

CONTENT

(i) Members of the Board	02
(ii) Officers/ Bankers/Auditors of the Board	05
(iii) Aims & Objectives	07
Chapter-I	09
Organisational set up & functions	
Chapter-II	17
Financial Assistance : Loans to Oil Concerns	
Chapter-III	25
Financial Assistance : Grants to Regular Grantee Organisations	
Chapter-IV	41
Financial Assistance : R&D and other Grants	
Chapter-V	51
OIDB's Contribution to Energy Security	
Chapter-VI	59
Other Initiatives / Activities	
Chapter-VII	67
OIDB Accounts 2013-14	
Chapter-VIII	95
Audit Report of the Comptroller & Auditor General of India	
Chapter-IX	111
Annual Report & Accounts of ISPRL	
Chapter-X	143
Appendices	

Members of the Board
(During the period under Report)

CHAIRMAN

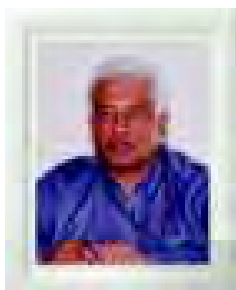


Shri Vivek Rae
Secretary,
Ministry of Petroleum & Natural Gas
(upto 28.2.2014)



Shri Saurabh Chandra
Secretary,
Ministry of Petroleum & Natural Gas
(01.03.2014 onwards)

MEMBERS



Shri Indrajit Pal
Secretary,
Deptt. of Chemicals &
Petrochemicals



Shri Sudhir Vasudeva
Chairman & Managing
Director, ONGC
(upto 28.2.2014)



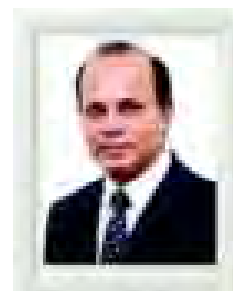
Smt. Anjuly Chib Duggal
Addl. Secretary
(Expenditure),
Ministry of Finance



Shri D.K. Sarraf
Chairman & Managing
Director, ONGC
(From 1.3.2014 onwards)



Dr. S.C. Khuntia
Special Secretary & Financial Adviser,
Ministry of Petroleum & Natural Gas



Shri R.K. Singh
Chairman & Managing
Director, BPCL
(Upto 30.9.2013)



Shri A. Giridhar
Joint Secretary (E),
Ministry of Petroleum &
Natural Gas



Shri S. Varadharajan
Chairman & Managing
Director, BPCL
(From 1.10.2013 onwards)



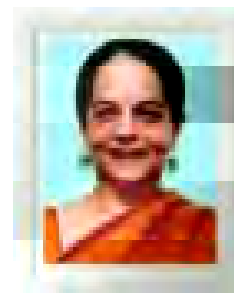
Shri Rajiv Nayan Choubey
Director General,
Directorate General of
Hydrocarbons (Upto 6.2.2014)



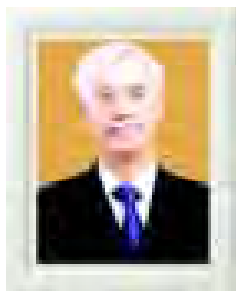
Shri Roy Choudhary
Chairman & Managing Director,
Hindustan Petroleum
Corporation Ltd.(Upto 28.2.2014)



Shri B.N. Talukdar
Director General,
Directorate General of
Hydrocarbons
(From 14.2.2014 onwards)



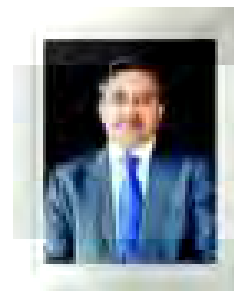
Ms. Nishi Vasudeva
Chairman & Managing Director,
Hindustan Petroleum
Corporation Ltd.(From 1.3.2014
onwards)



Shri R.S. Butola
Chairman & Managing Director,
Indian Oil Corporation Limited



Dr. R.K. Malhotra
Director (R&D),
Indian Oil Corporation Limited



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

MEMBERS SECRETARY



Shri V.L.V.S.S. Subba Rao
Secretary,
Oil Industry Development Board
(upto 09.06.2013)



Shri L.N. Gupta
Secretary,
Oil Industry Development Board
(10.06.2013 onwards)

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

Secretary	Shri V.L.V.S.S. Subba Rao (upto 09.06.2013) Shri L.N. Gupta (10.6.2013 onwards)
FA&CAO	Shri M.C. Singh
Bankers	i) State Bank of India ii) Oriental Bank of Commerce iii) Corporation Bank iv) Indian Overseas Bank
Auditors	Principal Director of Commercial Audit & Ex-officio Member, Audit Board –II, Mumbai
Registered Office of the Board	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Secretariat	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301.
Telephone Nos.	+91-0120-2594602 +91-0120-2594627
Fax	+91-0120-2594630
E-mail	oidb-mopng@nic.in
Website	www.oidb.gov.in

Aims & Objectives of OIDB

To administer Oil Industry Development Fund.

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

To make grants and advance loans for activities such as:

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

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

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

Funding the activities related to energy security of India.

Chapter-I

Organisational set up & Functions

1. Introduction

1.1 The Oil Industry (Development) Act, 1974 was enacted following successive and steep increase in the international prices of crude oil and petroleum products since early 1973, when the need of progressive self-reliance in petroleum and petroleum based industrial raw materials assumed more importance. The following objects were included in the statement of Objects and Reasons for the Oil Industry (Development) Bill, 1974:

- (i) The programs for securing self-reliance in petroleum & petroleum based raw materials should be rapidly stepped up.
- (ii) Necessary resources for execution of such programs must be assured.
- (iii) For these purposes cess to be levied on crude oil and natural gas to create an Oil Industry (Development) Fund.
- (iv) The fund would be used exclusively to provide financial assistance to the organizations engaged in development programs of oil industry.

1.2 Preamble to the Oil Industry (Development) Act clarifies that the purpose of the Act is to provide for the establishment of a Board for 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 under the Oil Industry (Development) Act, 1974 to provide financial assistance for development of Oil Industry. Its organizational set up consists of Chairman, Members, and Secretariat.

2.2 The Oil Industry Development Board is functioning under the administrative control of Ministry of Petroleum & Natural Gas. The functions of the Board have been defined in Section 6 of OID Act. As per the Oil Industry (Development) Act, the Board may render assistance for the following purposes:

- a) Prospecting for and exploration of mineral oil within or outside India;
- b) The establishment of facilities for production, handling, storage and transportation of crude oil;
- c) Refining and marketing of petroleum and petroleum products;
- d) The manufacture and marketing of 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 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 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 Govt. as duty of excise on 'indigenous crude oil produced in India' (including the continental shelf thereof), from time to time, at the following rates:

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

Chart-1 : Rate of Cess

No Cess is leviable on crude oil produced from NELP blocks

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 OIBD

4.1 From a collection of Rs.30.82 crore as cess in 1974-75, the amount of cess collected in 2013-14 has grown significantly to Rs.14,542.38 crore (based on the information received from ONGC, OIL and DGH) as can be seen from the chart given below:

(Rs. in Crore)

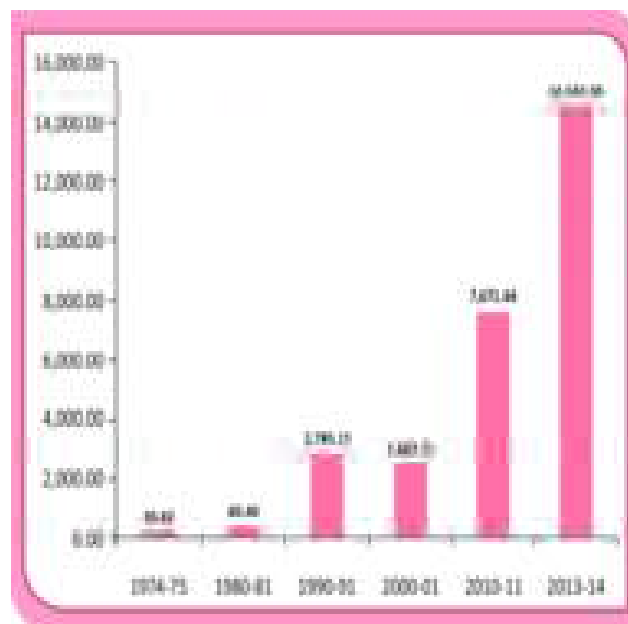


Chart-2 : Cess collected

4.2 Central Government since inception has collected an amount of Rs.1,33,049 crore approximately (Annexure) up to 31st March, 2014, as cess in terms of the provisions of section 15 of the Oil Industry (Development) Act, whereas the OIBD has been paid only an amount of Rs.902 crore till 1991-92 as per the year wise details given below:

4.3 The OIBD also generates its internal resources by way of interest income on

(Rs. in Crore)

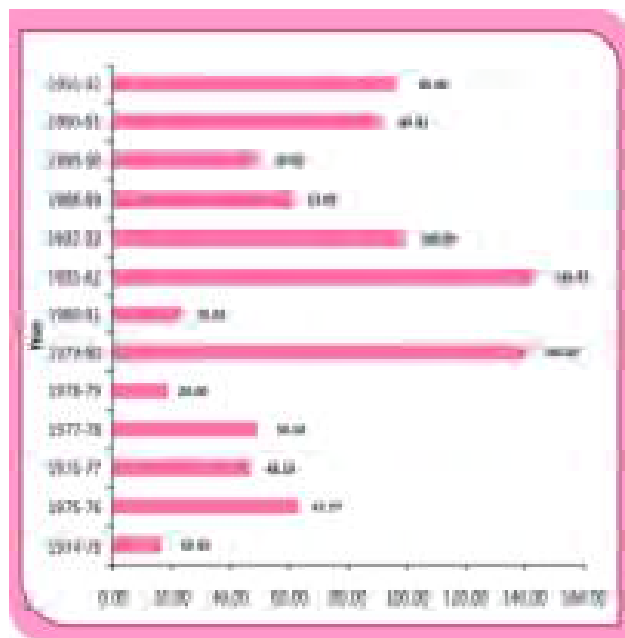


Chart-3 : Cess transferred to OIDB

loans given to various oil sector companies and short-term investment of surplus funds in Fixed Deposit Receipts. The cess receipts along with these internal receipts have contributed to Oil Industry (Development) Fund to accumulate to Rs.10,979.40 crore as on 31st March, 2014.

5. Assistance to Oil Industry

5.1 The OIDB has been entrusted with the responsibility to render, in such manner, to such an 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.

5.2 The Board has been generally rendering financial assistance by way of:

- Providing loans to part finance the projects of the oil industry.

- Providing grants to the following institutions under MoP&NG namely :
 - DGH - for upstream activities;
 - CHT - for downstream activities;
 - OISD - for safety aspects;
 - PCRA - for conservation activities; and
 - PPAC - for PPA support
- Providing funds through equity investment – (i) for establishing 5.33 MMT of the Strategic Crude Oil Storages through Indian Strategic Petroleum Reserves Limited (ISPRL); & (ii) Biecco Lawrie Ltd., as per Govt. decision.
- Proving funds for Research and Development (R&D) projects of oil concerns.

6. Deployment of funds

6.1 The OIDB has accorded the highest priority to the programs connected with exploration, production, refining, marketing, research and development and the activities related to the energy security of India. A major portion of the loan assistance has been given to oil companies for meeting capital outlay of plan projects.

6.2 OIDB has, since inception and up to 31st March, 2014, for implementation of various programs conducive to the development of oil industry, provided:

- Loan assistance of Rs.36,831.65 crore to oil companies. As on 31.03.2014, OIDB has loan of Rs.7,824 crore outstanding against oil concerns which is recoverable in phased manner. The details of the loans disbursed during the last four years are as under:

(Rs. in Crore)

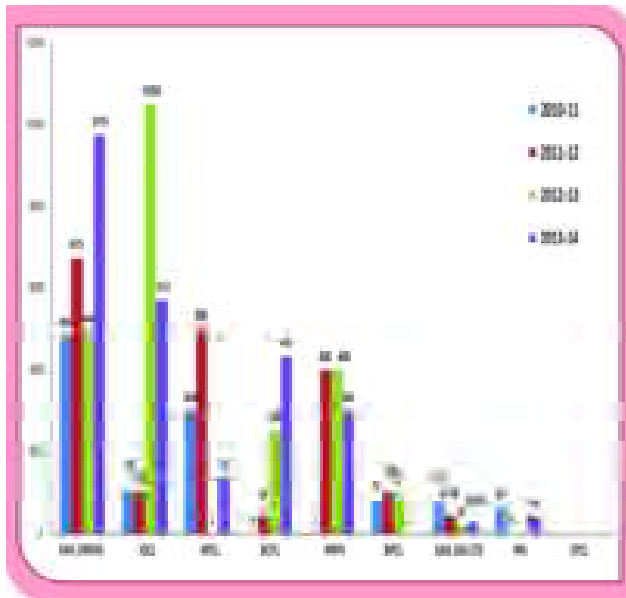


Chart-4 : Loan related to Oil companies since 2010-11

- grant-in-aid of Rs.2,020.68 crore to various institutions/companies. The details of grants disbursed, during the last five years to regular grantee institutions, is as under:

(Rs. in Crore)

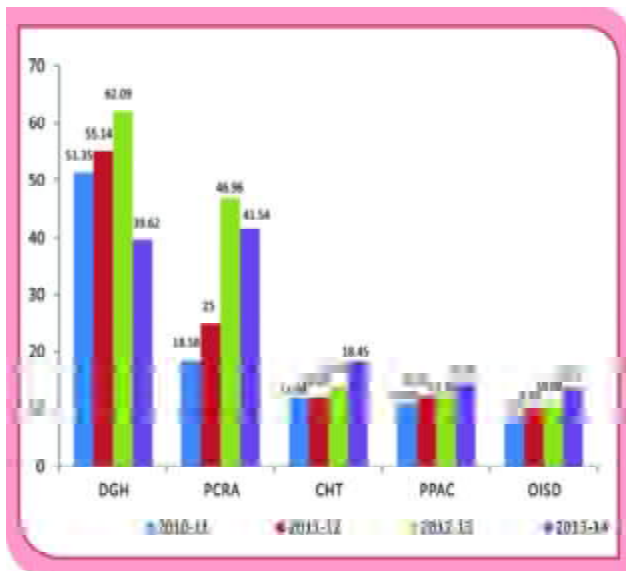


Chart-5 : Grants released since 2009-10

6.3 As per directions of the Government, OIBD has, up to the end of March 2014, made equity contribution of :

- Rs.2,397 crore in Indian Strategic Petroleum Reserves Limited (ISPRL); and
- Rs.50.34 crore in M/s Bienco Lawrie Ltd (BLL).

6.4 As per directions of the Government, OIBD has been paying 'differential royalty' to State Governments/Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in the first and second rounds of NELP. The OIBD has paid an amount of Rs.407.71 crore to State Governments/contractors on this account up to 31.03.2014.

(Rs. in Crore)



Chart-6 : Payment of Royalty

6.5 OIBD has also released grants amounting to Rs.45.66 crore upto 31.3.2014 to Rajiv Gandhi Institute of Petroleum Technology (RGIPT), an Institute set up under an Act of Parliament (54 of 2007).

6.6 OIBD has released an amount of Rs.141.23 crore up to March, 2014, for various

activities under National Gas Hydrate Programme (NGHP) to map the presence of gas hydrates for its utilization as future alternate energy resource by extracting methane from solids below the sea-beds in deep oceans and the permafrost regions of the world.

The OIDB generates internal resources by way of interest receipts on loans and short-term investments. During 2013-14, an amount of Rs.252.85 crore accrued to the Fund as compared to Rs.267.36 crore during 2012-13. The position regarding accretions to the Fund since inception of OIDB is shown in the figure below:

7. Accretions to the OID Fund from Internal Resources

(Rs. in Crore)

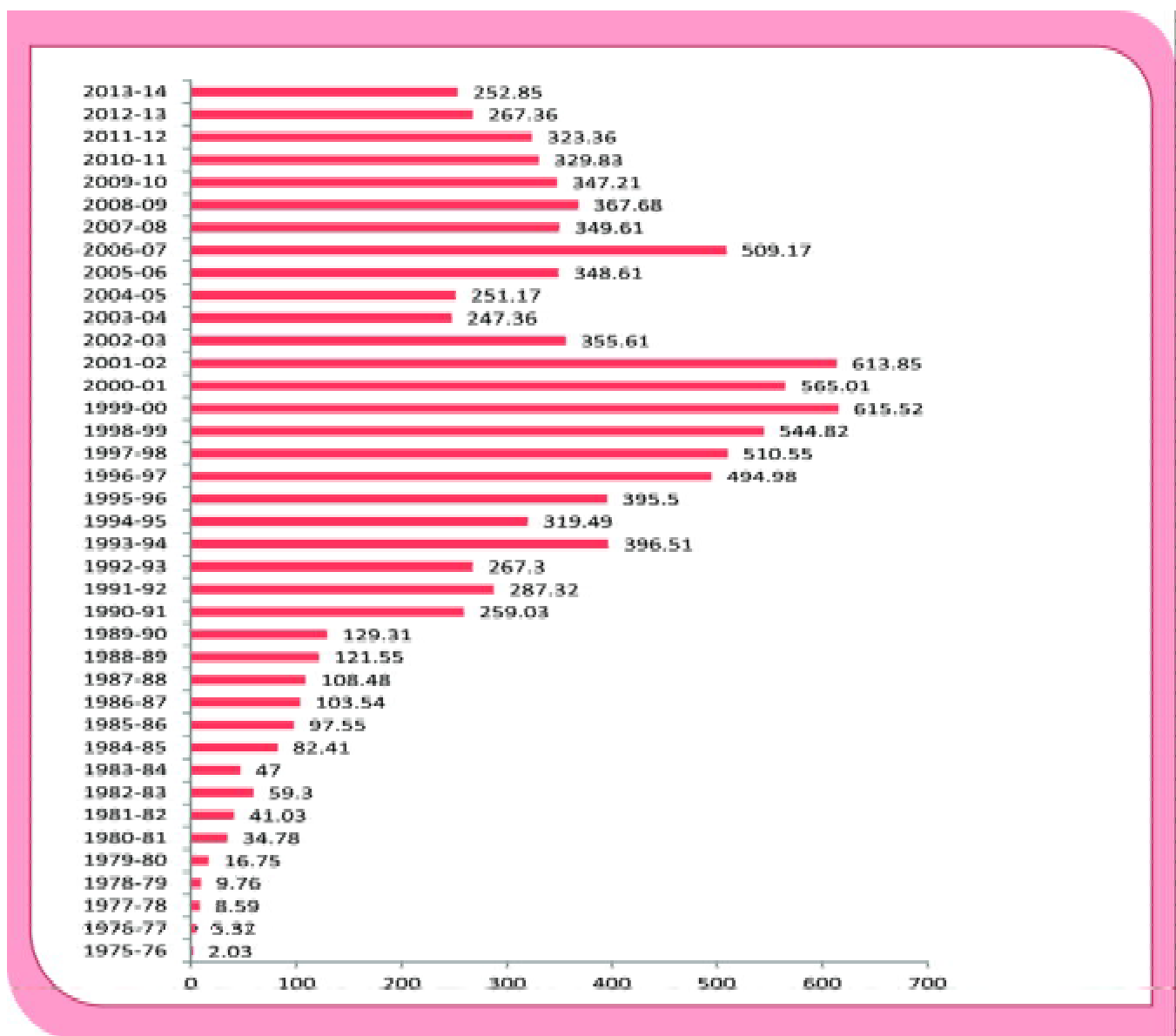


Chart 7 : Accretion to OID Fund

8. OIBB's contribution to the Hydrocarbon Sector can be summarized in the following chart



Chapter-II

Financial Assistance : Loans to Oil Concerns

1. OIBD has been providing loans to part finance the projects for development of the oil industry. There is a loan outstanding of Rs.7824.15 crore against oil companies as on 31.3.2014, company wise details of which are given below:

(Rs. in crore)

S. No.	Name of oil concerns	Amount
1.	GAIL	2329.75
2.	IOCL	2203.00
3.	HPCL	697.50
4.	NRL	82.48
5.	BCPL	976.62
6.	MRPL	1000.00
7.	GAIL Gas Limited	115.55
8.	CPCL	98.00
9.	BPCL	321.25
Total		7824.15

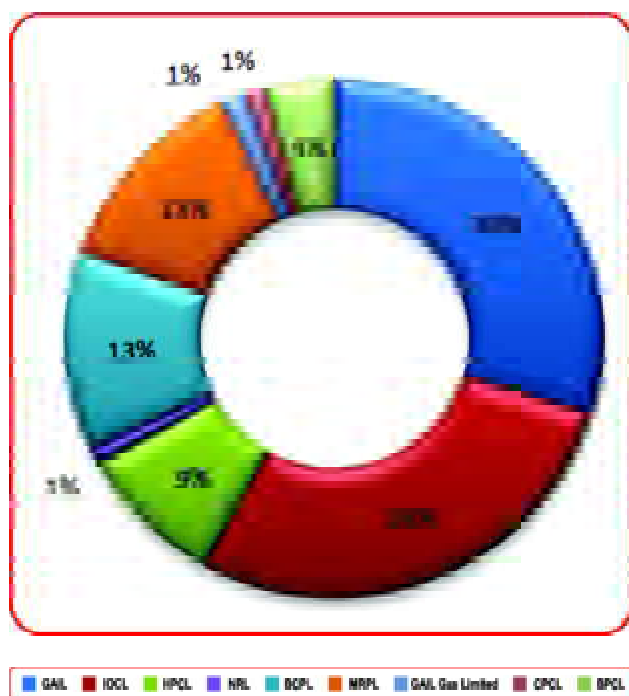


Chart-8 : % age of loan outstanding against oil companies as on 31.3.2014

2. Details of the loans disbursed to part finance projects of various oil concerns, in last five years are as under:

(Rs. in crore)

