHT as under:





22nd RPTM in association with IOCL – January 2018, Bhubaneswar

- ➔ 21st RPTM in association with HPCL – April 2017, Visakhapatnam
- ➔ 22nd RPTM in association with IOCL – January 2018, Bhubaneswar

The Meets were inaugurated by Hon'ble Minister, Petroleum & Natural Gas, Government of India in the presence of Secretary, P&NG; Joint Secretary(R), MoP&NG; and Heads/Senior Executives from oil industry.

6.3.6 Indigenous Technology Development

CHT co-ordinates the activities of Scientific Advisory Committee (SAC) on Hydrocarbons of MOP&NG under the Chairmanship of Dr Anil Kakodkar, an eminent Scientist and DAE Chair Professor, BARC in identifying and funding of research projects for downstream hydrocarbon sector. SAC approves and steers projects of national importance and refining operations.

During 2017-18, SAC had 2 meetings in September 2017 and March 2018. SAC reviewed on-going & completed R&D projects and recommended following 3 New R&D project proposals for consideration and approval of Executive Committee/Governing Council of CHT:

1. Development and durability testing of Ethanol-Diesel blend engine: ARAI, Pune at a cost of Rs 1.30 crore (CHT/OIDB: Rs 1.30 crore).
2. Improving (Speedy) Leak Detection Time in Pipelines by deployment of Real Time Ethernet Protocols: HPCL-VSPL/ECIL at a cost of Rs 1.17 crore (CHT/OIDB: Rs 0.55 crore).
3. Creation of Solar based H₂ Production System & Dispensing Station for Refuelling H₂ Fuel Cell Vehicle: IOC R&D at a cost of Rs 44 crore.

Currently, the following 10 R&D projects with CHT contribution of Rs.62.94 crore are being pursued :

1. Coal to Liquid (CTL) fuel technology Development (EIL -R&D/ BPCL-R&D & THERMAX)





2. Experimental & Simulation studies on coke mitigation in Petroleum Refinery systems (BPCL R&D and BITS Pilani)
3. Development of process know-how for indigenous production of biphenyl for Thermic fluids and other application (BPCL R&D)
4. Parametric Study and Technology development for desalter design (EIL R&D and BPCL R&D)
5. Development of catalyst and process for slurry phase residue Hydrocracking (IIP, HPCL-R&D, BPCL -R&D, EIL-R&D)
6. Synthetic Aviation Lubricants Phase 2 (IICT Hyderabad, HPCL-R&D)
7. Biomass Hydro-pyrolysis for the production of Fuel grade Hydrocarbons (HPCL-R&D and CSIR –IIP)
8. Renewable Crude and Liquid Hydrocarbon Fuels from Algae. (CPCL / ABN / ICGEB)
9. Development and Durability testing of Ethanol-Diesel blend engine (ARAI)
10. Improving (Speedy) Leak Detection Time in Pipelines by Deployment of Real Time Ethernet Protocols (HPCL-VSPL/ECIL)

In addition, a Project on “Scale-up studies and process development for hydrogen production by catalytic decomposition of NG by HPCL/IIT-D/CeNS” is being pursued under Hydrogen Corpus Fund (HCF).

6.3.7 Performance Improvement of Refineries

The EOI and the Tender Document for Performance Improvement Programme for PSU refineries have been finalised along with refineries. It is planned to cover 9 refineries under the 2017-18 study cycle. Refinery-wise consultant have been finalised by the Committee of CHT and Refineries.

6.3.8 Performance Awards

CHT is actively associated with the following Annual Awards instituted by Ministry of Petroleum & Natural Gas, Government of India:

- Refinery Performance Improvement Award
- Oil & Gas Conservation Fortnight (OGCF) Award
- Innovation Award

Awards for 2017 were presented to the winners by the Hon’ble Minister of Petroleum & Natural Gas during the Inaugural function of the 22nd RPTM on 13th January, 2018 at Bhubaneswar.

6.3.9 Activity Committee Meetings

With the aim of sharing of best operational practices & improvements and dissemination of information on latest developments, CHT organised 8 numbers of Activity Committee Meetings in critical areas/ technologies in refining sector and pipelines operations.





6.3.10 Swachhata Ranking 2017 for Refineries

Swachhata Ranking of PSU/JV Refineries is a new initiative in 2017 by the Ministry of Petroleum & Natural Gas. Initially one refinery shortlisted from 3 groups each. Subsequently, refineries were ranked by Committee comprising of Group Representatives, CHT & MoP&NG. The Awards for 2017 were given by Secretary, P&NG on 19th February, 2018

First Prize	:	IOCL-Panipat Refinery
Second Prize	:	Jointly to BPCL-M and HMEL
Third Prize	:	IOCL-Paradip Refinery

The Swachhata Index is based on infrastructure available at Refineries not only for its own Employees but also for its Contract Laborers, Cleanliness, Systems and Processes including waste generation and disposals, initiatives taken for Swachhata awareness and its campaign, waste paper recycle and reuse, processing municipal waste in Refineries, etc.

6.3.11 New Initiatives being undertaken by CHT

- Development of Water Consumption Norms and Reduction of Water Footprint
- Reduction of Steam System at Refineries
- Performance Benchmarking Study for Pipelines 2018
- Feasibility Study for Ethanol Production from Off-gases
- New Activity Committee on “Quality Control”
- Lab Co-relation Programme
- GT Optimisation along with BGGTS (BHEL -GE Gas Turbine Services)
- Energy Saving Equipment for Tax Rebate to BEE
- Development of Energy Efficiency Norms for Major Equipment

6.4 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 2017-18, an amount of Rs.16.39 crore was disbursed to OISD as grant-in-aid by OI DB. As per OISD, following major activities were carried out by OISD during the year:





6.4.1 Safety Audits by OISD: FY 17-18

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 2017-18 is as indicated below:

Actions	Unit	Plan	Actuals
Core Audits			
Refineries & Gas Processing plants	Nos	17	17
Mktg. Installations	Nos	70	112
E&P Onshore Installations	Nos	50	56
E&P Offshore Installations	Nos	16	16
Cross Country Pipelines	Kms	7500	7952
Additional audits Pipelines Installations			
Single Point Mooring Installations	Nos	02	03
Jetty Pipelines for Hydrocarbon Transportation	Nos	01	01
Pipelines Crude Tank farms	Nos	01	02

6.4.2 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 2017-18, 36 nos. of such audits had been conducted on the request of the user Industry members. 1077.14 Km of Pipeline covering fifteen pipelines installations was also audited in this context.

6.4.3 “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. 14 mobile Rigs & 10 new fixed unmanned platforms and 01 BGEPIIL platform decommissioning have been accorded “consent to operate” during the year 2017-18.

6.4.4 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 2017-18, OISD has organized the following seminars/workshops:

1. Two-day workshop on “Maintenance and Reliability of Equipment - a Tool for Enhancing Safety” was organized by Marketing Operations (POL) group of OISD at Indore on 15-16th June, 2017.





2. 1st one-day workshop for Auditors on “Audit of LPG Bottling Plant” was organised by Marketing Operations (LPG) group of OISD at IOCL LPG Bottling Plant, Bhopal on 21st of Sep’2017.
3. Two-day Workshop on ‘Asset Integrity & Safety in E&P Sector’ at OISD Noida on 04th to 05Th December,2017.
4. 2nd one-day workshop for Auditors on “Audit of LPG Bottling Plant” was organised by Marketing Operations (LPG) group of OISD at BPCL LPG Bottling Plant, Rajkot on 6th February 2018.
5. 3rd one day “Workshop for Auditors for Mounded Storage Vessels and its CP System” was organised by Marketing Operations (LPG) group of OISD at BPCL LPG Bottling Plant, Rajkot on 7th Feb’2018.

6.4.5 Encouragement of Safety Performance across the Industry thru ‘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. In addition, individuals either company employees or contract labours making exceptional contributions towards the cause of safety in their respective installations are also encouraged and presented with such awards. In Safety Awards for the year 2015-16 and 2016-17, one tank truck driver (on contract with HPCL) Shri Khanderao Shivram Khot was also given safety award

‘Oil Industry Safety Awards’, Safety Awards for the year 2015-16 and 2016-17 have been presented to the respective winners during the ceremony held on 13th January 2018 at Bhubaneswar by the Hon’ble Minister of Petroleum & Natural Gas; Minister of Skill Development and Entrepreneurship.





6.4.6 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. The Oil Industry Safety Directorate (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 34th meeting of the Council was held on 14th September, 2017.

Key issues discussed & reviewed during the meeting are as under:

- ➔ Major activities undertaken in 2016-17 & Activity plan for 17-18
- ➔ Compliance status of MB Lal Committee recommendations
- ➔ Analysis of OISD Safety Audits Compliance status (ESA/SSA)

6.4.7 Development of Safety Standards

OISD develops Standards / Guidelines / Recommended Practices for the oil and gas sector thru a participative process involving all the stakeholders (including the public at large), 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. OISD standards are reviewed periodically to ascertain needs of developing new standards, updating / amending existing standards to incorporate the latest technological developments as well as current experiences on the ground. As on date, OISD has developed 120 technical safety standards for the oil industry. 21 of these standards are mandatory for the entire Oil & Gas sector by dint of their being included in the Petroleum Rules 2002, the Gas Cylinder Rules 2016, the Static & Mobile Pressure Vessels (Unfired) Rules, 2016 and the Oil Mines Regulations 2017.

During the year 2017-18 OISD has revised/ amended 07 Numbers of the existing standards & inducted 02 new standards. These standards, after following the extant process of their revision, shall be put up for adoption 35th Safety Council meeting.

6.4.8 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 analyzed 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 2017-18, 12 major incidents were investigated by OISD.

6.4.9 Other Major Activities

Evaluation of Functionality checks of the critical firefighting equipment like HVLRLMs, ROSOVs, RSFPS, MEFG etc., at Marketing (POL) Installations – Another Safety enhancement initiative by OISD started in FY 2017-18





OISD, during safety audits of Installations, has been laying more focus on the functionality checks of the critical firefighting equipment like HVLRLMs, ROSOVs, RSFPS, MEFG etc. It may be mentioned that such state of the art firefighting equipment were installed in the Industry as part of M B Lal Committee recommendations.

In this regard, a comprehensive check list for checking the performance of such equipment for any given installation has been developed; and during audit of the installation detailed functionality checks of such fire critical equipment is ensured by OISD team.

As on 31st March 2018, out of a total of 290 POL Installations of all the three OMCs put together, (locations except Class C/excluded petroleum & locations under resitement), functionality checks of 100 such Installations has already been completed and for balance 190 locations, such checks shall be completed in the next two years.

6.4.10 OISD Standards for New Target Areas:

To address the safety issues in the new target areas, OISD has developed following new standards:

A. OISD STD 245 on 'Safety for LNG Bunkering Facilities at Ports, for Large Ships, Coastal Shipping and Inland Water Transport (IWT) Terminals'

In view of the revised marine fuel specifications that will come in effect from year 2020, more and more ships are switching over to cleaner fuels and use of LNG as ship fuel. Therefore, Indian ports would have to be ready for LNG bunkering in near future. Similarly, with expected increase in Cargo movement through coastal shipping and using inland water transport, use of LNG as fuel in smaller ships, ferries, barges, OSV's, etc. is likely to grow on account of economic and environmental considerations in line with international trends.

With the above in view and with an objective of ensuring the safety of the upcoming LNG Bunkering Terminals in the country, Ministry of Shipping, Government of India, in its right earnest, advised Oil Industry Safety Directorate(OISD) to develop standard on Safety for LNG Bunkering Facilities at Ports, for Large Ships, Coastal Shipping and Inland Water Transport (IWT) Terminals.

The latest status in this regard is that OISD STD 245 on "Safety for LNG Bunkering Facilities at Ports, for Large Ships, Coastal Shipping and Inland Water Transport (IWT) Terminals." has been prepared by the Functional Committee of experts constituted for the purpose. Draft V of the standard, upon following extant process of OISD Standards Formulation, is being put up for approval in the 35th Safety Council Meeting to be held in 2018-19.

B. OISD RP 243 "Recommended Practices on Coal Bed Methane (CBM) Operations"

In recent years, the exploration and development of CBM has been under intense scrutiny in many parts of the world. The heightened concern of operational safety and environmental issues related to present-day production practices (including water production, fracturing, pipeline construction, storage facilities, water impoundment and disposal facilities, etc.) increases the importance of using practices and risk mitigation strategies that facilitate resource development in an effective, timely, and environmentally sound manner.

These issues have placed increased pressure on regulatory agencies and operators to





develop and define best recommended practices and mitigation strategies to aid in minimizing and alleviating safety and operational risks.

To address the safety issues of the Coal Bed Methane Industry, OISD has developed a Recommendatory Practice OISD RP 243 "Recommended Practices on Coal Bed Methane (CBM) Operations". Draft V of this document, upon following extant process of OISD Standards Formulation, is being put up for approval in the 35th Safety Council Meeting to be held in 2018-19.

6.4.11 Streamlining Safety Audits Frequency of POL Installations based on Hazard Potential

Since the current fiscal year, OISD has started the process of fixing the Safety Audits frequency of POL Installations based on the hazard potential of such Installations. Installations having aggregate storage capacity of more than 1 Lac KL Petroleum shall be audited every five years in place of the existing seven years' frequency.

Safety audit of all the POL installations having aggregate storage capacity of more than 1 Lac KL Petroleum, which were due for audit as per revised frequency of five years during the current year i.e. 2017-18, has been completed.

6.4.12 Capability Building of Internal Auditors of Oil & Gas Companies

For enhancing the quality of Internal Safety Audits at Oil & Gas Installations, a new capability building initiatives, OISD has been organizing dedicated workshops for the Internal Auditors of the Oil & Gas Companies. In this regard, five numbers of workshops specifically for internal auditors of LPG Marketing Organizations have already been organized.

It is planned to extend such Trainings to other sectors of Oil & Gas Industry in future.

6.4.13 World LPG Association (WLPGA) 2017 Asia LPG Summit

Director (MO-LPG) of OISD was invited to present a paper on "Contribution of Oil Industry Safety Directorate in development of standards for Indian LPG industry" at the prestigious WLPGA 2017 Asia LPG Summit on 6th Feb'2017.

6.5 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 effective 1st April 2002 as an 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.





Structure

Headed by Director General, PPAC has a sanctioned strength of 43 officers and staff, organized under Finance, Supply, Demand, Information Technology, Marketing, Gas and HR & Co-ordination Divisions. The officers and staff are drawn on deputation from Oil Companies except the Director General who is on deputation from the Central Government.

During the year 2017-18, an amount of Rs.21.34 crore was disbursed to PPAC as grant by OIDB. The following major activities were carried out by PPAC during the year:

6.5.1 Settlement of subsidy claims of Oil Marketing Companies (OMCs)

1. Effective 1st January 2015, the PAHAL (DBTL) Scheme, 2014 has been implemented in the entire country wherein the subsidy on Domestic LPG is being transferred to the eligible consumers directly to their bank accounts. Under the PAHAL scheme claims amounting to Rs 20,880 crores were processed for the year 2017-18.
2. Pradhan Mantri Ujjwala Yojana (PMUY) was launched by Hon'ble Prime Minister Shri Narendra Modi on 1st May, 2016. Under the scheme, 5 Crores LPG connections will be provided to women belonging to BPL households. The scheme has now been extended to cover 8 crores BPL households over a period of 4 years (till 2019-20). Under the scheme Government of India reimburses Rs. 1600 & Rs. 1150 per connection for 14.2 kg cylinder and 5 kg cylinder respectively, to OMCs for issuance of security deposit free connection to poor household women beneficiaries. For the year 2017-18, PPAC has processed claims amounting to Rs. 2,574 crores.
3. Effective 1st October, 2016, Direct Benefit Transfer in PDS Kerosene Scheme 2016 (DBTK) was implemented in 4 districts in the state of Jharkhand. This scheme was extended to another 6 districts effective 1st April, 2017 and currently the entire state of Jharkhand is covered under DBTK effective 1st July, 2017. For the year 2017-18, PPAC has processed claims amounting to Rs. 113 crores.

6.5.2 Settlement of NE Gas Subsidy claims

MOP&NG has formulated the "Natural Gas Subsidy Scheme" for administering subsidy related to sale of natural gas to identified sector/customers in the North East region of India. The participating companies sell natural gas from the nominated gas fields to the consumers at subsidised rates and the differential amount is claimed from the Government of India. For the year 2017-18, PPAC has processed claims amounting to Rs.435 crores.

6.5.3 Settlement of under-recovery claims of OMCs

As the Government continues to modulate the retail selling prices of PDS Kerosene in order to insulate the common man from the impact of rise in international oil prices and the consumers continue to get the product at subsidized rates, the OMCs are incurring under-recovery on its sale. For the year 2017-18, PPAC has processed claims amounting to Rs. 4,672 crore for under recovery incurred by OMCs on sale of PDS Kerosene.

- 6.5.4 Study on assessment of port infrastructure at Indian ports for handling import, export and coastal movement of crude oil & POL products like MS, HSD and LPG, its limitations and steps required to meet the forecasted demand till 2029-30.





PPAC carried out a study on assessment of India's port infrastructure for handling of Crude oil, LPG, MS and HSD. The study identified bottlenecks in efficient handling of trade in these products and analysed the country's preparedness in terms of port infrastructure for meeting demand of crude oil, LPG and MS/HSD till 2029. The report was submitted to MOPNG in August 2017.

6.5.5 Implementation of the "Make in India" campaign in Oil and Gas Industry.

In order to assist the Steering Committee of the Ministry of Petroleum & Natural Gas in preparation of an analytical report for launching of the "Make in India" campaign in the Oil and Gas sector, PPAC engaged a consultant, M/s Deloitte Touche Tohmatsu India LLP. Detailed assessments were performed through extensive industry stakeholder inputs gathered from questionnaires and one-on-one interviews with PSU's and private operating companies, international and domestic oil field services and equipment companies and local and global manufacturers. Benchmarking studies were also conducted against select global oil and gas economies and manufacturing hubs and other Indian industries. The final report containing recommendations and roadmap for implementing the Make in India campaign in the oil and gas sector was submitted to the Ministry in December 2017.

