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**Members of the Board
(During the period under Report)**

CHAIRMAN



Shri Saurabh Chandra
Chairman

MEMBERS



Shri Indrajit Pal
Member



Shri Surjit Chaudhary
Member



Shri A.N. Jha
Member



Dr. S.C. Khuntia
Member



Shri U.P. Singh
Member



Shri D.K. Sarraf
Member



Shri B.C. Tripathi
Member



Shri S. Varadharajan
Member



Shri B. Ashok
Member



Smt. Nishi Vasudeva
Member



Shri B.N. Talukdar
Member



Shri Prabendra Kumar
Member

MEMBERS SECRETARY



Shri L.N. Gupta
Member Secretary

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

Secretary	Shri L.N. Gupta
FA&CAO	Shri M.C. Singh (31.12.2014) Shri Ajay Srivastava (w.e.f. 1.1.2015 onwards)
Bankers	i) State Bank of India ii) Oriental Bank of Commerce iii) Corporation Bank iv) Indian Overseas Bank
Auditors	Principal Director of Commercial Audit & Ex-officio Member, Audit Board –II, Mumbai
Registered Office of the Board	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Secretariat	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301.
Telephone Nos.	+91-0120-2594602 +91-0120-2594627
Fax	+91-0120-2594630
E-mail	facao.oidb@nic.in
Website	www.oidb.gov.in

Aims & Objectives of 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:

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

1.2 The Act provides for the establishment of a Board for the development of oil industry and for that purpose to levy duty of excise on crude oil and natural gas and for matters connected therewith.

2. Organizational set up and Functions of the Board

2.1 The Oil Industry Development Board was established on 13th January 1975 and is functioning under the administrative control of Ministry of Petroleum and Natural Gas, Government of India. The Board comprises of a Chairman who is appointed by the Government and the following members:

- (i) not more than three members to be appointed by the Central Government to represent the Ministry or Ministries of the Central Government dealing with petroleum and chemicals.
- (ii) two members to be appointed by the Central Government to represent the Ministry of the Central Government dealing with finance.
- (iii) not more than five members to be appointed by the Central Government to represent the Corporations , being Corporations owned or controlled by the Central Government engaged in activities as envisaged under the Oil Industry (Development) Act 1974.
- (iv) Two members of whom one shall be appointed by the Central Government from amongst persons who , in the opinion of that Government have special knowledge or experience of oil industry and the other shall be appointed by that Government to represent labour employed in the oil industry
- (v) The Secretary to the Board is the ex-officio member.

2.2 The Oil Industry Development Board has been set up to provide financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry. Subject to the provisions of the OI 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 OID Act.

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

- 3.1 Section 15 of the Oil Industry (Development) Act, 1974 provides for collection of cess as a duty of excise on indigenous crude oil and natural gas (Appendix-II). The cess on crude oil has been levied/revised by Government as duty of excise on 'indigenous crude oil produced in India (including the continental shelf thereof), from time to time, at the following rates.

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

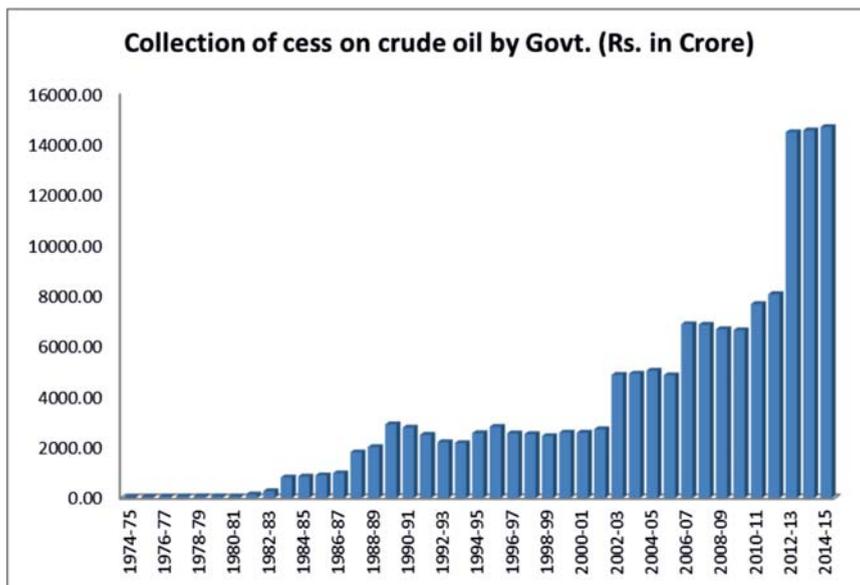
Source: Ministry of Finance

No Cess is leviable on crude oil produced from NELP blocks.

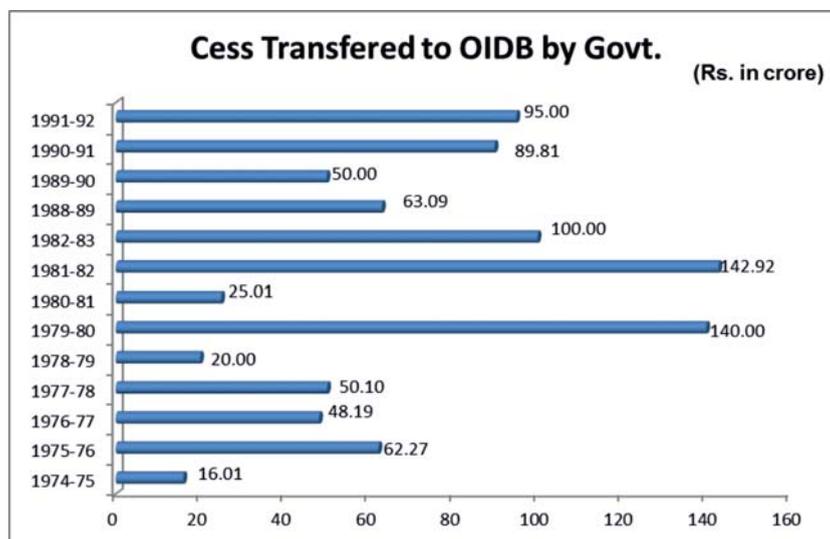
- 3.2 The Central Government has, in the public interest, exempted the duty of excise on crude oil to the extent of Rs.900 per tonne as against the rate of duty of excise of Rs.1,800 per tonne in respect of the 26 identified fields under Production Sharing Contracts in April, 2012.
- 3.3 As per section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

4.1 From a collection of Rs.30.82 crore as cess in 1974-75, the amount of cess collected in 2014-15 has grown significantly to Rs.14,677.24 crore (based on the information received from ONGC, OIL and DGH) as can be seen from the chart 2:



4.2 Central Government since inception has collected an amount of Rs.1,47,726.57 crore approximately (Annexure) up to 31st March, 2015, as cess. OIDB has been paid an amount of Rs.902.40 crore till 1991-92 .The following graph provides year-wise details of cess transferred to OIDB.



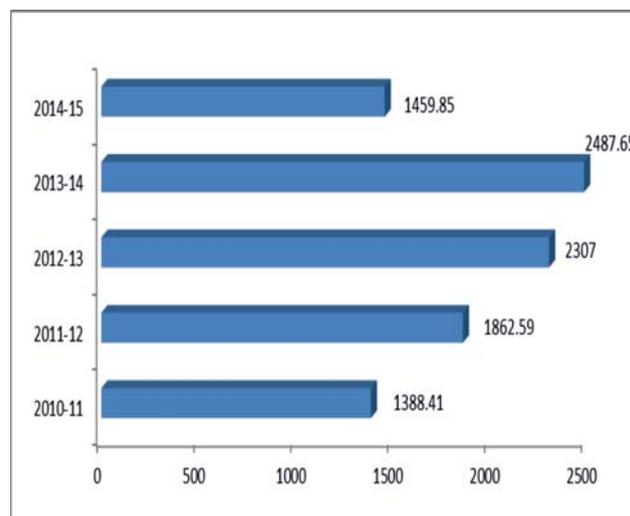
4.3 The OIDB also generates its internal resources by way of interest income on loans given to various oil sector companies and short-term investment of surplus funds in Fixed Deposit Receipts. The Oil Industry (Development) Fund has accumulated to Rs.11,210.80 crore as on 31st March, 2015 with the contribution of cess receipts and the internal resources generated by OIDB.

Chapter-II

Financial Assistance : Loans to Oil Concerns

1. OI DB has been providing loan to oil PSUs ever since its creation in 1974-75. The quantum of loan disbursed by OI DB has increased from Rs 16.01 crore in 1974-75 to an average of about Rs 1900 crores during the last five years. GAIL (India) Ltd (GAIL), Indian Oil Corporation (IOC), Mangalore Refinery and Petrochemicals Ltd (MRPL), Brahma putra Cracker and Polymer Limited (BCPL), Bharat Petroleum Corporation Ltd (BPCL), Chennai Petroleum Corporation Ltd. (CPCL) and Hindustan Petroleum Corporation Ltd (HPCL) are the major beneficiaries of the loan disbursed by OI DB. The loan has been primarily utilized to fund gas and oil pipeline projects, setting up of new refineries, quality improvement of existing refineries, single point mooring projects, city gas distribution projects etc.