S. No.	OIL CONCERN	2009-10	2010-11	2011-12	2012-13	2013-14
1	IOCL	1340.00	105.00	100.00	1050.00	572.00
2	HPCL	138.00	300.00	500.00	-	138.00
3	GAIL (India)	466.00	484.00	675.00	490.00	975.00
4	NRL	-	65.00	-	-	42.00
5	BPCL	443.00	77.00	100.00	97.00	-
6	CPCL	392.00	-	-	-	-
7	MRPL	-	-	400.00	400.00	300.00
8	Gail Gas	-	74.41	43.59	20.00	25.65
9	BCPL	-	283.00	44.00	250.00	435.00
Total		2779.00	1388.41	1862.59	2307.00	2487.65

3. During the financial year 2013-14, OIBD has released loan of Rs.2487.65 crore to part finance projects of various oil concerns. The oil concern wise details of the loan disbursed during the 2013-14 are given in the following table:

(Rs. in crore)

S. No.	Name of oil concerns	Funds disbursed during 2013-14
1.	IOCL	572.00
2.	GAIL (India) Ltd.	975.00
3.	MRPL	300.00
4.	BCPL	435.00
5.	HPCL	138.00
6.	NRL	42.00
7.	GAIL Gas Limited	25.65
TOTAL		2487.65

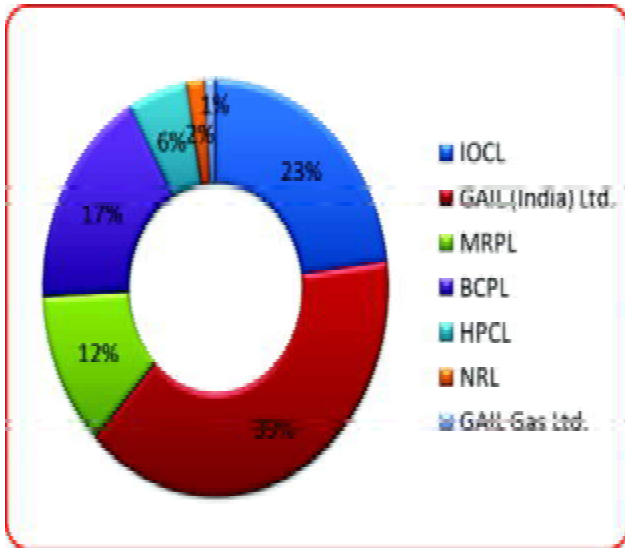


Chart-9 : % age of loans disbursed to Oil Concerns during 2013-14

4. Details of the Oil Concerns-wise projects financed by OIDB during the FY 2013-14 is given below:

4.1. Indian Oil Corporation Limited:

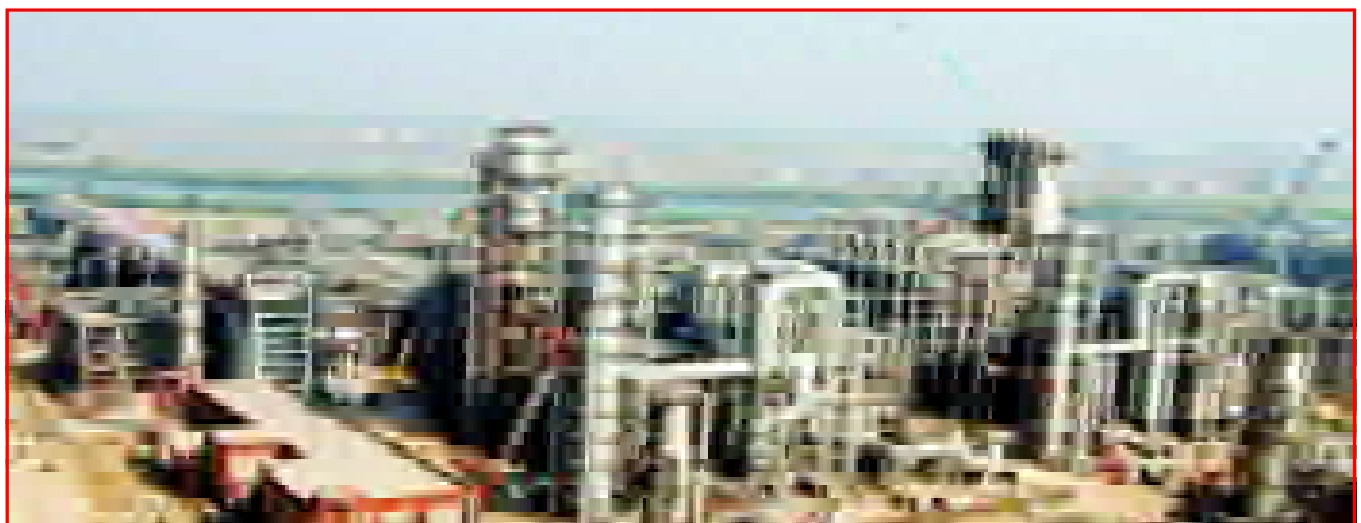
M/s. Indian Oil Corporation Limited (IOCL) has availed loan assistance of Rs.572 crore from OIDB during the year 2013-14 to finance its following projects :-

a) Paradip Refinery Project (PDRP): (Loan of Rs.522 crore)

Paradip Refinery is the Indian Oil’s most prestigious and capital intensive project and will be the 11th refinery of the group of Indian Oil Corporation Ltd. It is configured to contribute enormously to the capacity of Indian Oil. The Refinery is located at Paradip on the east coast of India, in the State of Orissa, at a distance of approx. 5 Km from Paradip Port. OIDB has released loan of Rs.522 crore to the company during 2013-14 for part-finance of the project.

b) Revamp of Fluidized Catalytic Cracking Unit (FCCU) at Mathura Refinery : (Loan of Rs.50 crore)

As per IOC, FCCU unit at Mathura refinery licensed by M/S UOP, USA was commissioned in 1983 at a capacity of 1.0 MMTPA. The unit was subsequently revamped to 1.3 MMTPA in the year 2000 after incorporation of feed injection nozzle from M/s Stone & Webster, USA and revamping of Gas Con Section. Further modifications/changes would result in increase in the processing capacity of FCCU from 1.3 to 1.5 MMTPA etc. The cost of the project is Rs.1,000 crore. OIDB has released loan of Rs.50 crore to the company during 2013-14 for part-finance of the project.



Atmospheric & Vacuum Unit (AVU)



Kero Treater Unit (KTC)

4.2 GAIL (India) Limited:

GAIL (India) Ltd. was incorporated in August, 1984 to develop transportation and marketing infrastructure of natural gas in the country. It has grown organically over the years by building a large network currently around 9065 kms of gas pipeline infrastructure in the country. OIDA has released an amount of Rs.975 crore during

the year 2013-14 to GAIL for part-finance of the following projects:

- (a) Petrochemical Complex-II Project, Vijaipur & Pata - Rs.485 crore.
- (b) Dhabol-Bangalore Pipeline Project - Rs.290 crore.
- (c) Kochi-Kanjirkkod-Bangalore Mangalore Pipeline - Rs.200 crore



Gail's Petrochemicals Project

4.3 Mangalore Refinery and Petrochemicals Ltd. (Loan of Rs.300 crore):

Mangalore Refinery and Petrochemicals Limited (MRPL) refinery is a subsidiary of ONGC, which is located at Mangalore on the western coast of India, in the Southern State of Karnataka with installed refining capacity of 15 MMTPA. The Crude Oil throughput achieved by MRPL during 2013-14 is 14.55 MMTPA. The company is currently implementing its Refinery Upgradation & Expansion Project (Phase III Refinery Project) at an estimated outlay of Rs.12,412 crore. For the Phase-III Refinery Project, the OIDB has sanctioned Rs.950 crore, out of which Rs.300 crore has been released during the year 2013-14.

4.4 Brahmaputra Cracker and Polymer Ltd. (BCPL) (Loan of Rs.435 crore):

BCPL is a joint venture company promoted by M/s GAIL India Ltd (GAIL), M/s Oil India Ltd (OIL), M/s Numaligarh Refinery Ltd (NRL) and Govt of Assam, with Equity contribution in the ratio of 70%: 10%: 10%: 10% respectively. The company is engaged in setting up a Petrochemical Complex at

Lepetkata, Assam, based on the supply of gas from Oil India Limited (OIL) and Oil & Natural Gas Commission Limited (ONGC) and Naphtha from Numaligarh Refinery Limited (NRL) in Assam.

The project was approved by Cabinet Committee of Economic Affairs (CCEA) in April 2006 for an estimated project cost of Rs 5461 crore with a scheduled completion period upto April 2012. Further, CCEA accorded approval on 16.11.2011 for a revised cost of Rs.8920 crore and revised schedule for commissioning by December 2013.

The funding of the revised project cost consists of capital subsidy of Rs.4,690 crore from Government of India, equity of Rs.1,269 crore from promoters and loan of Rs.2,961 crore.

As on 31.03.2014, loan of Rs.1,012 crore has been sanctioned by OIDB towards part finance of the project. During the year 2013-14, loan of Rs.435 crore was released by OIDB. Project achieved an overall progress of 96.5% with a capital expenditure of Rs.7,671.12 crore, as reported by BCPL.



Gas Sweetening Unit of BCPL

4.5 Hindustan Petroleum Corporation Limited (Loan of Rs.138 crore):

Hindustan Petroleum Corporation Limited is an integrated oil company engaged in refining oil and marketing of petroleum products and petrochemical feed stocks. An amount of Rs.138 crore has been released by OI DB to the company as loan towards part finance of the following Pipeline Projects during the year 2013-14:

- (a) Rewari Mathura Kanpur Pipeline Project - Rs.64 crore.
- (b) LPG Pipeline from BPCL Uran to Chakan (Pune) - Rs.11 crore.
- (c) Mangalore Bangalore LPG Pipeline Project - Rs.54 crore
- (d) Awa Salawas Pipeline Project - Rs.9 crore.

Details of these Pipeline Projects, under implementation, are as follows:

(a) Rewari Mathura Kanpur Pipeline Project

The objective of the project is to lay a dedicated cross country Product Pipeline from Rewari (Haryana) to Kanpur (Uttar Pradesh) to avoid Rail and Road Transport for supply of Petroleum Products in Uttar Pradesh. The length of pipeline will be about 441 Km and the Design capacity is 7.98 MMTPA and it will pass through the States of Haryana, Rajasthan and Uttar Pradesh. Approved cost of the project is Rs.1210.64 crore with a completion schedule of November 2015.

(b) LPG Pipeline from BPCL Uran to Chakan (Pune)

The objective of the project is to lay a dedicated cross country pipeline from Uran (near Mumbai) to Chakan-Shikrapur (near

Pune) for transporting LPG. The design capacity of the pipeline is 1 MMTPA with a length of about 165 Kms and diameter of 12". Cost of the project is Rs.462.79 crore with 50% cost being shared with BPCL and completion schedule of October 2015.

(c) Mangalore Bangalore LPG Pipeline Project

The objective of the project is to lay dedicated cross country Pipeline for transporting LPG from LPG import facility at Mangalore to HPCL's proposed bottling plant at Yediyuru and terminates at BPCL's bottling plant in Solur via Hassan. Also, a spur line is being laid from Hassan Tap-off point to HPCL's bottling plant at Mysore. The length of pipeline will be about 397 Km with capacities of 2.279 MMT (first year of operation) and 3.106 MMT (eighth year of operation). Cost of the project is Rs.701 crore with a completion schedule of November 2015.

(d) Awa-Salawas Pipeline Project

The objective of the project is to connect existing MDPL Awa Intermediate pumping station to Salawas Depot for minimizing secondary transportation costs of petroleum products. The project consists of laying of approx. 93 Km long, 10 inch diameter multiproduct cross-country petroleum spur pipeline with a capacity of 2.34 MMTPA along with associated facilities. Approved cost of the project is Rs.134.43 crore with a completion schedule of November 2015.

4.6 Numaligarh Refinery Limited (NRL) (Loan of Rs.42 crore):

Numaligarh Refinery Ltd. presently operates a 3.0 MMTPA refinery at Numaligarh, District – Golaghat, Assam. The refinery processes Assam crude, which is rich in high quality

wax. In order to take advantage of the high quality naturally occurring wax present in the crude oil, NRL has set up a Dewaxing/ Doiling unit along with wax hydro finishing unit to produce Paraffin and Semi-

Microcrystalline waxes. OIDB has released loan of Rs.42 crore to the company during 2013-14 towards part finance of the project.



SDU of NRL

4.7 GAIL Gas Limited (Loan of Rs.25.65 crore):

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated for implementation of City Gas Distribution projects across the country. GAIL Gas operates over 363 Km of steel pipeline network and approximately 548 Km of MDPE Pipeline in the cities of Sonipat, Meerut, Dewas, Kota, Agra & Firozabad. GAIL Gas supplies natural gas to more than 435 industrial units, 13 commercial customers

and domestic customers progressively in these cities. It has implemented uniform price mechanism in Taj Trapezium Zone (TTZ) Area, pooling Domestic & Imported gas prices. GAIL Gas has tied-up over 854 industrial customers and 45 commercial consumers in these areas. OIDB has released an amount of Rs.25.65 crore against sanctioned amount of Rs.38 crore during 2013-14 for the TTZ project.



Chapter-III

Financial Assistance : Grants to Regular Grantee Organisation

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. The Government has set up five organizations namely Directorate General of Hydrocarbons

(DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate (OISD) and Petroleum Planning and Analysis Cell (PPAC) to work in different aspects of petroleum related activities. As per the directives of the Government, the budget of these organizations is funded by way of grants by OIDB.

3. **Details of the grants disbursed to Regular Grantee institution, in last five years are as under:**

(Rs. in crore)

Institutions	2009-10	2010-11	2011-12	2012-13	2013-14
DGH	58.67	51.35	55.14	62.09	39.62
PCRA	60.70	18.58	25.00	46.96	41.54
CHT	7.18	11.98	12.04	13.92	18.45
PPAC	9.65	10.95	12.21	12.35	14.36
OISD	6.40	8.20	9.96	10.88	13.74
Total	142.60	101.06	114.35	146.20	127.71

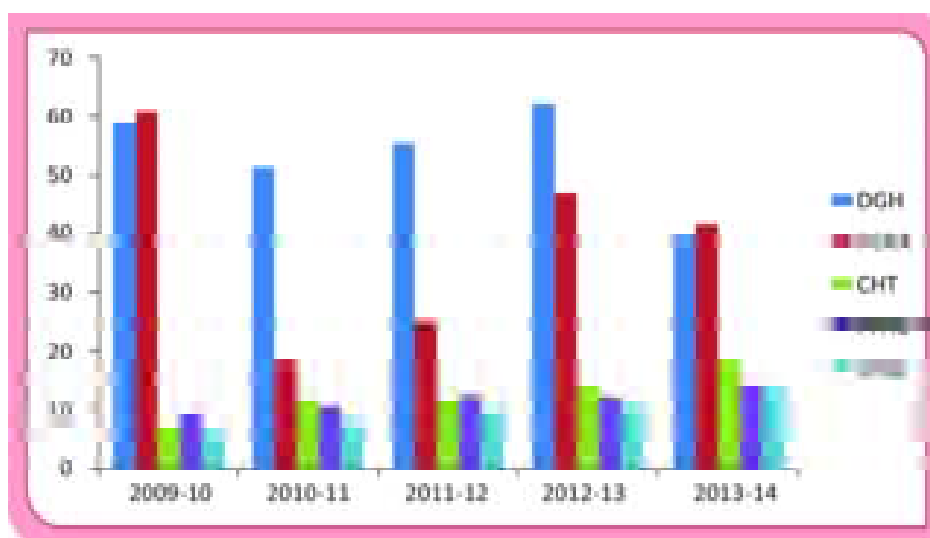


Chart 9 : Grants disbursed to Regular Grantee Institutions, in last five years

4. The OIBD incurred the following expenditure on grants/schemes sponsored by Govt. of India/OIBD during the year 2013-14:

(Rs. in Crore)

S. No.	Name of the Institution	Amount
1	Directorate General of Hydrocarbons (DGH)	39.62
2.	Petroleum Conservation Research Association (PCRA)	41.54
3.	Centre for High Technology (CHT)	18.45
4.	Oil Industry Safety Directorate (OISD)	13.74
5.	Petroleum Planning & Analysis Cell (PPAC)	14.36
	Total	127.71

5.1 Directorate General of Hydrocarbons (DGH) (Grant of Rs.39.62 crore) :

Directorate General of Hydrocarbons (DGH) was established under the administrative control of Ministry of Petroleum & Natural Gas by a Government Resolution in 1993. Objectives of DGH are to promote sound management of the oil and natural gas resources having a balanced regard for environment, technological and economic aspects of the petroleum activity. DGH has been entrusted with certain 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 for future exploration and

development of non-conventional hydrocarbon energy sources.

DGH is fully funded by OIBD. During the year 2013-14, OIBD provided a grant of Rs.39.62 crore to DGH. As per DGH, following major activities were carried out during the year:

5.1.1 OPENING UP OF NEW AREAS FOR FUTURE EXPLORATION:

With a view to open up new areas for exploration, Ministry of Petroleum & Natural Gas is proposing to launch tenth bid round of NELP (NELP-X) shortly, wherein blocks shall be offered for Exploration and Exploitation of conventional as well as unconventional hydrocarbon resources under Uniform Licensing Policy. So far, a total of 52 blocks have been identified for offer based on the grant of requisite statutory clearances. The Government is in the process of finalizing a suitable contract model for this round.

5.1.2 IMPLEMENTATION OF NELP

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

NELP bidding rounds have attracted many Private and Foreign Companies, in addition to PSUs. Earlier, a total 35 E & P Companies (5 PSUs, 15 Private and 15 Foreign) were working in Nomination and Pre-NELP regime. After the conclusion of nine rounds of NELP bidding, the total number of companies have increased to 117 (11 PSUs, 58 Private and 48 Foreign Companies as Operators and Non-operators/Consortium Partners) and 254 blocks have been awarded for exploration and production. These are onland (111),

shallow water (62) and deepwater (81) blocks. Out of 252 blocks awarded in all 9 rounds of NELP, 148 blocks are operational whereas 106 blocks have been relinquished by the operation. There have been 103 oil & gas discoveries from 42 blocks & 13 discoveries are under development.

5.1.3 MONITORING OF PRODUCTION SHARING CONTRACTS:

Government of India has signed 29 contracts for discovered fields, 33 CBM blocks, 28 exploration blocks under pre-NELP regime and 254 blocks under NELP regime. DGH monitors the execution and 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, estimation of reserves and production profile, making simulation model of the field, review and approval of development plan, budget and Safety Management System. During 2013-14, fields/blocks under PSC regime, produced 12.08 MMT of oil and 9.50 BCM of natural gas.

5.1.4 MONITORING OF THE PETROLEUM EXPLORATION LICENSES HELD BY NATIONAL OIL COMPANIES (NOCs) - ON NOMINATION BASIS:

DGH review the progress of exploration activities of 40 (29 ONGC + 11 OIL) Petroleum Exploration Licenses (PEL) held by NOCs (ONGC and OIL) on nomination basis, on a half yearly basis vis-a-vis committed work programme.

5.1.5 FIELD DEVELOPMENT, RESERVOIR AND PRODUCTION MONITORING

Reservoir group of DGH is monitoring the development activities of various fields under the Production Sharing Contracts

(PSCs) regime. The activities in exploration blocks with reference to reservoir review of discoveries, potential commercial interest, Declaration of Commerciality (DoCs) and Field Development Plan (FDP) etc. are also carried out.

5.1.6 COAL BED METHANE (CBM):

Commercial production of CBM in India has already commenced w.e.f. July 2007 in Raniganj (South) block in West Bengal operated by Great Eastern Energy Corporation Limited (GEECL). Current production in the block is about 0.32 MMSCMD. Additionally, two blocks, Raniganj (East) block operated by Essar Oil Limited is producing @ 0.14 MMSCMD and Jharia operated by ONGC is producing @ 10,000 SCMD. Out of 33 blocks awarded so far, three (3) blocks have been relinquished. 8 CBM blocks are in development phase (2 blocks operated by RIL, 4 blocks operated by ONGC, 1 block operated by GEECL and 1 block operated by Essar Oil Limited)

5.1.7 ESSENTIALITY CERTIFICATES:

During the year 2013-14, DGH issued a total 14888 Nos. of Essentiality Certificates having CIF value of INR 4229 Crores.

5.1.8 SHALE OIL AND SHALE GAS:

DGH has initiated steps to identify prospective areas for Shale Oil and Shale Gas exploration and formulation of Policy for Shale Oil and Shale Gas exploration with legislation changes and launch of First Shale Oil and Shale Gas round.

Based on the data available from conventional oil/gas exploration in the country for the last so many years, the sedimentary basins appear to be prospective from Shale gas point of view under Phase-I are Cam bay Basin,

Gondwana Basin, KG Basin, Cauvery Basin, Indo Gangetic Basin, Assam Arakan Basin.

However, detailed analysis of geo-scientific data gathered during conventional exploration of Oil/Gas is being carried out to identify areas/basins prospective for shale gas.

Shale Gas and Shale Oil Policy has been announced by the Government of India in October, 2013 for National Oil Companies (NOCs) to explore and exploit shale oil and gas resources in nomination regime acreages. ONGC has completed drilling of one well (Jambusar # 55) in Gujarat for assessment of shale gas/shale oil potential of Cambay Shale.