6.5.6 Development of Energy Demand Projection Model (EDPM).

As part of the Working Group constituted by Ministry of Petroleum and Natural Gas for preparing an approach paper on enhancing refining capacity by 2040, PPAC developed a comprehensive Energy Demand Projection Model (EDPM) to work out the demand projections of total primary energy in India. The model primarily considered six end-use demand sectors, viz. transport, cooking (residential and commercial), industry, agriculture, telecom and residential. In addition, almost all possible primary and secondary energy sources captured in 24 segments were further evaluated for estimating the supply of energy by considering estimated conversion losses, distribution losses and own use in the process. Eventually, by combining demand and supply, the primary energy demand was projected up to 2040 considering the Indian and global perspective under three plausible scenarios. EDPM also projected product-wise demand of petroleum products under the same three scenarios at 5 year intervals till 2040. The results from the model were accepted by the Working Group and incorporated in the final report.

6.5.7 Domestic Natural Gas Price Notification.

Ministry of Petroleum and Natural Gas authorized Director General, PPAC to notify the periodic revision of domestic natural gas price under the guidelines issued by Ministry of Petroleum & Natural Gas on 25th October 2014. Accordingly domestic natural gas price was notified by PPAC for the period April, 2017 to September, 2017 and October, 2017 to March, 2018.

6.5.8 Gas Price Ceiling Notification

Ministry of Petroleum & Natural Gas allowed marketing freedom including pricing freedom for the gas produced from discoveries in deep-water, ultra deep water and high pressure-high temperature areas vide notification dated 21st 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 gas price ceiling was notified by PPAC for the period April, 2017 to September, 2017 and October, 2017 to March, 2018.





6.5.9 Implementation of E-Office

PPAC has implemented E-filing and digitization System (e-office) at Petroleum Planning & Analysis Cell (PPAC). The software has been developed by NIC and aims to usher in more efficient, effective and transparent inter - government and intra - government transactions and processes.

6.5.10 Development and Launch of PPACE (Mobile app of PPAC).

A mobile app on Google Play & Apple App store for wider dissemination and quick access to data published by PPAC was launched in the month of May 2017. The mobile app is real-time synchronized with PPAC website. The mobile app was developed by a NICS I empanelled vendor. The application has been appreciated by various national and international agencies for providing vast amount of correct data at the tap of an icon.





CHAPTER
4

**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 was constituted under the Chairmanship of Director General, DGH with members comprising Secretary, OI DB, Director (Exploration), ONGC, Director-IIP, Dehradun, Director (R&D)-IOCL, Director (Tech)-EIL and Director General-Petrofed (FIPI).

The Committee 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

The above Committee reviews the progress of the OI DB funded projects in the Upstream Sector from time to time. The recommendations of the 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

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).





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. SAC also reviews progress of R&D projects in the downstream sector in its meetings. CHT coordinates the activities of SAC in identifying and funding of research projects for hydrocarbon sector.

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 2017-18:

		Rs./crore
1.	National Geophysical Research Institute (NGRI)	0.45
2.	Indian Oil Corporation Ltd. (IOCL R&D)	10.43

4.1 NATIONAL GEOPHYSICAL RESEARCH INSTITUTE (NGRI)

The National Geophysical Research Institute (NGRI), a constituent research laboratory of the Council of Scientific and Industrial Research (CSIR) was established in 1961 with the mission to carry out research in multidisciplinary areas of the highly complex structure and processes of the Earth system and its extensively interlinked subsystems. NGRI has the mandate to conduct research for public-good science to enable government agencies, public and private sector stakeholders to make informed decisions about use of geo-resources sustainably and improve preparedness and resilience to natural hazards. As a close understanding of Earth processes and its intersections with the growth and development of the human society only can secure the future, NGRI's vision is to develop the knowledge base of Earth system processes and apply it to produce strategies to minimize loss of life and property from natural disaster as well as manage water, energy, and mineral resources for enhancing the quality of life.

During the year, a grant of Rs.45 lakhs was disbursed to NGRI for their project titled "Carbon dioxide & Methane Hydrate Phase Stability in Sandy and Clay Environment: Laboratory studies".

The primary objective of the project is to synthesize gas hydrates with methane and carbon dioxide as guest molecules, under laboratory simulated ocean bottom conditions, in sandy and clay sediments. The stability of gas hydrates systems and conversion efficiency in partly and fully water saturated sediments in a gas excess environment is tested.

The gas (CH₄ & CO₂) hydrates were synthesised in the synthetic silica matrix. The experiments were conducted in constant-volume mode. Nearly, 100% of water confined in the silica matrix was converted to hydrates in a shorter time interval (200 to 400 min). The conversion process is slower in over-saturated systems. The efficiency of hydrate conversion is marginally higher for CH₄





hydrates and their thermal stability follows the expected thermodynamic boundary conditions. The hydrates were dissociated by warming them at about 1.5 to 2 degree per hour.

4.2 INDIAN OIL CORPORATION LTD. (R&D)

Indian Oil Corporation (IndianOil) is India's largest commercial enterprise with a 33,000-strong work-force currently, has been meeting India's energy demands for over half a century. With a corporate vision to be 'The Energy of India' and to become 'A globally admired company' IndianOil's business interests straddle the entire hydrocarbon value-chain from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil & gas, marketing of natural gas and petrochemicals, besides forays into alternative energy and globalization of downstream operations.

IndianOil accounts for nearly half of India's petroleum products market share, 33% national refining capacity (together with its subsidiary Chennai Petroleum Corporation Ltd., or CPCL), and 71% downstream sector pipelines throughput capacity. The IndianOil Group owns and operates 11 of India's 23 refineries with a combined refining capacity of 80.7 MMTPA (million metric tonnes per annum). The Corporation's cross-country pipelines network, for transportation of crude oil to refineries and finished products to high-demand centers, spans about 13,400 km. With a throughput capacity of 94.8 MMTPA for crude oil and petroleum products and 9.5 MMSCMD for gas, this network meets the vital energy needs of the consumers in an efficient, economical and environment-friendly manner.

IndianOil R&D has developed a basket of technologies with unique identifying prefix "ind". The flagship technology INDMAX, developed by Indian Oil R&D has been successfully implemented at Paradip Refinery in December 2015, with an installed capacity of 4.17 MMTPA.

INDAdept^G Technology for Deep Desulphurization of Cracked Gasoline

IndianOil R&D has developed INDAdept^G process and proprietary adsorbent with the objective of reducing sulfur from cracked gasoline feed stocks for meeting BS-IV sulphur specifications. The technology comprises two numbers of fixed bed reactors operated in swing mode of adsorption and regeneration, whose ultimate aim is to undergo deep desulfurization of gasoline under optimized operating conditions.

In this process, sulphur in gasoline is being removed by Reactive Adsorption mechanism and after reaching the S-Breakthrough point; the adsorbent is regenerated under controlled conditions with lean air (1% O₂ in N₂) by oxidation of adsorbed sulfur and coke followed by activation with nitrogen - hydrogen mixture.

INDAdept^G technology is the result of extensive research work conducted by IOCL R&D Centre for about 10 years. IOCL is now jointly licensing the technology along with Engineers India Limited (EIL). Two patents have been granted in United States (US) & India on process and adsorbent composition.

A demonstration unit of 35000 Metric Tons Per Annum capacity was successfully commissioned in January 2017 at Guwahati Refinery with total project cost of Rs. 163.9 Crore, in which Rs.88.5 Crore is being funded by Oil Industry Development Board (OIDB) as grant and remaining funding is by IOCL. The unit is currently upgrading heavy gasoline with product sulphur of less than 50 ppm for





INDAdeptG Unit at Guwahati Refinery

production of BS-IV gasoline.

In 2017-18, 11 cycles of adsorption for both reactors have been completed with upgradation of gasoline from 700 – 850 ppm Sulfur (Feed) to 5 – 50 ppm Sulfur (Product).

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. | OIDB | 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. CHT is the nodal agency for identifying and monitoring of hydrogen projects. The approved nine projects under HCF have been completed at a cost of Rs.28.40 crore. A total corpus of Rs.147.47 crore (approx.) exists as on 31.03.2018 under HCF.





CHAPTER
5

OIDB's
Contribution to
Energy 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 (1.33 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 10 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.4098.35 crore. The authorized and paid up capital of the company as on 31.03.2018 is Rs.3832.56 crore and Rs.3681.06 crore respectively. OIDB has contributed Rs.3681.06 crore towards its equity participation in ISPRL till 31.03.2018. Status of the projects at the above 3 locations as on 31.03.2018 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.

HPCL has received around 150 shipments of crude oil at Vishakhapatnam and has signed an O&M Agreement with ISPRL on 20th Feb 2018 for the crude oil caverns of Visakhapatnam.

The Visakhapatnam Storage received the "Biggest commitment to Environmental protection" award from International Tank Storage awards held at Rotterdam, Netherland, in March 2018



Aerial view of Vishakhapatnam Site





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 Mangalore cavern project has two underground storage compartments of 0.75 MMT each. The capital cost of facility is Rs.1227 crores.

The project was commissioned in October 2016 with three parcels of Iranian crude oil. The total cost of crude oil for one compartment in Mangalore is Rs.1754 crore. An agreement has been signed between ADNOC and ISPRL on 25th January 2017 for filling the cavern A of Mangalore. The Amended and Restated Oil Storage and Management Agreement was signed between ADNOC and ISPRL on 10th February 2018 at Abu Dhabi. The First shipment of Crude oil for Mangalore from ADNOC is expected in May 2018.



Overview of Mangalore Site

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 laying of 42" diameter of crude oil pipeline has been completed on 14.12.2017. The 110 KV HT Power line has also been





completed and charging of line has been done after KPTCL inspection on 20.12.2017.

For charging of the switchyard, KPTCL gave the permission on 22nd January 2018. Charging was completed on 24th January 2018. OISD audit for 42" inch Mangalore Padur pipeline was carried out on 15th and 16th February 2018. Pre-commissioning checks have been completed. PESO approval has been received for commissioning of 42" inch Mangalore Padur line. Commissioning will be carried out after approval from MoP&NG.



Cavern 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 |
| iv. | Bikaner | ... | 3.75 MMT |



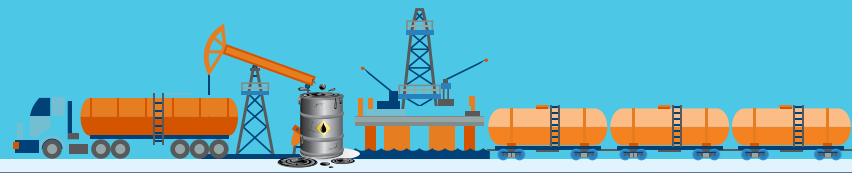


Subsequently MOP&NG advised ISPRL to engage SBI Caps, inter-alia, to recommend the manner of implementation of phase II programme. Investor meet was held on 8-9th June 2015 wherein various oil and infrastructure companies participated. Recommendations of SBI Caps were received and comments of ISPRL were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

Expenditure Finance Committee (EFC) in its meeting held on 29th July 2016 had recommended setting up Crude Oil Storages at two locations Chandikhol (4.4 MMT) in Odisha and Bikaner (5.6 MMT) in Rajasthan under Phase II at a total cost of Rs.9116 crore. EFC also approved an O&M Budget of Rs.103 crore for these two locations.

A Committee constituted by PMO recommended on 31.07.2017 that the SPR will be constructed at Chandikhol for 4 MMT and Padur for 2.5 MMT under PPP mode. Both the sites should also have dedicated SPM as a pre requisite. Cabinet note for approval has been initiated.





CHAPTER
6

Other
Initiatives/
Activities





1. OIBD RELIEF TRUST (OIBD 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 OIBD 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 (OIBD) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. Oil PSUs have contributed to the Corpus to the tune of Rs.20.60 crore. As on 31.03.2018, 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 31.03.2018, the available funds (including interest) in OIBD Relief Trust is Rs.16.01 crore. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures other than drought relief, the name of the Trust was changed from "OIBD Drought Relief Trust" to "OIBD Relief Trust" on 09.07.2010.

2. WELFARE OF SCHEDULED CASTES/SCHEDULED TRIBES, OTHER BACKWARD CLASSES AND PHYSICALLY HANDICAPPED.

Oil Industry Development Board (OIBD) 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 OIBD. Rosters are being maintained for each category of posts as per Government guidelines and checked by the Liaison Officer. Inspection of Rosters for the years 2015 and 2016 for direct recruitment and promotion for SC/ST/OBC/PH was carried out by the Ministry of P&NG on 23/30 November 2017 and observed that rosters are being maintained properly as per instructions of Government of India.

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

3. WELFARE AND EMPOWERMENT OF WOMEN:

Oil Industry Development Board(OIBD) is proactive in dealing with gender issue and to promote the cause of women empowerment OIBD has setup a Committee to attend to redressal of complaints on 'sexual harassment at workplace'. As on 31.03.2018, there are 4 women employees as against the total strength of 20 employees in OIBD.

4. 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. OIBD also ensures implementation of annual programme issued by the Government from time to time. OIBD continued its efforts for promotion of official language in official work. All rules/MOUs/Agreements of OIBD are bilingual.





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

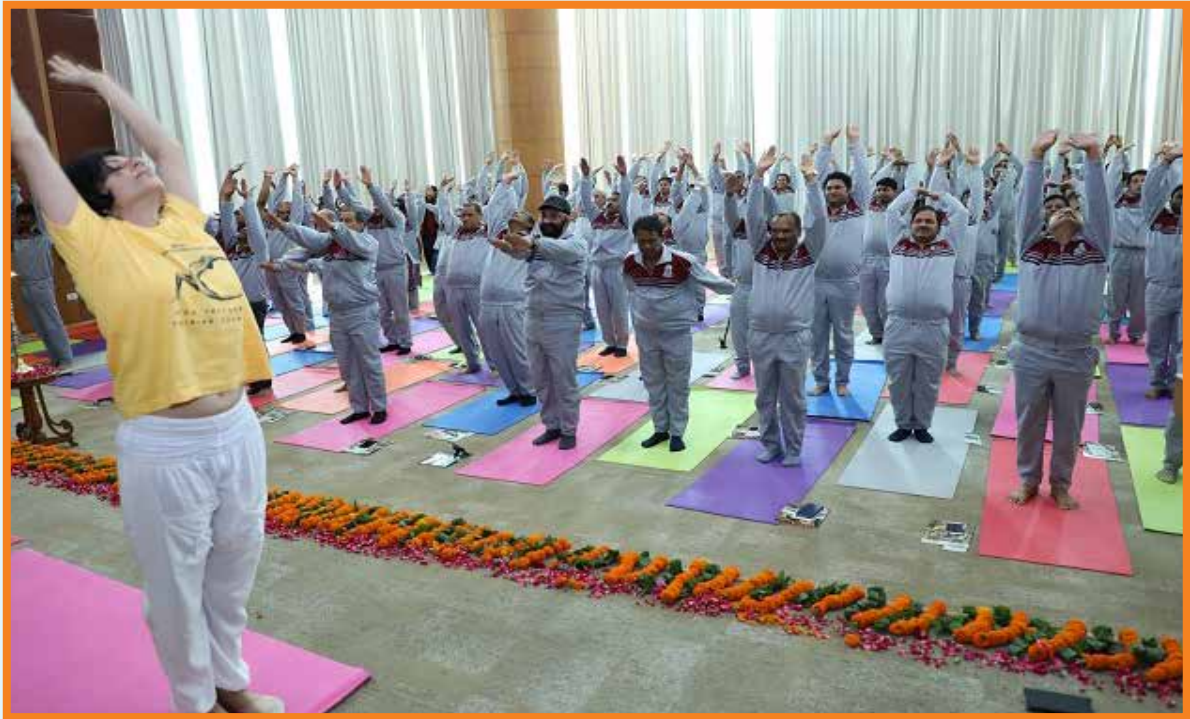
During the year 2017-18, following activities were taken for promotion of Hindi as official language:

- ➔ On the occasion of Hindi Diwas, Hindi Pakhwara was organized in OIDB from 01.09.2017 to 15.09.2017. During the Pakhwara, a Kavi Samellan was also organised on 08.09.2017.
- ➔ Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included noting drafting skills, Bhasha Gyan, debate, quiz, doha competition etc. A Hindi Book exhibition was also organized during Pakhwara.
- ➔ 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 OIDB 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" during the year. 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.





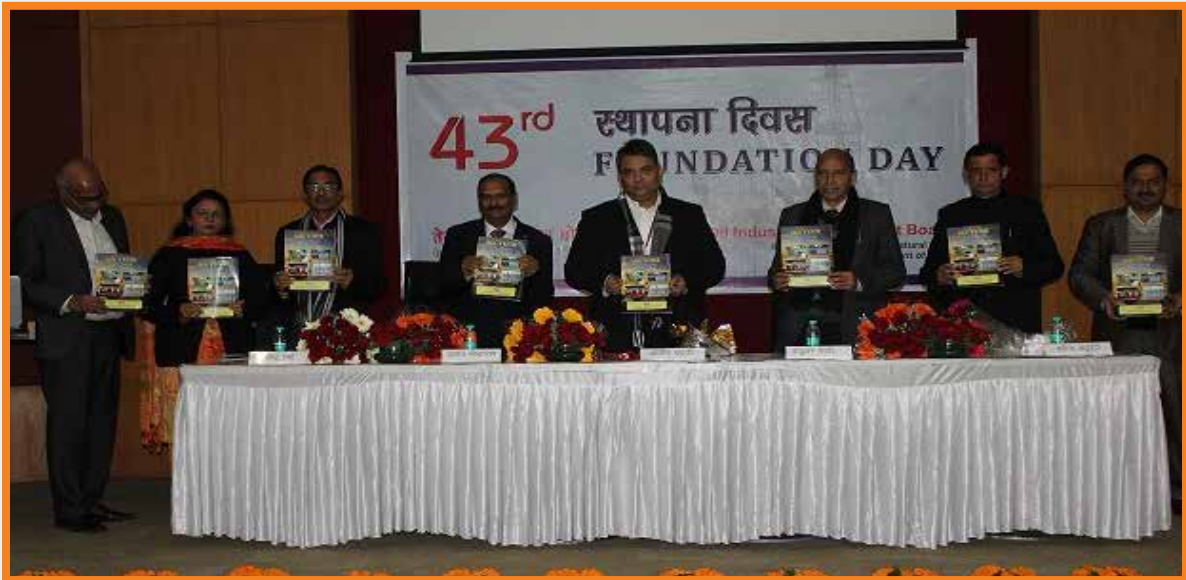
- 5. **Celebration of International Yoga Day:** Oil Industry Development Board celebrated “International Yoga Day” on 21.06.2017 at OIDB Bhawan, Noida. All OIDB employees and employees of the grantee organisations located in OIDB Bhawan, Noida, participated in the “International Yoga Day”.