2. The loan disbursed by OI DB since FY-2010-11 to FY-2014-15 is shown in the following graph:



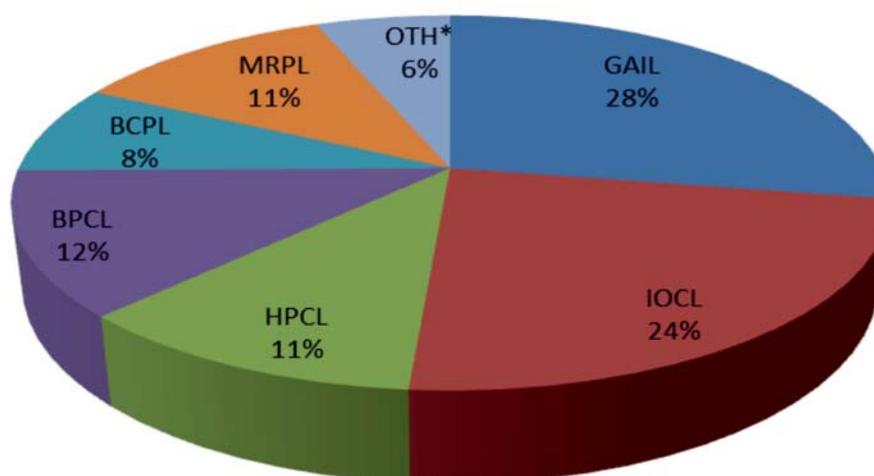
3. The Company wise details of the loans disbursed by OI DB to finance oil sector projects in the last five years is given in the following table:

Sl. No.	Name of oil concerns	Financial Year					Total for 5 years
		2010-11	2011-12	2012-13	2013-14	2014-15	
1.	IOCL	105.00	100.00	1050.00	572.00	420.00	2247.00
2.	BPCL	77.00	100.00	97.00	-	907.50	1181.50
3.	GAIL	484.00	675.00	490.00	975.00	-	2624.00
4.	HPCL	300.00	500.00	-	138.00	120.00	1058.00
5.	BCPL	283.00	44.00	250.00	435.00	-	1012.00
6.	MRPL	-	400.00	400.00	300.00	-	1100.00
7.	GAIL Gas Ltd.	74.41	43.59	20.00	25.65	12.35	176.00
8.	NRL	65.00	-	-	42.00	-	107.00
	TOTAL	1388.41	1862.59	2307.00	2487.65	1459.85	9505.50

4. GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) have been the major beneficiaries of loan provided by OIDB during 2010-11 to 2014-15

accounting for 64% of loan disbursed by OIDB during the period. The following graph gives the company-wise share of loan disbursed during 2010-11 to 2014-15.

Beneficiaries of loan disbursed in % during FY - 2010-11 to FY - 2014-15



5. As on 31.3.2015, there is an amount of Rs. 7176.65 crore outstanding loan, the company wise details of which are given below:

Sl. No.	Name of oil concerns	Amount
1	IOCL	1855.75
2	BPCL	1049.50
3	GAIL	1801.00
4	HPCL	583.00
5	BCPL	935.75
6	MRPL	800.00
7	GAIL Gas Ltd.	93.40
8	NRL	58.25
	TOTAL	7176.65

6.0 Projects funded by OIDB during the financial year 2014-15

6.1. Indian Oil Corporation Limited:

M/s. Indian Oil Corporation Limited (IOCL) has availed loan assistance of Rs.420 crore from OIDB during the financial year 2014-15 to finance its Paradip Refinery Project (PDRP). 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. In the process of being commissioned, this Refinery will be the most modern refinery with State-of-the-art technologies from various technology licensors across the world. The refinery is designed to process 15.0 Million Metric

Tonne per Annum (MMTPA) crude with an overall Nelson complexity factor of 12.2, which makes it capable of processing broad basket of crude including high sulphur heavy crudes. This refinery will serve as an economic stimulus for industrial development in the region by way of immediate potential growth of ancillary and auxiliary industries.

Till 31.3.2015, the Project has achieved 98.1% overall physical progress and expenditure of Rs.29,101 crore has been incurred against project cost of Rs.34,555 crore. OIDB has released loan of Rs.420 crore to the company during 2014-15 for part-finance of the project.



Vacuum Gas oil Hydrotreater (VGO-HDT) AT Paradip Refinery Project

6.2 Hindustan Petroleum Corporation Limited

Hindustan Petroleum Corporation Limited is an integrated oil company engaged in refining of oil and marketing of petroleum

products and petrochemical feed stocks. An amount of Rs.120.00 crore has been released by OIDB to the company as loan towards part finance of the following Pipeline Projects during the year 2014-15:

i) Uran Chakan / Shikrapur LPG Pipeline Project:

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 1.0 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 a completion schedule of October 2016.

ii) Rewari 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.1446.34 crore with a completion schedule of November 2015.

iii) 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. The cost of project is Rs.134.43 crore with a completion schedule of November 2015. Pipeline was commissioned in June'2014, well ahead of scheduled completion.

iv) Mangalore-Hassan-Mysore-Solur LPG Pipeline Project:

The objective of the project is to lay a dedicated cross country pipeline for transporting LPG from LPG import facilities at Mangalore to HPCL's proposed bottling plant at Yediyuru 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.838.08 crore with a completion schedule of November 2016.

6.3 GAIL Gas Limited

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated for implementation of City Gas Distribution projects across the country. GAIL Gas Limited a wholly owned subsidiary of GAIL (India) Limited, was incorporated for implementation of City Gas Distribution project across the country. GAIL Gas operates over 374.21 Kms. of steel pipeline network and approximately 586.74 Kms. of MDPE pipeline in the cities of Sonapat, Meerut, Kota, Dewas and Taj Trapezium Zone. GAIL Gas supplies Natural Gas to more than 503 industrial & commercial units and 8774 domestic customers progressively in these cities.

It has implemented Uniform Price Mechanism (UPM) in Taj Trapezium Zone(TTZ) and is presently supplying natural Gas to approximately 350 industrial and commercial consumers in TTZ. OI DB has released an amount of Rs 12.35 crore for the FY- 2014-15 for the TTZ Project.



6.4 Bharat Petroleum Corporation Limited

Bharat Petroleum Corporation Limited is an integrated oil company engaged in refining oil and marketing of petroleum products and petrochemical feed stocks. An amount of Rs.907.50 crore has been released by OIDB to the company as loan towards part finance of the following projects during the year 2014-15:

- (i) Integrated Refinery Expansion Project of Kochi Refinery: Bharat Petroleum

Corporation Ltd. has availed loan assistance of Rs. 833.00 crore from OIDB during the financial year 2014-15 for integrated refinery expansion project of Kochi Refinery. The project involves a capital outlay of Rs. 16,504 crores and is expected to be completed in May 2016. The project envisages a) Increasing the refining share of BPCL from 15.7 % to 18.8 %. Increasing the refining capacity of Kochi Refinery by 6 MMTPA from the present 9.5 MMTPA to



BPCL Kochi Refinery Expansion Project

15.5 MMTPA b) Modernization of refinery to produce auto-fuels complying with Euro-IV/Euro-V specifications .c)Up-gradation of residue stream from the refinery to value added products so that the heavy stream generation from the refinery is minimized and d)Production of propylene as petrochemical feedstock to BPCL's proposed petrochemical complex.

- (ii) CDU/VDU Project Mumbai: Bharat Petroleum Corporation Ltd. has also availed loan assistance of Rs. 55.00 crore from OIDB during the financial year 2014-15 for CDU/VDU Project Mumbai Refinery. The installed capacity of Mumbai Refinery was increased from 6.9 MMTPA to 12 MMTPA in a Refinery Modernization Project undertaken by the company. The project added CDU/VDU, HCU, LOBS, HGU units in additions to the required utilities such as DG, Salt Water Systems etc.
- iii) Kota-Jobner Pipeline Project: OIDB has provided loan assistance of Rs. 19.50 crore for the financial year 2014-15 for BPCL's Kota-Jobner Pipeline Project which involves laying of 210-km-long, 14-inch diameter pipeline from Kota to Jobner, near Jaipur. The project also involves construction of five sectionalizing valve stations and an intermediate pigging station. In addition to this, a terminal with 91,000 KL tankage and associated facilities will be constructed at Jobner. The proposed pipeline will evacuate petroleum products from BPCL's Mumbai refinery.

Chapter-III

Financial Assistance : Grants to Regular Grantee Organisations

1. In pursuance of its mandate, OIDB has been providing assistance to oil sector by way of grants. These grants include grants to five regular grantee institutes namely Directorate General of Hydrocarbons (DGH), Oil Industry Safety Directorate (OISD), Centre for High Technology (CHT), Petroleum Conservation Research Association (PCRA) and Petroleum Planning and Analysis Cell (PPAC).
2. In addition to the grants to its regular grantee institutes, OIDB also provides grants for promotion of R&D in the Oil sector. Besides, to promote world class education, training, and research to roll out efficient human

resources to meet the growing requirements of the Petroleum & Energy sector, OIDB has provided grant to Rajiv Gandhi Institute of Petroleum Technology (RGIPT) on the projects being carried out at Sivasagar, Assam and Jaes, Rae Bareilly. Since 1975-76 OIDB has disbursed a cumulative grant of Rs 2332.53 crore till 31.3.2015. During 2014-15, a total grant of Rs 306.11 crore was disbursed of which Rs 220.27 crore was disbursed to the regular grantee institutes.

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

(Rs. in crore)

Institutions	2010-11	2011-12	2012-13	2013-14	2014-15
DGH	51.35	55.14	62.09	39.62	137.95
PCRA	18.58	25.00	46.96	41.54	40.86
CHT	11.98	12.04	13.92	18.45	10.38
PPAC	10.95	12.21	12.35	14.36	14.83
OISD	8.20	9.96	10.88	13.74	16.25
Total	101.06	114.35	146.20	127.71	220.27

4. The composition of grant during 2014-15 vis-à-vis 2013-14 is shown in the following graph. OIDB incurred the following expenditure on grants/schemes sponsored by Government of India/OIDB during the year 2014-15:



4.1 Directorate General of Hydrocarbons (DGH) :

Directorate General of Hydrocarbons (DGH) was established under the, administrative control of Ministry of Petroleum & Natural Gas by Government Resolution in 1993. Objectives of DGH are to promote sound management of the oil and natural gas resources. 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 of new/unexplored areas for future exploration and development of non-conventional hydrocarbon energy sources.