5.2 Petroleum Conservation Research Association (PCRA) (Grant of Rs.41.54 crore) :

PCRA is a Society set up in 1978 under the aegis of Ministry of Petroleum & Natural Gas. As a non-profit organization, PCRA is a national government agency engaged in promoting energy efficiency in various sectors of economy i.e. Industry, Agriculture, Transport, Domestic and Commercial. It helps the government in proposing policies and strategies for petroleum conservation, aimed at reducing excessive dependence of the country on oil requirement. Over the years, PCRA has enlarged its role in improving productivity in use of various sources of energy, for the purpose of achieving environment protection and sustainable development. During 2013-14, an amount of Rs.41.54 crore was released by OI&NB to PCRA for performing its activities including administrative expenditure. During the year 2013-14, PCRA worked proactively in the field of conservation and efficient use of petroleum products through their various

Field Activities like Energy Audits, Driver Training Programmes, Technical Workshops, Technical Seminars, Education Campaign, Oil & Gas Conservation Fortnight and R&D activities by sponsoring projects for development of energy efficient products / processes etc. including Standard & Labelling Programmes. As per PCRA, following major activities were carried out during the year:

5.2.1 Field Activities :

Field Activities are one of the core areas of PCRA operations. Through sectoral field activities, PCRA engineers and its empanelled experts reach the targeted groups with innovative energy conservation programmes. These activities are designed to cover a large spectrum of social-economic profile of our country in different sectors viz. Industry, Transport, Domestic, Agriculture and Commercial. During 2013-14, a total of 7318 nos. of field activities were carried out throughout the country.

5.2.2 INDUSTRIAL SECTOR

- **Energy Audits**

During 2013-14, PCRA conducted 567 energy efficiency studies in the Industrial sector, which include Energy Audits (271), Fuel Oil Diagnostic Studies (144) and walk through audits (152) in Small-scale industries.

- **Technical Seminars**

Technical seminars are an effective tool for the dissemination of information relating to advancements made in technologies and for improvement in operational practices for improving energy efficiency. In this direction, PCRA during 2013-14, organized 135 nos. of Seminars / Technical Meets in different parts of the country for the benefit of specific industrial sectors.

- **Institutional Training Programmes**

PCRA's Institutional Training Programme (ITP) is an activity primarily meant to share the experience gained by PCRA during industry audits. These training programmes are targeted at raising the awareness level of the members of industry about the conservation opportunities that can be realized through the energy audit of their plant. In 2013-14, PCRA conducted 460 Industrial Training Programmes in various industries.

- **Industrial Workshops**

PCRA conducted 419 workshops covering energy and fuel saving measures along with screening of clippings and films on the tips of fuel and energy saving in industries.

5.2.3 TRANSPORT SECTOR

The Transport sector accounts for almost 50% of country's total petroleum products consumption. Studies in this area have indicated that a saving potential of around 20% exists. To realize this saving potential, PCRA conducts variety of programmes like Driver Training Programmes, Model Depot Project etc. for State Transport Undertakings (STUs), private fleet operators, organizations in the private and public sector to promote efficient use of petrol, diesel, lubricants and greases through better maintenance practices, better driving habits, model depot studies, emission awareness programmes, exhibitions, workshops, clinics etc. all over the country.

5.2.4 AGRICULTURE SECTOR

PCRA's efforts in agriculture sector focuses on van publicity, workshops on Bio Diesel, Kisan Melas and exhibitions. During the year 2013-14, PCRA participated in 83 Kisan

Melas and conducted 649 workshops, where clippings and films produced by PCRA about the tips on fuel saving and demonstration of ISI mark, foot valve, Bio-diesel, etc. were shown.

5.2.5 DOMESTIC SECTOR

- **Workshops on LPG / Kerosene Savings**

The focus of PCRA activities during the year was on educating women on better cooking habits aimed at conservation of LPG and kerosene, use of fuel-efficient stoves and lighting appliances, use of alternative sources of energy such as solar, bio-gas etc. This was supplemented through screening of PCRA produced films. PCRA conducted 929 nos. of awareness workshops during 2013-14.

- **Youth Programmes**

PCRA organizes a variety of programmes for youth by approaching schools. These constitute quiz, essay, debate and the painting competitions on topics related to energy conservation. PCRA aims to make young minds understand the issue of energy conservation and motivate them to apply and promote the cause of oil conservation into their widening spheres of domestic and professional lives. During the year 2013-14, PCRA organized 1607 nos. of youth programmes in various schools, colleges and institutions all over the country.

5.2.6 NETWORKING

- **International Networking**

As part of Government of India's initiative for cooperation with Japan in the field of Oil & Gas, PCRA executed MoU with "Energy Conservation Center Japan (ECCJ)" on 28th June 2006 in New Delhi. The validity of the MoU continued for co-operation between PCRA and ECCJ during

2013-14 by duly renewal of same till June 2014. The MoU stipulates to undertake jointly collaborated programmes to promote energy efficiency, labeling, to reduce GHG emissions, introducing clean technology, sharing best practices adopted by various sectors, etc.

During 2013-14, ECCJ and PCRA have conducted joint activities in Transport sector on 'Eco Driving', training programme on energy management in buildings, workshop on "Energy saving opportunities in Oil Refining and Petro chemical sector" and workshop cum training programme to implement activities under PAT scheme. PCRA also participated in the bilateral dialogues with Russia, US, Japan for taking up joint activities in the field of fuel conservation. DFID-UK has also offered assistance in development of fuel economy norms.

- **Domestic Networking**

During the year 2013-14, PCRA associated actively with the National / Regional Industry bodies such as Bureau of Energy Efficiency (BEE), Federation of Indian Chambers of Commerce & Industry (FICCI), Associated Chambers of Commerce & Industry of India (ASSOCHAM), PHD Chamber of Commerce & Industry (PHDCCI), Indian Institute of Petroleum (IIP), Bombay Textile Research Association (BTRA), South India Textile Research Association (SITRA) etc. to carry out jointly the activities such as seminars, technical meets, training programmes and energy audits.

These joint programmes proved very useful towards addressing effectively the issue of energy efficiency to the target audience.

5.2.7 RESEARCH AND DEVELOPMENT

Research & Development is a major important activity of PCRA. The R&D

activities provide strong support to PCRA's energy conservation efforts aiming at the development of new products, processes and technologies which have the potential to contribute to energy saving, environmental quality, energy security and sustainable development. As a part of its mandate, PCRA formulates strategies to sponsor new R&D projects that promote measures for accelerating conservation of petroleum products leading to energy efficiency in all sectors of economy.

Details of R&D projects completed by PCRA are given below:

Projects completed during the year 2013-14	
No. of Projects	4
Contribution by PCRA	Rs.39.19 Lakh
Contribution by Industry / Institution	Rs.19.90 Lakh

5.2.8 EDUCATION CAMPAIGN

Education campaign is used by PCRA as a communication tool to create mass awareness on efficient utilization of energy resources, a tool that is effective to bring attitudinal changes through sustained efforts using various medium of communication.

5.2.9 Mega Campaign "SAVE FUEL YAANI SAVE MONEY"

With this background in mind, PCRA launched its Mega Campaign – 2013 in a grand manner, in terms of activities as well as resources. Mega Campaign was launched by Hon'ble minister of petroleum on 1st October 2013 at New Delhi to reinforce countrymen's commitment to conserve precious petroleum products and stop wastage of resources. Central theme of the

event was kept on “Transport” sector which constitutes around 50% consumption of petroleum fuels in India. With a view to make the campaign a mega success, advertisements were released in magazines, executed the campaigns in Digital cinemas and websites, organised National Level Essay/Painting Competition for the students.

5.2.10 Printed Literature

PCRA, over the years, has designed and developed a rich bank of conservation literatures for the users of petroleum products carrying useful information and tips for saving of petroleum products. These literatures were distributed amongst masses throughout the year.

5.2.11 Exhibitions

PCRA exhibits its in-house capabilities and expertise of successful energy efficiency studies through display of information in National and International exhibitions. PCRA participated in 133 exhibitions during 2013-14.

PCRA actively participated in PETROTECH – 2014 between 12th-14th January 2014 showcasing its activities on conservation. PCRA stall was inaugurated by Secretary, MoPNG in presence of other senior officials of the oil industry. PCRA also participated in India International Trade Fair (IITF)-2013 between 14–27 November 2013 at Pragati Maidan, New Delhi by erecting a stall on conservation of petroleum products. Stall attracted huge crowds from all sections of society.

5.2.12 OIL & GAS CONSERVATION FORTNIGHT 2014

Oil & Gas Conservation Fortnight (OGCF) is a significant annual event of the Ministry of Petroleum & Natural Gas, which is organized jointly by PCRA and Public Sector Oil & Gas Companies every year from 15th to 31st January. OGCF 2014 took off with impressive Inaugural Functions at the National Capital and all the State Capitals on 16th January 2014. The theme for this year was –

The event in New Delhi was inaugurated by Dr. M. Veerappa Moily, Hon’ble Minister for Petroleum & Natural Gas on 16th January 2014 in the distinguished presence of Smt. Panabaaka Lakshmi, Hon’ble Minister of State for Petroleum & Natural Gas besides other senior dignitaries of MOP&NG. During their address, they impressed upon the need for conservation of petroleum products. Hon’ble Minister for Petroleum & Natural Gas administered the Oil & Gas Conservation Pledge and flagged off the Publicity Vans carrying the messages of fuel conservation. A guide book on “Energy Audit Manual in Pharma Sector” was also released on the occasion.

During the function, the “Best Performance Awards” were distributed to State Level Coordinators (SLCs), Regional Level Coordinator (RLC), State Governments and Upstream Sector for their best performance during last OGCF 2013, besides various other awards to winner students of National Level Essay Competition & National Level Painting Competition.

During OGCF 2014, large number of activities like mass rallies, cycle rallies, marathons, human chain, technical seminars, symposiums, essays, quiz and painting competitions, LPG/PNG saving workshops, workshops for industrial workers / drivers etc. were conducted all over the country by

PCRA and Public Sector Oil & Gas Companies, for propagation of Oil & Gas conservation messages amongst the major consuming sectors namely, Transport, Industry, Agricultural, Household and Commercial.



(Hon'ble Petroleum Minister lighting the lamp to inaugurate OGCF-2014)



(Book written by PCRA on "Energy Audit in Pharma Sector" being released during OGCF-2014)

5.3 Centre for High Technology (CHT) (Grant of Rs. 18.45 crore) :

Centre for High Technology (CHT) was established by Ministry of Petroleum & Natural Gas (MOP&NG) in 1987 as a specialised agency of the oil industry to assess futuristic technology requirements for acquisition, development and adoption in the field of refinery processes, petroleum products, additives, storage and handling of crude oil, products and gas.

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

OIDB is funding the activities of CHT since its inception. During the year 2013-14, an amount of Rs.18.45 crore was released as grant to CHT, which includes an amount of Rs.4.39 crore for R&D projects. As per CHT, following major activities were carried out during the year:

5.3.1 Performance Benchmarking of PSU refineries

CHT carried out the Performance Benchmarking of 15 PSU refineries through M/s Solomon Associates, USA for the calendar year 2012. The purpose of the Benchmarking Study was to assess the competitive position of the 15 refineries

vis-à-vis their local and global bests, which would in turn help to establish credible goals to achieve continuous improvement finally leading to performance par international excellence. The Study Report was submitted in October 2013 and circulated to refineries for developing action plan for bridging the gap.

5.3.2 Technical Services Agreement

CHT, on behalf of the oil industry, entered into the Technical Services Agreement (TSA) with Shell Global Solutions International (SGSI), a world renowned consultancy, licensing, engineering and refining company for providing back-up services and consultancy to the Indian oil and gas companies. The TSA was formally launched with a kick off meeting in CHT office at Noida on 30th April, 2013 wherein representatives from PSU refineries, Engineers India Limited and GAIL (India) Limited participated.

5.3.3 ISO 9001 Certification for CHT

CHT received the Quality Management System Standard, ISO 9001:2008 accreditation from M/s DNV for “providing technical advice, guidance and support to the downstream hydrocarbon sector and refineries under the aegis of Ministry of Petroleum and Natural Gas”.

5.3.4 Workshop on “Oil and Gas Pipelines”

A 2-day Pipelines Workshop was organised by Centre for High Technology in association with GAIL (India) Limited on 12th and 13th April, 2013 at Visakhapatnam. The theme of the workshop was “Dynamics of Pipeline Transportation – Ensuring Safe & Sustainable Energy”. The Meet was inaugurated by Smt. Panabaka Lakshmi, Union Minister of State for P&NG and Textiles in the presence of Shri Vivek Rae, IAS, Secretary, MoP&NG.

5.3.5 18th Refinery Technology Meet (RTM)

The 18th edition of Refinery Technology meet (RTM) was successfully organized by CHT in association with Bharat Petroleum Corporation Ltd. (HPCL) from 11th to 13th November, 2013 at Kochi. The theme of the Meet was “Pacesetter Performance for Improving Margin, Reliability and Efficiency”. The Meet was inaugurated by Shri Vivek Rae, IAS, Secretary, Ministry of Petroleum & Natural Gas. The 18th RTM was a tremendous success and was appreciated by the entire oil industry.

5.3.6 Auto Fuel Vision & Policy 2015

CHT provided extensive technical and secretarial support to the Expert Group constituted by MoP&NG under the Chairmanship of Shri Saumitra Chaudhuri, Member, Planning Commission, Government of India to prepare a “Draft Auto Fuel Vision & Policy 2025”.

5.3.7 Other Activities

- CHT reviewed and examined applications for issuance of essentiality certificates for import of various project items and submitted its analysis/recommendations to MOP&NG.
- CHT prepared the consolidated report on the analysis of refineries’ performance and submitted to MOP&NG for QPR meetings
- CHT reviewed and examined various technical proposals forwarded by MOP&NG and submitted its analysis and recommendations
- CHT was actively involved in the review of MOU parameters of refineries with MoP&NG for improved performance evaluation and monitoring.
- CHT presented the activities and status of Hindi Implementation to the Hindi Parliamentary Committee on 22nd May 2013.



Shri Vivek Rae, IAS, Secretary, Ministry of Petroleum & Natural Gas releasing the 18th RTM Compendium

5.4 Oil Industry Safety Directorate (Grant of Rs.13.74 crore) :

Oil Industry Safety Directorate (OISD), an ISO 9001-2008 certified organization assists the Safety Council of the Ministry of Petroleum & Natural Gas headed by Secretary, P&NG as Chairman. 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. As per OISD, following major activities were carried out during the year:

5.4.1 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 113 technical safety standards for the oil industry. 11 of these standards had also been included in statutory provisions of Petroleum Rules and Gas Cylinder Rules.

During the year 2013-14, OISD has formulated two numbers of New Standards and revised/amended 05 Numbers of the existing standards. Currently, five numbers of New Standards including a comprehensive standard for POL installations and same number of revised/amended standards of OISD are in advanced stage of formulation.

5.4.2 “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. 62 drilling platforms, 13 drilling rigs and 1 SPM were accorded “consent to operate” during 2013-14.

5.4.3 Safety Audits (ESA / SSA)

OISD carries out periodic safety audits of all types of Oil & Gas installations to monitor their compliance with the OISD standards. 2013-14 Safety Audit Performance of OISD surpassed the RFD target as indicated below:

Activities (in No.)	Plan	Actual
Refinery & Gas Processing plants	19*	21
Mktg. Installations	70	71
E&P Onshore	60	69
E&P Offshore	8	9
Cross Country Pipelines (in KM)	2900	4200
Single Point Mooring Installations	03	06
Jetty Pipelines carrying Hydrocarbons	03	03

* Includes three numbers audits of LNG terminals as decided in 30th Safety Council meeting held in October, 2013

5.4.4 Pre-Commissioning Safety Audits (PCSA)

Pre-Commissioning safety 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 2013-14, 44 nos. of such audits had been conducted on the request of the user Industry members. 115 Km of Pipeline were also audited in this context.

5.4.5 Safety Performance Evaluation of Industry

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. Safety awards, for 2011-12, had been handed over to the recipients by Hon'ble Minister of Petroleum & Natural Gas and Hon'ble Minister of State for Petroleum & Natural Gas in a glittering function at Delhi.

5.4.6 Knowledge sharing collaborations

In addition to the MOU with Bureau of Safety and Environmental Enforcement (BSEE) of the Department of the Interior, Govt. of USA, OISD has also entered into an MOU with Centre for Chemical Process Safety (CCPS) under the aegis of AIChE, USA for knowledge sharing in the area of Process Safety Management of Chemical Process Plant on 14.05.2013. This event got an editorial mention in the prestigious "Hydrocarbon Processing" journal. Follow up meeting had been held during July and October, 2013 through video conferencing.

5.4.7 Technical Seminar / Conference

Technical Seminars / Conferences oil industry are conducted by OISD to discuss the latest technological developments, sharing of incident experiences etc. During the year 2013-14, OISD has organized the following three seminars/workshops:

- (i) Conference on "Well Integrity" was organized during 25th – 26th November 2013 at New Delhi.



Hon'ble Minister, PNG inaugurating Safety Award Function

- (ii) International conference on “Occupational & Environmental Health” held during 13th – 14th December, 2013 at New Delhi.
- (iii) Seminar on “Process Safety in Marketing Operations” on 16th January, 2014 at New Delhi.

5.4.8 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 programmes, website links etc. During 2013-14, 14 major incidents were investigated by OISD.

5.4.9 Knowledge Management

OISD functionaries continues share and disseminate domain expertise with trade & industry bodies. Faculty support had been provided in evaluative courses of Academic Institutions like RGIPT. ED, OISD had also participated and presented paper on Process Safety Management in International Conferences organized by Fleming Gulf at Kuala Lumpur and London besides being part of delegates from India in USTDA, USA.

5.5 Petroleum Planning and Analysis Cell (PPAC) (Grant in aid of Rs.14.36 crore) :

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector with effect from 1st April, 2002, the Oil Coordination Committee (OCC) was abolished and a new cell, PPAC was created w.e.f. 1st April, 2002

under the Ministry of Petroleum and Natural Gas, to assist the Government in (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; and (e) Operationalizing the sector specific surcharge schemes, if any.

During the year, OIBD released a grant of Rs.14.36 crore for meeting the expenditure of PPAC. As per PPAC, following major activities were carried out during the year:

5.5.1 Settlement of Subsidy & DBTL Claims of OMCs’

During the year 2013-14, Rs.2580 crore and Rs.21 crore were paid as subsidy on PDS Kerosene and Domestic LPG and Freight subsidy for far-flung areas respectively by the MOP&NG on the subsidy claims processed by PPAC. Also, Rs.1337 crore was paid towards Direct Benefit Transfer of LPG (DBTL) claims by the MOP&NG during the year 2013-14 on the basis of audited claims submitted by OMCs and compiled by PPAC.

5.5.2 Settlement of NE Gas Subsidy Claims

During the year 2013-14, Rs.625 crore was paid as Subsidy on North Eastern Natural Gas by the MOP&NG on the claims processed by PPAC.

5.5.3 Settlement of under recovery claims of OMCs’

During the year 2013-14, total under recovery claims of Rs.1,39,869 crore on HSD, PDS Kerosene and Subsidized Domestic LPG were

scrutinized and compensation mechanism thereof was prepared by PPAC. Under the burden sharing mechanism, Rs.67,021 crore was contributed by the PSU upstream companies in the form of discounts on crude oil and petroleum products and Rs.70,772 crore was provided as cash assistance by the Government.

5.5.4 All India Study on Sectoral Demand for Diesel & Petrol

This study has been commissioned by PPAC to find out sector-wise consumption of diesel sold through retail outlets, which accounts for about 82% of total diesel consumption in the country.

The remaining about 18% of the diesel sale in the country is done directly by the Oil marketing Companies, like the Railways, Defence, big industries, etc. This primary survey was conducted in 2,000 PSU retail outlets covering 16 states and 150 districts. The study has since been completed and circulated to all concerned Ministries/ Departments.

5.5.5 Allocation of Domestic Crude Oil from 2014-15 onwards

A study on behalf of MOP&NG, under the chairmanship of DG, PPAC, was commissioned with a mandate to recommend objective criteria for allocation of indigenously produced crude from 2014-15 onwards. The Committee included members from refining sector of oil industry and CHT which held series of meetings to deliberate the issue at length. The Committee recommended objective criteria by dividing the country into regions for allocation purposes, keeping in view the continental size of the country and the wide dispersion of crude fields and

refineries. The report of the Committee was submitted to MOP&NG during January 2014. MOP&NG allocated crude to oil companies subsequently in April 2014.

5.5.6 Emergency Response Assessment of India

In pursuance to an MOU signed between the MOP&NG and IEA, PPAC coordinated an Emergency Response Assessment (ERA) for India in collaboration with International Energy Agency (IEA). The Assessment was designed to ascertain the country's preparedness to mitigate the negative impacts of sudden oil supply shortages through a combination of emergency response measures, which include both increasing supply and moderating demand. The report on Emergency Response Assessment of India was submitted by IEA in March 2014.

5.5.7 India-Japan joint study on "LNG Pricing in the Asia Pacific Market"

DG, PPAC was the Convener from India for the joint India-Japan study group with members from GAIL, Petronet LNG, IOCL, BPCL, GSPC and Hazira LNG. This joint study was constituted as a follow up of the discussions at the 6th round of India-Japan Energy Dialogue in Oct., 2012. This study discussed the issues related to the pricing of LNG in the Asia Pacific region. A joint statement based on the outcome of the study was signed by the Minister of Petroleum & Natural Gas of India and the Minister of Energy, Trade and Industry of Japan on Sep. 9, 2013 in Tokyo.