6. CELEBRATION OF THE 43RD FOUNDATION DAY

Oil Industry Development Board celebrated its 43rd Foundation day (13th January) on 11th January 2018. All officers & employees of the grantee organisations located in OIDB Bhawan, Noida, were also present. On the Foundation Day, Hasya Kavi Samellan was organised in the auditorium of OIDB Bhawan, Noida. A souvenir published by OIDB Karmchari Kalyan Samiti (Regd.) was also released on the occasion.



7. CELEBRATION OF THE SWACHHTA PAKHWADA

Oil Industry Development Board celebrated the “Swatchhta Pakhwada” during 16.07.2017 to 31.07.2017 and “Swatchhta Hi Sewa Campaign (SHS)” was organised during 15.09.2017 to 02.10.2017. Various activities like pledge ceremony, nukkad natak, sanitisation of area in the vicinity of OIDB Bhawan, cleanliness drive in some areas identified outside OIDB Bhawan, tree





planation, walkathon and talk on innovative ideas to propagate cleanliness etc. were carried out. All OIDB employees and the employees of the grantee organisations located in OIDB Bhawan, Noida, participated in the above activities.

8. 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. OIDB is already aligned to the DOPT's RTI portal where RTI applications are received/transferred/ disposed off online.

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

During the year 2017-18, 30 applications/receipts were received under RTI Act, 2005 in the OIDB. All the 30 applications/receipts have been disposed of within the stipulated timeframe during the year.




ANNEXURE
Statement of cess collection by Central Government & its allocation to OIDB since inception till 31.03.2018
(Rs./crore)

Sl.No.	Year	Collection of cess on crude oil by Govt.	Payment made to OIDB 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	14542.38	-
41	2014-15	14677.24	-
42	2015-16	14468.94	-
43	2016-17	12778.20	-
44	2017-18	14246.20	-
	Total	189219.91	902.40

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

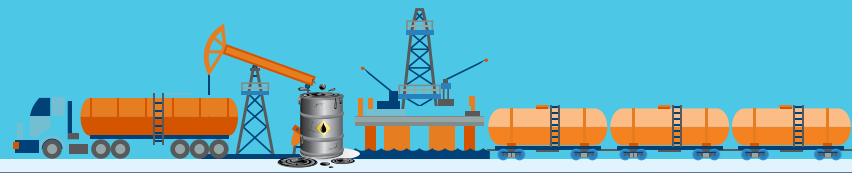




CHAPTER
7

Annual
Accounts




BALANCE SHEET AS AT 31.03.2018
(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year
CORPUS / CAPITAL FUND	1	90240	90240
RESERVES AND SURPLUS	2	1068193	1055564
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	7296	1129
TOTAL		1165729	1146933
ASSETS			
FIXED ASSETS (Net Block)	8	10204	11191
WORK IN PROGRESS	8	50	49
INVESTMENTS - EARMARKED / ENDOWMENT FUNDS	9	0	0
INVESTMENTS - OTHERS	10	370290	359035
CURRENT ASSETS, LOANS, ADVANCES ETC.	11	785184	776658
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		0	0
TOTAL		1165729	1146933
SIGNIFICANT ACCOUNTING POLICIES	25		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	26		

For and on behalf of OIDB

Sd/-
(Ajay Srivastava)
FA&CAO

Sd/-
(Ashish Chatterjee)
SECRETARY

DATE :
PLACE : NEW DELHI



INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2018

(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	106	514
Interest Earned	17	53832	58974
Other Income	18	530	1292
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		54468	60780
EXPENDITURE			
Establishment Expenses	20	487	284
Other Administrative Expenses etc.	21	2248	941
Expenditure on Grants, Subsidies etc.	22	31552	57638
Interest paid	23	0	0
Royalty to State Governments	24	0	0
Provision for doubtful debts		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)	8	991	623
TOTAL (B)		35277	59486
Balance being excess of Income over Expenditure (A-B)		19191	1293
Provision for Income Tax		6523	438
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		12668	855
SIGNIFICANT ACCOUNTING POLICIES	25		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	26		

For and on behalf of OI DB

Sd/-
(Ajay Srivastava)
FA&CAOSd/-
(Ashish Chatterjee)
SECRETARY

DATE :

PLACE : NEW DELHI




SCHEDULE 1 - CORPUS / CAPITAL FUND:

(Rs. in lakh)

	Current Year		Previous Year	
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

SCHEDULE 2 - RESERVES AND SURPLUS:

Rs. in lakh

	Current Year		Previous Year	
1. Capital Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
2. Revaluation Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
3. Special Reserves:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
4. General Reserve:				
As per last Account		1055564		1055059
Addition/ deletion during the year				
(i) Excess of Income over Expenditure	12668		855	
(ii) less: Adjustment of tax provision etc	39	12629	350	505
TOTAL:		1068193		1055564





SCHEDULE 3 - EARMARKED / ENDOWMENT FUNDS

(Rs in lakh.)

	FUND-WISE BREAK UP					TOTALS	
	Fund	Fund	Fund	Fund	Fund	Current Year	Previous Year
a) Opening balance of the funds							
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) Utilisation / Expenditure towards objectives of funds							
(i) Capital Expenditure							
- Fixed Assets							
- Others							
Total:							
(ii) Revenue Expenditure							
- Salaries, Wages and allowances etc.							
- Rent							
- Other Administrative expenses							
Total:							
TOTAL (c)							
NET BALANCE AS AT THE YEAR-END (a + b - c)							

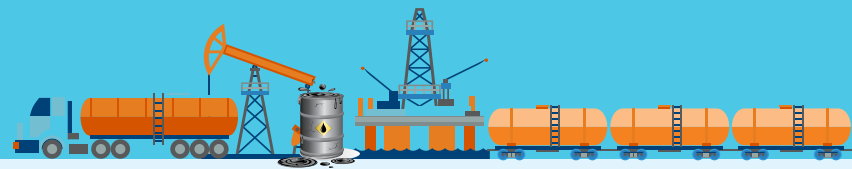
NIL

NIL

-

-




SCHEDULE 4 - SECURED LOANS AND BORROWINGS:

(Rs. in lakh)

	Current Year	Previous Year
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
a) Term Loans		
b) Interest accrued and due		
4. Banks:		
a) Term Loans		NIL
- 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.		

SCHEDULE 5 - UNSECURED LOANS AND BORROWINGS:

(Rs. in lakh)

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



SCHEDULE 6 - DEFERRED CREDIT LIABILITIES:

(Rs. in lakh)

	Current Year	Previous Year
a) Acceptance secured by hypothecation of capital equipment and other assets.	NIL	NIL
b) Others		
TOTAL:		
Note: Amounts due within one year.		

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

(Rs in lakh.)

	Current Year		Previous Year	
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		0	
b) I.Tax/TDS/Works Contract Tax payable	5		9	
c) payment due to Contractors	232		266	
d) others (i) Outstanding -Rs. 153.57 Lakh (ii) Other -Rs. 32 Lakhs	185		81	
e) Security Deposits including EMD	117		86	
f) Amount Withheld include Labour Cess(due to Contractors)	135	675	168	610
TOTAL (A) :		675		610
B. PROVISIONS				
1. For Taxation		6521		438
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		96		77
5. Trade Warranties / Claims		-		-
6. Others - Provision for Auditors Remuneration		4		4
TOTAL (B) :		6621		519
TOTAL (A + B) :		7296		1129




SCHEDULE 8 - FIXED ASSETS

(Rs.in lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost/Valuation as at beginning of the year 01.04.17	Additions during the year	De-uctions during the year	Cost / valuation at the year-end 31.03.18	As at the beginning of the year 01.04.17	Additions during the year	De-uctions during the year	Total up to the Year-end 31.03.18	As the Current year-end 31.03.18	As at the Previous year-end 31.03.17
A. FIXED ASSETS:										
1. LAND:										
a) Freehold	0	0	0	0	0	0	0	0	0	0
b) Leasehold	1941	0	0	1941	0	0	0	0	1941	1941
2. BUILDING:										
a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	10254	0	0	10254	4153	610	0	4763	5491	6101
c) Ownership Flats / Premises	0	0	0	0	0	0	0	0	0	0
d) Superstructures on Land not belonging to the entity	32	0	0	32	20	1	0	21	11	12
3. Plant Machinery & Equipment	2970	0	0	2970	1717	188	0	1905	1065	1253
4. Vehicles	7	0	2	5	5	0	0	5	0	2
5. Furniture, Fixtures	3171	0	0	3171	1314	186	0	1500	1671	1857
6. Office Equipment	55	0	0	55	43	0	0	43	12	12
7. Computer /Peripherals	56	1	0	57	52	2	0	54	2	4
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	4	0	27	14	3	0	17	10	9
Total of Current Year :	18509	5	2	18512	7318	991	0	8309	10204	11191
Previous Year :	17306	1793	590	18509	6695	979	356	7318	11191	10611
B. CAPITAL WORK-IN-PROGRESS:	49	0	0	49	0	0	0	0	50	49





SCHEDULE 9 - INVESTMENTS FROM EARMARKED / ENDOWMENT FUNDS

(Rs.in lakh)

	Current Year	Previous Year
1. In Government Securities	NIL	NIL
2. Other approved Securities		
3. Shares		
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)	365256	354001
6. Others (to be specified)	-	-
TOTAL:	370290	359035




SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC.

(Rs.in lakh)

	Current Year		Previous Year	
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		0
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	326034		193100	
- On Saving Accounts	18348	344382	4296	197396
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts			-	-
TOTAL (A) :		344382		197396



(Rs. in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	16		17	
b) Oil PSUs (Annexure-II)	399500		534509	
c) Others(specify)	-		-	
		399515		534526
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)	3282		4698	
b) Advance Rent	223		225	
c) Others (including Advance Tax, TDS, MM Cell, security Deposits & Advance to CHT for projects)	19891	23396	21426	26350
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	4551		1841	
c) On Loans and Advances -	2820		6280	
Less: Provision for doubtful debts made in earlier years	2711		2711	
d) Others (Data sale Proceeds From DGH)	5	4665	2	5411
4. Claims Receivable				
i) tax paid under protest	12894		12895	
ii) Accounts Receivable	332	13226	80	12975
TOTAL (B) :		440802		579262
TOTAL (A + B) :		785184		776658




SCHEDULE 12 - INCOME FROM SALES / SERVICES:

(Rs. in lakh.)

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

SCHEDULE 13 - GRANTS / SUBSIDIES

(Rs. in lakh.)

	Current Year	Previous Year
(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:		





SCHEDULE 14 - FEES / SUBSCRIPTIONS

(Rs. in lakh)

	Current Year	Previous Year
1. Entrance Fees	NIL	
2. Annual Fees / Subscriptions		
3. Seminar / Program Fees		
4. Consultancy Fees		
5. Others (Specify)		
TOTAL:		

SCHEDULE 15 INCOME FROM INVESTMENTS

	Investment from Earmarked Fund		Investment - Others	
	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				




**SCHEDULE-16 INCOME FROM ROYALTY, PUBLICATION,
SALE OF DATA BY DGH ETC.**

(Rs.in lakh)

	Current Year	Previous Year
1. Income from Royalty	-	-
2. Income from Publications	-	-
3. Others - Sale of data by DGH	106	514
TOTAL:	106	514

SCHEDULE 17 - INTEREST EARNED

(Rs.in lakh)

	Current Year	Previous Year
1. On Term Deposits:		
a) With Scheduled Banks(FDRs)	16529	7210
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	552	244
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	10	1
b) Oil Companies	36674	51519
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation advance	0	0
b) Interest on Income Tax refund	67	0
TOTAL:	53832	58974
Note - Tax deducted at source.	5379	5578



SCHEDULE 18 - OTHER INCOME

(Rs. in lakh)

	Current Year	Previous Year
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	0	3
5. Miscellaneous Income (i) Rental Income - Rs. 424.00	530	1289
(ii) Refund of unspent Grant - Rs. 106.00		
TOTAL:	530	1292

**SCHEDULE 19 -
INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS**

(Rs. in lakh)

	Current Year	Previous Year
a) Closing Stock	NIL	
- Finished Goods		
- Work-in-progress		
b) Less: Opening Stock		
- Finished Goods		
- Work-in-progress		
NET INCREASE (DECREASE) (a+b)	-	-

SCHEDULE 20 - ESTABLISHMENT EXPENSES

(Rs. in lakh)

	Current Year	Previous Year
a) Salaries and Wages	279	209
b) Allowances and Bonus	34	26
c) Contribution to Provident Fund	0	0
d) Contribution to OIDB Employees Group Gratuity and Pension Fund	137	20
e) Staff Welfare Expenses including medical expenses	17	17
f) Expenses on Employees' Retirement and Terminal Benefits	19	11
g) Others	1	2
TOTAL:	487	284




SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES ETC.

(Rs.in lakh)

		Current Year	Previous Year
a) Purchases		0	0
b) Labour and processing expenses		0	0
c) Cartage and Carriage Inwards		0	0
d) Electricity and power		443	398
e) Water Charges		2	1
f) Insurance		1	2
g) Repairs and maintenance		171	166
h) Excise Duty		0	0
i) Rent, Rates and Taxes		25	25
j) Vehicles Running and Maintenance		12	13
k) Postage, Telephone and Communication Charges		5	5
l) Printing and Stationery		7	11
m) Misc. expenses		4	8
n) Expenses on Seminar / Workshops		4	3
o) Subscription Expenses		0	0
p) Expenses on Fees		0	0
q) Auditors Remuneration		0	1
r) Hospitality Expenses		0	0
s) Professional Charges		59	24
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		8	4
z) Others - Prior Peirod Expenditure	1239	1507	280
Others	269		
TOTAL:	1507	2248	941



SCHEDULE 22 - EXPENDITURE ON GRANTS, SUBSIDIES ETC.

(Rs.in lakh)

	Current Year	Previous Year
a) Grants given to Institutions / Organizations (Annexure -III -a)	31452	57638
b) Assistance for Govt./ OI DB sponsored Schemes & Projects (Annexure-III-b)	100	0
TOTAL:	31552	57638
Note - Name of the Entities along with the amount of Grants / Subsidies are disclosed in Annexure- III (a) & (b).		

SCHEDULE 23 - INTEREST PAID

(Rs.in lakh)

	Current Year	Previous Year
a) On Fixed Loans	0	0
b) On Other Loans (including Bank Charges)	0	0
c) Others	0	0
Total	0	0

SCHEDULE 24 - PAYMENT OF ROYALTY TO STATE GOVERNMENTS

(Rs.in lakh)

	Current Year	Previous Year
Govt. of Arunachal Pradesh	0	0
Govt. of Gujarat	0	0
Total	0	0





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.

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

- (a) As against disclosures of Rs 10.80 lakhs TDS claims during 2015-16, the claims on accounts of TDS for 2016-17 are revised to Rs. 10.88 lakhs on the basis of default summary downloaded from TRACES (Income Tax Department). These claims are pertaining to the A.Y. 2008-09 to A.Y. 2017-18 as per following details:-

Assessment Year	Amount (Rs. In Lakhs)
2008-09	2.76
2009-10	0.05
2010-11	3.66
2011-12	2.53
2013-14	0.33
2014-15	0.17
2015-16	1.06
2016-17	0.32
Total	10.88

The above claims have not been reflected in the accounts as OI DB is contemplating to file an appeal before AO (TDS).

- (b) There is an Arbitration case between OI DB and M/s Godrej & Boyce Mfg. Co. Ltd. arising out of execution of Interior work for G+3 block of OI DB Bhawan. The Arbitrator delivered the judgment in favour of M/s Godrej & Boyce Mfg. Co. Ltd for release of an amount of Rs.62.78 lakhs against Rs.180.41 lakh as claimed. The OI DB has filed a petition before the Hon'ble High Court, Delhi against the judgment of arbitrator. In view of this, the provision for the same has not been made in the accounts.





- (c) Income Tax for various assessment years against which appeals are lying pending with various authorities as detailed below:

Sl. No.	Assessment Year	Amount involved in appeal pending u/s 271(1) (C) (Rs. In crore)	Status of the case	Amount involved in appeal pending u/s 143(3) (Rs. In crore)	Status of the case
1	2005-06	1.76	Appeal is pending before ITAT	-	
2	2006-07	1.85	Appeal is pending before ITAT	-	
3	2007-08	1.40	Appeal is pending before ITAT	-	
4	2008-09	4.52	Appeal is pending before CIT(A)	5.63	Case has been set aside by ITAT to AO and no further notice is received till date.
5	2010-11	22.77	Appeal is pending before CIT(A)	28.97	Case has been set aside by ITAT to AO and no further notice is received till date.
6	2011-12			28.54	Appeal is pending before ITAT
7	2012-13			20.51	Appeal is pending before ITAT
8	2013-14			3.85	Appeal is pending before CIT(A)
9	2014-15			14.71	Appeal is pending before CIT(A)
TOTAL		32.30		115.20	

Further for AY 2009-10, Tax department was in appeal before ITAT and for which the case has been set aside to assessing officer hence the contingent liability of the corresponding amount of Rs 17.74 crores shall be created.





2. COMMITMENTS

Capital

- A) The value of the final bills amounting to Rs.331 lakhs (approx.) has not been considered for want of clarifications from PMC and contractors.
- B) (i) As per the directions of the Government, Rs.383256 lakh is to be funded by OIDB for construction of "Strategic Crude Oil Storages" by Indian Strategic Petroleum Reserves Ltd (ISPRL) and remaining cost of Rs.26579 Lakh is to be provided by HPCL as its share of proportionate cost.
- (ii) OIDB has paid Rs.368538 lakhs (Previous Year Rs.358700 lakhs) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment as equity in the Company up to end of March 2018. The company has already allotted and issued 3652564670 share certificates of Rs.10/- each for the total amount of Rs.3652564700/-. The remaining amount of Rs.3283 lakh is pending for allotment of shares as on 31.03.2018.

3. CURRENT ASSETS, LOANS & ADVANCES

- a) Loan Amounting to Rs 32.76 Cr. given to Bienco Lawrie Ltd has been converted into equity of OIDB in the company on the directions of government. The Share certificate has also been received. After conversion of this loan into equity, the total equity of OIDB in Bienco Lawrie Ltd has been enhanced from Rs.17.58 crore to Rs.50.34 Crore which is 67.33% of the total equity of the company.