DGH is fully funded by OI D B. During the year 2014-15, OI D B provided a grant of Rs.137.95 Crores to DGH. The following major activities have been carried out by DGH during 2014-15:

i) **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.

ii) **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. At present 11 PSUs, 40 Private and 22 foreign companies as operators and non-operators/consortium partners are working under NELP. Till date, nine rounds of NELP have been concluded and 254 blocks were awarded for exploration and production. Out of 254 blocks, at present 90 blocks are operational, PEL (petroleum Exploration License) is awaited in 9 exploration blocks, 133 blocks have been relinquished and other 22 blocks have been proposed for relinquishment.

Under NELP, total 142 oil and gas discoveries have been made in 47 blocks. During 2014-15, under NELP, 5 oil and 4 gas discoveries have been made in 7 blocks.

iii) **MONITORING OF PRODUCTION SHARING CONTRACTS:**

Government of India has signed 28 contracts for discovered fields, 33 CBM blocks, 28 exploration blocks under pre-NELP regime and 254 blocks under NELP regime. DGH monitors the execution of management of these Production Sharing Contracts on behalf of GOI through Management Committees set up for each block / field. During 2014-15, fields/blocks under PSC regime, produced 11.78 MMT of oil and 8.91 BCM of natural gas.

iv) **FIELD DEVELOPMENT, RESERVOIR & PRODUCTION MONITORING**

Field development activities of various fields under the Production Sharing Contracts (PSCs) regime is monitored and activities in

exploration blocks with reference to reservoir performance monitoring, review of discoveries, potential commercial interest, Declaration of Commerciality (DoCs) and Field Development Plan (FDP) etc. are also carried out. During 2014-15, Eight DoCs were reviewed and Five Field Development Plan (FDP) were approved. Persistent monitoring led to the monetization of three discoveries i.e. Karan- Nagar-1, Vadatal 1 and West Patan-3 of ONGC. Twenty one hydrocarbon discoveries were made during FY 2014-15 under PSC Regime etc.

v) National Data Repository (NDR):

- a) Site preparation work for NDR project at 5th and 6th floor of DGH, OIDB Bhawan, Noida completed.
- b) Hardware and software received at NDR site.
- c) Commissioning of Hardware and integration of Software completed.
- d) Training of DGH Representative on MDS, Recall and system management as well as on NDR operations and maintenance including services like data loading, Browsing and other functionalities by contractor completed.
- e) Build up phase of NDR project completed and all system configurations (hardware, software and networking) tested on pilot data.
- f) Initial population of NDR started immediately after the build-up phase.

vi) COAL BED METHANE (CBM):

CBM Policy was formulated in 1997. Under the policy, 4 global bidding rounds offering 36 CBM blocks were floated for exploration and exploitation of CBM resources. A total of 33 CBM blocks were awarded to various

companies including private/JV companies which include 3 blocks awarded on nomination basis.

Out of 33 CBM Blocks, 1 CBM block is under commercial production, 7 CBM blocks are under Development phase, 6 CBM blocks are in Exploration phase, 3 CBM Blocks are awaiting PEL from State Government, 4 CBM blocks have been relinquished by contractor due to poor prospectivity and 12 CBM blocks are under relinquishment process. Out of 14 Active (Development and Exploration phase) CBM blocks 5 have commenced production (1 CBM block is in commercial production and 4 CBM blocks are producing Incidental CBM gas) and 3 more CBM blocks are likely to commence production by FY 2016-17.

Presently CBM production (including test production) is being obtained from 5 CBM blocks. The current production level of CBM in the country is about 7.69 lakhs standard cubic metres a day.

Estimated reserves of CBM in the country is 9.9 TCF (Trillion Cubic Feet) or 280.22 BCM (Billion Cubic Meter) from 8 CBM blocks of which 7 are in Development phase and 1 is in production phase

vii) ESSENTIALITY CERTIFICATES:

During the year 2014-15, DGH issued a total 14166 Nos. of Essentiality Certificates having CIF value of INR 3796.30 Crores.

viii) SHALE OIL AND SHALE GAS:

Shale Gas and Shale Oil Policy was 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. As per policy guidelines, ONGC and Oil India Ltd have to carry out Shale Gas and Oil exploration in 50 and 05 blocks

respectively for assessment under Phase-I. ONGC is carrying out Shale Gas and Oil exploration activities in Cambay, Cauvery, Krishna-Godavari and Assam and Arakan Basins. Oil India Ltd is carrying out Shale Gas and Oil exploration activities in Assam and Rajasthan basins.

4.2 Petroleum Conservation Research Association (PCRA) :

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 2014-15, an amount of Rs.40.86 crore was released by OIDB to PCRA for performing its activities including administrative expenditure. During the year 2014-15, PCRA worked proactively in the field of conservation and efficient use of petroleum products through their activities like energy audits, driver training programmes, technical workshops, 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. The details of the major activities undertaken during the year is summarized below:

i) 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 2014-15, a total of 8500 nos. of field activities were carried out throughout the country.

ii) INDUSTRIAL SECTOR

Energy Efficiency Studies/ Energy Audits: PCRA conducts energy efficiency studies in the industrial sector, which include Energy Audit, Fuel Oil Diagnostic Studies and walk-through Audits in small-scale industries. During 2014-15, PCRA conducted 822 energy efficiency studies in this sector.

- **Technical Seminars**

PCRA during 2014-15, organized 131 nos. of Seminars/Technical Meets in different parts of the country for improving energy efficiency and other benefits of specific industrial sectors.

- **Institutional Training Programmes**

PCRA's Institutional Training Programmes (ITP) 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 2014-15, PCRA conducted 507 Industrial Training Programmes in various industries.

- **Industrial Workshops**

PCRA conducted 520 workshops covering energy and fuel saving measures along with

screening of clippings and films on the tips of fuel and energy saving in industries.

PCRA also conducts programmes on Energy Efficiency for industries through Energy Audits under Perform, Achieve & Trade (PAT) scheme.

- **Empanelment of Energy Auditors**

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

iii) **TRANSPORT SECTOR**

PCRA conducts variety of 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. During the year 2014-15, 27334 drivers were covered through Driver Training Programme and 22539 drivers through transport workshops under Heavy Vehicle Driver Category.

iv) **AGRICULTURE SECTOR**

PCRA's efforts in agriculture sector focuses on van publicity, kisan melas and educational programs for students of agricultural colleges. During the year 2014-15, PCRA participated in 64 Kisan Melas and conducted 718 workshops, where clippings

and films produced by PCRA about the tips on fuel saving were shown.

v) **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 1152 nos. of awareness workshops during 2014-15.

- **Securing Future - 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. PCRA has also initiated efforts for inclusion of text on fuel efficiency in school books of NCERT.

vi) **INTERNATIONAL / NATIONAL NETWORKING**

As part of Government of India's initiative for cooperation with Japan in the field of energy efficiency, 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 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 the year 2014-15, 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) 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.

vii) RESEARCH AND DEVELOPMENT

PCRA initiates and sponsors R&D projects for industry and transport sectors aiming at optimal utilization of energy and reduced carbon emissions. PCRA promotes new R&D initiatives and sponsors development, demonstration and implementation of improved technology, processes and products to conserve oil & gas in identified areas. PCRA recommends field trials of devices, equipment or appliances in the form of pilot projects and encourages commercialization of products or processes after successful completion of field trials through technology transfer.

Details of R&D projects during the year 2014-15 are given below:

Sl. No	Particulars	No. of Projects	Cost to PCRA (Rs. in lakhs)	Share by Industry / Institution (Rs. in lakhs)
1	Projects awarded	2	28.89 + tax	7.1
2	Projects completed	5	97.96	79.3
3	Ongoing Projects	8	157.99 + tax	76.55
4	New R&D projects approved by SCM	5	109.83 + tax	106.5 + tax

viii) EDUCATION CAMPAIGN

In order to bring attitudinal changes towards energy efficiency, focused sector specific energy saving measures and techniques are propagated to targeted end users. Apart from the above, children and youth that comprise more than 40% of India’s population and are the future of the country, are being targeted in order to inculcate the habit of energy efficiency in them at a tender age.

PCRA this year utilized technology to promote awareness through social media sites like Facebook, Twitter, Google +, Youtube and My Gov. PCRA opened its account on these media and updated messages on daily basis and got a good response on all the platforms. Forum was provided and various contests were organised to generate interest. The theme of the OGCF-2015 “INDHAN BACHAO JAN DHAN BADHAO” was one of the prize winning entries on My Gov.

ix) Mega Campaign - 2014

Mega Campaign-2014 was launched through agencies like DAVP, AIR and Doordarshan over Print, TV and Radio media. The speciality of this campaign was the new radio jingles, which were aired through radio campaign along with Appeal to the Nation by the Hon'ble Minister of State for Petroleum and Natural Gas (IC) Shri Dharmendra Pradhan.



x) OIL & GAS CONSERVATION FORTNIGHT 2015

Petroleum Conservation Research Association (PCRA) under the aegis of MoP&NG and Oil & Gas PSUs organized Oil & Gas Conservation Fortnight (OGCF) from 16th – 31st January 2015 to sensitize the people about the conservation and efficient use of petroleum products.