Chapter-IV

Financial Assistance : R&D and other Grants

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

2. Upstream Sector

In respect of OIBD grant in aid related to Upstream Sector, the OIBD 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, OIBD may be constituted to identify and examine the R&D project/projects related to Energy Security for providing funds from OIBD in the form of grant for their execution.

Accordingly, O.M. No.4/5/2009-OIBD dated 17.04.2009 had been issued whereby a Committee for Utilisation of OIBD grants was constituted as under:-

(i) Director General, DGH	Chairman
(ii) Secretary, OIBD	Member
(iii) Director (Exploration), ONGC	Member
(iv) Director-IIP, Dehradun	Member
(v) Director (R&D)-IOCL	Member
(vi) Director (Tech)-EIL	Member
(vii) Director General-Petrofed or his nominee	Member

The Committee headed by DG,DGH, comprising Secretary-OIBD, Director (E)-ONGC, Director-IIP Dehradun, Director (R&D)-IOCL, Director (Tech)-EIL and Director General-Petrofed or his nominee examines the proposals in the first instance and gives its recommendations. The recommendations

of the Committee are submitted to OIBD Board for taking a decision. The projects that are approved by OIBD 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 OIBD Rules. Since inception, the OIBD Board/Central Government has approved more than 120 projects. Most of these projects have been completed and yielded considerable benefit to oil industry in terms of oil production, upgradation of technology and identifying the new areas for exploration.

2.1 Review of the Projects

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

2.2 R&D Projects under Upstream Sector - Grant of Rs.0.23 crore

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

The success of the National Gas Hydrate Programme Expedition-01 has established presence of gas hydrates in Krishna Godavari, Mahanadi and Andaman Basins. This has brought the Indian gas Hydrate Programme on the global map. The discoveries have stimulated widespread and intensive research in gas hydrates in the country as well as abroad. The consequent studies have also brought out a large number of publications and scientific data. As Gas Hydrates are still at the global research level and no commercial production from marine gas hydrates have been proven, these data and publications are of vital importance for further research in the field of gas hydrates.

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

3. Downstream Sector

The projects related to downstream sector are considered and recommended by Scientific Advisory Committee (SAC) on Hydrocarbons set up by the Ministry. These projects are primarily funded through CHT. The members representing SAC are eminent persons in various fields of Oil Industry. The tenure of this Committee is two years after

which Ministry of Petroleum & Natural Gas reconstitutes it. Scientific Advisory Committee on Hydrocarbons also reviews progress of R&D projects in the downstream sector in its meetings.

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

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

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

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

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

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

- (i) “Hydrogen production from Natural Gas (Methane) by Catalytic decomposition” of HPCL and IIT-Delhi.
- (ii) “Design and construction of Metal Organic Framework materials for Storage of Hydrogen” of HPCL and Gitam University, Visakh.

4 Assistance to Technical Institutes/CSIR Laboratories

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

The OIDB incurred the following expenditure on grants/schemes sponsored by Govt. of India/OIDB during the year 2013-14:

(Rs. in crore)

S. No.	Name of the Institutes	Amount
(A) R &D Grants		
1.	National Gas Hydrate Programme (NGHP Phase-II)	0.23
2.	Indian Institute of Technology (IIT), Mumbai	0.06
Total		0.29
(B) Schemes/Projects sponsored by Govt. of India/OIDB		
3.	Rajiv Gandhi Institute of Petroleum Technology (RGIPT), Rai Bareli	23.68
Total		23.68

4.1 National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is for mapping gas hydrates for its utilization as future alternate energy resource by extracting methane from solids below the

sea-beds in deep oceans and the permafrost regions of the world. In India, the programme was initiated in 1997 with constitution of a Steering Committee and a Technical Committee of NGHP by Govt. Based on the review of seismic data by the Technical Committee, two areas in Indian waters, one along East Coast and other on West Coast have been identified as “Model Laboratory Areas” for further R&D work. After establishing the presence of gas hydrates in KG, Mahanadi and Andaman offshore deepwater areas of Indian offshore and seeing the commercial nature of interest in exploration and exploitation of methane from gas hydrates, the NGHP has adopted a strategy to concentrate on the KG deepwater area and to emphasize in the R&D of development of technology for the commercial exploitation of methane from gas hydrates. With this in mind, the resource estimation of gas hydrates in KG offshore has been taken up on priority.

NGHP is a consortium of National E&P companies, namely ONGC, GAIL, OIL and national research institutions like National Institute of Oceanography (NIO), National Institute of Ocean Technology (NIOT) and National Geophysical Research Institute (NGRI), which is coordinated by DGH (technical coordination) and has a steering committee headed by Secretary, PNG. DGH is the coordinator of the programme. Review of various projects under this programme is done by a Steering Committee set up by the Ministry of Petroleum & Natural Gas. The projects of NGRI, ONGC, National Institute of Oceanography, Goa for carrying out R&D activities related to National Gas Hydrate Programme are progressing as per the scheduled programme.

An amount of Rs.141.23 crore approximately has so far been released by OIDB for various activities under NGHP which is besides Rs.73 crore contributed by Oil PSUs up to March, 2014.

NGHP EXPEDITION-02

The aims and objectives of the NGHP Expedition-02 are to identify gas hydrate bearing sands, identify the free gas below the gas hydrate stability zone and identify suitable location for carrying out pilot production testing in NGHP Expedition-03. 3D seismic data interpretation is in progress to identify potential sand channel systems. The results of the studies will yield potential sites for NGHP Expedition-02. The NGHP Expedition-02 is likely to consist of an exclusive logging while drilling programme will be followed by selective coring.

IDENTIFICATION OF LOCATIONS:

The geo-scientific studies identification of locations for NGHP Expedition-02 was completed by Jan 2013. A total of 73 locations proposed were reviewed internally and subsequently by a team of experts including scientist from US in May 2013. Based on the recommendations of the internal scientists and international experts 20 locations were identified and proposed for the approval of the Technical Committee and the Steering Committee of NGHP. The Steering Committee of NGHP in its meeting held on the 07th Oct 2013 and the Committee approved the execution of the NGHP Expedition-02 at 20 sites. The NGHP Expedition-02 will include LWD, Coring and wire line logging at 20 sites. The Steering Committee also approved the sharing of expenditure of NGHP Expedition-02 and nomination of ONGC as an executing body

for NGHP Expedition-02 with submission of the results to DGH.

4.2 Indian Institute of Technology (IIT), Mumbai (Grant of Rs.0.06 crore) :

The present research project titled “Organic Geochemistry of the Lignite-bearing Palaeogene Sequence of Selected Sections of Gujarat and Rajasthan” was sanctioned in 2010 and the first installment of the grant was released by OIDB on 29.01.2011 and the second installment of Rs.5.98 lakh was released on 18.10.2013.

The objective of the project is to evaluate the potential of Paleogene lignite and carbonaceous shale of Western India as source of hydrocarbon. The Institute has investigated the Cenozoic resin chemistry in detail and also investigated the Mesozoic sediments from Kutch.

The work relating to Organic geochemistry of lignite-bearing sediments of Cambay and Kutch Basins has already been completed by IIT, Bombay and the work relating to Organic geochemistry of lignite-bearing sediments of Barmer Basin is in progress.

4.3 Rajiv Gandhi Institute of Petroleum Technology, Rai Bareilly

The Rajiv Gandhi Institute of Petroleum Technology (RGIPT) has been set up under an Act of Parliament (54 of 2007). The Institute is functioning under the administrative control of Ministry of Petroleum & Natural Gas and the funding for construction of the institute’s campus is being supported by Government of India through budgetary support and grant from the Oil Industry Development Board. The recurring expenditure of the institute is met from the interest income from corpus fund contributed by the major Oil Companies

(ONGC, IOCL, OIL, GAIL, BPCL and HPCL), besides collection of students fees.

RGIPT's objective is to create an educational and training centre of excellence for catering to the technical and managerial talent requirement of the Petroleum sector. RGIPT's own campus is under construction at Jais in the State of U.P.

Meanwhile the academic activities of the Institute, commenced from the year 2008, are being conducted from temporary campus at Rae Bareli and Noida. Currently, the following programmes are being conducted by RGIPT:

- a) B.Tech in Petroleum Engineering,
- b) B.Tech in Chemical Engineering,
- c) M.Tech in Petroleum Engineering,
- d) M.Tech in Chemical Engineering,
- e) MBA in Petroleum & Energy Management, and

- f) PhD in Petroleum Engineering (introduced from 2012)

With a view to supplement its on-campus academic offerings, RGIPT has taken up establishing a constituent academic center in the State of Assam mainly catering to the education and training of skilled manpower for petroleum upstream sector.

The OI DB grant approved for incurring capital expenditure for RGIPT is as follows:

- (a) Jais/Rae Bareli Centre : Rs.150.00 crore
- (b) Assam Centre : Rs.93.00 crore. Additional, Rs.5 crore has been approved for start-up expenses for Assam Centre.

Construction of campus at Jais and Sivasagar (Assam) has been delayed for various reasons. As on 31.3.2014, OI DB has released a grant of Rs.43.83 crore for Jais Campus and Rs.1.82 crore for Assam Centre.



RGIPT, Rae Bareli Campus under construction

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 set up a hydrogen corpus fund of Rs.100 crore with contribution from Oil PSUs/OIDB as follows:

1. OIBD Rs.40 crore
2. ONGC, IOC, GAIL Rs.16 crore each
3. HPCL, BPCL Rs. 6 crore each.

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

Initially 10 projects estimated cost of Rs. 45.28 crore were approved by the SAC/Steering Committee on HCF. Two projects at a cost of Rs. 8.76 crore were dropped later. An amount of Rs. 7.70 crore including Rs. 1.00 crore for Next Steps Programme had been released from HCF till 31.3.2014. Out of which Rs.0.84 crore including Rs.0.37 crore for Next Steps Programme was released during the year 2013-14. In addition, two non-project activities were also taken up under HCF, out of which one is completed and another is ongoing. The corpus of HCF was Rs.139.96 crore including interest at the end of March 2014.

The 4th meeting of Steering Committee of Hydrogen Corpus Fund (HCF) was held on

17th April 2013 wherein the status of seven (7) Hydrogen projects approved earlier were reviewed and also the change in scope of work in case of project proposal titled "An integrated approach for Bio-hydrogen production through combined dark and photo fermentative process of HPCL & TERI", recommended by SAC in its 72nd Meeting, was approved.

The following two projects under HCF were completed in 2013-14:

- (i) "Hydrogen production from Natural Gas (Methane) by Catalytic decomposition" of HPCL and IIT-Delhi
- (ii) "Design and construction of Metal Organic Framework materials for Storage of Hydrogen" of HPCL and Gitam University

The remaining five (5) projects approved by the Steering Committee for funding under HCF, which are in progress, are as under:

- (i) Demonstration project on "Use of Hydrogen-CNG blends in Automotive Vehicles" by IOC (R&D)
- (ii) Hydrogen Generation by Thermo-Chemical Process by ONGC
- (iii) Hybrid-sorption Enhanced Steam Reforming for the Production of Hydrogen from Natural Gas by BPCL (R&D)
- (iv) An integrated approach for bio hydrogen production through combined dark and photo fermentative process by HPCL & TERI
- (v) Development of Large Scale Photo-catalytic Process using Modular

Reactors for hydrogen production by dissociation of water utilising Solar Energy by IOC (R&D) & ITBHU.

6. Royalty to State Governments

As per directions of the Government, the OIDB has been paying additional royalty to State Governments & Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP. The OIDB has so far paid an amount of Rs.407.71 crore approximately to various State Governments/contractors on this account upto 31.03.2014.

Chapter-V

OIDB's Contribution to Engery Security

1. To ensure energy security, Government of India has decided to build strategic crude oil reserves of 5 MMT capacity 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). These caverns are under construction at three locations namely, Visakhapatnam (1.00 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). Once completed, these reserves will store crude oil equivalent to India's net import requirement of 13 days.



Chart No. 10 : ISPRL Projects

2. The capital cost of constructing these strategic storage facilities was originally estimated to be Rs.2,397 Crore at September 2005 prices, which has undergone upward revision to Rs.3,958 Crore. The Revised Cost Estimate (RCE) for the three locations stands at: Visakhapatnam - Rs.1,038 crore;

Mangalore - Rs. 1,227 crore and Padur - Rs. 1,693 crore. The authorized and paid up capital of ISPRL as on 31.03.2014 is Rs.3724 crore and Rs.2397 crore respectively. OIDB has contributed Rs.2891.67 crore towards its equity participation till 31.3.2014 in ISPRL.

3. As per the decision communicated by the Government, the capital cost of construction of these reserves would be met from the existing funds available with OIDB, except for the 0.3 MMT compartment at Vishakhapatnam, which will be met by Hindustan Petroleum Corporation Limited on proportionate cost sharing basis.
4. As per ISPRL, Planning Commission, Government of India, has also allocated Rs.4,948 Crore towards the cost of crude filling during the 12th Five Year Plan 2012-17. Status of the 3 projects is as under:
 5. Visakhapatnam (Storage Capacity : 1.33 MMT) :
 - 5.1 Engineers India Limited (EIL) is the Project Management Consultant (PMC) of the Project appointed by ISPRL. Out of the revised requirement of 67 acre of land for the project, 37 acre has been taken on lease from Vishakhapatnam Port Trust (VPT) and for the balance 30 acre, a Memorandum of Understanding (MOU) has been signed with Eastern Naval Command. As per ISPRL, all statutory clearances have been obtained.
 - 5.2 After supplementary site investigations, to avail the benefits of lower marginal costs for additional capacity, the cavern capacity was increased to 1.33 MMT with the approval of Government.
 - 5.3 The Underground works were carried out by M/s Hindustan Construction Company. As on 31st March, 2014, all underground

excavation works, as well as flooring works were completed. This included the repair and rectification works in Cavern A1, where a rock slide incident had occurred in April, 2011. The Cavern A was thereafter, handed over to the aboveground contractor for his part of the job. The aboveground works are being carried out by M/s IOTIESL. As on 31.03.2014, all major works have been

completed, except in the shaft of Cavern A. The System wise pre-commissioning activities have commenced.

- 5.4 The overall project progress as on 31.03.2014 was 95.1%. The rock slide incident in Cavern A1 adversely impacted the completion schedule. Based on the progress made till date, the anticipated



View of the Access Tunnel facilities at Visakhapatnam



View of the aboveground facilities at Visakhapatnam

mechanical completion date for the project is 30th September, 2014.

6. Mangalore (Storage Capacity: 1.5 MMT) :

6.1 EIL is the Project Management Consultant appointed by ISPRL. Total 104.73 acre of land has been acquired by ISPRL from the Mangalore Special Economic Zone Limited (MSEZL) for construction of the project. As per ISPRL, all statutory clearances have been obtained.

6.2 The underground civil works were carried out by a Joint Venture of M/s S K Engineering & Construction and Karam Chand Thapar (SKEC- KCT JV). The Above ground works were awarded by ISPRL to M/s Punj Lloyd. Till 31st March, 2014, entire excavation and flooring works were completed. Aboveground contractor has also completed underground piping works of

cavern B and all piping works of shaft A. The administrative building has been completed and Control room and substation buildings are at advanced stages of completion. Nitrogen tanks, boilers have been erected.

6.3 The overall project progress as on 31.03.2014 was 89.8%. Based on the progress made by the Aboveground Contractor, the anticipated Mechanical completion of the Project is 31st October, 2014. The final commissioning of the Project is dependent on the laying of the pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through a valve station. The work order for the laying of pipeline was issued in July, 2014. The Commissioning is scheduled to be completed, by 31st October, 2015.

7. Padur (Storage Capacity: 2.5 MMT) :



View of above ground facilities at Mangalore

7.1 EIL is the Project Management Consultant appointed by ISPRL. Total 179.21 acre of land is being acquired by ISPRL through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udipi District.

Out of this, 138.57 acre of land has been acquired and acquisition of the balance 40.6 acre of government land is in process.

7.2 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 on 29.12.2009. The zero date for commencement of construction activities was 29.05.2010 i.e. the date on which land was handed over by KIADB to ISPRL. Till 31st March, 2014 entire excavation of both Part A and Part B along with the flooring and underground piping inside the cavern has been completed. The job for aboveground works was awarded to M/s Linde Engineering on 11.11.2011. The administrative building, control room,

substation and fire station have been completed.

7.3 The overall project progress as on 31.03.2014 was 93.3%. Based on the progress made by the contractors, the anticipated mechanical completion of the Project is 30th September, 2014. The final completion of the Project is dependent on the laying of the pipeline from LFP to Padur cavern through the valve station, job for which was awarded in July, 2014. Commissioning is scheduled to be 15 months from the date of award of pipeline laying job i.e. by 31st October, 2015.



View of above ground facilities at Padur

Location	Visakhapatnam	Mangalore	Padur
Capacity of Storage	1.03 MMT	1.5 MMT	2.5 MMT
Zero date for construction	January, 2008	April, 2009	May, 2010
Actual Progress	95.1%	89.8%	93.3%

8. Phase II of Strategic Storage Program

8.1 EIL was awarded the job of preparation of Detailed Feasibility Report (DFR) for Phase II of the strategic storage program in July, 2011. Four sites identified based on the pre-feasibility stage were as under:

- (i) Padur 5.0 MMT (Underground Rock Caverns)
- (ii) Chandikhol 2.5 MMT (Underground Rock Caverns)
- (iii) Bikaner 2.5 MMT (Salt Leached Caverns)
- (iv) Rajkot 2.5 MMT (Underground concrete tanks)

8.2 EIL has submitted the DFRs for the four sites of ISPRL. The capacities in the DFRs were revised after resistance was faced from villagers at Padur. The revised capacities proposed at the locations are as under:

- (i) Padur 2.50 MMT (Underground Rock Caverns)
- (ii) Chandikhol 3.75 MMT (Underground Rock Caverns)

8.4 As per information received from ISPRL, the approximate cost of Phase-II storages as per DFRs submitted by EIL will be Rs.13,216/- crore as per details given below:

Location	Capacity (MMT)	Type of Storage	Capital Cost (Rs. in Crore)	Cost of Pipeline integration (Rs. in Crore)
Bikaner, Rajasthan	3.75	U/G Salt Caverns (USC)	1306.89	1762.95
Chandikhol, Orissa	3.75	U/G Rock Caverns (URC)	2959.84	863.42
Rajkot, Gujarat	2.5	U/G Concrete Tanks (UCT)	1897.40	1303.56
Padur, Karnataka	2.5	U/G Rock Caverns (URC)	2226.36	895.55
Total	12.5		8390.49	4825.48

- (iii) Bikaner 3.75 MMT (Salt Leached Caverns)
- (iv) Rajkot 2.50 MMT (Underground concrete tanks)

8.3 The proposed salt leached cavern is proposed to be built in thick layers of salt available in the Bikaner region of Rajasthan. The proposed underground concrete tanks at Rajkot will be using the double containment principle. Both types of storages will be implemented for the first time in the country. Salt leached caverns have been used by countries like USA, Germany, etc. with success. Underground concrete tanks have been successfully used the Republic of South Africa. Whereas technical knowhow is available for Underground Rock Caverns, the other two technologies i.e. Salt Leached caverns and Underground concrete tanks, these being new technologies, the requisite knowledge is not available within the country; hence services of Foreign Back up consultant are required.

Chapter-VI

Other Initiatives / Activities

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

Secretary (PNG) & Chairman, Oil Industry Development Board during the 86th Board meeting of Oil Industry Development Board on 4th September, 2013 raised the need for Skill Development Council for oil and gas sector. In order to assess the need for Hydrocarbon Sector Skill Council, AS&FA, MoP&NG took a meeting on October 18, 2013 with the representatives of Public Sector Oil Companies, etc. It was concluded that there is a need for establishing the Hydrocarbon Sector Skill Council (HSSC) in view of the prevailing skill gap.

The Secretary (PNG) took a meeting with the representatives of Public/Private Sector Oil Companies, Service Providers etc. on 11.12.2013 and it was decided that - (i) OIDB and PETROFED will file joint application with NSDC. (ii) PETROFED will have lead role in setting up HSSC (iii) Chairman, PETROFED

will constitute a Steering Committee for setting up of HSSC (iv) Revenue model, Project Report and Action Plan will be prepared by PETROFED and (v) Oil Companies may utilise CSR funds for skill upgradation through HSSC. The focus of HSSC would be on short term training (not exceeding 6 months) for persons/workmen, who possess the minimum essential qualification (e.g. certificate from ITI) required by the Oil and Gas Industry.

Accordingly, an MOU between OIDB with PETROFED for establishing the proposed Hydrocarbon Sector Skill Council (HSSC) was signed on 31.01.2014 in the presence of Secretary, Ministry of Petroleum & Natural Gas. The joint application was also filed with National Skill Development Council (NSDC) on 31.01.2014. HSSC is proposed to be financed, inter-alia by contribution from PSUs and private industry besides revenue model to be developed and financial assistance from CSR funds is desired.



Secretary, OIDB and Director General, Petrofed signing MOU in presence of Secretary, Petroleum & Natural gas.

In the meantime, the Industry Group has identified 134 trades covering entire hydrocarbon sector and construction services specific to hydrocarbon sector. The projected training plan for certification based skill development programmes envisages training of 19,50,000 workmen in next 10 years.

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

2. 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, during 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. As directed by the Ministry, Oil PSUs has contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2014, an amount of Rs.21.40 crore approximately has

been released to various State Govts./ Prime Minister Relief Fund and other Welfare Organizations. As on 31.03.2014, the balance funds (including interest) in OIBD Relief Trust stood at Rs.13.10 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act from A.Y. 2011-12 onwards till it is rescinded. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the name of the Trust was changed from OIBD Drought Relief Trust to OIBD Relief Trust on 09.07.2010.