CCEA had also approved reduction of equity capital of BLL from Rs.74.76 Crore to Rs.15.16 Crore by setting off accumulated losses to the extent of Rs.59.60 Crore. The reduction in the equity capital of BLL would entail a loss to OIDB to the tune of Rs. 40.13 Crore due the fact that OIDB's equity of Rs.50.34 Crore would be slashed to Rs. 10.21 crore at the ratio of 4.93:1.

The matter relating to writing off of OIDB losses due to reduction in equity capital of BLL will be taken up to the OIDB Board/Central Government for approval after BLL has complied with requirement of Company Act. After getting Central Government approval, the loss will be provided in the books of Accounts of OIDB as per Accounting Standard-13 of ICAI.

- b) Rs.2443 lakh from Canfina and Rs.268 lakh from Bienco Lawrie towards interest was recoverable. The matter relating to securities under UTI 1964 Scheme Units is under litigation. As the recovery of these amounts remains doubtful, the same has already been provided in the accounts as 'doubtful debt' earlier.
- c) The OIDB has decided not to charge any rent and maintenance charge from its grantees institutes. Therefore neither any recovery has been made from the grantee institutions nor did any recoverable amount is provided in the accounts towards rent & maintenance charges from the grantee institutions. Since ISPRL is the wholly owned subsidiary of OIDB, no rent charges are taken from ISPRL also.





4. TAXATION

- (a) As OIDB is a tax paying entity under Income – tax Act 1961 and therefore provision for Income tax has been considered necessary. The attached Profit & Loss Account (**Annexure- I**) has been prepared for arriving at the amount of income tax payable to Income Tax Department after being notified as an eligible institute for deduction under Section 36(1) (xii) of Income Tax Act.
 - (c) During the financial year 2016-2017, Income Tax Department raised a demand of Rs 14.71 crores u/s 143 (3) for A.Y.2014-15 and the same has been adjusted against the refund of AY 2015-16. However for the additions made by the department for AY 2014-15, appeal is pending before CIT(A).
5. The Board is claiming prior period expense of Rs 1239 lakhs during the year which includes expenses pertaining to DFR phase II project of Rs 1236 lakhs of ISPRL.
 6. Proportionate cost of telephone, Facility Management, Electricity and diesel Charges as incurred by OIDB during the year have been debited to the ISPRL.
 7. Interest form BLL amounting to Rs 95.16 lakhs has not been recorded in Income as per clause 6 of Sch -25 Significant accounting policy of the Balance sheet.
 8. (i) In terms of the provisions of the AS-15, issued by the ICAI for creation of Superannuation and Gratuity Fund for retirement benefits of its existing employees, the Board has created two separate trusts Viz. 'OIDB Employees Superannuation Scheme' and "OIDB employees Gratuity Scheme"
(ii) OIDB has applied for the exemption to Income Tax Department under Part 'B' and part 'C' of the fourth schedule of Income Tax Act, 1961 for its contribution to the "OIDB employees Gratuity Scheme" and "OIDB employees Superannuation Scheme", respectively. The same is awaited.
 9. Accounting standards as issued by the Institute of Chartered Accountants of India have been followed, wherever applicable.
 10. Schedules 1 to 26 are annexed and form an integral part of the Income & Expenditure Account & Balance Sheet as at 31st March 2018.
 11. Figures in Balance sheet, Income & Expenditure account, Profit & Loss Account and Schedules have been rounded off to nearest lakh of Rupees. Corresponding figures for the previous years have been regrouped /rearranged wherever necessary.

For and on behalf of OIDB

Sd/-
(Ajay Srivastava)
FA&CAO

Sd/-
(Ashish Chatterjee)
SECRETARY

DATE :
PLACE : NEW DELHI



ANNEXURE-I

(Ref.Schedule 26, note no.4(a))

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

(Rs. in lakh)

Particulars	Sch No.	2017-18	2016-17
Income			
Interest Income	17	53832	58974
Income from Investment	15	0	0
Other income	16 & 18	636	1806
Total		54468	60780
Expenditure			
Expenses on direct operation	22 & 24	31552	57638
Salaries and amenities to staff	20	487	284
Administrative expenses	21	2248	941
Depreciation on Fixed Assets	8	991	623
Total		35277	59487
Profit for the year		19191	1293
Profit before tax		19191	1293
Less : Provision for taxation		6523	438
Net Profit after tax carried to balance sheet		12668	855
Significant Accounting Policies & Notes on Accounts	25 & 26		

For and on behalf of OI DB

Sd/-
(Ajay Srivastava)
FA&CAOSd/-
(Ashish Chatterjee)
SECRETARY

DATE :

PLACE : NEW DELHI




ANNEXURE - II

(Refer Schedule-11(B))

DETAILS OF OUTSTANDING BALANCE OF LOAN AS ON 31st MARCH, 2018 FROM OIL PSUS

(Rs. in lakh)

Sl. No.	Name of the Company	O.B. as on 01.04.2017	Loan Disbursed during 2017-18	Loan received Back during 2017-18	C.B. as on 31.03.2018
1	IOCL	157475	0	68831	88644
2	BPCL	179513	0	43718	135795
3	HPCL	28375	0	9569	18806
4	BCPL	129079	15758	12650	132187
5	BLL	1200	0	0	1200
6	MRPL	25000	0	17500	7500
7	GAIL Gas Ltd.	13867	3557	2056	15368
	Total	534509	19315	154325	399500

ANNEXURE-III (a)

(Reference Schedule-22)

STATEMENT SHOWING PAYMENTS OF GRANTS DURING 2017-18

(Rs. in lakh)

Sl. No.	Name of the Institutes	2017-18	2016-17
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	18950	12153
2	Petroleum Conservation Research Association	4388	4125
3	Centre for High Technology	3212	1982
4	Petroleum Planning & Analysis Cell	2134	2082
5	Oil Industry Safety Directorate	1639	1606
	Total (A)	30323	21948
B	R & D Grants		
6	NGHP-II	0	32102
7	IOCL (INDADepts R&D Centre), Faridabad	1043	3588
8	Oil India Limited- Fee paid Single Member Committee	41	0
9	NGRI	45	0
	Total (B)	1129	35690
	Total (A+B)	31452	57638





ANNEXURE-III (B)

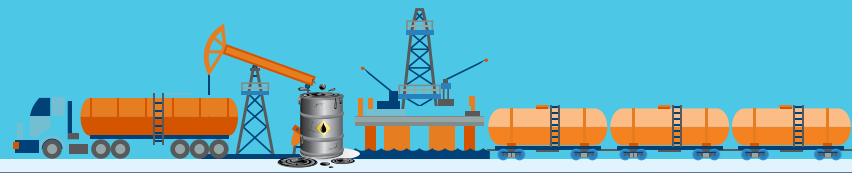
(Reference Schedule-22)

**EXPENDITURE ON SCHEMES/PROJECTS SPONSORED
BY GOVT. OF INDIA/OIDB DURING 2017-18**

(Rs. In lakh)

Sl.No.	Name of the Institutes	2017-18	2016-17
1	Hydrocarbon Sector Skill Council	100	0
	Total (C)	100	0





CHAPTER
8

**Audit Report of
the Comptroller &
Auditor General of
India**





SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ANNUAL ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD, NOIDA FOR THE YEAR ENDED 31 MARCH 2018.

We have audited the attached Balance Sheet of Oil Industry Development Board (OIDB) as at 31 March 2018 and the Income & 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. 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 This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best practices, accounting standards and disclosure norms etc. Audit observations on financial statements with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through Inspection Report/CAG's Audit Reports separately.

3 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. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. This 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.

4. Based on our audit, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. The Balance Sheet and Income & Expenditure Account dealt with by this Report have been drawn up in the form of the format for Autonomous Bodies prescribed by C&AG of India in the year 2007.
- iii. 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.
- iv. We further report that:

A. Comments on Accounts

- a) Balance Sheet: Liabilities: Current Liabilities and Provisions (Schedule-7): Rs.7296 lakhs

The above is understated by Rs.6.63 lakh due to the following:

- i) Non-provision of Rs.4.41 lakh being the amount of penal interest accrued on the bridge loan. Though payment of penal interest was not forthcoming. Considering the poor financial condition of BLL, there was no reasonable certainty that the penal interest amount would be recovered.
- ii) Non-provision of Rs.2.22 lakh being the amount of claims of M/s. Sterling &





Wilson for operation & maintenance of electrical system charges received in OIDB in the month of March 2018.

Non-provision of the above also resulted in overstatement of 'Excess of Income over Expenditure' by Rs.6.63 lakh.

b) Investments (Schedule-10)– Others: Rs.370290 lakh:

The above is overstated by Rs.4013 lakh due to non-reduction of equity investment in M/s Biecco Lawrie Limited in line with the decision of Cabinet Committee on Economic Affairs. Consequently, 'Excess of Income over Expenditure' is also overstated by the same amount.

c) Current Asset, Loans, Advances etc. (Schedule 11): Rs.785184 lakh

The above is overstated by Rs.1200 lakh due to non-provision of bridge loan given to Biecco Lawrie Limited (BLL) though payments of installments were not forthcoming. Considering the poor financial condition of BLL, there was no reasonable certainty that the loan amount would be recovered. As a result, 'Excess of Income over Expenditure' is also overstated by the same amount.

d) Significant Accounting Policies (Schedule 25)

Reference is invited to significant accounting policy No.6 regarding income, which *inter-alia* stipulated that 'Interest and other income are accrued in 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. The aforesaid accounting policy is contrary to accounting policy No.1 which *inter-alia* stipulated that the financial statements are prepared on the basis of accrual method. It is pertinent to mention here that Rs.2443 lakh from canfina and Rs.268 lakh from BLL towards interest have been accounted for by OIDB. As the recovery of these amounts was doubtful, suitable provisions have been made in the accounts. In view of above, the significant accounting policy No.6 should be rectified as under:

"Interest and other income are accounted for on accrual basis in case of Performing/Non-performing Assets. Performing assets are those on which the accrued income is realized within 90 days from the date of its accrual. In case of non-performing assets, suitable provisions are made in the accounts for accrued income".

In addition to above, due to deficient significant accounting policy, OIDB had not accounted for Rs.95.16 lakh being the interest accrued on the loan disbursed to M/s.BLL which was considered as non-performing asset during the year 2017-18. As such, the amount of interest accrued from BLL should have been accounted for in the accounts and then suitable provision should have been made in the accounts for the year 2017-18.

e) General

As per Para 7.01 of 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 in a uniform format. This requires that the accounts 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 prepared despite comments in Separate Audit Report of CAG of India for the years 2015-16 and 2016-17.

B. Grant-in-aid

OIDB has not received any grant from Government and Government agencies during the year 2017-18.

C. Management Letter

Deficiency which have not been included in the Audit Report have been brought to the notice of Secretary, Oil Industry Development Board through a Management Letter issued separately for remedial / corrective action.

- v. Attention is also drawn to the significant matters stated in Annexure to this Report.
- vi. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income & Expenditure Account dealt with by this Report are in agreement with the books of accounts.
- vii. 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 on Accounts, and subject to matters mentioned in the Annexure-I to this Separate Audit Report, 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 the Oil Industry Development Board as at 31 March 2018; and
 - b) In so far as it relates to Income & Expenditure Account, of the excess of expenditure over income for the year ended on that date.

For and on behalf of C&AG of India
Sd/-

Roop Rashi
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-II, Mumbai

Place : Mumbai
Date : 24 December,2018





**Annexure
(Referred to in Para 4 (v))**

1	Adequacy of Internal Audit System	The Internal audit of the Oil Industry Development Board for the year 2017-18 has been outsourced to external chartered Accountants firm.
2	Adequacy of Internal Control	<p>The Internal control Systems for obtaining assurance of physical progress of works undertaken by grantee institution needs to be further strengthened and formalized.</p> <p>After release of grant OIDB received utilization certificate from the grantee institutions on an annual basis along with the physical progress of the project undertaken by grantee institution. 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.</p>
3	System of Physical Verification of Fixed Assets	The fixed Assets register containing individual asset wise complete and up to date details i.e. date of purchases/ acquisition of assets, original value of assets, location of assets, additions/ deletion/ sales of assets, desperation, for each of the items of plant machinery and equipment, vehicles, furniture & fixtures, office equipment's, computer/ peripherals, elected installations etc. has not been maintained in proper manner.
4	Regularity in payment of stator dues applicable to them	As informed and reported, all taxes and statutory dues were paid in in time by OIDB time by OIDB.

Sd/-
Principal Director





CAG AUDIT OBSERVATION ON THE ACCOUNTS OF OIDB FOR THE F.Y. 2017-18 AND OIDB'S REPLY

Observations	Reply
<p>A. Comments on Accounts</p> <p>a) Balance Sheet: Liabilities: Current Liabilities and Provisions(Schedule-7): Rs.7296 lakhs The above is understated by Rs.6.63 lakh due to the following:</p> <p>(i) Non-provision of Rs.4.41 lakh being the amount of penal interest accrued on the bridge loan. Though payment of penal interest was not forthcoming. Considering the poor financial condition of BLL, there was no reasonable certainty that the penal interest amount would be recovered.</p> <p>(ii) Non-provision of Rs.2.22 lakh being the amount of claims of M/s. Sterling& Wilson for operation & maintenance of electrical system charges received in OIDB in the month of March 2018.</p> <p>Non-provision of the above also resulted in overstatement of 'Excess of Income over Expenditure' by Rs.6.63 lakh.</p>	<p>Amount of Rs.4.41 lakh being penal interest on BLL account relates to F.Y. 2016-17 and therefore there is no over statement of profit during F.Y.2017-18. Further disclosures in this respect have already been made in the notes to accounts.</p> <p>This payment relates to Electrical inspection work at OIDB Bhawan for obtaining clearances from statutory authorities for the complete electrical inspection by the electrical department of U.P.. As the said expenditure is not related to F.Y.2017-18, therefore, no provision is required and expense will be booked in current financial year 2018-19.</p>
<p>b) Investments (Schedule-10)- Others: Rs.370290 lakh:</p> <p>The above is overstated by Rs.4013 lakh due to non-reduction of equity investment in M/s Biecco Lawrie Limited in line with the decision of Cabinet Committee on Economic Affairs. Consequently, 'Excess of Income over Expenditure' is also overstated by the same amount.</p>	<p>As already replied vide letter dated 05.10.2018 (Replies of POMs no. 1 to23) that 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. The status remains same. Further, it is informed that Government of India has recently taken a decision to close BLL.</p>
<p>c) Current Asset, Loans, Advances etc. (Schedule 11): Rs.785184 lakh</p> <p>The above is overstated by Rs.1200 lakh due to non-provision of bridge loan given to Biecco Lawrie Limited (BLL) though payments of installments were not forthcoming. Considering the poor financial condition of BLL, there was no reasonable certainty that the loan amount would be recovered. As a result, 'Excess of Income over Expenditure' is also overstated by the same amount.</p>	<p>It is reiterated that in accordance with the Significant Accounting Policies schedule 25. 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.</p>





d) Significant Accounting Policies (Schedule 25)

Reference is invited to significant accounting policy No.6 regarding income, which inter-alia stipulated that Interest and other income are accrued in 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. The aforesaid accounting policy is contrary to accounting policy No.1 which inter-alia stipulated that the financial statements are prepared on the basis of accrual method. It is pertinent to mention here that Rs.2443 lakh from canfina and Rs.268 lakh from BLL towards interest have been accounted for by OIDB. As the recovery of these amounts was doubtful, suitable provisions have been made in the accounts.

In view of above, the significant accounting policy No.6 should be rectified as under:

“Interest and other income are accounted for on accrual basis in case of Performing/Non-performing Assets. Performing assets are those on which the accrued income is realized within 90 days from the date of its accrual. In case of non-performing assets, suitable provisions are made in the accounts for accrued income”.

In addition to above, due to deficient significant accounting policy, OIDB had not accounted for Rs.95.16 lakh being the interest accrued on the loan disbursed to M/s.BLL which was considered as non-performing asset during the year 2017-18. As such, the amount of interest accrued from BLL should have been accounted for in the accounts and then suitable provision should have been made in the accounts for the year 2017-18.

As already assured, the issue will be taken up with the Competent Authority for modification.