OGCF 2015 took off with Inaugural Function at the National Capital under the guidance of MoP&NG. The Inaugural function was chaired by the Hon'ble MoS (IC), P&NG and attended by Govt. officials / Oil industries officials / School children. During the program, Oil & Gas Conservation Pledge was administered by Hon'ble Minister. Awards for work on conservation as well as Essay & Painting competitions on Conservation were

given away during the function. Simultaneously, the program started at the State Capitals, where functions were presided over by Governors, Ministers and other dignitaries.

During the fortnight, PCRA and Oil Industry undertook various mass awareness activities in different sectors of economy viz., Transport, Industry, Agriculture, Commercial and Household, to spread the message of Oil & Gas conservation and to educate the masses on the methods to achieve it.

During OGCF 2015, Hon'ble MoS (IC), P&NG announced to send the national level first prize winners of Essay and Painting competitions and the winning team of FSL on a study tour to learn various energy efficiency initiatives taken by country like Japan.



(Hon'ble MoS (IC), P&NG, lighting the inaugural lamp of OGCF - 2015)

4.3 Centre for High Technology (CHT) :

Centre for High Technology (CHT) was established by Ministry of Petroleum & Natural Gas (MOP&NG) in 1987 as a specialised agency of the oil industry to assess futuristic technology requirements 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 centralized 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).

During the year 2014-15, an amount of Rs. 10.38 crore was released as grant to CHT. As per CHT, following major activities were carried out during the year:

i) Auto Fuel Vision and Policy 2025

CHT provided extensive technical and secretarial support to the Expert Committee constituted by Government of India to draft Auto Fuel Vision and Policy 2025. The Committee submitted its report in May 2014. Follow-up action is underway for introduction of upgraded quality of Auto Fuel in the country in a phased manner as per Roadmap suggested by the Expert Committee.

ii) 19th Refinery Technology Meet (RTM)

The Annual International Refining Conference and Exhibition with the theme "Emerging Refining and Energy Landscape" was successfully organized by CHT from 12th to 14th November, 2014 at Chennai. The RTM

was inaugurated by Shri Saurabh Chandra, IAS, Secretary, MOP&NG which showcased the technological advancements, latest developments made by the Indian refining sector and provided a platform for sharing, interacting and exchange of technical ideas among refinery operators, leading technology providers, researchers, etc. 11 PSU companies and 46 JV/Private/Foreign companies with 635 delegates participated in the Meet.

iii) **Jawaharlal Nehru Centenary Awards for energy performance of Refineries for 2013-14**

CHT compiled and evaluated the energy performance of PSU refineries, including Private refineries, viz., Essar and Reliance, in terms of specific energy consumption (MBTU/BBL/NRGF) for distribution of 'Jawaharlal Nehru Centenary' Awards for 2013-14, instituted by MOP&NG. The awards were presented to the winning refineries by Secretary, MoP&NG during the Inaugural Session of 19th RTM on 12th November, 2014.

iv) **Oil & Gas Conservation Awards for 2014**

As a part of this programme, CHT organized survey in the area of "Furnace/Boiler Insulation effectiveness and Furnace/Boiler efficiency" in January 2014. The Survey was conducted simultaneously at all Refineries including Jamnagar Refinery of Reliance Industries Limited and Vadinar Refinery of Essar Oil Ltd. The awards were presented to the winning refineries by Secretary, MoP&NG during the inaugural Session of the 19th RTM on 12th November, 2014.

v) **Finalization of Methodology for GHG (CO₂ equivalent) inventory Performance of Refineries**

For Greenhouse Gas (GHG) inventory benchmarking of refineries, CHT in consultation with all refineries finalized the

methodology for comparing the performance w.r.t. GHG emissions and decided to use Carbon Weightage Tonnage (CWT) method for evaluation.

vi) **Activity Committee Meetings**

CHT organized Activity Committee Meetings on major areas of refinery operations & pipelines with the aim of sharing of best operational practices & improvements and dissemination of information on latest developments.

vii) **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

4.4 **Oil Industry Safety Directorate (OISD)**

Oil Industry Safety Directorate (OISD) is a technical directorate under the Ministry of Petroleum and Natural Gas and has been entrusted with the responsibility of formulating standards, overseeing its implementation through safety audits in petroleum industry to enhance safety levels and reduce risk inherent with this industry. OISD standards cover the entire activities pertaining to hydrocarbon sector i.e. exploration & production, refining, gas processing, storage, distribution, environment etc. which are implemented on self-regulatory basis by public sector oil companies. A grant of Rs 14.83 crore was

released to OISD by OISD during 2014-15. The following activities were undertaken by

OISD during the year.

i) Safety Audits by OISD: FY 2014-15

OISD carries out periodic safety audits of all types of Oil & Gas installations to monitor their compliance with the OISD standards. OISD Safety Audit Performance for the year 2014-15 is as indicated below:

Actions	Unit	Plan	Actuals
Core Audits			
Refineries & Gas Processing plants	Nos	19	18+21*
LNG Terminals	Nos	01	01
Mktg. Installations	Nos	60	53+36*
E&P Onshore Installations	Nos	60	62
E&P Offshore Installations	Nos	10	10
Cross Country Pipelines	Kms	5000	5869
Additional audits Pipelines Installations			
Jetty Pipelines for Hydrocarbon Transportation	Nos	01	
Pipelines Crude Tank farms	Nos	02	
Single Point Mooring (SPM) Installations	Nos	02	

*Pre-Commissioning Safety Audits (PCSA)

ii) Pre-Commissioning Safety Audits (PCSA)

To ensure safe & productive capitalization thereby enabling uninterrupted distribution

of petroleum products for the public at large, OISD carries out pre-commissioning safety audits of Greenfield projects across the Oil



Hon'ble MoS (I/C), PNG at the foundation stone laying ceremony of Polypropylene unit at Paradip Refinery Project.

& Gas Industry. These audits are conducted where; green-field developments and also major additional facilities at existing locations are being done, to ensure ab initio compliance of these facilities to the OISD standards at the construction stage itself.

During 2014-15, 57 nos. of such audits had been conducted on the request of the user Industry members. 270 Km of Pipeline covering eight pipelines installations was also audited in this context.

iii) “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. 07 drilling platforms and 11 drilling rigs have

(c) Joint one day technical seminar with GAIL (India) on the subject "Critical Safety Issues associated with cross-country pipelines for transportation of Petroleum & Natural Gas" was held on 20th February, 2015.

v) Encouragement of Safety Performance across the Industry thru ‘Oil Industry Safety Awards’

been accorded “consent to operate” during the year 2014-15.

iv) Technical Seminar / Conference

Technical Seminars / Conferences / Workshops for the Oil industry are conducted by OISD to discuss the latest technological developments, sharing of incident experiences etc. During the year 2014-15 OISD has organized the following seminars/workshops:

(a) One day Workshop on “Safety & Integrity of Cross Country Oil & Gas Pipelines” was organized on 25th August, 2014.

(b) Joint Seminar with API on the theme ‘Enhancing Process Safety Implementation in Oil & Gas Industry’ was held during 17th – 18th November, 2014.



Hon'ble MoS (I/C) PNG presenting the Oil Industry safety Awards to the deserving winners at the awards ceremony.

Annual evaluation of Safety Performance of the Industry Members is done by a specially developed methodology, which takes cognizance of hazards associated, incident recorded during the year and safety management system of the installation. Organizations, achieving 'exceptional safety performance' during the year, are awarded with the Oil Industry safety Awards. In addition, individuals making exceptional contributions towards the cause of safety in their respective installations are also encouraged and presented with such awards.

'Oil Industry Safety Awards', for the year 2012-13, had been handed over to the recipients by Hon'ble Minister State (Independent Charge) for Petroleum & Natural Gas in a glittering function at Delhi on 03rd December, 2014.

vi) SOP on integrity assessment of ageing cross-country pipelines

For Inspection of Pipelines, with a focus on particularly the health assessment of ageing assets, OISD has developed a comprehensive document. The document was released by Hon'ble Minister of State (Independent Charge) for Petroleum & Natural Gas, during the recently concluded Safety Awards ceremony. The guidelines would enable operators to take timely decision on repair/replacement of the pipelines based on direct assessment of the health of the pipelines.

vii) The Safety Council

To ensure proper implementation of the various aspects of safety in the Oil & gas Industry in India, Government of India had set up a Safety Council at the apex under the administrative control of Ministry of

Petroleum & Natural Gas. The Oil Industry Safety Directorate (OISD) assists the Safety Council, which is headed by Secretary, P&NG as Chairman and members represent the entire spectrum of stakeholders – PSU, Pvt. Sector & JVs – as well as relevant expert bodies. To review the safety performance, the Safety Council meets once a year and 31st meeting of the Council was held on 09th December 2014.

viii) 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 118 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 2014-15, OISD has formulated five numbers of New Standards and revised/amended 06 Numbers of the existing standards. This includes a comprehensive standard for POL Installations namely 'Storage and Handling of Petroleum Products at Depots and Terminals Including Standalone Crude Oil

Storage Facilities'. The safety of such installations shall be further enhanced with formulation of this new standard

Currently, three numbers of New Standards are under formulation and another nine numbers of existing OISD Standards have been taken up for revision/amendments.

ix) Incident Investigation & Analysis

OISD investigates as well as participates in investigation of major incidents (depending upon the severity/damage) to analyze root cause of the incident. A databank of incidents of the oil industry is maintained and analyzed to assess trends, areas of concern and required corrective action. These are then disseminated to the industry through safety alerts, advisory notes, workshops, training programs, website links etc. During 2014-15, 11 numbers of major incidents were investigated by OISD.

x) Knowledge sharing collaborations

In addition to the existing MOUs with Bureau of Safety and Environmental Enforcement (BSEE) of the Department of the Interior, Govt. of USA and with Centre for Chemical Process Safety (CCPS) under the aegis of AIChE, USA, OISD has taken further strides in this area in the year 2014-15.