3. 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. Roasters are being maintained for each category of posts as per Government guidelines and checked by the Liaison Officer. Inspection of Roasters for Direct Recruitment and Promotion for SC/ST/PH/OBC was carried out by the Ministry of P&NG and no discrepancy was pointed out in respect of maintenance of Roasters.

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

4. Welfare, Development and Empowerment of Women:

Oil Industry Development Board (OIDB) is proactive in dealing with gender issue and to promote the cause of women empowerment. OIDB has set up a Committee to attend to redressal of complaints on 'sexual harassment at workplace'. As on 31.03.2014, there are 4 women employees as against the total strength of 22 employees in OIDB.

5. Implementation of Government's Official Language Policy

Oil Industry Development Board has implemented the Rules and Policies of Official Language Act in its Secretariat office. OIDB also ensures implementation of Annual Programme issued by the Government from time to time. OIDB continued its efforts for promotion of official language in official work. All rules/MOUs/Agreements of OIDB 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 reviewed 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 2013-14, a number of steps were taken to maximize the use of Hindi such as:

- On the occasion of Hindi Diwas, Hindi Pakhwara was organized in OIDB from

01.09.2013 to 14.09.2013.

- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included news writing, essay writing, competition related to knowledge of official language, debate, quiz competition etc. Winner participants were rewarded with cash prizes.
- Instructions were issued to all officers/employees of OIDB who are proficient in Hindi to submit their work in Hindi only.
- Quarterly, Half yearly and Annual Progress Reports on progressive use of Hindi were sent to Department of Official Language regularly.
- Substantial number of books, magazines and newspaper published in Hindi were purchased and are available in OIDB Library. Help books such as technical terminology in Hindi/English dictionaries etc were provided to the officers and staff.
- 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" in 2013-14 also. The magazine provided topics related to literature, poetry, religious issues, and social experiences. This magazine aims to disseminate interest towards Hindi besides writing in the official language.
- The OIDB published its first Newsletter in February, 2014.

6. Right to Information Act

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

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

During 2013-14, 4 applications/receipts were received under RTI Act, 2005 in the OADB. Out of 4 applications/receipts, 4 applications/receipts have been replied to. The remaining applications/receipts would be attended to within the time limit prescribed in the RTI Act.

Annexure

Statement of cess collection by the Central Government and its allocation to OIBD since inception and till 31.03.2014 (Rs./crore)				
Sl.No.	Year	Collection of cess on crude oil by Govt.	Payment made to OIBD by Govt.	
1	1974-75	30.82	16.01	
2	1975-76	50.05	62.27	
3	1976-77	52.88	48.19	
4	1977-78	63.72	50.10	
5	1978-79	68.89	20.00	
6	1979-80	69.70	140.00	
7	1980-81	60.40	25.01	
8	1981-82	138.97	142.92	
9	1982-83	268.83	100.00	
10	1983-84	812.80	-	
11	1984-85	850.12	-	
12	1985-86	897.66	-	
13	1986-87	981.50	-	
14	1987-88	1806.60	-	
15	1988-89	2013.64	63.09	
16	1989-90	2914.57	50.00	
17	1990-91	2785.15	89.81	
18	1991-92	2500.64	95.00	
19	1992-93	2207.61	-	
20	1993-94	2175.46	-	
21	1994-95	2566.16	-	
22	1995-96	2819.52	-	
23	1996-97	2558.03	-	
24	1997-98	2528.74	-	
25	1998-99	2448.18	-	
26	1999-00	2589.44	-	
27	2000-01	2582.21	-	
28	2001-02	2722.79	-	
29	2002-03	4873.17	-	
30	2003-04	4919.49	-	
31	2004-05	5033.97	-	
32	2005-06	4857.58	-	
33	2006-07	6875.53	-	
34	2007-08	6854.00	-	
35	2008-09	6680.94	-	
36	2009-10	6637.13	-	
37	2010-11	7671.44	-	
38	2011-12	8065.46	-	
39	2012-13	14473.16	-	
40	2013-14	14,542.38	-	
Total		133,049.33	902.40	

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

Chapter-VII

OIDB Accounts 2013-14

**OIL INDUSTRY DEVELOPMENT BOARD
BALANCE SHEET AS AT 31.03.2014**

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year
Corpus/Capital Fund	1	90240	90240
Reserves and Surplus	2	1007700	982415
Earmakred/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	62914	38929
TOTAL		1160854	1111584
ASSETS			
Fixed Assets (Net Block)	8	12996	14558
Work in Progress	8	7	7
Investments-Earmarked/Endowment Funds	9	0	0
Investments -Others	10	244734	201961
Current Assets, loans, Advances etc.	11	903117	895058
Miscellaneous Expenditure (to the extent not written off or adjusted)		0	0
TOTAL		1160854	1111584
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-
(M.C. Singh)
FA&CAO

Sd/-
(L.N. Gupta)
Secretary

DATE : 17.07.14
PLACE : New Delhi

OIL INDUSTRY DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2014

(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	56	509
Interest Earned	17	67003	69696
Other Income	18	483	227
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		67542	70432
EXPENDITURE			
Establishment Expenses	20	514	416
Other Administrative Expenses etc.	21	946	635
Expenditure on Grants, Subsidies etc.	22	15168	15246
Interest paid	23	0	0
Royalty to State Governments	24	11000	13735
Provision for doubtful debts		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)		1609	1707
TOTAL (B)		29237	31739
Balance being excess of Income over Expenditure (A-B)		38305	38693
Provision for Income Tax		13020	11957
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		25285	26736
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-
(M.C. Singh)
FA&CAO

Sd/-
(L.N. Gupta)
Secretary

DATE : 17.07.14
PLACE : New Delhi

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 1 – CORPUS / CAPITAL FUND :				
Balance as at the beginning of the year		90240		90240
Add: Contributions towards Corpus / Capital Fund	-		-	
Add / (Deduct) : Balance of net income / (expenditure) transferred from the Income & Expenditure Account	-		-	
BALANCE AS AT THE YEAR-END		90240		90240

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 2 - RESERVES AND SURPLUS:				
1. 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		982415		959537
Addition during the year				
(i) Excess of income over expenditure	25285		26736	
(ii) Income Tax Refund (Earlier Year)	0		1005	
(iii) Adjustment of Excess provision of Audit Fee	0	25285	1	27742
Less : Adjustment of Tax paid in excess of earlier years	0			4864
TOTAL:		1007700		982415

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014**

(Rs.in lakh)

SCHEDULE 3 – EARMARKED / ENDOWMENT FUNDS	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)	-	-	-	-	-	-	-

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET FOR
THE YEAR ENDED 31.03.2014**

(Rs.in lakh)

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

Note: Amounts due within one year.

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 5 – UNSECURED LOANS AND BORROWINGS:		
1. Central Government	NIL	
2. State Government (Specify)		
3. Financial Institutions		
4. Banks:		
a) Term Loans		
b) Other Loans (specify)		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Fixed Deposit		
8. Others (Specify)		
TOTAL:		

Note:Amounts due within one year.

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 6 – DEFERRED CREDIT LIABILITIES		
a) Acceptance secured by hypothecation of capital equipment and other assets.	NIL	
b) Others		
TOTAL		

Note:Amounts due within one year.

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Acceptances		-		-
2. Sundry Creditors:				
a) For Goods	-		-	
b) Others	-	-	-	-
3. Advances Received		-		-
4. Interest accrued but not due on:				
a) Secured Loans / borrowings	-		-	
b) Unsecured Loans / borrowings	-		-	
5. Statutory Liabilities:				
a) Overdue	-		-	
b) Others	-		-	
6. Other current liabilities				
a) Royalty payable to State Government(s) & others	22425		11425	
b) I.Tax/TDS/Works Contract Tax payable	10		26	
c) payment due to Contractors	396		413	
d) Others	353		236	
e) Security Deposits including EMD	77		115	
f) Amount withheld include labour Cess (due to contractors)	147	23408	236	12451
TOTAL (A) :		23408		12451
B. PROVISIONS				
1. For Taxation		39438		26418
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		63		57
5. Trade Warranties / Claims		-		-
6. Others -Provision for Auditors Remuneration		5		3
TOTAL (B) :		39506		26478
TOTAL (A + B) :		62914		38929

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost / Valuation As at beginning of the year 01.04.13	Additions during the year	Deductions during the year	Cost/ Valuation at the year end 31.03.14	As at the beginning of the year 01.04.13	Additions during the year	Deductions during the year	Total up to the year-end 31.03.14	As the Current year-end 31.03.14	As at the Previous year-end 31.03.13
A. FIXED ASSETS										
1. LAND:										
a) Freehold	0	0	0	0	0	0	0	0	0	0
b) Leasehold	974	34	0	1008	0	0	0	0	1008	974
2. BUILDING:										
a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	10232	0	0	10232	1598	864	0	2462	7770	8633
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	17	1	0	18	14	15
3. PLANT MACHINERY & EQUIPMENT	2936	0	0	2936	594	351	0	945	1991	2342
4. VEHICLES	7	0	0	7	5	0	0	5	2	2
5. FURNITURE, FIXTURES	3007	3	0	3010	448	384	0	832	2178	2559
6. OFFICE EQUIPMENT	47	2	0	49	35	2	0	37	12	12
7. COMPUTER / PERIPHERALS	43	7	0	50	40	4	0	44	6	3
8. ELECTRIC INSTALLATIONS	0	0	0	0	0	0	0	0	0	0
9. LIBRARY BOOKS	0	0	0	0	0	0	0	0	0	0
10. TUBEWELLS & WATER SUPPLY	0	0	0	0	0	0	0	0	0	0
11. OTHER FIXED ASSETS	23	0	0	23	5	3	0	8	15	18
TOTAL OF CURRENT YEAR:	17301	46	0	17347	2742	1609	0	4351	12996	14558
PREVIOUS YEAR:	16991	312	2	17301	1035	1707	0	2742	14558	15956
B. CAPITAL WORK-IN-PROGRESS:	7	0	0	7	0	0	0	0	7	7

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 9 – INVESTMENTS FROM EARMARKED/ ENDOWMENT FUNDS		
1. In Government Securities	NIL	
2. Other approved Securities		
3. Shares		
4. Debentures and Bonds		
5. Subsidiaries and Joint Ventures		
6. Others (to be Specified)		
TOTAL:	-	-

(Rs.in lakh)

	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	- 239700	- 196927
6. Others (to be Specified)	-	-
TOTAL:	244734	201961

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2014

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 11 – CURRENT ASSETS LOANS, ADVANCES ETC.				
A. CURRENT ASSETS				
1. Inventories				
a) Stores and Spares	-		-	
b) Loose Tools	-		-	
c) Stock-in-trade				
Finished Goods	-		-	
Work-in-progress	-		-	
Raw Materials	-		-	
2. Sundry Debtors:				
a) Debts Outstanding for a period exceeding six months	-		-	
b) Others	-	-	-	-
3. Cash balances in hand (including cheques / drafts and imprest)		0		1
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	0		46700	
- On Saving Accounts	18544	18544	4168	50868
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts		-		-
TOTAL (A) :		18544		50869

(Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	29		35	
b) Oil PSUs (Annexure-II)	782415		772548	
c) Others (specify)		782444		772583
2. Advances and other amounts recoverable in cash or in kind or for value to be received				
a) On Capital Account (Advance to ISPR)	49467		37440	
b) Advance Rent	0		0	
c) Others (including Advance Tax, TDS, MM Cell, Security Deposits & Advance to CHT for projects)	42965	92432	30144	67584
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	3		13	
c) On Loans and Advances -	6958		4299	
Less: provision for doubtful debts made in earlier years	2714		2714	
d) Others (Data sale Proceeds from DGH)	6	4253	6	1604
4. Claims Receivable				
(i) Tax Paid Under Protest	5217		2363	
(ii) Accounts Recievable	227	5444	55	2418
TOTAL (B) :		884573		844189
TOTAL (A + B) :		903117		895058

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014

(Rs.in lakh)

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

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 13 – GRANTS / SUBSIDIES (Irrevocable Grants & Subsidies Received)		
1) Central Government 2) State Government(s) 3) Government Agencies 4) Institutions / Welfare Bodies 5) International Organization 6) Others (Specify)	NIL	
TOTAL :		

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 14 – FEES / SUBSCRIPTIONS		
1. Entrance Fees	NIL	
2. Annual Fees / Subscriptions		
3. Seminar / Program Fees		
4. Consultancy Fees		
5. Others (Specify)		
TOTAL :		

	Investment from Earmarked Fund		Investment – Others	
	Current Year	Previous Year	Current Year	Previous Year
SCHEDULE 15 – INCOME FROM INVESTMENTS (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 - Capital gain on sale of NRL's Equity				
TOTAL :				
TRANSFERRED TO EARMARKED / ENDOWMENT FUNDS				

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION, SALE OF DATA BY DGH ETC.		
1. Income from Royalty	-	-
2. Income from Publications	-	-
3. Others – Sale of data by DGH	56	509
TOTAL :	56	509
	Current Year	Previous Year
SCHEDULE 17 –INTEREST EARNED		
1. On Term Deposits :		
a) With Scheduled Banks (FDRs)	4604	522
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	140	114
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	2	2
b) Oil Companies	62257	68068
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation Advance	0	0
b) Interest on Income Tax Refund	0	990
TOTAL:	67003	69696
Note - Tax deducted at source.	6723	6860

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 18 – OTHER INCOME		
1. Profit on Sales / Disposal of Assets:		
a) Owned assets	-	-
b) Assets acquired out of grants, or received free of cost	-	-
2. Exports Incentives realised	-	-
3. Fees for Miscellaneous	-	-
4. Miscellaneous Income	483	227
TOTAL:	483	227
	Current Year	Previous Year
SCHEDULE 19 - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS		
a) Closing Stock		
- Finished Goods	NIL	NIL
- Work-in-progress		
b) Less: Opening Stock		
- Finished Goods		
- Work-in-progress		
NET INCREASE (DECREASE) (a+b)	-	-
	Current Year	Previous Year
SCHEDULE 20 - ESTABLISHMENT EXPENSES		
a) Salaries and Wages	182	178
b) Allowances and Bonus	29	28
c) Contribution to Provident Fund	0	0
d) Contribution to OIDB Employees Group Gratuity and Pension Funds.	16	14
e) Staff Welfare Expenses including medical expenses	22	13
f) Expenses on Employees' Retirement and Terminal Benefits	11	4
d) Others(Includes Contract Cell)	254	179
TOTAL:	514	416

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 21 – OTHER ADMINISTRATIVE EXPENSES ETC.		
a) Purchases	0	0
b) Labour and processing expenses	0	0
c) Cartage and Carriage Inwards	0	0
d) Electricity and power	310	227
e) Water Charges	1	1
f) Insurance	2	3
g) Repairs and maintenance	107	110
h) Excise Duty	0	0
i) Rent, Rates and Taxes	295	88
j) Vehicles Running and Maintenance	9	5
k) Postage, Telephone and Communication Charges	5	7
l) Printing and Stationery	10	6
m) Misc. expenses	7	5
n) Expenses on Seminar / Workshops	1	3
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	5	3
r) Hospitality Expenses	0	1
s) Professional Charges	40	43
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	2	4
z) Others - FMS Work Expenses & Maintance of OI DB Bhawan	152	129
TOTAL:	946	635

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2014**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations(Annexure-III-a)	12800	14879
b) Assistance for Govt./ OIDB sponsored Schemes & Projects (Annexure-III-b)	2368	367
TOTAL:	15168	15246
Note - Name of the Entities along with the amount of Grants / Subsidies are disclosed in Annexure- III (a) & (b).		
	Current Year	Previous Year
SCHEDULE 23 - INTEREST PAID		
a) On Fixed Loans	0	0
b) On Other Loans (including Bank Charges)	0	0
c) Others	0	0
Total	0	0
	Current Year	Previous Year
SCHEDULE 24- PAYMENT OF ROYALTY TO STATE GOVERNMENTS		
Govt. of Arunachal Pradesh	5800	7468
Govt. of Gujarat	5200	6267
Total	11000	13735

OIL INDUSTRY DEVELOPMENT BOARD

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED March 2014**

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 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.

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED March 2014

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. Contingent liabilities

- (a) Claims of Rs.36.58 lakh (previous year Rs. 36.58 lakhs) on account of TDS and interest thereon (Rs. 1.42 lakh for 2007-08, Rs.30.10 lakh for 2008-09, Rs. 0.05 lakh for 2009-10, Rs. 3.55 lakh for 2010-11 and Rs. 1.46 lakh for 2011-12) have not been provided for in the accounts as the appeals are pending with AO (TDS). As per advise of CIT (A), a rectification petitions u/s 154 of the I.T. Act before AO (TDS has been filed and IT officials are in the process of making corrections and issue fresh orders.
- (b) There is an Arbitration case between OIDB and M/s Godrej & Boyce Mfg. Co. Ltd. arising out of execution of Interior work for G+3 block of OIDB 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 OIDB 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) The other Arbitration case is between OIDB and M/s Engineering Projects (India) Ltd. arising out of execution of Civil & Structural work for Construction of OIDB Bhawan wherein EPIL has claimed an amount of Rs.4471.78 lakh from OIDB in respect of various claim as preferred by them. The case is pending with the sole Arbitrator appointed under permanent machinery for Arbitration. In view of this, the provision for the same has not been made in the accounts.
- (d) The Commercial Tax Department (U.P.) has raised demand of Rs.198.02 lakhs towards Works Contract Tax for the year 2008-09. OIDB has taken up the matter with the concerned department for relief of the same. In view of this, the provision for the same has not been made.

2. COMMITMENTS

Capital

- A) The value of the final bills amounting to Rs.793 lakhs (approx.) has not been considered for want of clarifications from PMC and contractors.
- B) (i) Rs.372400 lakh is the revised estimated cost (previous estimated cost Rs.252900 lakh) excluding contribution of HPCL for construction of “Strategic Crude Oil Storages” by Indian Strategic Petroleum Reserves Ltd (ISPRL), a wholly owned subsidiary of OIDB. As per the directions of the Government, Rs.372400 lakh is to be funded by OIDB and remaining cost of Rs. 23400 Lakh is to be provided by HPCL as its share of proportionate cost.
- (ii) OIDB has paid Rs. 289167 lakh (Previous Year Rs.234367 lakh) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment in the equity of the Company up to end of March 2014. Company has already allotted and issued share certificates to the extent of Rs.239700 lakh. The remaining amount of Rs. 49467 lakh is pending for allotment of shares as on 31.03.2014.

3. CURRENT ASSETS, LOANS & ADVANCES

- a) Loan Amounting to Rs 32.76 Cr. given to Biecco 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 Biecco 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. Thus, OIDB has become a major share holder of the company and BLL has become a subsidiary of OIDB.

CCEA has 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.2446 lakh from Canfina and Rs.268 lakh from Bieeco Lawrie towards interest are recoverable. Canfina has agreed to pay OIDB the net realized value of the securities purchased in the name of OIDB as and when realized. The matter 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 provide in the accounts towards rent & maintenance charges from the grantee institutions.

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.

- ii) During the financial year 2012-2013, the Income Tax Department raised penalty u/s 271 of Income Tax Act, 1961 for the Assessment Years 2005-06 (Rs.1.76 crore), 2006-07 (Rs.1.85 crore) and 2007-08 (Rs.1.40 crore). Additionally, the Income Tax Department passed an order u/s 143 (3) for the assessment year 2010-11 and raised demand of Rs.28.98 crore. The net amount Rs.29.54 crore including penalty u/s 271 and demand u/s143(3) of Income Tax Act,1961 has been recovered by the Income Tax Department after adjustment of refund of Rs.4.45 crore payable to OIDB for the Assessments Year 2011-12. OIDB has filed appeals.

- 5. As per directions of the Central Government, differential royalty is being paid to State Governments by OIDB. This expenditure is treated as expenditure of OIDB.
- 6. Proportionate cost of telephone, internet, Facility Management, Electricity and diesel charges as incurred by OIDB during the year have been debited to the ISPRL.

7. (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. Same is awaited.
8. Accounting standards as issued by the Institute of Chartered Accountants of India have been followed, wherever applicable.
9. Schedules 1 to 26 are annexed and form an integral part of the Income & Expenditure Account & Balance Sheet as at 31st March 2014.
10. 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.