<p>e) General</p> <p>As per Para 7.01 of 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 in a uniform format. This requires that the accounts 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 prepared despite comments in Separate Audit Report of CAG of India for the years 2015-16 and 2016-17.</p>	<p>OIDB is a statutory body set up under "The Oil Industry (Development) Act 1974 with 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 is reflected 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>
<p>B Grant-in-aid</p> <p>OIDB has not received any grant from Government and Government agencies during the year 2017-18.</p>	<p>The matter of transfer of additional cess proceeds to OIDB was taken up on several occasions. However, no fresh apportionment out of the cess collected on the crude oil has been allocated to OIDB since 1992-93.</p>





**Annexure
(Referred to in Para 4 (v))**

	Observations	Reply
1	<p>Adequacy of Internal Audit System The Internal audit of the Oil Industry Development Board for the year 2017-18 has been outsourced to external chartered Accountants firm.</p>	<p>OIDB has appointed M/s R.C.Chadda & Co. to assist and provide consultancy service to OIDB in formulation of account & tax matter to ensure that accounts are prepared as per CAG norms & laid down accounting standards.</p>
2	<p>Adequacy of Internal Control The Internal control Systems for obtaining assurance of physical progress of works undertaken by grantee institution needs to be further strengthened and formalized. After release of grant OIDB received utilization certificate from the grantee institutions on an annual basis along with the physical progress of the project undertaken by grantee institution. 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.</p>	<p>The Bulk of the grant released by OIDB to its grantee institution is to meet its Wages & Salary, Office and other administrative expenses. No assets created out of this grant except office equipment like, computer, Fax machine, Photocopier machine etc., which have a limited life. The asset register in respect of these items is maintained by the grantee institutions. As regards monitoring of proper grant is concerned, Board is apprised of the status of Utilization of grants in its various meeting. Further, OIDB has devised a Performa which includes details of head-wise approved budget and expenditure incurred till previous month & demand for the current month. All proposals are received in the prescribed Performa (Annexure-I) and are examined with respect of approved head wise budget before releasing grants. Scrutiny of these details enables OIDB to ensure that neither the expenditure is incurred in excess of the budgeted grant nor there is idling of funds because fresh grants depend upon the progress of utilization of grants received till the previous month. At the end of the financial year Utilization Certificate is also obtained as per GFR prescribed format along with audited statements of accounts.</p>
3	<p>System of Physical Verification of Fixed Assets The fixed Assets register containing individual asset wise complete and up to date details i.e. date of purchases/ acquisition of assets, original value of assets, location of assets, additions/ deletion/ sales of assets, depreciation, for each of the items of plant machinery and equipment, vehicles, furniture & fixtures, office equipment's, computer/ peripherals, elected installations etc. has not been maintained in proper manner.</p>	<p>OIDB maintains assets and inventory register containing information, such as, item description, location, quantity, cost, purchase order, vendor details etc. However, assets and inventory information are being re-classified as per requirement of GFR-22, Rule-211(ii) (a). The last physical verification of assets and numbering/ coding was done during 2015-16 and the same was not undertaken during 2016-17 & 2017-18 as there was no major acquisition of assets. However, suggestion of Audit has been noted and will be complied with.</p>
4	<p>Regularity in payment of stator dues applicable to them As informed and reported, all taxes and statutory dues were paid in time by OIDB.</p>	<p>All Statutory dues have been remitted on time. By OIDB account.</p>

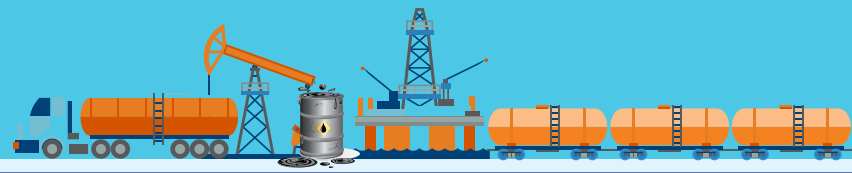




CHAPTER
9

Indian Strategic
Petroleum Reserves
Limited





Board of Directors

Shri K.D. Tripathi	Chairman	(w.e.f. 17.07.2015)
Shri Anant Kumar Singh	Director	(till 11.05.2017)
Shri A.P. Sawhney	Director	(till 22.06.2017)
Shri Rajiv Bansal	Director	(w.e.f. 18.08.2017)
Shri Sunjay Sudhir	Director	(w.e.f. 27.12.2016)
Shri Ashish Chatterjee	Director	(w.e.f. 27.12.2016)
Shri Rajan K. Pillai	CEO & MD	(till 01.06.2017)
Shri H.P.S. Ahuja	CEO & MD	(w.e.f 02.06.2017)
Smt. Sangita Gairola	Independent Director	(till 27.03.2018)
Shri S.B. Agnihotri	Independent Director	(till 27.03.2018)





CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri H.P.S. Ahuja

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. : 91-120-2594661, 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 : 0891-2574056

Mangalore Project Office

Chandrasahas Nagar, Kalavar Post.,
Bajpe via, Mangaluru-574142,
Phone : 0824-6066100

Padur Project Office

PO : Padur, Via Kaup, Distt. Udipi - 574 106
Karnataka
Phone : 0820-2576683





DIRECTOR'S REPORT

To,

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

The Board of Directors of your Company is pleased to present the 14th Annual Report on the working of the Company for the Financial Year ended 31st March, 2018 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, 2018 are as under:

S.No.	Particulars	Figures in Lakhs	
		As at 31 st March, 2018	As at 31 st March, 2017
(A)	Opening Balance of Work In Progress as on 1 st April 2017	152,106.27	242,369.42
(B)	Pre-Operative Expenses during the year	5,266.85	(-) 90,263.15
(C)	Net Increase in Fixed Assets (PPE)	65.32	105,467.55
(D)	Net Non-current Assets	13,597.40	17,070.66
(E)	Net Current Assets	724.76	(-) 5,689.56
(F)	Accumulated Loss/ Profit	(-)16,595.39	(-)10,587.47
Total (A+B+C+D+E+F)		155,165.21	258,367.44
Net Non-current Assets {(i)-(ii)}		13,597.40	17,070.66
(i) Non-Current assets (Long term Loans & Advances)		13,617.12	17,084.20
(ii) Non-Current Liabilities		19.68	13.54
Net Current Assets {(i)-(ii)}		724.76	(-) 5,689.56
(i) Current Assets		4,996.60	5,525.75
(ii) Current Liabilities		4,271.84	11,215.31

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 on proportionate cost sharing basis). The locations selected for creating the strategic storages are, Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT).

The total revised cost of the projects stands at ₹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 ₹4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17. Out of these funds, Visakhapatnam one compartment of 1.03 MMT and Mangalore Cavern one compartment of 0.75 MMT have been filled.

Your company has taken various initiatives in furtherance of its objectives. The status of the projects is as under:

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

The Visakhapatnam Cavern was commissioned in 2015. The facility has two compartments Cavern A (1.03 MMT) and Cavern B (0.3 MMT). Cavern A is for Strategic crude oil and is filled by funds made available by the Government of India. HPCL has taken the cavern B on proportionate cost sharing basis. This is being regularly used by HPCL for its refinery operations at Visakhapatnam. A Joint Ownership agreement was signed with HPCL on 27th April, 2017.



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 S K Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV) and the process facilities by M/s Punj Lloyd. The facility has two compartments of 0.75 MMT each.





- Mangalore Cavern B was commissioned in the month of October 2016. The total Value of Crude oil is approx. 1726 Crores. For filling cavern A of Mangalore the Restated Oil Storage and Management Agreement was signed on 10th February, 2018 with ADNOC at Abu Dhabi on the sidelines of the visit of Hon'ble Prime Minister of India. First VLCC shipment of Crude oil for Mangalore was flagged off from Abu Dhabi on 12th May, 2018 by Hon'ble Minister of Petroleum and Natural Gas and received at Mangalore on 19th May, 2018.



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 village of Udupi District. This is the largest project executed by ISPRL.

Pre commissioning check completed at Padur, commissioning activities are in progress. Govt, approval to transfer crude oil from Mangalore Cavern B to Padur for commissioning received on 16.08.2018. OISD clearance for 42" Inch Crude oil pipeline from Mangalore to Padur has been received on 21.08.2018.





Cavern 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 program. Investor meet was held on 8-9th June, 2015 wherein various oil and infrastructure companies participated.

The Union Cabinet gave "In Principle approval for establishing 6.5 MMT Strategic Petroleum Reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) Karnataka including dedicated SPM's for the two SPR's. The 'In Principal' approval is to take up the project under PPP model to reduce budgetary support of Government of India.





DIVIDEND

Your Board of Directors does not recommend any Dividend for the Financial Year ended 31st March, 2018.

TRANSFER TO RESERVES

The losses made during the financial year 2017-18 has been transferred to the reserves of the Company for the financial year ended 31st March, 2018.

PUBLIC DEPOSITS

Your Company has not invited, accepted or renewed any fixed deposit from the public as on 31st March, 2018 and accordingly there is no principal or interest outstanding in respect thereof.

AUDIT COMMITTEE

The Board has constituted the Audit Committee consisting of three Directors namely Shri S.B. Agnihotri, Independent Director, Chairman, Audit Committee; Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG / Director, ISPRL, Member-Audit Committee and Smt. Sangita Gairola, Independent Director, Member-Audit Committee. The tenure of both the Independent Directors completed on 27th March, 2018 and the Board reconstituted the Audit Committee on 4th May, 2018 consisting of Shri Rajiv Bansal, Additional Secretary and Financial Advisor, MoP&NG / Director, ISPRL as Chairman-Audit Committee and Shri H.P.S. Ahuja, CEO & MD, ISPRL as Member-Audit Committee.

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted the Nomination and Remuneration Committee (NRC) consisting of three Directors namely Smt. Sangita Gairola, Independent Director, Chairperson-NRC; Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG / Director, ISPRL, Member-NRC and Shri S.B. Agnihotri, Independent Director, Member-NRC. The tenure of both the Independent Directors completed on 27th March, 2018 and the Board reconstituted the NRC on 4th May, 2018 consisting of Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG / Director, ISPRL as Chairman-NRC and Shri H.P.S. Ahuja, CEO & MD, ISPRL as Member-NRC.

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted the Corporate Social Responsibility (CSR) Committee consisting of three Directors namely Smt. Sangita Gairola, Independent Director, Chairperson-CSR Committee; Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG / Director, ISPRL, Member-CSR Committee and Shri S.B. Agnihotri, Independent Director, Member-CSR Committee. The tenure of both the Independent Directors completed on 27th March, 2018 and the Board reconstituted the CSR Committee on 4th May, 2018 consisting of Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG / Director, ISPRL as Chairman-CSR Committee and Shri H.P.S. Ahuja, CEO & MD, ISPRL as Member-





CSR Committee.

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

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**.

MEETINGS OF THE BOARD

The Board of Directors of the Company met five times in the financial year 2017-18 as per the following details :

- (i) 02nd May, 2017
- (ii) 14th June, 2017
- (iii) 06th September, 2017
- (iv) 09th November, 2017
- (v) 22nd February, 2018

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

CHANGE IN THE NATURE OF BUSINESS

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

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

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

RISK MANAGEMENT

Effective risk management is critical for the continued success of the Company. The Company has a risk management policy to identify risk associated with the Company operations and to take appropriate corrective steps to minimize the risks. The major risks associated with Company are related to crude oil receipt, storage and delivery. These risks are mitigated by adopting standard operating procedures and adequate insurance cover.





KEY MANAGERIAL PERSONNEL

The following were the Whole-time Key Managerial Personnel during the year under review:

- (a) CEO & Managing Director – Shri Rajan K. Pillai (till 1st June, 2017)
- (b) CEO & Managing Director – Shri H.P.S. Ahuja (from 2nd June, 2017)
- (c) Chief Financial Officer – Shri S.R. Hasyagar (till 23rd May, 2017)
- (d) Chief Financial Officer – Shri Gautam Sen (from 24th May, 2017)
- (e) Company Secretary – Shri Arun Talwar

REMUNERATION

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. No remuneration was paid to ex-officio director nominated by MOP&NG. Independent Directors were paid fees for attending the meetings as approved by the Board. The CEO & MD and other officers of the Company are on deputation from oil sector PSUs.

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.

COST AUDIT

In terms of Section 148 of the Act, the Company is not required to have the audit of its cost records conducted by a Cost Accountant.

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, 2018 (**Annexure-B**). The Auditors Report to the Shareholders does not contain any qualification.

C&AG, on the basis of supplementary audit conducted under Section 143 (6) (a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2018 have made two observations under Section 143 (6) (b) of the Companies Act, 2013. The observation of the C&AG along with Management reply thereto is attached as **Annexure-D**.





SECRETARIAL AUDIT :

During the year, the Board of the Company had appointed M/s S. N. Agrawal & Co., Company Secretaries in Whole-time Practice (C.P. No. 3581), 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 2017-18. 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 & Mangalore cavern and Padur cavern is under commissioning. 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 7.99 Lakh during the period under review.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements during the period under review.

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 thereto covering all the aspects as contained in "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the said Act. During the year under review, the Company did not receive any complaint under the said Act.

BOARD EVALUATION

The performance evaluation of the individual Directors, Board and its Committees was carried out as per the Board Performance Evaluation Policy approved by the Board.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, there has been no instances of fraud reported by Auditors under Section 143 (12) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan was given or investments were made by ISPRL during the year 2017-18. ISPRL has given three Bank Guarantees of 1.68 Crore to Deputy Commissioner, Commercial Tax Deptt., Mangalore w.r.t. Entry Tax matters as on 31st March, 2018.

RELATED PARTY TRANSACTIONS





All related party transactions were limited to Equity capital participation by OIDB and payment of managerial remuneration to CEO & MD, ISPRIL, CFO, ISPRIL and Company Secretary, ISPRIL. The transactions with the related parties are in the ordinary course of business and are on Arm's Length basis and are not material in nature.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARDS

The applicable Secretarial Standards issued by The Institute of Company Secretaries of India have been duly complied by the Company.

A copy of the Annual Return of the Company shall be placed on the website of the Company www.isprilindia.com

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, confirm that :

- (1) in preparation of Annual Accounts, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- (2) they have selected such 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, 2018 and of the Profit and Loss of the Company for that year;
- (3) they 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) they have prepared the annual accounts on a “going concern” basis.
- (5) they 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 comprises of four part-time Non-Executive Directors and one full-time CEO & MD as on 31st March, 2018, details are given below:

- (1) Shri K.D. Tripathi, Secretary, Ministry of Petroleum and Natural Gas (MoP&NG) – Chairman (DIN 07239755)
- (2) Shri Rajiv Bansal, Additional Secretary & Financial Advisor, MoP&NG – Director (DIN 00245460)
- (3) Shri Sunjay Sudhir, Joint Secretary (IC), MoP&NG- Director (DIN 07396936)
- (4) Shri Ashish Chatterjee, Joint Secretary (GP), MoP&NG- Director (DIN 07688473)
- (5) Shri Shri H.P.S. Ahuja, Chief Executive Officer & Managing Director (DIN 07793886)





The following changes took place in the Board of Directors since 1st April, 2017:

- (1) Shri Anant Kumar Singh, Additional Secretary & Financial Advisor, MoP&NG – Director (DIN 07302904) (ceased w.e.f 11/05/2017)
- (2) Shri A.P. Sawhney, Additional Secretary, MoP&NG - Director (DIN 03359323) (ceased w.e.f 22/06/2017)
- (3) Shri Rajan K. Pillai, Chief Executive Officer & Managing Director (DIN 06799503) (ceased w.e.f 01/06/2017)
- (4) Smt. Sangita Gairola, Independent Director (DIN 07172316) (ceased w.e.f. 27/03/2018)
- (5) Shri S.B. Agnihotri, Independent Director (DIN 03390553) (ceased w.e.f. 27/03/2018)
- (6) Shri H.P.S. Ahuja, Chief Executive Officer & Managing Director (DIN 07793886) (appointment w.e.f. 02/06/2017)
- (7) Shri Rajiv Bansal, Additional Secretary and Financial Advisor, MoP&NG – Director (DIN 00245460) (appointment w.e.f. 18/08/2017)

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/-
(Kiran Vasudeva)
Director
(DIN# 06419718)

Sd/-
(H P S Ahuja)
CEO & MD
(DIN# 07793886)

Date: 15.11.2018

Place: New Delhi




FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018 [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 : 0120-2594661 Fax : 0120-2594643
- (vi) Whether listed company - No
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any – NA

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.

Sl.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.	--	--	--

III. PARTICULARS OF HOLDING COMPANY

Sl.No.	Name and Address of the Company	PAN No.	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	Oil Industry Development Board	AAAJO0 032A	Holding	100	2(46)





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

i) Category-wise Share Holding

Category of Shareholders	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									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	NIL	357.44	357.44	100	NIL	368.11	368.11	100	2.99
e) Banks/FI									
f) Any Other..									
Sub-total (A) (1):-	NIL	357.44	357.44	100	NIL	368.11	368.11	100	2.99
(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):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	NIL	357.44	357.44	100	NIL	368.11	368.11	100	2.99
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 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of 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	357.44	357.44	100	NIL	368.11	368.11	100	2.99





(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	357.44	100	NIL	368.11	100	NIL	2.99

* 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	357.44	100	357.44	100
	Allotment of Shares	<u>Allotment of Shares</u> i) 14/06/2017 2 Crore ii) 06/09/2017 4.689 Crore iii) 09/11/2017 1.130 Crore iv) 22/02/2017 2.850 Crore			
	At the end of the year	368.11	100	368.11	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	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Shareholding 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 (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(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 Shareholding 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 (In Lakh)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	NIL	746.71	NIL	746.71
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	746.71	NIL	746.71
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction		746.71		746.71
Net Change	NIL	746.71	NIL	746.71
Indebtedness at the end of the financial year				
(i) Principal Amount	NIL	NIL	NIL	NIL
(ii) Interest due but not paid				
(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	Name of MD/WTD	Total Amount ₹ In Lakh
		Shri Rajan K Pillai* CEO & MD (01.04.2017 to 01.06.2017)	Shri H.P.S. Ahuja, CEO & MD* (02.06.2017 to 31.03.2018)	
(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	₹ 4.84 (a +b +c)	₹ 56.87 (a +b +c)	₹ 61.71 (a +b +c)
(2)	Stock Option	NA	NA	NA
(3)	Sweat Equity	NA	NA	NA
(4)	Commission - as % of profit - others, specify...	NA	NA	NA
(5)	Others, please specify	NA	NA	NA
	Total (A)	₹ 4.84	₹ 56.87	₹ 61.71
	Ceiling as per the Act	₹ 156.54 Lakh		

*Based upon actual debit notes received from the parent company of the officer.




B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (₹ in Lakh)
	(1) Independent Directors	Smt. Sangita Gairola	Shri S.B. Agnihotri	
	• Fee for attending board committee meetings • Commission • Others, please specify	₹ 1.98	₹ 2.16	₹ 4.14
	Total (1)	₹ 1.98	₹ 2.16	₹ 4.14
	(2) Other Non-Executive Directors			
	• Fee for attending board committee meetings • Commission • Others, please specify	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B) = (1 + 2)	₹ 1.98	₹ 2.16	₹ 4.14
	Total Managerial Remuneration	₹ 65.85		
	Overall Ceiling as per the Act	₹ 156.54		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹ in Lakh)	
		CEO	CFO*			CS*
			Sh. S.R. Hasyagar (01.04.17 to 23.05.17)	Sh. Gautam Sen (24.05.17 to 31.03.18)		
(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.	₹ 6.01 (a+b +c)	₹ 29.59 (a+b +c)	₹ 41.63 (a+b +c)	₹ 77.23 (a+b +c)
(2)	Stock Option	NA	NA	NA	NA	NA
(3)	Sweat Equity	NA	NA	NA	NA	NA
(4)	Commission - as % of profit - others, specify...	NA	NA	NA	NA	NA
(5)	Others, please specify	NA	NA	NA	NA	NA
	Total		₹ 6.01	₹ 29.59	₹ 41.63	₹ 77.23

*Based upon actual debit notes received from the parent company of the officer.