As a significant initiative in this context; with an objective to further enhance Process Safety in the entire Oil & Gas Industry in India, On May 15, 2014, OISD has signed a Memorandum of Understanding with the "American Petroleum Institute (API)" – world leader in Standards Formulation in the Petroleum Industry.

The signing of this historical and landmark MoU would not only be beneficial to both the Organizations i.e. OISD and API, but it

would go a long way in enhancing the Safety of the entire Oil & Gas Industry as a whole.

Both the partners have followed up the MoU by organizing a Joint Seminar on the theme 'Enhancing Implementation of Process safety at Oil & Gas Installations'

xi) Other Major Activities

Assessing 'Equivalent' Rim Seal Fire Protection System (RSFPS) for Class 'A' External Floating Roof Petroleum Storage tanks.

Upon sustained efforts of OISD in association with the Industry, provision of Aluminum Geodesic Dome Roof over the existing External Floating Roof Tanks of small diameter (< 5000 Kl) has been established as an alternate technology to the Rim Seal Fire protection System. With such dome roof installed, these tanks then may be considered as Internal Floating Roof Tanks (IFRTs); thus obviating the need for RSFPS thereon.

Further in this context, consequent to successful Bench Scale Trial of another potential 'Equivalent' System the 'Two Wire Based Detection System with Automatic Foam Suppression', the field performance trial of the system has been successfully established on two numbers of tanks. The system has since been declared as 'Equivalent' to those prescribed in OISD Standards 116 and 117.

xii) Digitization of 'PCSA' and 'Consent to Operate' Clearances

To ensure effective monitoring of 'Pre Commissioning Safety Audits (PCSA) and 'Consent to operate' applications from the Oil & gas Industry, OISD has developed web based services. With roll out of such online

web based services since 01st January 2015, all the entities are now submitting their PCSA & Consent to Operate requests on-line. OISD in turn accords clearances within the stipulated time frame on line. This has facilitated speedy clearances & timely commissioning of new / additional projects.

xiii) Monitoring of MB Lal Committee Recommendations

OISD and MoP&NG continue to vigorously monitor & review the implementation status of MB Lal and OISD-116 & 117 compliances with the entire Oil & Gas. Such regular review meetings have helped to enhance the pace of execution of safety critical items significantly.

Around 98% of the recommendations have already been complied with by the Industry and the rest are under advanced stage(s) of implementation.

xiv) Safety Regulator for Petroleum & Natural Gas industry

In line with the recommendations of Parliamentary Standing Committee on Petroleum & NG and various expert committees, OISD has developed the draft Petroleum & Natural Gas Safety Board Bill. The bill aims at creating an Umbrella Organization for regulation of Safety in the entire Petroleum & Natural Gas Industry in the country. The bill has been duly processed for consideration at the Committee of Secretaries (CoS). Two rounds of deliberations have taken place on the subject and at present the Bill is under active consideration of CoS.

With the passage of the Bill, the existing fragmentation in Statutory Set-Up of Overseeing Safety in Petroleum and Natural

Gas Industry in the country shall be avoided and; in the matters related to safety in this Industry, the Oil Industry Safety Directorate (OISD), as a single agency would be conferred with statutory status.

4.5 Petroleum Planning & Analysis Cell (PPAC)

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum Sector with effect from 1st April 2002, the Oil Coordination Committee was abolished and a new cell, Petroleum Planning & Analysis Cell (PPAC) was created effective 1st April 2002 as Attached Office of 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
- e) Operationalizing the sector specific surcharge schemes, if any.

During the year under report, OISD has released an amount of Rs.16.25 crore as grants to PPAC to meet their expenditure. As per PPAC, following major activities were completed by PPAC during 2014-15:

1. Domestic Natural Gas Price Notification

Ministry of Petroleum and Natural Gas authorized Director General, PPAC to notify the periodic revision of natural gas prices under the guidelines issued by Ministry vide No. 22013/27/2012-ONG D.V. Accordingly

natural gas price was notified by PPAC for the period November, 2014 to March, 2015 and April, 2015 to September, 2015.

2. Settlement of Subsidy & DBTL Claims of OMCs

During the year 2014-15, Rs.22.82 crore were paid as Freight Subsidy for Far Flung areas by MOP&NG on the subsidy claims processed by PPAC. PPAC also processed OMCs claims of Rs.2594.02 crore under 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" and submitted to MoP&NG. However, in absence of availability of budget funds for payment, the same could not be processed by MoP&NG.

Further, Rs.2500 crore were paid towards Direct Benefit Transfer of LPG (DBTL) claims by MOP&NG during the year 2014-15 on the basis of audited claims submitted by OMCs & complied by PPAC.

3. Settlement of NE Gas Subsidy Claims

During the year 2014-15, Rs.661.04 crore were paid as subsidy on North Eastern Natural Gas by the MOP&NG on the claims processed by PPAC.

4. Settlement of Under-recovery claims of OMCs

During the year 2014-15, total under-recovery claims of Rs.72314 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.42822 crore were contributed by the PSU Upstream companies in the form of discounts on crude oil and petroleum products and an amount of Rs.27308 crore was provided as cash assistance by the Government.

5. Development of centralized planning mechanism for POL/LPG based common user facility (CUF) for Public Sector Oil Marketing Companies (OMCs)

In the 13th Governing Body meeting held on 11 April, 2014, PPAC was assigned to carry out a study to evolve a centralized planning model for CUF for petroleum products for OMCs to ensure optimal utilization of infrastructure facilities. Further, it was suggested by MoP&NG to also ascertain the short-term and long-term requirement of terminals and bottling plants. Accordingly, PPAC conducted the study and report was submitted to MoP&NG on 17 October, 2014.

6. LPG and Bitumen outlook for next 5 to 10 years

During the review of P&NG sector projects on 16th May 2014, MoP&NG decided that PPAC may take up a study regarding "Road map for production of LPG & Bitumen for next 5 to 10 years in view of various residue-up gradation and new refinery projects that are envisaged by PSU / JV / Private Refineries. The study provided insight into projected LPG demand supply gap in India along with global LPG demand supply scenario.

7. Study to assess the consumption of SKO by households

A decision was taken during the 13th Governing Body of PPAC to carry out a study to ascertain the actual consumption of kerosene in the country. Initially this study was proposed to be carried out through an external agency, but subsequently it was decided to utilize the data collected by NSSO during their 68th Round of survey "Household Consumption of Various Goods and Services" carried out during July 2011 to June 2012. .

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

8. Institutionalize a mechanism for regular review of import of Petroleum Products

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

9. Assessing the scope for adoption of Euro-VI fuels directly from Euro-IV fuels

In the 14th Governing Body of PPAC held on 11th April, 2014, Secretary, Petroleum & Natural Gas advised that a committee consisting of officials from CHT, PCRA and PPAC be constituted which would assess the scope for adoption of Euro-VI fuels directly from Euro-IV, skipping the Euro-V stage to keep pace with international standards.

Based on the deliberations of the Committee a report was submitted to Ministry in January 2015. The study concluded that taking into consideration the deterioration of the air quality, there is a need to move rapidly towards adopting Euro-VI emission standards all across the country. As there is hardly any difference in the BS-V or BS-VI fuel specifications, the oil industry would be able to supply BS-VI fuels instead of BS-V fuels by 1.4.2020.

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/partially explored acreages through Oil Industry Development Board cess and other innovative resource mobilization approaches.

2. Upstream Sector

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

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

(i) Director General, DGH	Chairman
(ii) Secretary, OIDB	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-OIDB, 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 OID Board for taking a decision. The projects that are approved by OID 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 OID Rules. Since inception, the OID 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-OIDB, Director(E)-ONGC, Director-IIP Dehradun, Director (R&D)-IOCL, Director(Tech)-EIL and Director General-Petrofed or his nominee constituted by OID Board reviews the progress of the OIDB funded projects in the Upstream Sector from time to time. The recommendations of the Sub-Committee are presented before OID 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.0.31 crore

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

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

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

3. Downstream Sector

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

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

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

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

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

4 Assistance to Technical Institutes/CSIR Laboratories

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

The OIDB incurred the following expenditure on grants/schemes sponsored by Govt. of India/OIDB during the year 2014-15:

(Rs. in crore)

S. No.	Name of the Institutes	Amount
(A) R & D Grants		
1.	National Gas Hydrate Programme (NGHP Phase-II)	0.31
2.	Govt. of Rajasthan	0.83
3.	Indian Oil Corporation Ltd. (R&D)	3.70
Total		4.84
(B) Schemes/Projects sponsored by Govt. of India/OIDB		
4.	Rajiv Gandhi Institute of Petroleum Technology (RGIPT), Rai Bareli	85.53
Total		85.53

4.1 National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is steered by the Ministry of Petroleum & Natural Gas and technically coordinated by Directorate of Hydrocarbons (DGH). NGHP is a

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

The Steering Committee of NGHP approved the execution of NGHP Expedition-02 in the 15th meeting held on the 7th October, 2013. NGHP Expedition-02 is presently under execution and consists of LWD/MWD (Logging while drilling/Measurement while drilling), Conventional coring/pressure coring, wireline logging, Vertical Seismic Profiling (VSP) and Modular Dynamic Testing (MDT) operations in KG and Mahanadi deep offshore areas with the aim of identifying sand dominated depositional systems within the Gas Hydrate stability zone. The cost of NGHP Expedition-02 shall be shared by OIDB (50%), ONGC (20%), OIL (10%), GAIL (10%) and IOCL (10%). The integration of the field and laboratory studies & pilot production

testing will be carried out during NGHP Expedition-03.