Sd/-

(M.C. Singh)
FA&CAO

Sd/-

(L.N. Gupta)
Secretary

DATE : 17.07.14

PLACE : New Delhi

Annexure-I
(Ref.Schedule 26, note no.5 (a))

OIL INDUSTRY DEVELOPMENT BOARD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2014

(Rs. in lakh)

Particulars	Sch No.	2013-14	2012-13
Income			
Interest Income	17	67003	69696
Income from Investment	15	0	0
Other income	16 & 18	539	736
Total		67542	70432
Expenditure			
Expenses on direct operation	22 & 24	26168	28981
Salaries and amenties to staff	20	514	416
Administrative expenses	21	946	635
Depreciation on Fixed Assets	8	1609	1707
Total		29237	31739
Profit for the year		38305	38693
Profit before tax		38305	38693
Less : Provision for taxation		13020	11957
Net Profit after tax carried to balance sheet		25285	26736
Significant Accounting Policies & Notes on Accounts	25 & 26		

Sd/-
(M.C. Singh)
FA&CAO

Sd/-
(L.N. Gupta)
Secretary

DATE : 17.07.14
PLACE : New Delhi

Annexure-II
(Refer Schedule-11 (B))

Details of outstanding balance of loan as on 31st March, 2014 from Oil PSUs

(Rs. in lakh)

S.No.	Name of the Company	Opening Balance as on 01.04.2013	Loan Disbursed during 2013-14	Loan received back during 2013-14	Closing balance As on 31.03.2014
1	GAIL	176100	97500	40625	232975
2	IOCL	266275	57200	103175	220300
3	BPCL	59350	0	27225	32125
4	HPCL	89025	13800	33075	69750
5	CPCL	23663	0	13863	9800
6	NRL	6470	4200	2422	8248
7	BCPL	57700	43500	3538	97662
8	DNP Ltd.	2025	0	2025	0
9	MRPL	80000	30000	10000	100000
10	GAIL Gas Ltd.	11940	2565	2950	11555
	Total	772548	248765	238898	782415

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

Statement Showing payments of grants during 2013-14

(Rs. in lakh)

Sl. No.	Name of the Institutes	2013-14	2012-13
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	3962	6209
2	Petroleum Conservation Research Association	4154	4696
3	Centre for High Technology	1845	1392
4	Petroleum Planning & Analysis Cell	1436	1235
5	Oil Industry Safety Directorate	1374	1088
	Total (A)	12771	14620
B.	R & D Grants		
6	NGHP-II	23	62
7	IIP, Dehradun	0	97
8	Govt. of Rajasthan, Deptt. Of Petroleum	0	100
9	IIT, Mumbai	6	0
	Total (B)	29	259
	Total (A+B)	12800	14879

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

Expenditure on Schemes / Projects sponsored by Govt. of India/OIDB during 2013-14

(Rs. in Lakh)

		2013-14	2012-13
1	Rajiv Gandhi Institute of Petroleum Technology, Rai Bareli	2368	367
	Total (C)	2368	367

Chapter-VII

Audit Report of the Comptroller & Auditor General of India

**AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE
ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD FOR THE YEAR ENDED
31 MARCH 2014**

We have audited the attached Balance Sheet of the Oil Industry Development Board (OIDB) as at 31 March 2014 and Income and Expenditure Accounts for the year ended on that date under Section 19(2) of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 20(2) of the Oil Industry (Development) Act, 1974 (OID Act, 1974). These financial statements are the responsibility of the Management of OIDB. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

(A) Balance Sheet

**(a) Investments - Others (Schedule 10):
Rs.2447.34 crore**

This includes Rs.50.34 crore being the value of investment in equity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to net worth. Government of India decided (May 2011) to convert OIDB loan of Rs.32.76 crore into equity thereby enhancing BLL's equity capital from existing Rs.42 crore to Rs.74.76 crore and reduction of equity capital from Rs.74.76 crore to Rs.15.16 crore by setting off accumulated losses to the extent of Rs.59.60 crore. As at 31st March 2013, with further

accumulation of losses, the shareholders' funds in BLL had turned negative to the tune of Rs.1.88 crore. As per Accounting Standard 13, diminution in the value of investment of Rs.50.34 crore, being other than temporary, should have been provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs.40.13 crore.

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

(b) Current Assets, Loans, Advances etc. (Schedule 11): Rs.9031.17 crore

This does not include claims for Rs.28.98 crore deposited under protest for the assessment year 2010-11 against the notice served by Income Tax Department against which an appeal was pending with Income Tax Appellate Tribunal.

(c) Current Liabilities and Provisions (Schedule 7): Rs.629.14 crore

This includes Rs.4.25 crore as differential royalty payable to Government of Assam since 2010-11 whereas as per Directorate General of Hydrocarbons there was no production of oil/condensate from

the Amguri field of Assam State since December 2010 and all payments prior to that, had already been made.

(B) INCOME AND EXPENDITURE ACCOUNT

Other Administrative Expenses etc. (Schedule 21): Rs.9.46 crore

- i. This includes Rs.2.49 crore deposited by OI DB during February 2014 as one time payment of lease rent in lieu of annual lease payments for a plot acquired on 90 year's lease in Noida during April 2006. The lump sum payment qualifies as fixed assets as benefits thereof would be spread over the remaining lease period of 82 years.
- ii. This does not include Rs.0.34 crore being the annual ground rent and interest on delayed payment thereof for earlier years paid in respect of the plot of land acquired from DDA at Dwarka during August 2008, which was wrongly capitalized though it was in the nature of Revenue expenditure.

(C) CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS (SCHEDULE 26)

- a) Claims of Rs.4.22 crore lodged by Engineers India Limited towards consultancy services for execution of civil structural work for construction of OI DB Bhawan for their overstay beyond the contractual period have not been disclosed in the Notes on Accounts.

- b) OIDB covers its liability towards its existing employees for the past service rendered through two trusts namely “OIDB Employees’ Gratuity Scheme” & “OIDB Employees’ Superannuation Scheme” where the funding is being made through the trusts as per the actuarial valuation. The accounts for these schemes had neither been prepared nor audited and submitted to Board/Income Tax Authorities since 2010-11 in violation of Clause 12 of Section 1 of the OIDB Employees’ Superannuation Scheme and Clause 15 of Section 1 of the OIDB Employee’s Group Gratuity Scheme. This fact has not been disclosed in Notes on Accounts.
- (iii) Attention is also drawn to the significant matters stated in **Annexure** to this Report.
- (iv) **Subject to our observation in the preceding paragraphs, we report** that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.
- (v) **In our opinion** and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraph 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India;
- (a) In so far as it relates to the Balance Sheet, of the state of affairs of OIDB as at 31 March 2014.
- (b) In so far as it relates to the Income and Expenditure Account, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.

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

Sd/-
Parama Sen
Principal Director of Commercial
Audit and ex-officio Member, Audit
Board II, Mumbai

Place: Mumbai

Date: 13 February 2015

Annexure
(Referred to in the para 3 (iii) of Audit Report)

1. Internal Audit System

Internal Audit of the Oil Industry Development Board (OIDB) has been outsourced to external Chartered Accountant firms. However, the scope of Internal Auditors did not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting. Further, the Internal Auditor has not submitted any Report to OIDB for rectification during the year.

2. Internal Control System

- a) Internal control system needs to be strengthened by OIDB for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out of the grants released by OIDB.
- b) After release of grants OIDB received utilization certificate from the grantee institutions on an annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OIDB nor has any effective mechanism been evolved to monitor the manner of proper utilization of grants.

3. Grant-in-aid for Research & Development Activities.

- i) Section 6 of Oil Industry (Development) act 1974, in-ter-alia, provides that the Board may render assistance for scientific, technological and economic

research which could be, directly or indirectly, useful to oil industry. However:

- ii) Grants released by OIDB, over the last three years (2011-12 to 2013-14) to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) were Rs.388.26 crore (Rs.127.71 crore for 2013-14) which constituted 99 percent (approx) of total grants disbursed by OIDB during this period. Records did not indicate the amount out of this grant that was meant to be utilized on R&D activities.

The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell (PPAC) on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control. Further, funding of the two directorate viz. DGH and PPAC by way of grants out of OID fund is an unusual feature, which needs to be addressed urgently by Ministry.

4. Non-allotment of Funds to OIDB by the Government of India out of the excise duty collected under the provisions of OID Act, 1974.

OIDB was established for the development of oil industry. For that purpose duty of excise

on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OID Act, 1974. As per section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIDB 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 purpose of the OID Act, 1974. Though the Central Government has been increasing the rate of excise duty from time to time and had collected a substantial amount of Rs.1,33,049.33 crore till 31 March 2014 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.68 per cent of the aggregate amount of collection) to OIDB till 1991-92 and did not remit any fund to OIDB thereafter. This is not in conformity with the objective of establishment of OIDB and levy of the excise duty under the provisions of the OID Act, 1974.

5. Corpus Fund created without giving it statutory status

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

As on 31st March, 2014, an amount of Rs.139.96 crore has accumulated in the Corpus Fund which is being kept in various

banks, outside the accounts of OIDB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable amount involved, a formal oversight mechanism over the finances of the fund is essential.

6. Physical Verification of Fixed Assets

Physical verification of assets with reference to books (Fixed Assets Register) had not been conducted in violation of Rule 192(1) of the General Financial Rules.

7. Regularity in payment of Statutory Dues

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

8. Adequacy of IT systems

OIDB deals with loans and grants. The software installed for monitoring the same was not working properly. OIDB needs to strengthen its IT systems to have better internal control.

CAG Audit para on the accounts of OADB for the FY 2013-14 and OADB's reply.

Audit Para	Comments of OADB
<p>A. Balance Sheet</p> <p>(a) Investments - Others (Schedule 10): Rs.2447.34 crore</p> <p>This includes Rs.50.34 crore being the value of investment in equity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to net worth. Government of India decided (May 2011) to convert OADB loan of Rs.32.76 crore into equity thereby enhancing BLL's equity capital from existing Rs.42 crore to Rs.74.76 crore and reduction of equity capital from Rs.74.76 crore to Rs.15.16 crore by setting off accumulated losses to the extent of Rs.59.60 crore. As at 31st March 2013, with further accumulation of losses, the shareholders' funds in BLL had turned negative to the tune of Rs.1.88 crore. As per Accounting Standard 13, diminution in the value of investment of Rs.50.34 crore, being other than temporary, should have been provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs.40.13 crore.</p> <p>Despite C&AG's comments on the accounts of OADB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.</p>	<p>Before OADB reduces its equity investments in M/s BieccoLawrie Limited (BLL), M/s BLL has to obtain necessary statutory approvals from Hon'ble High Court and comply with procedural requirements as required under the relevant provisions of the Companies Act.</p> <p>BLL has informed that petition before the Hon'ble High Court at Kolkata has to be filed. OADB has been consistently following the matter with M/s BLL. Further, at the time of the finalization of Annual Accounts of OADB for the year 2013-14, the Government was in the process of considering a revival package for BLL.</p> <p>Hence, the diminution in value of equity investment held by OADB in M/s BLL shall be reflected after the completion of statutory requirements by BLL.</p>

<p>(b) Current Assets, Loans, Advances etc. (Schedule 11): Rs.9031.17 crore</p> <p>This does not include claims for Rs.28.98 crore deposited under protest for the assessment year 2010-11 against the notice served by Income Tax Department against which an appeal was spending with Income Tax Appellate Tribunal.</p> <p>(c) Current Liabilities and Provisions (Schedule 7): Rs.629.14 crore</p> <p>This includes Rs.4.25 crore as differential royalty payable to Government of Assam since 2010-11 whereas as per Directorate General of Hydrocarbons there was no production of oil/condensate from the Amguri field of Assam State since December 2010 and all payments prior to that, had already been made.</p>	<p>The amount of Rs 28.98 crore of tax was not reflected in “Claims recoverable” since this notice was received in the current financial year 2014-15.</p> <p>As advised by Audit, the tax paid under protest shall be reflected as contingent liabilities with effect from the current financial year.</p> <p>Since, there was no intimation by DGH to OIDB till 31.03.2014 regarding reversal of provision of Rs.4.25 crore towards payment of differential royalty payable to the State Government of Assam, the provision was continued in the Annual Accounts 2013-14. The information from DGH that there was no production of oil/condensate from December, 2010 onwards and that provision may be reversed was received vide their letter No.DGH/CF/Diff Royalty/ 2013-14 dated 12.05.2014 i.e. after the closure of Financial Year 2013-14.</p>
<p>B.INCOME AND EXPENDITURE ACCOUNT</p> <p>Other Administrative Expenses etc. (Schedule 21): Rs.9.46 crore</p> <p>i) This includes Rs.2.49 crore deposited by OIDB during February 2014 as onetime payment of lease rent in lieu of annual lease payments for a plot acquired on 90 year’s lease in Noida during April 2006. The lump sum payment qualifies as fixed assets as benefits thereof would be spread over the remaining lease period of 82 years.</p>	<p>The Annual Accounts for the year 2013-14 were adopted by OID Board in a meeting held on 30.09.2014. The Assessment Order issued by the office of Dy. Commissioner - Commercial Tax, Commercial Tax Department, Government of UP was received in OIDB only on 31.10.2014 (copy enclosed as Annexure-I) after adoption of the Annual Accounts for 2013-14. Hence,</p>

<p>ii) This does not include Rs.0.34 crore being the annual ground rent and interest on delayed payment thereof for earlier years paid in respect of the plot of land acquired from DDA at Dwarka during August 2008, which was wrongly capitalized though it was in the nature of Revenue expenditure.</p>		<p>this amount was reflected in the contingent liabilities and will not be reflected in the Annual Accounts for the current financial year i.e. 2014-15.</p>
<p>C. CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS (SCHEDULE 26)</p> <p>a) Claims of Rs.4.22 crore lodged by Engineers India Limited towards consultancy services for execution of civil structural work for construction of OIDB Bhawan for their overstay beyond the contractual period have not been disclosed in the Notes on Accounts.</p> <p>b) OIDB covers its liability towards its existing employees for the past service rendered through two trusts namely “OIDB Employees’ Gratuity Scheme” & “OIDB Employees’ Superannuation Scheme” where the funding is being made through the trusts as per the actuarial valuation. The accounts for these schemes had neither been prepared nor audited and submitted to Board/Income Tax Authorities since 2010-11 in violation of Clause 12 of Section 1 of the OI DB Employees’ Superannuation</p>		<p>OIDB has been consistently following the existing practice of accounting of “interest earned on Saving Bank Account” on actual basis during the previous years. This year also, the same practice was continued.</p> <p>As desired by the Auditors, the practice of reflecting savings bank interest on ‘accrual basis’ shall be adopted with effect from the Annual Accounts 2014-15. However, banks may not provide interest certificates for certifying such accruals.</p>

<p>Scheme and Clause 15 of Section 1 of the OIDB Employee’s Group Gratuity Scheme. This fact has not been disclosed in Notes on Accounts.</p> <p>c) Attention is also drawn to the significant matters stated in Annexure to this Report.</p> <p>d) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.</p> <p>e) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraphs 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India;</p> <p>a) In so far as it relates to the Balance Sheet, of the state of affairs of OIDB as on 31 March 2014.</p> <p>b) In so far as it is relates to the Income and Expenditure Accounts, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.</p>		
---	--	--

Annexure
(Referred to in the para 3 (iii) of Audit Report)

Audit Para	Comments of OADB
<p>1. Internal Audit System</p> <p>Internal Audit of the Oil Industry Development Board (OADB) has been outsourced to external Chartered Accountant firms. However, the scope of Internal Auditors did not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting. Further, the Internal Auditor has not submitted any Report to OADB for rectification during the year.</p>	<p>The scope of Internal Auditor has been made comprehensive and M/s Raj K Sri & Co. has been appointed as OADB Internal Auditor after following the due process. As suggest by auditor, the scope of work of internal auditor has been revised which interalia, includes providing of formal assurance on adequacy and effectiveness of internal control over financial reporting.</p>
<p>2. Internal Control System</p> <p>a) Internal control system needs to be strengthened by OADB for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out of the grants released by OADB.</p> <p>b) After release of grants OADB received utilization certificate from the grantee institutions on an annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OADB nor has any effective mechanism been evolved to monitor the manner of proper utilization of grants.</p>	<p>The Grants for R&D projects are released by grantee institutes such as CHT, PCRA, etc. from their respective budget. They are the nodal offices for monitoring the progress of their projects. However, OADB had requested all these institutes to prepare the statement of assets created out of the OADB funds and ensure their physical verification under intimation to OADB.</p>

3. Grant-in-aid for Research & Development Activities.

i) Section 6 of Oil Industry (Development) act 1974, in-ter-alia, provides that the Board may render assistance for scientific, technological and economic research which could be, directly or indirectly, useful to oil industry. However:

ii) Grants released by OIDB, over the last three years (2011-12 to 2013-14) to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) were Rs.388.26 crore (Rs.127.71 crore for 2013-14) which constituted 99 percent (approx) of total grants disbursed by OIDB during this period. Records did not indicate the amount out of this grant that was meant to be utilized on R&D activities.

The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell (PPAC) on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control. Further, funding of the two directorate viz. DGH and PPAC

It is not a fact that grant released for R&D is only 1%. The grants given to grantee institutes include provision for grant for their R&D projects as well. For instance, the following statement provides the budget as well as provisions for R&D project in CHT is as under:

(Rs. in Crore)

Total Budget	Allocation for R&D	% of total budget on R&D
22.20 (FY 13-14)	12.43	56
15.62 (FY 2014-15)	5.85	37

In addition, OIDB is funding Rs 150 crore on National Gas Hydrate Program during current year besides other standalone project which are directly funded by OIDB.

OIDB also requested MoP&NG to fund DGH expenditure out of Ministry's Budget. However, Ministry vide letter F. No. O-23012/15/2014-ONG-I(FTS-33436) dated 17.09.2014 directed OIDB to continue funding of DGH.

OID Board in its 87th meeting held on 24.02.2014 decided to request C&AG to audit the accounts of its grantee institutes under section 20 of CAG Act. The C&AG has agreed to conduct audit of accounts of these grantee institutions.

<p>by way of grants out of OID fund is an unusual feature, which needs to be addressed urgently by Ministry.</p>		
<p>4. Non-allotment of Funds to OIBD by the Government of India out of the excise duty collected under the provisions of OIBD Act, 1974.</p> <p>OIBD was established for the development of oil industry. For that purpose duty of excise on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OIBD Act, 1974. As per section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIBD 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 purpose of the OIBD Act, 1974. Though the Central Government has been increasing the rate of excise duty from time to time and had collected a substantial amount of Rs.1,33,049.33 crore till 31 March 2014 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.68 per cent of the aggregate amount of collection) to OIBD till 1991-92 and did not remit any fund to OIBD thereafter. This is not in conformity with the objective of establishment of OIBD and levy of the excise duty under the provisions of the OIBD Act, 1974.</p>		<p>OIBD is constantly following the matter of allocation of cess with the Ministry of Finance for seeking allocation of funds for OIBD out of Cess proceeds under the OIBD Act 1974. The copies of the letters dated 14.03.2014; 02.10.2014 and 18.11.2014 issued by MoP&NG to Ministry of Finance are enclosed for reference as Annexure A.</p>

<p>5. Corpus Fund created without giving it statutory status</p> <p>On the directions (October, 2004) of MOPNG, a separate fund called “Hydrogen Corpus Fund” (HCF) was established for carrying out various R&D activities in the year 2004. MOPNG had, however, stated that there was no necessity of creating any separate Trust or organization or society to handle this fund. OIDB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OIDB norms.</p> <p>As on 31st March, 2014, an amount of Rs.139.96 crore has accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OIDB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable amount involved, a formal oversight mechanism over the finances of the fund is essential.</p>		<p>OIDB has taken up the issue with MoP&NG and a detailed meeting was held under the chairmanship of Secretary, PNG with all stakeholders. After deliberation, it was decided to refund the original corpus to all the contributing agencies and transfer of balance amount to CHT to enable them to meet the committed liabilities of the ongoing projects under HCF. Accordingly, a self-contained proposal on subject matter has been send to the Ministry vide letter no 4/17/2013-OIDB (Pt) dated 16.10.2014 and letter of even number dated 27.11.2014.</p>
<p>6. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Assets Register) had not been conducted in violation of Rule 192(1) of the General Financial Rules.</p>		<p>The identification & coding of all assets have been completed. The physical verification of assets is being carried by the constituted committee.</p>
<p>7. Regularity in payment of Statutory Dues</p> <p>As informed and reported of Audit by OIDB, all taxes and statutory dues were paid in time by OIDB.</p>		<p>All statutory dues have been remitted on time.</p>

<p>8. Adequacy of IT systems</p> <p>OIDB deals with loans and grants. The software installed for monitoring the same was not working properly. OIDB needs to strengthen its IT systems to have better internal control.</p>		<p>The concerned unit has informed that the software is having technical error and is not working properly. The IT officer-in-charge has been requested to take up with PCRA and trying to rectify the error.</p>
--	--	---

Chapter-IX

Annual Report & Accounts of ISPRL

Board of Directors

As on 31.03.2014

Shri Saurabh Chandra	Chairman	(w.e.f. 7 th March, 2013)
Shri Rajive Kumar	Director	(w.e.f. 17 th June, 2013)
Dr. Subhash Chandra Khuntia	Director	(w.e.f. 9 th August, 2012)
Shri L. N. Gupta	Director	(w.e.f. 17 th June, 2013)
Shri R. K. Singh	Director	(w.e.f. 15 th July, 2013)
Shri Rajan K. Pillai	CEO & MD	(w.e.f. 25 th February , 2014)

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri Rajan K. Pillai

COMPANY SECRETARY

Smt. Bhavyaa Gupta

STATUTORY AUDITORS

M/s JDA & Company

904 & 906, Shahpuri, Tirath Singh Tower, C - 58,
Community Centre, Janakpuri, New Delhi - 110058

BANKERS

Corporation Bank

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

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

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office

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

Mangalore Project Office

Strategic Storage of Crude Oil Project
Chandrasahas Nagar, Permude P.O., Mangalore - 574 509
Tel : 0824 - 6066100

Padur Project Office

PO : Padur, Via Kaup, Distt. Udupi - 574 106
Karnataka
Phone : 0820 - 6560005

Directors' Report

To,
The Shareholders,
Indian Strategic Petroleum Reserves Limited

The Board of Directors of your Company is pleased to present the 10th Annual Report on the working of the Company for the Financial Year ended 31st March, 2014 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, 2014 are as under :

S.No.	Particulars	Figures in ₹		Reference to Financial Statements
(A)	Opening Balance of Work in Progress as on 1 st April, 2013		22,912,639,804	Note 9B (i) – Closing balance as of 31.03.2013
(B)	Pre-Operative Expenses during the year net of transfers {(i) - (ii)} :			Note 9B(i) – Difference between Closing balance as of 31.03.2014 and Closing balance as of 31.03.2013
	(i) Pre- operative expenses during year	5,768,335,461		
	(ii) Transfers	116,940,104	5,651,395,357	
(C)	Increase in Fixed Assets		768,734	Note 9A - Net Additions during the year
(D)	Net Non-current Assets {(i)- (ii)}			
	(i) Non-Current assets (Long term Loans & Advances)	551,146,045		Note 10
	(ii) Non-Current Liabilities	2,090,021,516	(1,538,875,471)	Note 5
(E)	Net Current Assets {(i)- (ii)}			
	(i) Current Assets	437,226,139		Balance sheet - Current Assets
	(ii) Current Liabilities	381,001,522	56,224,617	Balance sheet - Current Liabilities
(F)	Accumulated Loss		(255,435,088)	Note 4 - Reserves & Surplus
Total Expenditure (A+B+C+D+E+F)			26,826,717,953	

PERFORMANCE OVERVIEW

Your Company has been mandated to establish crude oil storage of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The capital cost for constructing the strategic storage facilities was originally estimated to be Rs. 2,397 Crore at September 2005 prices. The approval for the Revised Cost Estimate (RCE) of Visakhapatnam was obtained in June, 2011. The RCE for Mangalore and Padur was approved in November, 2013. The RCE for the three locations stands at: Visakhapatnam – Rs. 1,038 Crore; Mangalore – Rs. 1,227 Crore and Padur – Rs. 1,693 Crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with OADB, 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. Planning Commission, the Government of India, has allocated Rs.4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17.