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	--	--	--	--	--





(Annexure-I)

Details of the meeting of the Board Committees and Board and number of meetings attended by the Directors:

AUDIT COMMITTEE:

The Audit Committee held two meetings in the financial year 2017-18. These meetings were held on 12th May, 2017 and 2nd August, 2017. The Director's attendances at the Audit Committee meetings are as follows:

Sl. No.	Members	Designation	No. of meetings attended in FY 2017-18
1	Shri S. B. Agnihotri	Chairman	2
2	Shri Sunjay Sudhir	Member	2
3	Smt. Sangita Gairola	Member	2

NOMINATION AND REMUNERATION COMMITTEE (NRC):

The NRC held four meetings in the financial year 2017-18. These meetings were held on 7th April, 2017, 12th May, 2017, 2nd August, 2017 and 28th November, 2017. The Director's attendances at the Audit Committee meetings are as follows:

Sl. No.	Members	Designation	No. of meetings attended in FY 2017-18
1	Smt. Sangita Gairola	Chairperson	4
2	Shri Sunjay Sudhir	Member	4
3	Shri S. B. Agnihotri	Member	4

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

No meeting of CSR Committee held during the financial year 2017-18.





BOARD OF DIRECTORS:

The Board of Directors of the Company held five meetings in the financial year 2017-18 as per the following details:

- (i) 2nd May, 2017
- (ii) 14th June, 2017
- (iii) 6th September, 2017
- (iv) 9th November, 2017
- (v) 22nd February, 2017

Sl. No.	Name of Directors	Designation	No. of Board Meetings attended during the year 2017-18
1	Shri K. D. Tripathi	Chairman	5
2	Shri Anant Kumar Singh (ceased w.e.f 11/05/2017)	Director	1
3	Shri A. P. Sawhney (ceased w.e.f 22/06/2017)	Director	2
4	Shri Rajiv Bansal (appointed w.e.f. 18/08/2017)	Director	2
5	Shri Sunjay Sudhir	Director	5
6	Shri Ashish Chatterjee	Director	4
7	Shri R. K. Pillai (ceased w.e.f. 01.06.2017)	CEO & MD (former)	1
8	Shri H.P.S. Ahuja (appointed w.e.f. 02.06.2017)	CEO & MD	4
9	Smt. Sangita Gairola (ceased w.e.f. 27/03/2018)	Independent Director	4
10	Shri S B Agnihotri (ceased w.e.f. 27/03/2018)	Independent Director	5





REVISED INDEPENDENT AUDITOR'S 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 19th July, 2018. 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.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other Comprehensive Income) and Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other Comprehensive Income) and cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 Ind AS 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 Ind AS 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 of Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018 and its Loss (financial performance including other comprehensive income) and its Cash Flows and the Changes in Equity for the year ended on that date.

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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
 - (d) in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act ;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 Ind AS financial statements – Refer Note 17.2 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 directions of C&AG 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/-

BINAY KUMAR JHA

Partner

Membership No.509220

Place : New Delhi

Date : 31.08.2018





ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph A of the Auditor's Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the Ind AS financial statements for the year ended 31st March, 2018, 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 the fixed assets were not physically verified by the management during the year and there is no regular program framed for verification of fixed assets by the company, which in our opinion, is not reasonable having regard to the size of the company and the nature of its assets.
(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 except for some acres of Padur land [Refer Note No.-23 (xxiii)]
- (II) As per the information furnished, the crude oil inventories at Vishakhapatnam and Manglore 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, GST 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 (in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	255.32	A.Y 2014-15	CIT (A), Delhi
Income Tax Act, 1961	Income Tax	220.09	A.Y 2015-16	CIT (A), Delhi
Sales Tax	Entry Tax	26.73	F.Y 2010-11	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	88.47	F.Y 2011-12	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	93.32	F.Y 2012-13	Dy Comm. Department of Commercial taxes, Bangalore
Sales Tax	Entry Tax	67.00	F.Y 2013-14	Dy Comm. Department of Commercial taxes, Bangalore
Andhra Pradesh Minor Mineral Concession Rules 1996	Royalty	11794.95	Up to 31.03.2018	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 year.
- (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 Ind AS 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

Sd/-

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 31.08.2018





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, 2018 in conjunction with our audit of the Ind AS 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 Ind AS Financial Statements.

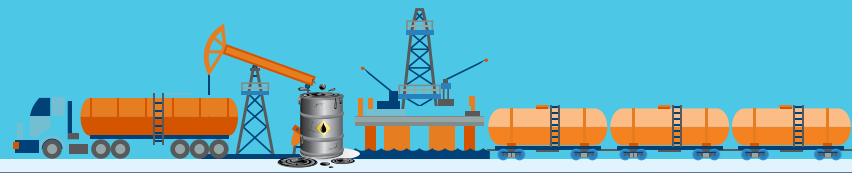
Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2018, 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

Sd/-

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 31.08.2018





ANNEXURE - C TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph C of the Auditor's Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the Ind AS Financial Statements for the year ended 31st March, 2018, we report that:

- (1) According to the information and explanation given to us the Company has facility at three locations Vizag, Padur & Manglore. Lease deeds have been registered for the locations Vizag, Padur & Manglore. Title deed in case of Padur land some acres of land is not yet executed in the name of the company [Refer Note No.23 (xxiv)]
- (2) 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.
- (3) 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

Sd/-

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 31.08.2018





SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.3.2018

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 compliances 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, 2018**, 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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'):-





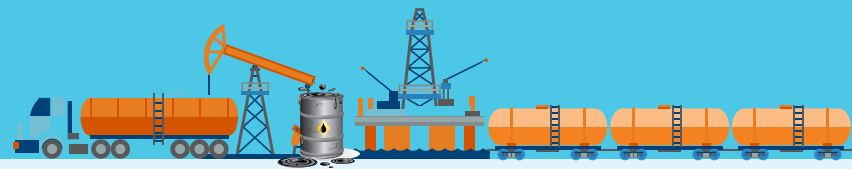
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 : N.A
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 : N.A
 - (c) The Securities and Exchange Board of India (Issue of Capital and 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
- 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) 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, and during the period Shri Satish Balram Agnihotri (DIN 03390553) and Smt Sangeeta Gairola (DIN 07172316) retired on 27-3-2018

Adequate notice along with 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 events/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 S. N. AGRAWAL & CO.
Company Secretaries

Sd/-
(SATYA NARAIN AGRAWAL)
Practising Company Secretary
(C. P. No.:3581)

Place : Noida
Date : 18.05.2018





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 S. N. AGRAWAL & CO.
Company Secretaries

Sd/-
(SATYA NARAIN AGRAWAL)
Practising Company Secretary
(C. P. No.:3581)

Place : Noida
Date : 18.05.2018





List of documents verified

- (1) Revised Memorandum of Association and Revised Articles of Association
- (2) Annual Report for the financial year ending on 31st March, 2017.
- (3) Minutes of the meetings of the Board of Directors, Audit Committee of the Board, Nomination and Remuneration Committee, CSR Committee, Independent directors meeting 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 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 April, 2017 to March 31, 2018, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under audit.
- (9) Licence to store LPG gas in pressure vessels valid upto 30.09.2022 for Mangalore location.
- (10) Consent for discharge of effluents under Water (Prevention and Control of Pollution) Act, 1974 and emission under the Air (Prevention and Control of Pollution) Act, 1981 for Mangalore facility valid till 30.06.2021.
- (11) No objection certificate for height clearance from Airports Authority of India for facility at Mangalore valid upto 26.04.2021.
- (12) Constitution of ICC under the Sexual Harassment of Women at the workplace (Prohibition, Prevention and Redressal) Act, and Annual Return filed under the Act for the period 01.01.2017 - 31.12.2017.

For S. N. AGRAWAL & CO.
Company Secretaries

Sd/-
(SATYA NARAIN AGRAWAL)
Practising Company Secretary
(C. P. No.:3581)





ANNUAL ACCOUNTS

2017-18





INDIAN STRATEGIC PETROLEUM RESERVES LIMITED			
BALANCE SHEET AS AT MARCH 31, 2018			
			₹ in lakhs
Particulars	Note	As At 31st March, 2018	As At 31st March, 2017
(I) ASSETS			
Non-Current Assets			
(A) Property, Plant & Equipment	2	1,77,796.75	1,83,257.46
(B) Capital Work in Progress	2.1	1,55,373.12	1,52,106.27
(C) Intangible Assets	2.2	4,450.00	-
(D) Financial Assets			
Loans	3	789.65	577.63
(E) Income tax Assets (Net)		116.97	105.18
(F) Other Non Current Assets	4	12,710.51	16,506.57
Sub Total		3,51,236.99	3,52,553.10
(II) Current Assets			
(A) Financial Assets			
(i) Cash and cash equivalents	5	1,617.91	1,747.80
(ii) Other Financial Assets	6	2,869.05	1,059.18
(B) Other Current Assets	7	509.64	2,718.77
Sub Total		4,996.60	5,525.75
TOTAL		3,56,233.59	3,58,078.85
(I) EQUITY AND LIABILITIES			
Equity			
(A) Equity Share Capital	8	3,68,106.47	3,57,437.47
(B) Other Equity	9	(16,595.39)	(10,587.47)
(II) Share Application Money Pending Allotment		431.00	-
Sub Total		3,51,942.07	3,46,849.99
(III) LIABILITIES			
Non-Current Liabilities			
(A) Financial Liabilities			
Other Financial Liabilities	10	19.68	13.54
Sub Total		19.68	13.54
(IV) Current Liabilities			
(A) Financial Liabilities			
(i) Borrowings	11	-	746.71
(ii) Trade Payables	12	1,961.71	6,156.51
(iii) Other Financial Liabilities	13	2,164.38	706.39
(B) Other Current Liabilities	14	145.74	3,605.70
Sub Total		4,271.84	11,215.31
TOTAL		3,56,233.59	3,58,078.85
Significant Accounting Policies		1	
Notes on Accounts		2-23	
Notes referred above form an integral part of the Balance Sheet			
As per our report of even date attached			
For Purushothaman Bhutani & Company		For and on behalf of the Board of Directors	
Chartered Accountants			
FRN 005484N			
Sd/-		Sd/-	Sd/-
(CA Binay Kumar Jha)		(Ashish Chatterjee)	(H.P.S. Ahuja)
Partner		Director	CEO & MD
Membership No. 509220		DIN : 07688473	DIN : 07793886
Place : New Delhi		Sd/-	Sd/-
Date : 19.07.2018		(Gautam Sen)	(Arun Talwar)
		CFO	Company Secretary



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018 ₹ in lakhs

Particulars	Note	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
INCOME			
Interest Income		21.98	8.21
Other Income		3.92	
Total Income		25.90	8.21
EXPENSES			
Depreciation	15	5,526.03	4,122.98
Other expenses		496.54	470.46
Total Expenses		6,022.57	4,593.44
Loss Before Tax		(5,996.67)	(4,585.23)
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
			-
Loss for the year		(5,996.67)	(4,585.23)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year (Comprising Profit/(Loss) and Other Comprehensive Income for the year)		(5,996.67)	(4,585.23)
Earning per Equity Share (Par Value of Rs.10/ each)	16		
(i) Basic		(0.17)	(0.13)
(ii) Diluted		(0.17)	(0.13)

Significant Accounting Policies

1

Notes on Accounts

2-23

Notes referred above form an integral part of the Statement of Profit and Loss

As per our report of even date attached

For Purushothaman Bhutani & Company

For and on behalf of the Board of Directors

Chartered Accountants

FRN 005484N

Sd/-

(CA Binay Kumar Jha)

Partner

Membership No. 509220

Sd/-

(Ashish Chatterjee)

Director

DIN : 07688473

Sd/-

(H.P.S. Ahuja)

CEO & MD

DIN : 07793886

Sd/-

(Gautam Sen)

CFO

Sd/-

(Arun Talwar)

Company Secretary

Place : New Delhi

Date : 19.07.2018





**INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018**

₹ in lakhs

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
(A)	CASH FLOW STATEMENT FROM OPERATING ACTIVITIES		
	Net Profit Before Taxation	(5,996.97)	(4,585.23)
	Adjustments for :-		
	Depreciation	5,526.03	4,122.98
	Interest Income	(21.98)	(8.21)
	Operating Profit Before Working Capital Changes	(492.62)	(470.46)
	Adjustments for :-		
	(Increase)/ Decrease in Financial & Other Assets	3,983.30	2,307.88
	Increase/(Decrease) in Liabilities & Provisions	(6,190.63)	1,174.33
	Net Increase/(Decrease) in Working Capital	(2,207.33)	3,482.21
	Cash Generated from Operations	(2,699.95)	3,011.75
	Direct Taxes Paid (Net of Refunds)	(11.78)	(7.98)
	Total Cash Flow from Operation (A)	(2,711.73)	3,003.77
(B)	CASH FLOW FROM INVESTING ACTIVITIES (Cr.)		
	Purchase of Fixed Assets/ CWIP	(3,332.18)	(15,538.38)
	Disposal of Fixed Assets	-	333.99
	Purchase of Intangible Assets	(4,450.00)	-
	Interest Received	21.98	8.21
	Net Cash Used in Investing Activities (B)	(7,760.20)	(15,196.18)
(C)	CASH FLOW FROM FINANCING ACTIVITIES (Cr.)		
	Proceeds from issue of Share Capital	11,100.00	13,054.99
	Stamp Duty on Issue of Share Capital	(11.25)	(24.32)
	Short Term Borrowings	(746.71)	559.17
	Net Cash From Financing Activities (C)	10,342.04	13,589.84
(D)	Net Increase/ Decrease in Cash & Cash Equivalents (A-B+C)	(129.89)	1,397.43
	Opening Balance of Cash & Cash Equivalents	(1,747.80)	(350.37)
	Closing Balance of Cash & Cash Equivalents	1,617.91	1,747.80

As per our report of even date attached

For Purushothaman Bhutani & Company

Chartered Accountants
FRN 005484N

Sd/-

(CA Binay Kumar Jha)

Partner

Membership No. 509220

Place : New Delhi

Date : 19.07.2018

For and on behalf of the Board of Directors

Sd/-

(Ashish Chatterjee)

Director

DIN : 07688473

Sd/-

(Gautam Sen)

CFO

Sd/-

(H.P.S. Ahuja)

CEO & MD

DIN : 07793886

Sd/-

(Arun Talwar)

Company Secretary



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital		₹ in lakhs	
Particulars	As at March 31, 2018	As at March 31, 2017	
Balance at the beginning of the reporting period	3,57,437.47	3,41,882.47	
Changes in equity share capital during the year	10,669.00	15,555.00	
Balance at the end of the reporting period	3,68,106.47	3,57,437.47	

b. Other equity		₹ in lakhs	
Particulars		Reserves & Surplus	Total
		Retained earnings	
Balance at April 1, 2016		(5,977.92)	(5,977.92)
Profit / (Loss) for the year		(4,585.23)	(4,585.23)
Stamp Duty on Share Issued		(24.32)	(24.32)
Other comprehensive income for the year		-	-
Balance at March 31, 2017		(10,587.47)	(10,587.47)
Profit / (Loss) for the year		(5,996.67)	(5,996.67)
Stamp Duty on Share Issued		(11.25)	(11.25)
Other comprehensive income for the year		-	-
Balance at March 31, 2018		(16,595.39)	(16,595.39)

As per our report of even date attached

For Purushothaman Bhutani & Company

Chartered Accountants

FRN 005484N

Sd/-

(CA Binay Kumar Jha)

Partner

Membership No. 509220

Place : New Delhi

Date : 19.07.2018

For and on behalf of the Board of Directors

Sd/-

(Ashish Chatterjee)

Director

DIN : 07688473

Sd/-

(Gautam Sen)

CFO

Sd/-

(H.P.S. Ahuja)

CEO & MD

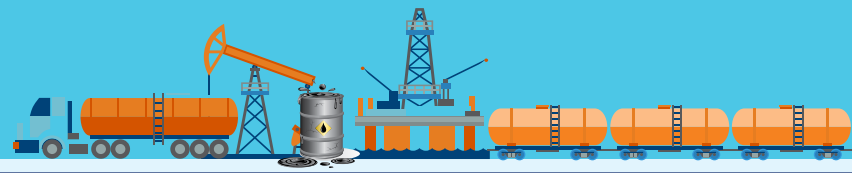
DIN : 07793886

Sd/-

(Arun Talwar)

Company Secretary





INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
Notes Forming Part Of The Financial Statements

Note No. 2 : Property, Plant and Equipment

Current Year	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As at 1st April, 2017	Additions during the year	Disposals/ Deductions/ Transfers / Reclassifications	As at 31st March, 2018	Depreciation upto 31.03.2017	Depreciation during the year	Disposals/ Deductions/ Transfers / Reclassifications	Total Depreciation upto 31st March, 2018	AS AT 31st March, 2018	AS AT 31st March, 2017
(a) Building	9,544.41			9,544.41	827.39	658.87	-	1,486.26	8,068.15	8,717.02
(b) Roads & culverts	1,375.27			1,375.27	356.28	245.23	-	601.50	773.76	1,018.99
(c) Plant & Machinery	70,192.38			70,192.38	2,897.60	2,500.09	-	5,397.70	64,794.69	67,294.78
(d) Caverns	1,07,238.72			1,07,238.72	1,922.03	1,789.20		3,711.23	1,03,527.49	1,05,316.69
(e) Furniture and Fixtures	607.26	0.48		607.75	123.39	9.22		132.60	475.14	483.87
(f) Transport Vehicles	61.92			61.92	9.33	7.35		16.69	45.24	52.59
(g) Office equipment	224.60	53.53		278.13	85.58	69.53		155.11	123.02	139.02
(h) Computer	421.16	11.31		432.47	186.67	246.54		433.21	(0.74)	234.49
Total	1,89,665.74	65.32	-	1,89,731.06	6,408.28	5,526.03	-	11,934.31	1,77,796.75	1,83,257.46