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

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

RESEARCH PROJECTS UNDER NGHP:

A collaborative project with ONGC-IIT-Kharagpur was taken up to firm the theoretical background has brought out that the heat transfer rate are very slow and hence the ultimate production rate by thermal stimulation will be very low. This achievement is significant as it highlights the importance of other technique such as depressurizing and sequestration.

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

FUTURE PLANS FOR NGHP

Expedition 03 aims at carrying out pilot production testing of at least one site in the Indian deep-water environment will depends on the success of NGHP Expedition-02.

4.2 Government of Rajasthan

In order to harness CBM potential in the country and in accordance to CBM Policy, 1997 OIDB is providing financial support for exploration and commercial usage of CBM by national agencies.

For the development of CBM as an alternate energy source, the Directorate of Petroleum has undertaken R&D Projects in Barmer-Sacnhore Basin & Bikaner-Nagaur Basin. Based on presence of lignite occurring at depth of 500-1600 meters. It is expected that approximately 950 Million tone of CBM reserves are in Bikaner area and exploitation of these reserves can sustain up to 5500 Megawatt power plant or numbers of urea plants of 2200 TDP in this area.

116.11 LKM of High Resolution Shallow Seismic Survey (HRSS) was carried out in Bikaner area under Phase-1 of CBM R&D Project. Based on the outcomes of HRRS survey, deep-seated lignite reflectors has to be confirmed under Phase-I by drilling of 5 core holes in Bikaner area.

After the detailed presentation made by the Directorate of Petroleum, Oil Industry Development Board (OIDB), Directorate General of Hydrocarbons (DGH) and Ministry of Petroleum & Natural Gas (MoP&NG), Government of India have approved Rs.3.70 crore as a Grant-In-Aid for Phase-II activities of CBM& RD Project.

2 core holes have been drilled in Ranasar & Norangdesar area in Bikaner district, which does not indicate the presence of significant lignite seams. The Directorate of Petroleum has submitted the detailed report of the 2 coreholes drilled in Bikaner area to DGH/OIDB. DGH intimated that it has examined the report and observed that :

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

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

4.3 Indian Oil Corporation Ltd. (R&D)

During the year 2014-15 OIBD has given a grant of Rs3.70 crore for INDAdeptG technology project. INDAdeptG technology intended for the deep desulfurization of cracked gasoline streams with minimum hydrogen consumption & minimum octane loss to meet EuroV/VI sulfur specification. The technology employs proprietary-in-house developed adsorbent which removes the sulfur from gasoline streams by unique reactive absorption process under optimized operating conditions. The process takes place in two fixed bed reactors operating in swing mode of adsorption & regeneration. During adsorption sulfur is adsorbed on the adsorbent and during regeneration sulfur is removed as sulfur oxides under controlled conditions. The technology is being jointly licensed with EIL. A demonstration unit of 35000 TPA is expected to be commissioned in September 2016 at Guwahati Refinery.

Project Status at GR

The progress of the project is given below:

1. Overall physical progress 78.3% as against sch. of 98.1%
2. Out of 75 Equipments, 46 already received and erected, 18 in transit and

remaining expected to be received by March, 2016 except 4 Compressors.

3. Expected Mech. Completion: 31.07.16
4. Expected Commissioning: 31.09.16

4.4 Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

The Rajiv Gandhi Institute of Petroleum Technology (RGIPT) has been set up under an Act of Parliament (54 of 2007). The Institute is 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. The academic activities of the Institute, have commenced from the year 2008 from temporary campus at Rae Bareilly and Noida. Currently, the following programmes are conducted by RGIPT:

1. B.Tech in Petroleum Engineering,
2. B.Tech in Chemical Engineering,
3. M.Tech in Petroleum Engineering,
4. MBA in Petroleum & Energy Management, and

5. PhD in Petroleum Engineering (introduced from 2012)

RGIPT's own campus construction work at Jais, U.P. is in advanced stage. The student strength of RGIPT at present is 359. Currently, 5 batches of MBA, 3 batches of B.Tech and M.Tech students have graduated from RGIPT.

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 OIDB 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.

OIDB has released an amount of Rs.85.53 crore during the year for RGIPT Rae Bareli project.

4.5 Hydrogen Corpus Fund (HCF)

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

1. OIDB Rs.40 crore

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

OIDB is maintaining the Accounts of the HCF. OIDB 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 at an estimated cost of Rs. 42.26 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.10.7 crore including Rs.1.00 crore for NextSTEPS Programme has been utilized from HCF till 31.3.2015. Out of which Rs.2.97 crore was released during the year 2014-15. In addition, two non-project activities were also taken up under HCF, out of which one is ongoing. The corpus of HCF was Rs.148.63 crore including interest at the end of March 2015.

The remaining three(3) 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 Energy Centre.
- (iii) Development of Large Scale Photocatalytic Process using Modular Reactors for hydrogen production by dissociation of water utilizing Solar Energy by IOC (R&D) & ITBHU.

4.6 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.625.11 crore approximately to various State Governments/contractors on this account upto 31.03.2015.

Chapter-V

OIDB's Contribution to Engery Security

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Board is pleased to inform the members that Visakhapatnam Cavern has been commissioned. The Underground civil works were executed by HCC and the process facilities by IOTIESL. The facility has two

compartments Cavern A (1.03 MMT) and Cavern B (0.3MMT). Cavern A is for Strategic Crude Oil. Two Very Large Crude Carriers (VLCC's) of approx. 2 million barrels each, have been unloaded into it. HPCL has also been regularly using the Cavern B for its refinery operations at Visakhapatnam.



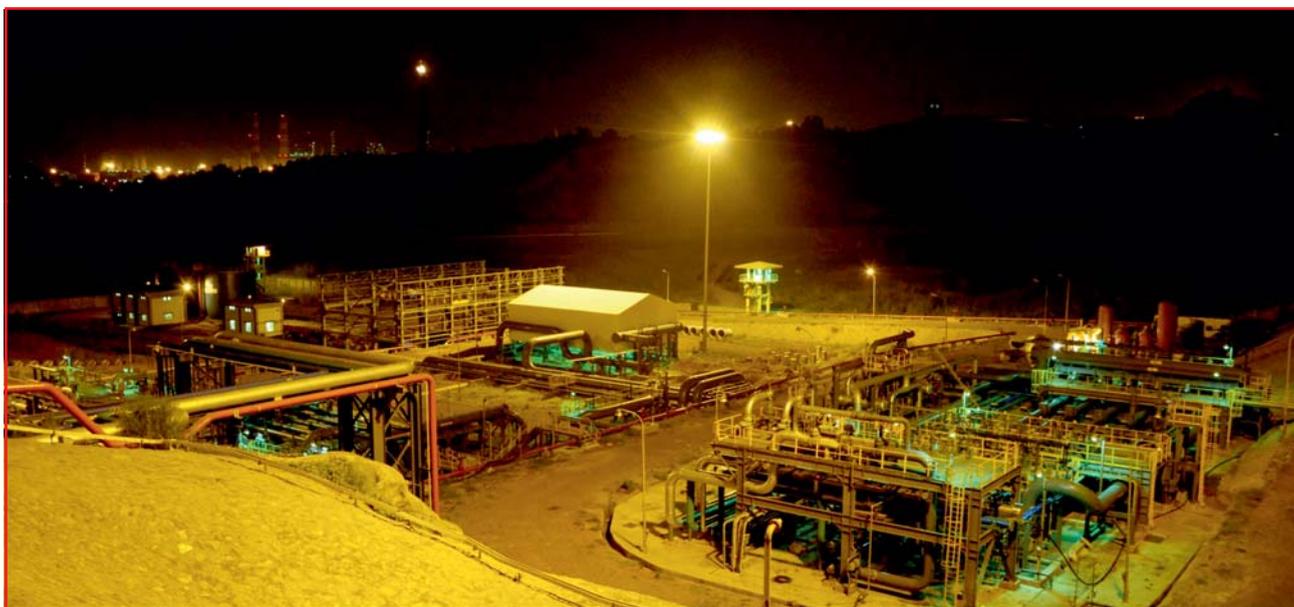
View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

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

improve the containment in the cavern compartments.

The overall physical progress is 99.44%. The progress does not include the progress of the pipeline. The final commissioning of the Project is dependent on the laying of the 48" pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through an Intermediate Valve Station and the completion of the additional boreholes. Out of 12.725 km of the pipeline, 7.78 km has been completed and balance is scheduled to be completed over the next six months. The commissioning of the project is expected in March 2016.



View of one of the four cavern galleries at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

For the Padur project 179.21 acres of land was acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/ Heruru villages of Udupi District. This is the largest project executed by ISPRL. The underground civil works were split into two

parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC and Part B were awarded to M/s SKEC-KCT JV. The underground works were completed in 2014 and cavern acceptance tests have also been completed. The facility has four compartments of 0.625 MMT each



View of one of the four cavern galleries at Padur

Inertization of caverns is in progress. The final completion of the Project is dependent on laying of a 10 km long 110 KVA overhead electrical transmission line as well as the laying of a 42" diameter 36 kilometer pipeline from Intermediate Valve station to Padur. The laying of the electrical transmission line and the pipeline has been affected due to ROU issues. The commissioning of the project is dependent on completion of the power line and the pipeline. The commissioning of the project is expected in March 2016. The overall progress of the project including the pipeline progress is 96.86%.