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

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Engineers India Limited (EIL) was appointed as Project Management Consultant (PMC). Out of the revised requirement of 67 acres of land for the project, 37 acres has been taken on lease from Visakhapatnam Port Trust (VPT) and for the balance 30 acres, a Memorandum of Understanding (MOU) has been signed with Eastern Naval Command. Statutory clearances have been obtained. After supplementary site investigations, to avail the benefits of lower marginal costs for additional capacity, the cavern capacity has been increased to 1.33 MMT and approval accorded by the Government for the same.

The Underground works were carried out by M/s Hindustan Construction Company. As on 31st March, 2014, all underground excavation works, as well as all flooring works were completed. This included the repair and rectification works in Cavern A1, where a rock slide incident had occurred in April, 2011. The Cavern A was thereafter handed over to the aboveground contractor for his part of the job. The Aboveground works are being carried out by M/s IOTIESL. As on 31.03.2014, all major works have been completed, except in the shaft of Cavern A. The System wise pre-commissioning activities have commenced. The overall project progress as on 31.03.2014 was 95.1%. The rock slide incident in Cavern A1 has adversely impacted the completion schedule. Based on the progress made till date, the anticipated mechanical completion date for the project is 30th September, 2014.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

EIL was appointed as the Project Management Consultant. The land identified for Mangalore Cavern falls in the Mangalore SEZ area and 104.73 acre of land has been acquired from the Mangalore Special Economic Zone Limited (MSEZL). Statutory clearances have been obtained.

The Underground civil works were carried out by a Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV). The Aboveground works were awarded to M/s Punj Lloyd Ltd. Till 31st March, 2014, entire excavation and flooring works were completed. Aboveground contractor has also

completed underground piping works of cavern B and all piping works of shaft A. The administrative building has been completed and Control room and sub station buildings are in advanced stages of completion. Nitrogen tanks, boilers have been erected. The overall project progress as on 31.03.2014 was 89.8%. Based on the progress made by the Aboveground Contractor the anticipated Mechanical completion of the Project is 31st October, 2014. The final commissioning of the Project is dependent on the laying of the pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through a valve station. The work order for the laying of pipeline was issued in July, 2014. The Commissioning is scheduled to be completed by 31st October, 2015.



View of one of the four cavern galleries at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

EIL was appointed as the Project Management Consultant. 179.21 acres of land is being acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. Out of this, 138.57 acres of land has been acquired and acquisition of the balance 40.6 acres of government land is in process.

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 on 29.12.2009. The zero date for commencement of construction activities was 29.05.2010 i.e. the date on which land was handed over by KIADB to ISPRL. Till 31st March, 2014 entire excavation of both Part A and Part B along with the flooring and underground piping inside the cavern has been completed. The job for aboveground works was awarded to M/s Linde Engineering Pvt. Ltd. on 11.11.2011. The administrative building, control room, substation and fire station have been completed. The overall project progress as on 31.03.2014 was 93.3%. Based on the progress made by the contractors, the anticipated mechanical completion of the Project is 30th September, 2014. The final completion of the Project is dependent on the laying of the pipeline from LFP to Padur cavern through the valve station, job for which was awarded in July, 2014. Commissioning is scheduled to be 15 months from the date of award of pipeline laying job i.e. by 31st October, 2015.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, Special Land Acquisition Officer (SLAO) of KIADB has been notified as the land acquisition officer. ROU acquisition is being undertaken through KIADB and notification under Section 3(1) of the Petroleum and Minerals Pipelines (Acquisition of Right of User Inland) Act, 1962 has been issued in January, 2011. Declaration under Section 6(1) of the said Act for RoU has also been issued for the entire stretch (36 kms), except one village in Udupi district. Villagers are not permitting

survey and joint measurement, and are seeking higher compensation. Matter is being resolved through the involvement of the Local Administration.



View of the aboveground facilities at Padur

4. Phase II of Strategic Storage Program

EIL was awarded the job of preparation of Detailed Feasibility Report (DFR) for Phase II of the strategic storage program in July, 2011. Four sites were identified based on the pre-feasibility stage as under :

- (i) Padur 5.0 MMT (Underground Rock Caverns)
- (ii) Chandikhol 2.5 MMT (Underground Rock Caverns)
- (iii) Bikaner 2.5 MMT (Salt Leached Caverns)
- (iv) Rajkot 2.5 MMT (Underground concrete tanks)

EIL has submitted the DFR for the four sites. The capacities in the DFR were revised after resistance was faced from villagers at Padur. The revised capacities proposed at the locations are as under :

- (i) Padur 2.50 MMT (Underground Rock Caverns)
- (ii) Chandikhol 3.75 MMT (Underground Rock Caverns)
- (iii) Bikaner 3.75 MMT (Salt Leached Caverns)
- (iv) Rajkot 2.50 MMT (Underground concrete tanks)

The proposed salt leached cavern is proposed to be built in thick layers of salt available in the Bikaner region of Rajasthan. The proposed underground concrete tanks at Rajkot will be using the double containment principle. Both types of storages will be implemented for the first time in the country. Salt leached caverns have been used by countries like USA, Germany, etc. with success. Underground concrete tanks have been successfully used in the Republic of South Africa. Whereas technical knowhow is available for Underground Rock Caverns, in respect of the other two technologies i.e. Salt Leached caverns and Underground concrete tanks, being new technologies, the requisite knowledge is not available within the country; hence services of Foreign Back up consultant are required.

DIVIDEND

Your Board of Directors does not recommend any Dividend for the Financial Year ended 31st March, 2014.

PUBLIC DEPOSITS

In terms of the provisions of Section 58A of the Act read with the Companies (Acceptance of Deposits Rules), 1975, your Company has not accepted any fixed deposits from public and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors, namely :

- (i) Shri Rajive Kumar, Additional Secretary, MoP&NG -- Chairman
- (ii) Shri L.N. Gupta, Secretary, OIDB -- Member
- (iii) Shri R. K. Singh, Joint Secretary (R), MoP&NG-- Member

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three Non-Executive Directors, namely :

- (i) Dr. S.C. Khuntia, Additional Secretary & Financial Advisor, MoP&NG -- Chairman
- (ii) Shri L.N. Gupta, Secretary, OIDB -- Member
- (iii) Shri R. K. Singh, Joint Secretary (R), MoP&NG -- Member

AUDITOR'S REPORT

The Comptroller & Auditor General of India (C&AG) has appointed M/s JDA & 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, 2014.

On the basis of supplementary audit conducted under Section 619 3 - (b) of the Companies Act, 1956 of the Financial Statements of the Company for the Financial Year ended 31st March 2014, C&AG has not found anything significant to his knowledge which would have given rise to any comment upon or supplement to Statutory Auditor's Report under Section 619 (4) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company has not yet commenced its operations, it has no information to be published regarding conservation of energy and technology absorption.

The Company does not have any foreign exchange earnings during the year. However it has utilized foreign exchange for its business activities aggregating to Rs. 946.06 Lac during the period under review.

PARTICULARS OF EMPLOYEES

The Company has no employee in respect of whom the Statement under Section 217(2A) of the Companies Act, 1956, is required to be furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in preparation of the Annual Accounts for the Financial Year ended 31st March, 2014, the applicable Accounting Standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2014 on a 'going concern' basis.

BOARD OF DIRECTORS

Your Board of Directors presently comprises of 5 part-time Non-Executive Directors (ex-officio) and one full-time CEO & MD as follows :

- (ii) Shri Saurabh Chandra, Secretary, Ministry of Petroleum and Natural Gas(MoP&NG) – Chairman (DIN 02726077)
- (iii) Shri Rajive Kumar, Additional Secretary, MoP&NG- Director (DIN 06620110)
- (iv) Dr. S.C. Khuntia, Additional Secretary & Financial Advisor, MoP&NG - Director (DIN 05344972)
- (v) Shri L. N. Gupta, Secretary, OIBD – Director (DIN 01872190)
- (vi) Shri Rajesh Kumar Singh, Joint Secretary (R), MoP&NG - Director (DIN 05193269)
- (vii) Shri Rajan K. Pillai, Chief Executive Officer & Managing Director (DIN 06799503)

The following changes took place in the Board of Directors since 1st April, 2013:

- (i) Shri L. N. Gupta, Director (appointed w.e.f. 17.06.2013)
- (ii) Shri Rajive Kumar, Director (appointed w.e.f. 17.06.2013)
- (iii) Shri Rajesh Kumar Singh, Director (appointed w.e.f. 15.07.2013)
- (iv) Shri Rajan K. Pillai, CEO & MD (appointed w.e.f. 25.02.2014)
- (v) Shri Saurabh Chandra, Chairman (appointed w.e.f. 07.03.2014)
- (vi) Shri Sudhir Bhargava, Director (ceased w.e.f. 03.06.2013)(DIN 00247515)
- (vii) Shri L. N. Gupta, Director (ceased w.e.f. 05.06.2013 by virtue of cessation of his office of Joint Secretary(R), MoP&NG)
- (viii) Shri V.L.V.S.S. Subba Rao, Director (appointed w.e.f. 07.03.2013 till 09.06.2013) (DIN 02466537)
- (ix) Shri Vivek Rae, Chairman (ceased w.e.f. 28.02.2014)(DIN 01866765)

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 OIBD.

For and on behalf of the Board

Date: 05.09.2014
Place: New Delhi

(R.K.Singh)
Director
(DIN05193269)

(Rajan K. Pillai)
CEO & MD
(DIN 06799503)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of INDIAN STRATEGIC PETROLEUM RESERVES LIMITED ('the company') which comprises the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the

Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227 (3) of the Act, we report that :

- a. 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;
- b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss and Cash flow statements dealt with by this report is in agreement with the books of account;
- d. In our opinion the Balance Sheet, Statement of Profit and Loss and Cash flow statement comply with the Accounting Standards as referred to in Section 211 (3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 except non provision of retirement benefit as required by Accounting Standard-15, in view of the fact that company's work is presently handled by deputationists, (Refer Note No. 14.13), the effect of non-provision, has not been ascertained.
- e. Being a Government company, pursuant to the Notification no. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;

For J D A & Company
(Chartered Accountants)

FRN : 015377N

Sd/-

CA Nitin Aggarwal

(Partner)

M.No.506909

Place : New Delhi

Date : 13th August, 2014

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Indian Strategic Petroleum Reserves Limited ('the Company') for the year ended 31st March, 2014. We report that :

1. a) The company has maintained proper records showing full particulars including quantitative details & situation of fixed assets, which have been updated on the register.
b) As explained to us the fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company & the nature of its fixed assets. No material discrepancies were noticed on such verification.
c) During the year, the company has not disposed off any substantial part of its fixed assets.
2. Para (ii) is not applicable to the company.
3. a) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not granted any loans, secured or unsecured to the companies, firm or other parties listed in the register maintained under Section 301 of the Act.
b) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not taken any loans from companies, firm or other parties listed in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion and according to the information and explanations provided by the management, there are no transaction that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 in pursuance of the said section.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
9. a) According to the information and explanation given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, tax deducted at source, service tax, cess and other statutory dues applicable to it. TDS in respect of year end estimates is deposited on actual payment in the subsequent months.
b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. In our opinion the accumulated losses of the Company are less than fifty percent of the Net Worth as at 31st March, 2014. The company has incurred cash losses during the financial year ended on that date & in the immediately preceding financial year.

11. The company did not have any outstanding dues to any financial institutions, banks or debenture holder during the year.
12. Based on our examination of documents and records and the information and explanations given to us, we are of the opinion that the company has granted loans and advances in the form of Temporary & Mobilization advance to the contractor on the basis of security other than shares & debentures.
13. In our opinion and according to the information and explanations given to us, the company is not a chit fun / nidhi / mutual benefit fund / society ..
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our audit procedures and on the information given by the management, we report that the company had not raised any term loans during the year.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company as at 31st March, 2014, we report that the no funds raised on short-term basis have been used for long-term investments.
18. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.
20. The company has not raised any money by public issues during the year.
21. According to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For J D A & Company
(Chartered Accountants)

FRN : 015377N

Sd/-

CA Nitin Aggarwal
(Partner)

M.No.506909

Place : New Delhi

Date : 13th August, 2014

**ANNUAL ACCOUNTS
2013-14**

Indian Strategic Petroleum Reserves Limited

Balance Sheet as at 31 March, 2014			
Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	23,970,000,000	19,692,680,200
(b) Reserves and surplus	4	(255,435,088)	(205,249,747)
		23,714,564,912	19,487,430,453
Share application money pending allotment	3.3	4,675,746,707	3,742,100,000
Non-current liabilities			
(a) Other long - term liabilities	5	2,090,021,516	466,192,595
Current liabilities			
(a) Trade Payables	6	267,529,041	1,302,198,745
(b) Other current liabilities	7	113,471,349	195,288,018
(c) Short Term Provisions	8	1,132	1,434,729
		381,001,522	1,498,921,492
TOTAL		30,861,334,657	25,194,644,540
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9A	1,308,927,312	1,351,303,848
(ii) Capital work-in-progress	9B	28,564,035,161	22,912,639,804
(b) Long-term loans and advances	10	551,146,045	401,146,045
		30,424,108,518	24,665,089,697
Current assets			
(a) Cash and cash equivalents	11	243,998,860	89,613,439
(b) Short-term loans and advances	12	193,227,280	439,941,405
		437,226,139	529,554,843
TOTAL		30,861,334,657	25,194,644,540
Additional information to the Financial Statements	1 to 15		

In terms of our report attached.

For JDA & Company
Chartered Accountants
FRN. 015377N

Sd/-
(CA Nitin Aggarwal)
Partner
M.No.506909

Place : New Delhi
Date : 13th August, 2014

For and on behalf of the Board of Directors

Sd/-
(R. K. Singh)
Director
(DIN 05193269)

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

Sd/-
(Bhavyaa Gupta)
Company Secretary

Sd/-
(L. N. Gupta)
Director
(DIN 01872190)

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

Indian Strategic Petroleum Reserves Limited

Statement of Profit and Loss for the year ended 31 March, 2014			
Particulars	Note No.	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		₹	₹
Expenses			
(a) Depreciation and amortisation expense	9A	43,145,270	81,674,712
(b) Other expenses	13	2,762,751	1,642,483
(c) Stamp duty	13A	4,277,320	5,182,704
Total expenses		50,185,341	88,499,899
(Loss) before exceptional and extraordinary items and tax		(50,185,341)	(88,499,899)
Tax expense:			
Current tax expense relating to prior years		-	-
(Loss) from continuing operations		(50,185,341)	(88,499,899)
(Loss) for the year		(50,185,341)	(88,499,899)
(Loss) per Share (of ₹10/- each)	15.3		
(a) Basic	15.3.a	(0.02)	(0.04)
(b) Diluted	15.3.b	(0.02)	(0.04)
Additional information to the Financial Statements	1 to 15		

In term of our report attached.

For and on behalf of the Board of Directors

For JDA & Company
Chartered Accountants
FRN. 015377N

Sd/-
(CA Nitin Aggarwal)
Partner
M.No.506909

Place : New Delhi
Date : 13th August, 2014

Sd/-
(R. K. Singh)
Director
(DIN 05193269)

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

Sd/-
(Bhavyaa Gupta)
Company Secretary

Sd/-
(L. N. Gupta)
Director
(DIN 01872190)

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

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note	Particulars
1.	<p><u>Corporate Information</u></p> <p>Indian Strategic Petroleum Reserves Limited was incorporated on 16th June, 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by OIDB and its nominees on 9th May, 2006.</p> <p>The main objects of the Company are to own and control its crude oil inventories and to coordinate the release and replacement of its Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.</p>
2.	<p><u>Significant Accounting Policies</u></p>
2.1	<p>Basis of Accounting</p> <p>The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act 1956.</p>
2.2	<p>Use of Estimates</p> <p>The Financial Statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.</p>
2.3	<p>Fixed Assets / Intangible Assets</p> <p><u>Fixed Assets</u></p> <p>All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.</p> <p>Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land. Land acquired on lease for 99 years or less is treated as leasehold land.</p> <p><u>Intangible Assets</u></p> <p>Intangible assets are recognized if :</p> <ul style="list-style-type: none"> - It is probable that the future economic benefits that are attributable to the assets will flow to the company, <li style="padding-left: 20px;">and - The cost /fair value of the assets can be measured reliably.

2.4	<p>Depreciation and Amortisation</p> <p>Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act 1956.</p> <p>The land cost is amortized over the remaining period of lease in terms of number of years or part thereof.</p>
2.5	<p>Revenue Recognition; Construction Work in Progress & Allocation and Apportionment of expenses</p> <p>(i) The project for Strategic Oil Reserves is under implementation and the Company has not started commercial operations. The Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Statement of Profit & Loss account.</p> <p>(ii) The expenses incurred for project development, feasibility studies, fees to pollution control Boards, Project Management Consultancy charges, Land acquisition expenses, payments made to the contractors (underground/aboveground), Advertisement expenses, Insurance premia, cost of diesel supplied for underground works etc. have been shown as “Construction Work In Progress”.</p> <p>(iii) The indirect/incidental expenses (including Head Office expenses) are apportioned to all the three projects i.e. Vishakhapatnam, Mangalore and Padur in proportion to the direct expenditure incurred as on the close of the financial year.</p> <p>(iv) Insurance Claims are accounted on settlement of the claim.</p>
2.6	<p>Provisions and Contingencies</p> <p>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.</p> <p>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.</p> <p>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.</p>
2.7	<p>Impairment of Assets</p> <p>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</p>

	<p>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.</p>
2.8	<p>Leases</p> <p><i>Operating leases</i></p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease payments under operating lease arrangements are recognized as an expense under the head Construction Work in Progress on a straight line basis over the lease term.</p>
2.9	<p>Employee Benefits</p> <p>As on date the Company had no employee on its own payroll and the company's work is presently handled by deputationists. Hence the provision of AS-15 on "Employee Benefits" is not applicable.</p>
2.10	<p>Foreign Currency Transactions and Translations</p> <p>Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized appropriately. Any gain / loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets</p>
2.11	<p>Taxes on Income</p> <p>Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. As a prudent measure the Company has not recognized Deferred Tax Asset.</p>
2.12	<p>Earnings Per Share</p> <p>Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the number of equity share outstanding during the period.</p> <p>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.</p>
2.13	<p>Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.</p>

Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of Shares	₹	Number of Shares	₹
(a) Authorised Equity shares of Rs. 10 each	3,724,000,000	37,240,000,000	2,397,000,000	23,970,000,000
(b) Issued/Subscribed and fully Paid Up Equity shares of Rs. 10 each	2,397,000,000	23,970,000,000	1,969,268,020	19,692,680,200
Total	2,397,000,000	23,970,000,000	1,969,268,020	19,692,680,200

Particulars			
Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
Equity shares			
Year ended 31 March, 2014			
- Number of shares	1,969,268,020	427,731,980	2,397,000,000
- Amount (₹)	19,692,680,200	4,277,319,800	23,970,000,000
Year ended 31 March, 2013			
- Number of shares	1,450,997,583	518,270,437	1,969,268,020
- Amount (₹)	14,509,975,830	5,182,704,370	19,692,680,200

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Oil Industry Development Board, New Delhi and its nominees	2,397,000,000	100%	1,969,268,020	100%

Note 3.3 Share Application Money Pending Allotment

As at 31 March, 2014, out of amounts received from OI DB till 31.3.2014, Equity Shares were yet to be allotted for an amount of Rs. 4,67,57,46,707 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
(Deficit) in Statement of Profit and Loss		
Opening balance	(205,249,747)	(116,749,848)
Add: (Loss) for the year	(50,185,341)	(88,499,899)
Total	(255,435,088)	(205,249,747)

Notes forming part of the Financial Statements

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Withholding from Contractors - Contractual	590,021,416	466,192,595
Advance from HPCL	1,350,000,100	-
Advance from OI DB	150,000,000	-
Total	2,090,021,516	466,192,595

Note 6 Trade Payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Trade payables	267,529,041	1,302,198,745
Total	267,529,041	1,302,198,745

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Other Payables		
(i) Statutory remittances (Withholding Taxes, Labour Cess, TDS & Work Contract Tax)	48,914,613	48,395,152
(ii) Others (Amount Adjustable against Rock Disposal)	11,408,003	15,516,422
(iii) Security deposit / EMD	1,599,852	1,484,564
(iv) Withholding from Contractors - Supply	51,548,881	129,891,880
Total	113,471,349	195,288,018