Previous Year	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As at 1st April, 2016	Additions during the year	Disposals/ Deductions/ Transfers / Reclassifications	As at 31st March, 2017	Depreciation upto 31.03.2016	Depreciation during the year	Disposals/ Deductions/ Transfers / Reclassifications	Total Depreciation upto 31st March, 2017	AS AT 31st March, 2017	AS AT 31st March, 2016
(a) Building	3,195.16	6,349.25	-	9,544.41	309.93	517.46	-	827.39	8,717.02	2,885.23
(b) Roads & culverts	968.33	406.94	-	1,375.27	144.54	211.74	-	356.28	1,018.99	823.79
(c) Plant & Machinery	29,674.44	40,823.53	305.59	70,192.38	1,037.35	1,860.25	-	2,897.60	67,294.78	28,637.09
(d) Caverns	49,517.40	57,749.29	27.97	1,07,238.72	652.31	1,269.72		1,922.03	1,05,316.69	48,865.09
(e) Furniture and Fixtures	597.07	10.19	-	607.26	114.50	8.89		123.39	483.87	482.57
(f) Transport Vehicles	37.72	24.20	-	61.92	3.53	5.80		9.33	52.59	34.19
(g) Office equipment	183.93	41.10	0.43	224.60	15.43	70.15		85.58	139.02	168.50
(h) Computer	24.12	397.04	-	421.16	7.70	178.97		186.67	234.49	16.42
Total	84,198.19	1,05,801.54	333.99	1,89,665.74	2,285.30	4,122.98	-	6,408.28	1,83,257.46	81,912.89





INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
Notes Forming Part Of The Financial Statements

Note No. 2.1 :Capital Work In Progress

		₹ in lakhs	
Particulars		AS At 31st March, 2018	AS At 31st March, 2017
Phase-I			
-Vishakhapatnam Cavern Storage Project	Opening Balance	-	98.30
	Add : Additions During the Year	-	-
	Less: Capitalized During the Year	-	(98.30)
	Closing Balance	-	-
-Padur Cavern Storage Project	Opening Balance	1,50,106.27	1,41,958.53
	Add : Net Additions During the Year	5,266.85	8,147.74
	Less: Capitalized During the Year	-	-
	Closing Balance	1,55,373.12	1,50,106.27
-Mangalore Cavern Storage Project	Opening Balance	2,000.00	1,00,312.59
	Add : Additions During the Year	-	17,310.18
	Less: Capitalized/Transfer During the Year	-	(1,15,622.77)
	Less:- Transfer to Intangible assets (ROU)	(2,000.00)	-
	Closing Balance	-	2,000.00
Total (Capital Work In Progress)		1,55,373.12	1,52,106.27

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
Notes Forming Part Of The Financial Statements

Note No. 2.2 - Intangible assets

Intangible Assets (ROU for Pipeline)

Particulars	As on 31 March, 2018	As on 31 March, 2017
	₹ in lakhs	₹ in lakhs
Gross Block as on beginning of the year	-	-
Addition/Transfer from other assets during the year	4,450.00	-
Disposal/Deductions/Transfer/Reclassification	-	-
Gross Block as at end of the year	4,450.00	-
Amortization as at beginning of the year	-	-
Amortization during the year	-	-
Disposal/Deductions/Transfer/Reclassification	-	-
Amortization as at end of the year	-	-
Net Block	4,450.00	-
Note (1):-Breakup of ROU		
ROU 42" Pipeline Padur	2,450.00	
ROU 48" Pipeline Mangalore	2,000.00	
Note (2):-		
ROU for pipeline are acquired on perpetual basis, hence no amortization is being provided.		





Note No.3 - Loans		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
<i>(Unsecured considered good at amortised cost)</i>		
Security Deposits	789.65	577.63
TOTAL	789.65	577.63
Note No. 4 - Other Non Current Assets		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
<i>(Unsecured considered good)</i>		
Balances with Government- CENVAT credit receivable,	-	1,064.55
Advance Against Padur land	-	342.15
Advance towards ROU & Others	2.25	2,350.00
Mobilisation Advance to Suppliers/ Contranctors	-	133.26
Prepaid Rental (For Leasehold Land)	12,708.26	12,616.61
TOTAL	12,710.51	16,506.57
Note No.5 - Cash & Cash Equivalent		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
Bank Balances:		
In Current Accounts	1,617.90	1,747.60
Cash Balances:		
Cash -in hand	0.00	0.20
TOTAL	1,617.91	1,747.80
Note No. 6 - Other Financial Assets		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
<i>(Unsecured considered good at amortised cost)</i>		
O&M Expenses Vizag Receivable From GOI	2,332.57	869.32
Advances recoverable in cash or kind	536.48	189.86
TOTAL	2,869.05	1,059.18
Note No. 7 - Other Current Assets		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
<i>(Unsecured considered good)</i>		
Prepaid Expenses	0.33	6.28
Advance against Stamp Duty on Shares	12.34	3.59
Amount recoverable from Mangalore SEZ	-	2,230.14
Prepaid Rental (For Leasehold Land)	493.11	476.47
Others	3.86	2.29
TOTAL	509.64	2,718.77





INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Notes Forming Part Of The Financial Statements

Note No. 8 Share Capital

Particulars	₹ in lakhs			
	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount	Number of shares	Amount
Equity Share Capital				
(a) Authorised				
Equity shares of Rs. 10/- each.	3832560000	3,83,256.00	3832560000	3,83,256.00
(b) Issued, Subscribed and Fully Paid up				
Equity shares of Rs. 10/- each.	3681064670	3,68,106.47	3574374670	3,57,437.47

Notes:

(i) Reconciliation of the number of equity shares:

Particulars	As at 31 March, 2018	As at 31 March, 2017
Equity shares of Rs. 10/- each.		
Opening Balance	3574374670	3418824670
Shares Issued	106690000	155550000
Shares bought back	-	-
Closing Balance	3681064670	3574374670

(ii) Details of shareholders holding more than 5% shares:

Name of shareholders	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares of Rs. 10/- each.				
Oil Industry Development Board, New Delhi and its nominees	3681064670	100%	3574374670	100%
TOTAL	3681064670	100%	3574374670	100%

(iii) Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of ₹10 each and is entitled to one vote per share. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the corporation, the holders of equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held

(iv) For the period of preceeding five years as on the Balance Sheet date, the :

(a) Aggregate nos of class of shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	NIL
(b) Aggregate nos of class of shares allotted as fully paid up by way of bonus shares	NIL
(c) Aggregate nos of shares and class of shares bought back	NIL





INDIAN STRATEGIC PETROLEUM RESERVES LIMITED		
Notes Forming Part Of The Financial Statements		
NOTE NO.9 - Other Equity		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
Balance of Retained Earnings:		
Balance brought Forward from Last Year's Accounts	(10,587.47)	(5,977.92)
Less: Stamp Duty on Share Issued	(11.25)	(24.32)
Less: Loss for the year	(5,996.67)	(4,585.23)
TOTAL	(16,595.39)	(10,587.47)
NOTE NO. 10 - Other Financial Liabilities (At Amortized Cost)		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
Deposits/ Retention from Suppliers/ Contractors	19.68	13.54
TOTAL	19.68	13.54
NOTE NO.11 - Borrowings (At Amortized Cost)		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
Unsecured Short Term Loans From OI DB *	-	746.71
TOTAL	-	746.71
* Unsecured short term loan from OI DB is interest free		
NOTE NO. 12 - Trade Payables		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
i) Dues of Micro & Small Enterprises	-	-
ii) Dues to others	1,961.71	6,156.51
TOTAL	1,961.71	6,156.51
NOTE NO.13 - Other Financial Liabilities (At Amortized Cost)		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
(At amortised cost)		
Deposits from Suppliers/ Contractors	2,164.38	706.39
TOTAL	2,164.38	706.39
NOTE NO.14 - Other Current Liabilities		
	₹ in lakhs	
Particulars	AS At 31st March, 2018	AS At 31st March, 2017
Statutory Dues	35.85	162.21
Payable to HPCL Vizag	97.28	97.27
Others	12.61	3,346.23
TOTAL	145.74	3,605.70
Note No. 15 - Other Expenses		
	₹ in lakhs	
Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Lease Rent (Leasehold Land)	493.11	469.93
Office Expenses	3.42	0.53
TOTAL	496.54	470.46





**Indian Strategic Petroleum Reserves Limited
Notes forming part of the Financial Statements**

Note 16 Disclosures of EPS under Indian Accounting Standards -33

Note	Particulars	For the year ended	For the year ended
		31 March, 2018	31 March, 2017
		₹ in lakhs	₹ in lakhs
	Earnings per share		
	<u>Basic</u>		
(i)	Profit/ (Loss) for the year attributable to the equity shareholders	(5,996.67)	(4,585.23)
	Weighted number of equity shares Outstanding	3,624,014,232	3,499,136,215
	Par value per share	10.00	10.00
	Loss per share from continuing operations - Basic	(0.17)	(0.13)
	<u>Diluted</u>		
(ii)	Profit/ (Loss) for the year attributable to the equity shareholders	(5,996.67)	(4,585.23)
	Weighted number of equity shares Outstanding- For Diluted	3,628,324,232	3,574,375,014
	Par value per share	10.00	10.00
	Loss per share, from continuing operations - Diluted	(0.17)	(0.13)




Indian Strategic Petroleum Reserves Limited
Notes forming part of the Financial Statements
Notes-17 Commitments and Contingencies

17.1	Leases		
	<u>Operating Lease - as lessee</u>		
(i)	Lease Rentals charged to the Statement of profit and loss/Fixed assets and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective lease agreements		
(ii)	Lease Rentals for Non-Cancellable operating leases	31-Mar-18	31-Mar-17
		₹ in lakhs	
	Lease rentals recognized during the year	6.95	373.36
	Future Lease Obligations		
	- Within one year	6.95	6.95
	- After one year but not more than five years	27.82	27.82
	- More than five years	180.10	187.05
17.2	Contingent liabilities and commitments (to the extent not provided for)		
	Particulars		
	<u>(A) Contingent liabilities</u>		
	Claims against the company not acknowledged as debts amounting to ₹ 102853.95 Lac (2017: ₹ 43411 Lac) comprising of		
	a) Disputed demands of Income Tax ₹ 475 Lac (2017: ₹ 526 Lac)		
	b) Disputed Demand of Royalty by Department Of Mines and Zoology ₹ 11794.95 Lac (2017: ₹ 10493 Lac)		
	c) Disputed claims by the contractors for ₹ 86997 Lac (2017: ₹ 28800 Lac) rejected by EIL on account of projects undertaken on various sites for which cases are pending with Arbitrators		
	d) Disputed claims for Utilization of ROU by the MSEZL for ₹ 2700 lacs (2017: ₹ 2700 Lac) after adjusting the amount of ₹ 2000 lacs paid / adjusted.		
	f) Disputed demands of CST Reimbursement & Green Belt ₹ 611 Lac (2017: ₹ 611 Lac)		
	g) Disputed demands of Entry Tax ₹ 276 Lac (2017: ₹ 281 Lac)		
	<u>(B) Capital Commitments</u>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 7369 Lac (2017: ₹ 10278 Lac)		





Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

NOTE NO.18 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Ind AS 24, is as below:

Particulars

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)	(1) Shri HPS Ahuja, CEO & MD is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRIL. He has been inducted as MD w.e.f. 02.06.2017. (2) Mr Gautam Sen , CFO on deputation from IOCL w.e.f 24.05.2017 (3) Mr Arun Talwar, Company secretary on deputation from IOCL. Board of Directors (Ex-Officio) Shri K.D Tripathi, Chairman (w.e.f 17.07.2015) Shri Rajiv Bansal, Director (w.e.f 01.08.2017) Shri Sunjay Sudhir, Director (w.e.f 27.12.2016) Shri Ashish Chatterjee, Director (w.e.f 27.12.2016) Independent Directors Smt.Sangita Gairola , Director (w.e.f. 28.03.2015 upto 28.03.2018) Shri Satish Balram Agnihotri , Director (w.e.f. 28.03.2015 upto 28.03.2018)

The following transactions were carried out with related parties :

(₹ in lakhs)		
(i) KMP Remunerations (Based on debits note received from respective parent company)	For year ending on 31st March 2018	For year ending on 31st March 2017
CEO&MD	61.71	20.04
CFO	35.60	35.77
CS	41.63	32.18
Total	138.94	87.99
(ii) Holding Company (OIDB)		
Allotment of Shares	10,669.00	15,555.00
Loan Repayment	162.48	834.52
Reimbursement of expenses	33.85	23.42
Total	10,865.33	16,412.94
(iii) Sitting Fees of Independent Directors	4.14	5.58
Grand Total (i) + (ii)+(iii)	11,008.40	16,506.51

Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Government of India. Remuneration to Board of Directors is Nil as on 31st March,2018 as against the Nil expenses for the same as on 31.03.2017.

Balances outstanding with related parties:

(₹ in lakhs)		
	As on 31st March 2018	As on 31st March 2017
(i) Holding Company (OIDB)		
Share application pending allotment	431.00	
Loan Taken Outstanding	-	725.48
Payable for Reimbursement of expenses	-	21.23
Total	431.00	746.71





	<p><u>Indian Strategic Petroleum Reserves Limited</u> <u>Notes forming part of the Financial Statements</u></p>
	<p><u>NOTE NO. 19 SEGMENT REPORTING</u></p>
1)	Company is creating storage assets for sovereign reserves of crude oil of Government of India and is also maintain of such assets, This is considered to constitute on single primary segment
2)	Geographical information is not applicable as all operation of the Company is within India

	<p><u>Indian Strategic Petroleum Reserves Limited</u> <u>Notes forming part of the Financial Statements</u></p>
	<p><u>Note No.20 FINANCIAL INSTRUMENTS</u> Financial instruments by category</p>
1)	The management assessed that Fair Value of Cash & Cash Equivalents, Other Current Financial Assets, Trade Payables, Short Term Borrowings and Other Current Financial Liabilities approximate their carrying amounts.
2)	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
3)	Considering above disclosure with regard to the Fair Value Hierarchy is not applicable.



Note No.21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is Interest Rate risk.

The Company's principal financial liabilities comprise trade and other payables & security deposits. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include other receivables, Other Financial Assets and cash / cash equivalents that derive directly from its operations.

Presently Company is not exposed to a number of any financial risks arising from natural business exposures as well as its use of financial instruments including market risk relating to interest rate, foreign currency exchange rates. Senior management oversees the management of these risks with appropriate financial risk governance framework for the Company.

2 Market risk

Market risk is the risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Presently company's financial instrument is not exposed to any material market risk.

3 Credit risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive analysis and outstanding customer receivables are regularly monitored. Presently there are no trade receivables.

Liquidity risk

Company monitors its risk of a shortage of funds diligently. The Company seeks to manage its liquidity requirement by maintaining access to short term borrowings from holding Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	(₹ in lakhs)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Borrowings	-	-	-	-	-
Trade payables	1,961.71	-	-	-	1,961.71
Other financial liabilities	2,164.38	19.68	-	-	2,184.06
Total	4,126.09	19.68	-	-	4,145.77

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	(₹ in lakhs)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Borrowings	746.71	-	-	-	746.71
Trade payables	6,156.51	-	-	-	6,156.51
Other financial liabilities	706.39	13.54	-	-	719.93
Total	7,609.61	13.54	-	-	7,623.15

Note No.22 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2018 and 31 March, 2017.





Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Other Notes-23

23	Others Notes
(i)	As on the date of Balance Sheet i.e. 31 st March, 2018, the construction activities for Phase I was completed for Visakhapatnam and Mangalore projects. Padur project related works are under progress. Direct Costs and allocable costs incurred upto balance sheet date related to project under implementation is shown under Construction Work In Progress. Expenses incurred during the year 2017-18 attributable to the project under implementation is transferred to capital work in progress.
(ii)	Crude Oil received in Visakhapatnam cavern A and Mangalore caverns B are critical sovereign reserves. As on date, filling of the Strategic Cavern at Mangalore & Vizag has been completed. For Visakhapatnam Cavern A total quantity procured is 10,35,867.01 MT while for Mangalore cavern B, total quantity procured is 7,57,295 MT. As on 31st March 2018, 10,08,164.27 MT of critical sovereign Crude Oil (Basrah Light) is in custody of ISPRL at Vizag and 7,54,493 MT of Crude Oil (Iranian Mix) in Cavern B at Mangalore are under custody of ISPRL. Difference in the quantity billed and quantity received in cavern has been reviewed by committee of officers of Oil Industry. Report of the committee has been submitted and same is under review with CEO&MD of ISPRL and Secretary OIDB as directed by Board and same will be appraised to Board on finalisation of findings.
(iii)	Joint ownership agreement with HPCL in respect of caverns at Visakhapatnam has been signed on 27 th April, 2017.
(iv)	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. Expenditure Finance Committee (EFC) considered the proposal and has recommended construction of two storages with revised capacities. Prime Minister Office (PMO) has asked for further review of the proposal. Cabinet note for approval of 6.5 MMT strategic reserves at two location with revised capacities has been initiated. Cabinet approval for the same is awaited.
(v)	During the year company has reviewed the Input Tax credit (CENVAT) outstanding in the books for 10.64 crores for credit related to projects works at Padur. Since there is no certainty of realization this claim, keeping in view the notification no 3/2011 dated 01.03.11, CENVAT credit has been reversed in current year and same is capitalized as a part of project cost.
(vi)	For second compartment at Mangalore, Oil storage and Management Agreement was signed with Abu Dhabi National Oil Company (ADNOC) during F.Y 2016-17. Thereafter a reinstated and amended on 10 th Feb, 2018. This agreement has been approved by the Board.
(vii)	As on 31 st March, 2018, the Company's day to day work is handled by 18 personnel taken on deputation from HPCL (1), ONGC (4), IOCL (6), BPCL (5) & MRPL (2) and their Leave salary and Pension contribution is reimbursed on proportionate basis to their respective parent companies on receipt of claim thereof.
(viii)	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 NIL (Previous Year- NIL).
(ix)	The Company has earned 87.07 Lakhs interest from banks for the balances available in "Sweep-in-Sweep-Out" account during 2017-18 as against 68.44 lakhs during the year 2016-17.
(x)	Presently in Mangalore approx. 22 lakh MT of rock debris is lying. As per the accounting done earlier for ISPRL's share the value of the rocks lying at Mangalore site was valued at 3333 lakhs approx, (as per the rate discovered through public tender for Padur and same amount is shown as receivable from MSEZL and amount payable to OIDB, has been reversed during F.Y 2017-18). This is because of the fact that reliable measurement of the rock sale value and its receipt was not established as the contract awarded to M/s Neeraj Cement was terminated due to non compliance. Same will be accounted for in the accounts once the rates are established, the same will be accounted for in the year of certainty of its realisation.
(xi)	Liability for payment to MSEZL towards ROU has been provided during F.Y 2016-17 as approved by the board for initial payment of 2000 lakhs pending finalisation of agreement and approval by CCEA. The amount initially approved for