4. Phase II of Strategic Storage Program

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

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

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

Subsequently, MoP&NG advised ISPRL to engage SBI Caps interalia to recommend the manner of implementation of phase II programme. Investor meet was held on 8-9th June 2015 wherein various oil and infrastructure companies participated. Recommendations of SBI Caps are awaited.

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) OI D B and PETROFED will file joint application with NSDC. (ii) PETROFED will have lead role in setting up HSSC (iii) Chairman, PETROFED will constitute a Steering Committee for setting up of HSSC (iv) Revenue model, Project Report and Action Plan will be prepared by PETROFED and (v) Oil Companies may utilize CSR funds for skill upgradation through HSSC. The focus of HSSC would be on short term training (not exceeding 6 months) for persons/workmen, who possess the minimum essential qualification (e.g. certificate from ITI) required by the Oil and Gas Industry.

Accordingly, an MOU between OI D B 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.

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 envisage 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.

The application for registration of HSSC as a Society has been jointly submitted by OI D B and Petrofed to the Registrar of Societies, New Delhi on 5.11.2015 and the process of registration is currently underway. The formal functioning of HSSC will start after it is duly registered.

2. OI D B Relief Trust (OI D B 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 OIDB Drought Relief Trust was formed on 01.06.2000 as a Charitable Trust. The President of the Trust is Secretary (PNG) ex-officio, Managing Trustee of the Trust is Additional Secretary (PNG) ex-officio and Secretary (OIDB) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. As directed by the Ministry, Oil PSUs has contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2015, 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 31.03.2015, the balance funds (including interest) in OIDB Relief Trust stood at Rs.14.32 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act from A.Y.2011-12 onwards till it is rescinded. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the name of the Trust was changed from OIDB Drought Relief Trust to OIDB Relief Trust on 09.07.2010.

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

Oil Industry Development Board (OIDB) follows the guidelines in respect of the reservation for Scheduled Castes/Scheduled Tribes, other Backward classes and Physically Handicapped Persons issued from time to time by the Government in this regard. For the monitoring of the implementation of reservation policy and redressal of grievances of SC/ST/OBC employees, a Liaison Officer has been appointed in OIDB. Roasters are being maintained for each category of posts as per Government guidelines and checked by the

Liaison Officer. Inspection of Roasters for Direct Recruitment and Promotion for SC/ST/PH/OBC was carried out by the Ministry of P&NG and no discrepancy was pointed out in respect of maintenance of Roasters.

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

4. Welfare, Development and Empowerment of Women:

Oil Industry Development Board (OIDB) is proactive in dealing with gender issue and to promote the cause of women empowerment OIDB has setup a Committee to attend to redressal of complaints on 'sexual harassment at workplace'. As on 31.03.2015, 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 2014-15, 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 12.09.2014 to 25.09.2014.
- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included noting drafting, typing, Bhasha Gyan, 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.
- 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 2014-15 also. The magazine provided topics related to literature, poetry, religious issues, and social experiences. This magazine aims to disseminate

interest towards Hindi besides writing in the official language.

6. Right to Information Act

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

As per provisions of Section 5 and 19 of the Right to Information Act, 2005 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 2014-15, 14 applications/receipts were received under RTI Act, 2005 in the OIDB and all the 14 applications/receipts have been replied to.

Annexure

Statement of cess collection by the Central Government and its allocation to OIDB since inception and till 31.03.2015 (Rs./crore)

Sl.No.	Year	Collection of cess on crude oil by Govt.	Payment made to OIDB 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	-
41	2014-15	14677.24	-
42	2016-17	3640.94	-
Total		147726.57	902.40

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

Chapter-VII

Annual Accounts

**OIL INDUSTRY DEVELOPMENT BOARD
BALANCE SHEET AS AT 31.03.2015**

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year
Corpus/Capital Fund	1	90240	90240
Reserves and Surplus	2	1030840	1007700
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	19260	62914
TOTAL		1140340	1160854
ASSETS			
Fixed Assets (Net Block)	8	11767	12996
Work in Progress	8	19	7
Investments-Earmarked/Endowment Funds	9	0	0
Investments -Others	10	309966	244734
Current Assets, loans, Advances etc.	11	818588	903117
Miscellaneous Expenditure (to the extent not written off or adjusted)		0	0
TOTAL		1140340	1160854
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-

(Ajay Srivastava)
FA&CAO

Sd/-

(U.P. Singh)
Secretary

DATE : 31.08.2015
PLACE : New Delhi

**OIL INDUSTRY DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2015**

(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	2221	56
Interest Earned	17	68569	67003
Other Income	18	1609	483
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		72399	67542
EXPENDITURE			
Establishment Expenses	20	279	514
Other Administrative Expenses etc.	21	915	946
Expenditure on Grants, Subsidies etc.	22	31064	15168
Interest paid	23	0	0
Royalty to State Governments	24	8300	11000
Provision for doubtful debts		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)		1179	1609
TOTAL (B)		41737	29237
Balance being excess of Income over Expenditure (A-B)		30662	38305
Provision for Income Tax		10422	13020
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		20240	25285
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-

(Ajay Srivastava)
FA&CAO

Sd/-

(U.P. Singh)
Secretary

DATE : 31.08.2015
PLACE : New Delhi

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2015

(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		1007700		982415
Addition during the year				
(i) Excess of income over expenditure	20240		25285	
(ii) Add : Adjustment of Tax paid in in earlier years	2900	23140	0	25285
TOTAL:		1030840		1007700

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2015**

(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
31.03.2015

(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:		
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:		

NIL

Note: Amounts due within one year.

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2015**

(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 31.03.2015**

(Rs.in lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION		NET BLOCK			
	Cost / Valuation As at beginning of the year 01.04.14	Additions during the year	Deductions during the year	Cost/Valuation at the year end 31.03.15	As at the beginning of the year 01.04.14	Additions during the year	Total up to the year-end 31.03.15	As at the Current year-end 31.03.15	As at the Previous year-end 31.03.14
A. FIXED ASSETS									
1. LAND:									
a) Freehold	0	0	0	0	0	0	0	0	0
b) Leasehold	1008	21	34	995	0	0	0	995	1008
2. BUILDING:									
a) On Freehold Land	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	10232	85	69	10248	2462	774	3236	7012	7770
c) Ownership Flats / Premises	0	0	0	0	0	0	0	0	0
d) Superstructures on Land not belonging to the entity	32	0	0	32	18	0	18	14	14
3. PLANT MACHINERY & EQUIPMENT	2936	0	0	2936	945	300	1245	1691	1991
4. VEHICLES	7	0	0	7	5	0	5	2	2
5. FURNITURE, FIXTURES	3010	0	57	2953	832	225	929	2024	2178
6. OFFICE EQUIPMENT	49	1	0	50	37	2	39	11	12
7. COMPUTER / PERIPHERALS	50	3	0	53	44	4	48	5	6
8. ELECTRIC INSTALLATIONS	0	0	0	0	0	0	0	0	0
9. LIBRARY BOOKS	0	0	0	0	0	0	0	0	0
10. TUBEWELLS & WATER SUPPLY	0	0	0	0	0	0	0	0	0
11. OTHER FIXED ASSETS	23	0	0	23	8	2	10	13	15
TOTAL OF CURRENT YEAR:	17347	110	160	17297	4351	1307	5530	11767	12996
PREVIOUS YEAR:	17301	46	0	17347	2742	1609	4351	12996	14558
B. CAPITAL WORK-IN-PROGRESS:	7	12	0	19	0	0	0	19	7

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2015

(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	304932	239700
6. Others (to be Specified)	-	-
TOTAL:	309966	244734

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2015**

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 11 – CURRENT ASSETS LOANS, ADVANCES ETC.				
A. CURRENT ASSETS				
1. Inventories				
a) Stores and Spares	-		-	
b) Loose Tools	-		-	
c) Stock-in-trade				
Finished Goods	-		-	
Work-in-progress	-		-	
Raw Materials	-		-	
2. Sundry Debtors:				
a) Debts Outstanding for a period exceeding six months	-		-	
b) Others	-	-	-	-
3. Cash balances in hand (including cheques / drafts and imprest)		0		0
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	50000		0	
- On Saving Accounts	3680	53680	18544	18544
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts		-		-
TOTAL (A) :		53680		18544

(Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	25		29	
b) Oil PSUs (Annexure-II)	717665		782415	
c) Others (specify)	-		-	
		717690		782444
2. Advances and other amounts recoverable in cash or in kind or for value to be received				
a) On Capital Account (Advance to ISPRL - Mobilization Advance)	16626		49467	
b) Advance Rent	231		0	
c) Others (including Advance Tax, TDS, MM Cell, Security Deposits etc. & Advance to CHT for projects)	16075	32932	42965	92432
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	29		3	
c) On Loans and Advances -	6568		6958	
Less: provision for doubtful debts made in earlier years	2714		2714	
d) Others (Data sale Proceeds from DGH)	65	3948	6	4253
4. Claims Receivable				
(i) Tax Paid Under Protest	10166		5217	
(ii) Accounts Recievable	172	10338	227	5444
TOTAL (B) :		764908		884573
TOTAL (A + B) :		818588		903117

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2015**

(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 31.03.2015

(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)				
1. Interest	NIL			
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 31.03.2015**

(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	2221	56
TOTAL :	2221	56
	Current Year	Previous Year
SCHEDULE 17 –INTEREST EARNED		
1. On Term Deposits :		
a) With Scheduled Banks (FDRs)	1756	4604
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	76	140
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	1	2
b) Oil Companies	66736	62257
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation Advance	0	0
b) Interest on Income Tax Refund	0	0
TOTAL:	68569	67003
Note - Tax deducted at source.	6884	6723