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Provision for ENC Land Rentals	7	6
Creditors for Expenses	1,125	1,434,723
Total	1,132	1,434,729

Notes forming part of the Financial Statements

Note 9 Fixed Assets

A. Tangible Assets	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April, 2013	Additions During the Year	Deletions During the Year	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation/ Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Leasehold Land	1,502,803,957	-	-	1,502,803,957	153,758,260	42,603,106	-	1,306,442,591	1,349,045,697
(b) Furniture and Fixtures	989,673	371,244	-	1,360,917	113,196	211,110	-	1,036,611	876,477
(c) Office equipment	1,395,829	15,100	-	1,410,929	372,723	143,626	-	894,580	1,023,106
(d) Computer	1,838,954	382,390	-	2,221,344	1,480,387	187,428	-	553,529	358,567
Total	1,507,028,413	768,734	-	1,507,797,147	155,724,566	43,145,270	-	1,308,927,312	1,351,303,848
As at 31 March, 2013	1,509,143,971	1,490,110	3,605,668	1,507,028,413	74,058,937	81,674,712	9,083	1,351,303,848	1,435,085,035

B. Capital Work In Progress (Refer Note No. 9B (i))	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	₹	₹
Phase-I		
- Visakhapatnam Cavern Project	9,041,448,913	8,449,501,703
- Padur Cavern Storage Project @	11,997,530,683	9,186,504,765
- Mangalore Cavern Project @	7,525,055,565	5,159,693,232
Phase II DFR	-	116,940,104
Total	28,564,035,161	22,912,639,804

@ includes apportioned Head Office expenses

Notes forming part of the Financial Statements

Note 9.B(i) Capital Work in Progress

Particulars	As at 31.03.2014	As at 31.03.2013
	₹	₹
Construction Work in Progress (including unallocated capital expenditure, material at site)		
Storage Phase-I		
Visakhapatnam Cavern Storage project		
Underground Civil Works	4,544,125,287	4,316,334,906
Aboveground Process Facilities	3,432,355,193	3,129,209,034
Project Management Consultancy	904,081,080	868,023,977
Study & Survey	16,316,780	16,316,780
Other Project Expenses	43,935,921	24,166,208
Head office Expenses	100,634,652	95,450,798
TOTAL	9,041,448,913	8,449,501,703
Padur Cavern Storage project		
Underground Civil Works	7,582,937,065	5,958,383,006
Aboveground Process Facilities	2,247,093,444	1,136,639,733
Project Management Consultancy	1,245,164,254	1,062,857,423
Study & Survey Padur	12,265,256	12,265,256
Other Project Expenses	51,399,690	962,858,206
Pipeline	777,432,003	-
Head office Expenses	81,238,970	53,501,141
TOTAL	11,997,530,683	9,186,504,765
Mangalore Cavern Storage project		
Underground Civil Works	3,979,637,211	3,417,818,899
Aboveground Process Facilities	2,026,517,111	862,673,448
Project Management Consultancy	987,474,493	821,715,371
Study & Survey	13,558,986	13,558,986
Other Project Expenses	12,883,869	9,477,271
Pipeline	452,941,350	-
Head office Expenses	52,042,545	34,449,257
TOTAL	7,525,055,565	5,159,693,231
Storage Phase-II		
Project Management Consultancy	-	103,338,545
Study & Survey	-	8,367,795
Other Project Expenses	-	5,233,764
TOTAL	-	116,940,104
TOTAL CONSTRUCTION WORK IN PROGRESS	28,564,035,161	22,912,639,804

Notes forming part of the Financial Statements

Note 10 Long-term Loans and Advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Security deposits	20,369,274	20,369,274
Balances with Government authorities - CENVAT credit receivable	380,776,771	380,776,771
Advance to HCC- Vizag. Project	150,000,000	-
Total	551,146,045	401,146,045

Note 11 Cash and Cash Equivalents

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Cash in hand	1,297	19,960
Balances with banks - Autosweep Current A/c	243,997,563	89,593,479
Total	243,998,860	89,613,439

Note 12 Short-term Loans and Advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹	₹
Prepaid expenses - Unsecured, considered good	4,062,315	1,498,243
Other loans and advances - Unsecured considered good		
TDS Receivable *	13,934,682	10,541,883
Advances recoverable in cash or kind	12,199,553	102,466,690
Advance towards ROU Acquisition and Diesel Supply	76,608	3,440,129
Mobilisation Advance	128,739,622	283,502,640
Advance against land-Padur	34,214,500	34,214,500
Advance against Stamp Duty on Shares	-	4,277,320
Total	193,227,280	439,941,405

* TDS receivable of Rs.38,10,397 is towards excess TDS paid. The Refund claim has been lodged.

Note 13 Other Expenses

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Legal and Professional Fee	22,410	63,963
Payments to auditors (Refer Note (i) below)	218,871	252,810
Fixed assets written off	-	8,841
Office Expenses	2,521,470	1,316,869
Total	2,762,751	1,642,483

Notes forming part of the Financial Statements

Note 13 (i) : Details of payments to Auditors

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Payments to the auditors comprises :-		
'As auditors - Statuary audit- 1,68,540		
'Reimbursement of expenses - 15,500		
'For Company law matters - 6,741	190,781	168,540
Internal Auditor's Remuneration	28,090	84,270
Total	218,871	252,810

Note 13A Details of Stamp Duty Expenses

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹	₹
Stamp duty on share issued	4,277,320	5,182,704
Total	4,277,320	5,182,704

Note 14 Additional information to the Financial Statements

14.1 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Lakhs	₹ in Lakhs
(i) Contingent liabilities * Includes Liability towards development of Green Belt and CST Reimbursement	611	611
(ii) Demand of entry Tax including interest and penalty for the year 2010-2011 & 2011-12 on Diesel purchased from MRPL		
F.Y. 2010-11	38	-
F.Y. 2011-12	121	-
(iii) Capital Commitments Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	32,867	85,626

- (iii) In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs. 1,03,800 Lakhs for Visakhapatnam project, as against the estimated cost of Rs. 67,183 Lakhs (at September 2005 prices). The revision in the cost is on account of cost escalation, exchange rate variations, enhancement in capacity, additions/deletions made to take care of site conditions and technological improvements, increase in statutory levies, owners cost etc. but it excludes costs for security arrangements at Vishakhapatnam site. During the year revised cost estimates for Mangalore for Rs. 12,27,00 lakhs, as against the originally estimated cost of Rs. 7,31,72 lakhs & for Padur project Rs. 16,93,00 Lakhs, as against original estimated cost of Rs. 9,93,28 Lakhs were approved.

14.2 Expenditure in Foreign Currency (Equivalent INR)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹ in Lakhs	₹ in Lakhs
Other matters (Foreign Travelling)	16.54	3.60
Other matters (Payments released in USD-6,500 and Euro - 11,740 for DFR Study Ph-II and EURO -11,43,097 for Pumps)	929.52	350.05

14.3 Earnings in foreign exchange

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	₹ in Lakhs	₹ in Lakhs
Earnings	NIL	NIL

14.4 Estimated cost of construction

- (i) The estimated costs of construction as determined based on contracts signed for underground civil works, above ground process facilities, pipeline works etc. are expected to be incurred over period of time on the project, till the final completion and include cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31st March, 2014, the construction activities for Phase I were in progress at Visakhapatnam, Mangalore and Padur projects. Direct Costs and allocable costs incurred upto balance sheet date are shown under Construction Work In Progress. Expenses incurred during the year 2013-14, which are not attributable to the projects, have been charged to the Statement of Profit & Loss.
- (iii) 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.
- (iv) On Completion of Detailed Feasibility Report for Phase-II, the amount of Rs. 1169 lakhs received from OADB has been transferred from CWIP.

- 14.5**
- (i) Department of Mines & Geology of Government of Karnataka had permitted the Company to dispose off the excavated material at Padur & Mangalore Projects to suitable buyers after the payment of Seigniorage fee/Royalty to the department as per the rules.
 - (ii) Quarrying license from Department of Mines & Geology is required for removal of rock debris. Accordingly, Company has obtained the quarrying license from Department of Mines & Geology, Government of Karnataka. Based on awarded job, disposal of rocks has been carried out from the 2 sites of Padur.

- 14.6**
- The targeted date for completion of Visakhapatnam project has been extended to September 2014. There was a rock slide incidence at Visakhapatnam cavern A1 on 7th April, 2011. Additional amount of Rs. 1238 Lakhs has been already spent towards repair / restoration and strengthening activities at the site. Insurance Claim has been lodged for the estimated amount of Rs. 1277 Lakhs and an adhoc amount of Rs. 450 Lakhs has been received from the insurance companies against the claim. Receipts from insurance company would be recognised in the accounts in the year of such receipt. The amount spent during the year for the repair and restoration work has been included in the CWIP and repair work is in progress.

- 14.7**
- (i) At Visakhapatnam, out of the committed 38 acres of land, the Company vide letter dated 23.05.2011 has surrendered 1 Acre of unusable leasehold land taken from Visakhapatnam Port Trust (VPT). The VPT has accepted the land returned by the company. Company has accounted receivable of Rs. 72.51 lakhs towards proportionate lease premium for the 1 acre land taken over by VPT.
 - (ii) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Till 31.03.2013, entire cost of land including amount of Rs. 350 Lakhs for diversion of road had been paid to MSEZL and capitalised, amortised for the balance period of lease.
 - (iii) The Company had deposited Rs. 3,252.11 Lakhs with Karnataka Industrial Areas Development

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

- 14.8** Based on the management decision to pay stamp duty on share certificates, stamp duty totaling to Rs.239 lakhs has been paid during 2011-12 on the entire authorised share capital. During the year, shares have been issued equivalent to paid up share capital
- 14.9** The share capital as on 31.3.2012 includes Rs. 17801 lakhs allotted in May 2010 and Rs. 47930 lakhs allotted in May 2011. The Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. The decision to pay stamp duty was taken by the Board after 31st March, 2011 and pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment has been filed with Company Law Board in April 2012, and is still pending.
- 14.10** The Company is exploring option to provide Warehousing services for Crude Oil in facilities being developed at different locations in India. The Company has registered with Service Tax Authorities in January 2011 and is therefore eligible for CENVAT credit. Based on the opinion of a leading consultant, during the year the Company had credited CENVAT credit amounting to Rs. 4,694 lakhs (including Rs. 2499 Lakhs upto 31st March, 2010). Company has recalculated and accounted eligible CENVAT credit amounting to Rs. 3807 Lakhs as on 31.3.2012 and has reversed CENVAT Credit amounting to Rs. 839 Lakhs. Service Tax Return has now been filed accordingly. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit from April 2011 for the construction activities for setting up of the projects.
- 14.11** Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. All approvals have been received for Mangalore. In respect of Padur, application for becoming FTWZ has been accepted "in-principle" by Board of Approvals, Ministry of Commerce.
- 14.12** Retention money of Rs. 5,900 lakhs specified in Note No. 5 Withholding from contractors is towards 5% of the value of work done for variable items, payment of which would be released after successful completion of the contracts. The retention money has been provided for as payable in the accounts.
- 14.13** As on 31st March, 2014, the Company's day to day work was handled by 14 personnel taken on deputation HPCL (7), ONGC (3), IOCL (1), GAIL (1), BPCL (1) & MRPL (1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
- 14.14** Advance recoverable in cash or kind or kind for value to be received including amount due from other companies in which any director is a director or member is Rs. NIL (Previous Year-Rs. NIL).
- 14.15** i) The Company has earned Rs. 97.38 lakhs interest from the balances available in "Sweep-in-Sweep-Out" account during 2013-14 as against Rs. 56.78 lakhs during the year 2012-13.
- ii) Depreciation amounting to Rs. 431.45 Lakhs (which includes amortization on leased land for all three projects) has also been charged to the Statement of Profit & Loss during 2013-14 as against Rs. 816.74 Lakhs during the year 2012-13.

- 14.16** Advance given to HCC of Rs. 1500 lakhs has been regrouped as long term loans and advances.
- 14.17** Pipeline purchased for Padur and Manglore have been identified for each project and the applicable costs of Rs. 7774 lakhs for Padur & Rs. 4529 lakhs for Manglore have been classified under respective project.
- 14.18** As per Accounting Standard - 10, Company has consistently followed the policy of reducing the revenue received on account of interest and sale proceeds of rock disposal from the capital work in progress. During the year the amount of interest received was Rs. 591.00 lakhs and receipts from sale of rocks was Rs. 43.02 lakhs.

The total interest and receipts from rock sale reduced from Capital Work in Progress from year 2008-09 to 2013-14 is Rs. 1348 lakhs. Year-wise details are given below :-

- i) Financial year 2008-09 interest received & proceeds from rock sale was Rs. 1 lakh & Rs NIL respectively.
- ii) Financial year 2009-10 interest received & proceeds from rock sale was Rs. NIL & Rs NIL respectively.
- iii) Financial year 2010-11 interest received & proceeds from rock sale was Rs. 4.48 lakh & Rs NIL respectively.
- iv) Financial year 2011-12 interest received & proceeds from rock sale was Rs. 62.67 lakhs & Rs NIL respectively.
- v) Financial year 2012-13 interest received & proceeds from rock sale was Rs. 603.62 lakhs & Rs. 42.17 lakhs respectively.

14.19 Deferred Tax

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

14.20 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. The Company had written to such enterprises/ suppliers and has so far not received any confirmation from its suppliers of being a Micro or a Small or Medium Enterprise. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.

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

14.22 The Company has constituted an Audit Committee under section 292A of the Companies Act, 1956 with the following composition:

Shri Rajive Kumar, Additional Secretary, MoP&NG	---	Chairman
Shri L.N. Gupta , Secretary, OIBD	---	Member
Shri R.K. Singh, Joint Secretary (R), MOP&NG	---	Member

14.22 Balances of the Contractors are subject to confirmation.

Note 15 Disclosures under Accounting Standards

Note	Particulars				
15.1	Related party transactions				
15.1 a	Details of related parties:				
	Description of relationship	Names of related parties			
	Holding Organisation	Oil Industry Development Board (OIDB) holding 100% equity in the Company			
	Key Management Personnel (KMP)	<p>Shri Rajan K Pillai, CEO. CEO is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRL. He superannuated from Hindustan Petroleum Corporation Ltd on 30.11.2013. He has been inducted as MD w.e.f 25.02.2014.</p> <p>Board of Directors (Ex-Officio) Shri Vivek Rae, Chairman (Till 28.02.2014) Shri Saurabh Chandra, Chairman (w.e.f 07.03.2014) Shri Rajive Kumar, Director (w.e.f. 17.06.2013) Shri Subhash Khuntia, Director Shri R. K. Singh, Director (w..e.f 15.07.2013) Shri L. N. Gupta, Director-In-Charge (From 29.07.2013 to 24.02.2014) Shri L. N. Gupta, Director (w.e.f. 17.06.2013) Shri Sudhir Bhargava, Director (Till 03.06.2013) Shri V.L.V.S.S. Subba Rao, Director (Till 09.06.2013)</p>			
15.1 b	Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:				
	Particulars	Holding Organisation (OIDB)	KMP (CEO)	Total	
		₹	₹	₹	
	Finance (including loans and equity contributions in cash or in kind)	4,827,313,451 (3,743,904,367)		4,827,313,451 (3,743,904,367)	
	Management contracts including for deputation of employees		3,910,857 (3,237,609)	3,910,857 (3,237,609)	
	Note: Figures in bracket relates to the previous year				
15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Government of India. Remuneration to Board of Directors is NIL (Previous Year-NIL)				
15.1.d	Balances outstanding / transactions with related parties:				
	Particulars	Oil Industry Development Board		Hindustan Petroleum Corporation Ltd.*	
		Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
		₹	₹	₹	₹
	(i) Transaction during the year <i>Expenses incurred on behalf of the Company</i>	1,566,744	1,804,367	22,065,601	15,595,808
	(ii) Balances at the year end	4,825,746,707	3,742,100,000	-	3,317,092
	Total	4,827,313,451	3,743,904,367	22,065,601	20,087,391
	* To be reimbursed to HPCL for salaries of KMP(CEO) on deputation from HPCL.				

Note 15 Disclosures under Accounting Standards (Contd.)

Note	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		₹	₹
15.3	Earnings per share		
15.3.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(50,185,341)	(88,499,899)
	Number of equity shares Outstanding	2,397,000,000	1,969,268,020
	Par value per share	10	10
	Loss per share from continuing operations - Basic	(0.02)	(0.04)
15.3.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(50,185,341)	(88,499,899)
	Number of equity shares Outstanding - For Diluted	2,879,574,671	2,343,478,020
	Par value per share	10	10
	Loss per share, from continuing operations - Diluted	(0.02)	(0.04)

Cash Flow Statement for the year ended 31 March, 2014

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹	₹	₹	₹
A. Cash flow from operating activities				
(Loss) before extraordinary items and tax	(50,185,341)		(88,499,899)	
<i>Adjustments for :</i>				
Depreciation and amortisation	43,145,270		81,665,629	
Fixed Assets W/o during the year	-		3,605,668	
Increase in current liabilities	505,908,951		(18,426,080)	
Operating (Loss) before working capital changes		498,868,880		(21,654,682)
Net cash (used in) operating activities (A)		498,868,880		(21,654,682)
B. Cash flow from investing activities				
Increase in fixed assets	(768,734)		(1,490,110)	
Increase in Capital Work In Progress	(5,651,395,357)		(8,032,306,067)	
Advances / Loans made to third parties	96,714,125		(54,489,120)	
Net cash (used in) investing activities (B)		(5,555,449,966)		(8,088,285,297)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	5,210,966,507		8,113,600,000	
Net Cash Flow from financing activities (C)		5,210,966,507		8,113,600,000
Net increase in Cash and cash equivalents (A+B+C)		154,385,421		3,660,021
Cash and cash equivalents at the beginning of the year		89,613,439		85,953,418
Cash and cash equivalents at the end of the year		243,998,860		89,613,439

In terms of our report attached.

For JDA & Co.

Chartered Accountants
FRN. 015377N

Sd/-
(CA Nitin Aggarwal)
Partner
M.No.506909

Place : New Delhi
Date : 13th August, 2014

For and on behalf of the Board of Directors

Sd/-
(R. K. Singh)
Director
(DIN 05193269)

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

Sd/-
(Bhavyya Gupta)
Company Secretary

Sd/-
(L. N. Gupta)
Director
(DIN 01872190)

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

Chapter-X

Appendices

Appendix - I

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

- 6 (1) Subject to the provisions of this Act and the rules made thereunder, the Board shall render, in such manner, to such extent and on such terms and conditions as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry.
- (2) Without prejudice to the generality of the provisions of sub-section (1), the Board may render assistance under that sub-section by :-
- (a) making grants or advancing loans to any oil industrial concern or other person who is engaged or is to engage in any activity referred to in clause (k) of section 2;
 - (b) guaranteeing on such terms and conditions as may be agreed upon loans raised by any oil industrial concern or other person which are repayable within a period not exceeding twenty-five years and are floated in the market or loan raised by an oil industrial concern or other person from any bank which is a scheduled bank, or a state co-operative bank, as defined in the Reserve Bank of India Act, 1934.
 - (c) guaranteeing on such terms and conditions as may be agreed upon loan deferred payments due from any oil industrial concern or other person in connection with import of capital goods from outside India or in connection with purchase of capital goods within India by such concern or other person;
 - (d) guaranteeing on such terms and conditions as may be agreed upon loans raised from

or credit arrangements made with any bank or financial institution in any country outside India, by any oil industrial concern or other person in foreign currency; Provided that no such guarantee shall be given without the prior approval of the Central Government.

- (e) underwriting the issue of stock, shares, bonds or debentures by any oil industrial concern and retaining as part of its assets any stock, shares, bonds or debentures which it may have to take up in fulfillment of its obligations thereto;
- (f) acting as agent for the Central Government or, with its approval for any overseas financial organisation of credit agency in the transaction of any business with any oil industrial concern in respect of loans or advances granted or debentures subscribed by the Central Government or such organisation or agency;
- (g) subscribing to the stock or shares of any oil industrial concern;
- (h) subscribing to the debentures of any oil industrial concern repayable within a period not exceeding twenty- five years from the date on which they are subscribed to;

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

Explanations: In this clause, the expression "amounts outstanding thereon" used in relation to any loan or advance shall mean

the principal, interest and other charges payable on such loan or advance as at the time when the amounts are sought to be converted in to stock or shares.

(3) Without Prejudice to the generality of the provision of sub-section (1), the measures for the promotion of which the Board render assistance under that sub-section may include measures for or by way of :-

- (a) prospecting for and exploration of mineral oil within India (including the continental shelf thereof) or outside India;
- (b) the establishment of facilities for production, handling, storage and transport of crude oil;
- (c) refining and marketing of petroleum and petroleum products;
- (d) the manufacture and marketing of petrochemicals and for fertilizers;
- (e) scientific, technological and economic research which could be directly or indirectly, useful to oil industry;
- (f) experimental or pilot studies in any field of oil industry;
- (g) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry, and such other measures as may be prescribed.

(4) The Board may charge such fees or receive such commissions as it may deem appropriate for any services rendered by it in the exercise of its functions.

(5) The Board may transfer for consideration any Instrument relating to loans or advances granted by it to any oil industrial concern or other person.

(6) The Board may do all such things as may be incidental to or consequential upon the discharge of its functions under this Act.

Appendix-II

Finance, Accounts and Audit

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

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

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

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

- (2) Every duty of excise leviable under sub-section (1) on any item shall be payable by the person by whom such item is produced, and in the case of crude oil, the duty of excise shall be collected on the quantity received in refinery.
- (3) The duties of excise under sub-section 9(1) on the item specified in the Schedule shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.

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

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

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

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

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

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

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

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

(2) The Fund shall be applied-

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