	<p>payment was debited to CWIP during the year 2016-17 and the same was shown payable to MSEZL. During F.Y 2017-18 such liability has been adjusted/paid with the amount receivable from MSEZL on account of actual sale proceeds of rock debris at Mangalore. ROU has been treated as Intangible assets as at 31st March, 2018 and amount initially debited to CWIP in this regard has been transferred to Intangible assets considering the nature of asset acquired.</p>
(xii)	<p>Company has consistently followed the policy of reducing the revenue received on account of interest and sale proceeds of rock disposal to the project cost. During the year the amount of interest received was 87.07 lakhs and receipts from sale of rocks was Nil.</p>
(xiii)	<p>As per approval of the cabinet, O & M expenses of the facilities is to be borne by the Government through GBS. During the year an expenditure of Rs 1992 lakhs has been received from the Government against the total actual expenditure of Rs. 4325 lakhs. An amount of Rs. 2333 lakhs is receivable from GOI as on 31.03.2018. The company has also lodged its claim for recovery of pro-rata O&M expenses from HPCL in respect of 0.3 MMT cavern at Visakhapatnam. The issue is under consideration with HPCL. O&M expenses is accounted for and claimed on cash basis from MOP&NG for reimbursement.</p>
(xiv)	<p>The total interest and receipts from rock sale reduced from Capital Work in Progress/ project cost from year 2008-09 to 2017-18 is 2094.51 lakhs.</p>
(xv)	<p>Deferred Tax</p> <p>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 reasonable certainty with convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Asset can be adjusted.</p>
(xvi)	<p>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.</p>
(xvii)	<p>Amount payable / recoverable from Contractors/service providers are subject to confirmation, reconciliation and consequential adjustments thereof, if any.</p>
(xviii)	<p>The Company has constituted an Audit Committee under section 177 of the Companies Act, 2013 with the following composition:</p> <p>Shri S.B. Agnihotri Independent Director* --- Chairman Smt. Sangita Gairola, Independent Director* --- Member Shri Sunjay Sudhir, JS (IC) --- Member</p> <p>Tenure of Shri S.B Agnihotri & Smt. Sangita Gairola has been completed on 28.03.2018.</p> <p>Audit committee has been reconstituted on 4th May, 2018 and present composition of same is as under:</p> <p>Mr Rajiv Bansal - Chairman Mr H P S Ahuja - Member</p>
(xix)	<p>Employee Benefits: As on date the Company had no employee on its own payroll and the company's work is presently handled by employees on deputation from other companies. Hence the provision of "Employee Benefits" is not applicable.</p>
(xx)	<p>Company has recognized the Intangible assets of 24.50 crores during F.Y 2017-18 for the amount paid for ROU cost (Pipeline at Mangalore-Padur).</p>
(xxi)	<p>As per approval of the Cabinet Committee on Economic Affairs (CCEA), the project cost of the three projects undertaken by ISPRL in Phase I are Visakhapatnam (117835 lakhs), Mangalore (122700 lakhs) and Padur (169300 lakhs). HPCL is Joint Owner of the Visakhapatnam facility. Capital contribution by HPCL is on proportionate cost sharing basis (HPCL share 0.30 MMT, total cavern capacity 1.33 MMT).</p>





(xxii)	As directed by MoP&NG, main objects of the company have been amended in the Twelveth AGM held on 30 th September 2016. Amended main objects are forming part of Note 1 of the financial statements.																																																
(xxiii)	<p>As required under additional information pertaining to general instructions for preparation of statements of Profit & loss (Given in the schedule III of companies Act, 2013) related to expenditure incurred during F.Y 2017-18 for the audit and other items are as follow:</p> <table border="1"> <thead> <tr> <th></th> <th>F.Y 2017-18 (Lakhs in INR)</th> <th>F.Y 2016-17 (lakhs in INR)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Payment to Statutory Auditor</td> </tr> <tr> <td>Fees</td> <td>1.77</td> <td>1.82</td> </tr> <tr> <td>Taxation Matters</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Out of Pocket Expenses</td> <td>0.09</td> <td>Nil</td> </tr> <tr> <td>Other Services</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td colspan="3">Payment to Internal Auditor</td> </tr> <tr> <td>Fees</td> <td>0.52</td> <td>0.83</td> </tr> <tr> <td>Taxation Matters</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Out of Pocket Expenses</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Other Services</td> <td>0.03</td> <td>0.034</td> </tr> <tr> <td colspan="3">Payment to Secretarial Auditor</td> </tr> <tr> <td>Fees</td> <td>0.36</td> <td>0.31</td> </tr> <tr> <td>Taxation Matters</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Out of Pocket Expenses</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Other Services</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>		F.Y 2017-18 (Lakhs in INR)	F.Y 2016-17 (lakhs in INR)	Payment to Statutory Auditor			Fees	1.77	1.82	Taxation Matters	Nil	Nil	Out of Pocket Expenses	0.09	Nil	Other Services	Nil	Nil	Payment to Internal Auditor			Fees	0.52	0.83	Taxation Matters	Nil	Nil	Out of Pocket Expenses	Nil	Nil	Other Services	0.03	0.034	Payment to Secretarial Auditor			Fees	0.36	0.31	Taxation Matters	Nil	Nil	Out of Pocket Expenses	Nil	Nil	Other Services	Nil	Nil
	F.Y 2017-18 (Lakhs in INR)	F.Y 2016-17 (lakhs in INR)																																															
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Out of Pocket Expenses	Nil	Nil																																															
Other Services	Nil	Nil																																															
(xxiv)	Company has acquired 179.2 acre of land out of which 138.57 acre of land has been registered in the name of ISPRL. For balance quantity of land, legal title as on the date of Balance Sheet has not been executed in the name of company.																																																
(xxv)	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. Tender for disposal of rock at Padur was awarded to M/s Neeraj Cement during F.Y 2016-17. Cheque given by M/s Neeraj Cement towards advance deposit as per condition of the tender got dishonoured and hence awarded contract could not be honoured by the contractor consequently cancelled during F.Y 2017-18 Company has filed a legal case against the contractor and matter is subjudice.																																																
(xxvi)	Shares pending allotment as on the date of Balance Sheet, has been allotted on 4 th May, 2018																																																
(xxvii)	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.																																																





CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

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 Oil Industry Development Board (“OIDB”) and its nominees on 9th May, 2006.

Indian Strategic Petroleum Reserves Limited (the Company), a wholly owned subsidiary of OIDB, is a Public Limited Company and incorporated in India having its registered office at 301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110001 and operational/ functional office is at OIDB Bhawan, 3rd Floor, Plot No. 2, Sector-73, Noida-201301, Uttar Pradesh, The Company is unlisted as its shares are not listed and traded on Stock Exchanges in India.

The main objects of the Company are:

1. To store sovereign reserves of crude oil of the Government of India or crude oil of such other entities as Government of India may decide, subject to and in compliances of the following:

The release of core critical sovereign reserves of crude oil from caverns and its replenishment will be done through an Empowered Committee constituted by the Government.

Provided that the core critical sovereign reserve of Government of India may also be drawn for crude circulation on account of quality requirement or repairs and maintenance.

2. To carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advise, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharf ringers, warehouseman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kind and the compounds, derivatives, mixtures, preparations and products thereof.

The financial statements have been approved for issue in accordance with a resolution of the Board of directors on 18.07.2018.

NOTE 1A: SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The Financial statements are prepared accordance with Ind AS notified under the Companies (Indian Accounting Standard) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 & Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and comply in all





material aspects with the relevant provisions of the Companies Act'2013 and Companies (Amendment) Act'2017

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Indian Rupees ('INR') which is the presentation and functional currency of the Company and all values are rounded to the nearest lakhs (up to two decimals) except otherwise indicated.

1.2 Revenue Recognition

- (i) Interest income is recognized on Effective Interest Rate (EIR) method.
- (ii) Insurance Claims are accounted on settlement of the claim.

1.3 Property, Plant & Equipment and Intangible Assets:

- (i) Property, Plant & Equipment are carried at cost less accumulated depreciation / amortization and impairment loss, if any. The cost of fixed assets includes cost of acquisition and directly attributable cost for bringing the assets in an operational condition for their intended use.
- (ii) An intangible asset is recognized where it is probable that the future economic benefit attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Such assets are stated at cost less accumulated amortization.

(iii) Capital work- in-progress

Capital work- in-progress is carried at cost. Revenue expenses exclusively attributable to projects incurred during construction period are capitalized

1.4 Depreciation / Amortization

- (i) 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 independent expert.
- (ii) Fixed Assets individually costing up to 5,000/- are being fully depreciated in the year of acquisition.
- (iii) Right of use (ROU) with indefinite useful lives are not amortized, but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.





1.5 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.

1.6 Foreign Currency Transactions

- (i) The Company's financial statements are presented in Indian Rupee (₹) which is also functional currency of the Company.
- (ii) Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions
- (iii) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the end of reporting period, are translated at exchange rates prevailing on that date.
- (iv) Non-Monetary items denominated in foreign currencies (such as Investment, fixed assets etc) are recorded at the exchange rates prevailing on the date of the transaction.
- (v) Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit and Loss.

1.7 Financial instruments

(i) Financial assets:

All financial assets are recognized initially at fair value and subsequently measured at amortized cost.

(ii) Financial Liabilities:

All financial liabilities are recognized initially at fair value and subsequently measured at amortized cost.





(iii) De-recognition

Financial assets is derecognized when right to receive cash flow from the assets expired or at transfer of the financial assets and such transfers qualify for de-recognition.

Financial liability is derecognized when the obligation under the liability is discharged or expires.

1.8 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. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which is deductible temporary differences can be utilized.

1.9 Leases

- (i) **Assets on Operating Lease:-** Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense on accrual basis in accordance with the terms of respective lease agreements.
- (ii) **Assets on Finance Lease:-** Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Ind AS- 23.

1.10 Provisions, Contingent Liabilities and Contingent Assets (Ind AS- 37)

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.

Contingent Assets is disclosed where an inflow of economic benefit is probable

1.11 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the 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.





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 RESERVES LIMITED FOR THE YEAR ENDED 31 MARCH, 2018

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited (ISPRL) for the year ended 31 March, 2018 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 Auditors 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 31 August, 2018 which supersedes their earlier Audit Report dated 19 July, 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March, 2018 under section 143 (6)(a) of the Act. 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. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matter under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

I. STATEMENT OF PROFIT AND LOSS

As per approval of the Ministry of Petroleum & Natural Gas (April 2015), Operation & Maintenance (O&M) expenditure on commissioned cavern projects is to be borne by Government of India (GoI). During the Year 2017-18, ISPRL incurred 4,325.51 lakh on O & M on commissioned caverns of Visakhapatnam and Mangalore. GoI released 1,992.94 lakhs to ISPRL and the balance amount of 2,332.57 lakh has been shown as receivable from GoI. This amount was actually met by the Company during the year from OIDB Capital / Project fund.





The Company had accounted for an amount 2,332.57 lakh in the books which was yet to be received from the Gol. The transactions relating to incurring of O&M expenditure of 4,325.51 lakh and receipt of 1,992.94 lakh from the Gol has not been accounted for.

This is in contravention of the provisions of Section 2(13) of the Companies Act, 2013 as well as Memorandum of Association of ISPRL which requires preparation of books of account considering (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place; (ii) all sales and purchases of goods and services by the company; (iii) the assets and liabilities of the company.

Further, ISPRL has diverted the funds meant for project / capital purpose received from OIBD in meeting out the O&M related expenditure without proper approval.

BALANCE SHEET

ASSET

2. Non-current Asset

Intangible Asset: 4,450.00 lakh (Note No. 2.2)

The above amount does not include the cost of Right of Use (RoU) amounting to 2,418 lakh towards balance payment of RoU to Mangalore SEZ Limited for laying of 48" pipeline to Mangalore caverns. The total cost of RoU was 4,418 lakh as approved by the Board.

A review of the financial statements for the year 2017-18 revealed that the Company, while making partial payment and accounting adjustments of 2,000 lakh showed the balance amount of 2,418 lakhs as 'Contingent Liability' in the books of accounts as on 31st March, 2018. However, this is a firm liability with complete certainty of payment to MSEZL.

Thus, non-recognition of balance RoU cost of 2,418 lakh as a liability for payment has resulted into under-statement of intangible asset as well as provision of liability by 2418 lakh.

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

Sd/-

**Guljari Lal
Director General of Commercial Audit &
ex-officio Member Audit Board – II, Mumbai**

Place: Mumbai

Date: 19 September, 2018





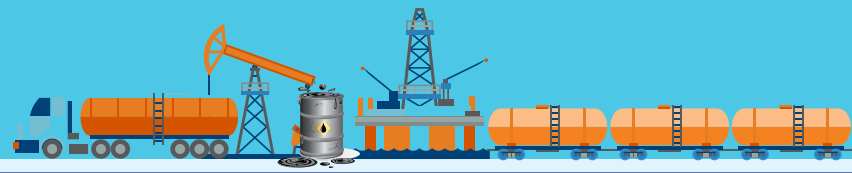
Sl. No.	C&AG Comments	ISPRL reply
1.	<p>STATEMENT OF PROFIT AND LOSS</p> <p>As per approval of Ministry of Petroleum & Natural Gas (April 2015), Operation & Maintenance (O&M) expenditure on commissioned cavern project is to be borne by Government of India (GoI). During the Year 2017-18, ISPRL incurred 4325.51 lakh on O&M on commissioned caverns of Visakhapatnam and Mangalore; GoI released 1992.94 lakh to ISPRL and the balance amount of 2332.57 lakh has been shown as receivable from GoI. This amount was actually met by the Company during the year from OIDB Capital / project fund.</p> <p>The Company had account for an amount of 2332.57 lakh in the books which was yet to be received from the GoI. The transactions relating to incurring of O&M expenditure of 4325.51 lakh and receipt of 1992.94 lakh from the GoI has not been accounted for.</p> <p>This is the contravention of the provisions of Section 2 (13) of the Companies Act, 2013 as well as Memorandum of Association of ISPRL which requires preparation of books of account considering (i) all sums of money received and expected by a company and matters in relation to which the receipts and expenditure take place; (ii) all sales and purchases of goods and services by the company; (iii) the assets and liabilities of the company.</p> <p>Further, ISPRL has diverted the funds meant for project / capital purpose received from OIDB in meeting out the O&M related expenditure without proper approval.</p>	<p>It may kindly be noted that all the payments of ISPRL have been duly recorded in the Books of accounts in respect of O&M expenses and the same were certified by Statutory Auditors of the company; M/s Purushothman Bhutani & Co. Further, ISPRL submits the Utilization certificate and other compliance requirements to MOP&NG from time to time. Hence, it may be noted that these transactions were recorded in books of accounts and being contra items in nature the same was not reflected in Profit & Loss Account. However, as advised by the audit, the same shall be reflected in the Annual Accounts also from the Financial Year 2018-19 onwards.</p> <p>MOP&NG vide their e-mail dated 29th January, 2018 intimated that RE for the Year 2017-18 of ISPRL has been capped at 1992.94 lakh by Ministry of Finance. The O&M expenses of ISPRL for the Financial Year 2017-18 was 4325.51 lakhs. ISPRL informed MOP&NG that the allocated amount of 1992.94 lakhs will be inadequate to meet the O&M expenses of the Company. Accordingly, the same was informed to the Board of Directors for their views vide agenda Item No. 62.11 dated 22nd February, 2018. The Board directed to seek temporary interest free financial assistance from OIDB to the tune of 27 cores. OIDB vide their letter No. 04/13/2006-OIDB dated 15th March, 2018 intimated that grant can be considered, if the specific directions from MOP&NG is received. Accordingly, ISPRL vide its letter Ref. ISPRL/FIN/7 dated 17th April, 2018 requested MOP&NG to issues proper directions to OIDB. The funds were taken from Capital / Project Account to meet the O&M expenses as no advance is provided by MoP&NG for O&M expenses as only reimbursement of expenses incurred made after providing utilization certificate. The funds were refunded to Capital / Project</p>





Sl. No.	C&AG Comments	ISPRL reply
		<p>account on receipt of funds from MoP&NG. The operation and maintenance of caverns is absolutely necessary to ensure functioning of caverns and proper storage and safety of crude oil which is the property of Government of India costing approx. 4,275 Crore.</p>
<p>2.</p>	<p>BALANCE SHEET ASSET</p> <p>Non-current Asset Intangible Asset: 4,450.00 lakh (Note No. 2.2)</p> <p>The above amount does not include the cost of Right of Use (RoU) amounting to 2418 lakh towards balance payment of RoU to Mangalore SEZ Limited for laying of 48” pipeline to Mangalore caverns, the total cost of RoU was 4418 lakh as approved by the Board.</p> <p>A review of the financial statements for the Year 2017-18 revealed that the Company, while making partial payment and accounting adjustments of 2000 lakh, showed the balance amount of 2418 lakh as 'Contingent liability, in the books of accounts as on 31st March, 2018. However, this firm liability with completed certainty of payment to MSEZL.</p> <p>Thus non-recognition of balance RoU cost of 2418 lakh as a liability for payment has resulted into under-statement of intangible asset as well as provision of liability by 2418 lakh.</p>	<p>Liability towards MSEZL in respect of RoU was discussed in 57th meeting of the Board of Directors held on 20th March, 2017 vide Agenda item No. 57.10. After detailed deliberation, the Board directed that initial release of payment can be made up to 20 crores as against the total payment of 44.18 crores. The Boards also directed the balance payment of 24.18 crores is to be made of in respect of RoU compensation after ensuring there are savings in other contractual obligations so that the Approved Cost by CCEA of 1227 Crores is not exceeded.</p> <p>As on 31st March, 2018, final bills/invoices of the major LSTK contractors were not yet settled. Hence, it was not clear, whether for the payment of additional compensation in respect of RoU to MSEZL would remain within approved cost of Mangalore Cavern Project or not.</p> <p>However, during the current Financial year i.e. 2018-19, after settlement of invoices/bills of major LSTK contractors in respect of Mangalore project, it is clear that the project cost remains within the approved cost of 1227 crores and ISPRL will books the balance amount of 24.18 cores as contingent liability. Hence the balance amount was treated as Contingent Liability and suitable disclosure was made for FY 2017-18.</p>





CHAPTER
10

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 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 may render assistance under that sub-section may include measures for or by way of :-
 - (a) prospecting for an 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 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.

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 20% ad valorem w.e.f. 01.03.2016).

- (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.

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