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2015

(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	1609	483
TOTAL:	1609	483
	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	205	182
b) Allowances and Bonus	31	29
c) Contribution to Provident Fund	0	0
d) Contribution to OIDB Employees Group Gratuity and Pension Funds.	18	16
e) Staff Welfare Expenses including medical expenses	16	22
f) Expenses on Employees' Retirement and Terminal Benefits	7	11
d) Others(Includes Contract Cell)	2	254
TOTAL:	279	514

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2015**

(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	276	310
e) Water Charges	1	1
f) Insurance	2	2
g) Repairs and maintenance	143	107
h) Excise Duty	0	0
i) Rent, Rates and Taxes	17	295
j) Vehicles Running and Maintenance	10	9
k) Postage, Telephone and Communication Charges	5	5
l) Printing and Stationery	10	10
m) Misc. expenses	4	7
n) Expenses on Seminar / Workshops	1	1
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	0	5
r) Hospitality Expenses	1	0
s) Professional Charges	33	40
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	2
z) Others - FMS Work Expenses & Maintance of OIDB Bhawan	410	152
TOTAL:	915	946

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2015**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations(Annexure-III-a)	22511	12800
b) Assistance for Govt./ OIDB sponsored Schemes & Projects (Annexure-III-b)	8553	2368
TOTAL:	31064	15168
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	4500	5800
Govt. of Gujarat	3800	5200
Total	8300	11000

OIL INDUSTRY DEVELOPMENT BOARD**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED March 2015****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 2015

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. Contingent liabilities

- (a) Claims of Rs.48.48 lakh (previous year Rs. 36.58 lakhs) on account of TDS and interest thereon (Rs. 1.42 lakh for A.Y. 2007-08, Rs.39.87 lakh for A.Y. 2008-09, Rs. 0.05 lakh for A.Y. 2009-10, Rs. 3.66 lakh for A.Y. 2010-11, Rs. 2.53 lakh for A.Y. 2011-12, Rs.0.25 lakh for A.Y. 2013-14, Rs.0.17 lakh for A.Y. 2014-15, Rs.0.53 lakh for A.Y. 2015-16) 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) in respect of A.Y. 2007-08 & 2008-09 has been filed and IT officials are in the process of making corrections and issue fresh orders. With regards to claims for the A.Y. 2009-10 to A.Y. 2015-16 matters is being taken up separately with the Income Tax Department.
- (b) There is an Arbitration case between OIDB and M/s Godrej & Boyce Mfg. Company Limited 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.) had raised demand of Rs.198.02 lakhs towards Works Contract Tax for the year 2008-09. OIIB had taken up the matter with the department of commercial tax and department vide its tax assessment order dated 08.07.2014 declared OIIB free from tax liability for the year 2008-09.

2. COMMITMENTS

Capital

- A) The value of the final bills amounting to Rs.652 lakhs (approx.) has not been considered for want of clarifications from PMC and contractors.
- B) (i) As per the directions of the Government, Rs.383256 lakh is to be funded by OIIB for construction of “Strategic Crude Oil Storages” by Indian Strategic Petroleum Reserves Ltd (ISPRL) and remaining cost of Rs.26579 Lakh is to be provided by HPCL as its share of proportionate cost.
- (ii) OIIB has paid Rs.321558 lakh (Previous Year Rs.289167 lakh) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment as equity in the Company up to end of March 2015. The company has already allotted and issued 3049320000 share certificates of Rs.10/- each for the total amount of Rs.304932 lakh. The remaining amount of Rs.16626 lakh is pending for allotment of shares as on 31.03.2015.

3. CURRENT ASSETS, LOANS & ADVANCES

- a) Loan Amounting to Rs 32.76 Cr. given to Biecco Lawrie Ltd has been converted into equity of OIIB 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 OIIB 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.

CCEA had also approved reduction of equity capital of BLL from Rs.74.76 Crore to Rs.15.16 Crore by setting off accumulated losses to the extent of Rs 59.60 Crore. The reduction in the equity capital of BLL would entail a loss to OIIB to the tune of Rs. 40.13 Crore due the fact that OIIB’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. Canfina vide letter no. CANFINA:UVS:613:2015 dated 06.02.2015 intimated that Net Realized Value (NRV) of the securities namely Modi Industries, 30/06 NCD, Parasurampuriah Synthetics, 03/04 NCD and Garware Nylons Ltd., 01/08 NCD to be Rs.2,90,887/- and requested to accept it. Chairman OIDB vide order dated 31.07.2015 has approved the acceptance of the same. The matter relating to securities under UTI 1964 Scheme Units is under litigation. As the recovery of these amounts remains doubtful, the same has already been provided in the accounts as 'doubtful debt' earlier.
- c) The OIDB has decided not to charge any rent and maintenance charge from its grantees institutes. Therefore neither any recovery has been made from the grantee institutions nor did any recoverable amount is provided in the accounts towards rent & maintenance charges from the grantee institutions.

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 2014-2015, OIDB filed appeals before Hon'ble ITAT on 22.08.2014 for A.Y.2005-06, 2006-07 & 2007-08 against the order of CIT (A). Appeals for the A.Y. 2008-09 & 2010-11 were also filed before ITAT against the order of CIT (A). Further, Income Tax Department raised a demand of Rs.20.57 crores u/s 143 (3) for A.Y.2012-13 and the same has been paid on

26.02.2015. Also, OIDB has filed the appeal before CIT (A) for A.Y. 2011-12 and A.Y.2012-13.

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, 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 2015.
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/-

(Ajay Srivastava)
FA&CAO

Sd/-

(U.P. Singh)
Secretary

Date : 31.08.2015

Place : New Delhi

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

OIL INDUSTRY DEVELOPMENT BOARD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2015

(Rs. in lakh)

Particulars	Sch No.	2014-15	2013-14
Income			
Interest Income	17	68569	67003
Income from Investment	15	0	0
Other income	16 & 18	3830	539
Total		72399	67542
Expenditure			
Expenses on direct operation	22 & 24	39364	26168
Salaries and amenities to staff	20	279	514
Administrative expenses	21	915	946
Depreciation on Fixed Assets	8	1179	1609
Total		41737	29237
Profit for the year		30662	38305
Profit before tax		30662	38305
Less : Provision for taxation		10422	13020
Net Profit after tax carried to balance sheet		20240	25285
Significant Accounting Policies & Notes on Accounts	25 & 26		

Sd/-
(Ajay Srivastava)
FA&CAO

Sd/-
(U.P. Singh)
Secretary

DATE : 31.08.2015
PLACE : New Delhi

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

Details of outstanding balance of loan as on 31st March, 2015 from Oil PSUs

(Rs. in lakh)

S.No.	Name of the Company	Opening Balance as on 01.04.2014	Loan Disbursed during 2014-15	Loan received back during 2014-15	Closing balance As on 31.03.2015
1	GAIL	232975	0	52875	180100
2	IOCL	220300	42000	76725	185575
3	BPCL	32125	90750	17925	104950
4	HPCL	69750	12000	23450	58300
5	CPCL	9800	0	9800	0
6	NRL	8248	0	2423	5825
7	BCPL	97662	0	4087	93575
8	DNP Ltd.	0	0	0	0
9	MRPL	100000	0	20000	80000
10	GAIL Gas Ltd.	11555	1235	3450	9340
	Total	782415	145985	210735	717665

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

Statement Showing payments of grants during 2014-15

(Rs. in lakh)

Sl. No.	Name of the Institutes	2014-15	2013-14
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	13795	3962
2	Petroleum Conservation Research Association	4086	4154
3	Centre for High Technology	1038	1845
4	Petroleum Planning & Analysis Cell	1625	1436
5	Oil Industry Safety Directorate	1483	1374
	Total (A)	22027	12771
B.	R & D Grants		
6	NGHP-II	31	23
7	IOCL (IINDA Depts R&D Centre), Faridabad	370	0
8	Govt. of Rajasthan, Deptt. Of Petroleum	83	0
9	IIT, Mumbai	0	6
	Total (B)	484	29
	Total (A+B)	22511	12800

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

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

(Rs. in Lakh)

		2014-15	2013-14
1	Rajiv Gandhi Institute of Petroleum Technology, Rai Bareli	8553	2368
	Total (C)	8553	2368

Chapter-VIII

Audit Report of the Comptroller & Auditor General of India

AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD (OIDB) FOR THE YEAR ENDED 31 MARCH 2015

1. We have audited the attached Balance Sheet of the Oil Industry Development Board (OIDB) as at 31 March 2015 and the Income and Expenditure Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 20(2) of the Oil Industry (Development) Act, 1974 (OID Act, 1974). These financial statements are the responsibility of the Management of OIDB. Our responsibility is to express an opinion on these financial statements based on our audit.
 - (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.3099.66 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 negative 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 subsequent 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 2014, with further accumulation
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. Based on our audit, **we report that:**

of losses, the shareholders' funds in BLL had turned negative to the tune of Rs.16.27 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 OIDB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.

(B) INCOME AND EXPENDITURE ACCOUNT

Other Income – (Schedule 18): Rs.16.09 crore

- a) Rent of Rs.0.48 crore received from NTPC towards maintenance charges for the period 16.11.2011 to 31.3.2014 and wrongly booked earlier under rent is now adjusted by debiting rent Account under Other income instead of debiting the same to prior period income.
- b) The above amount includes Rs.12 crore being the prior year/s income which should have been disclosed separately as per AS-5.

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

- a) Contingent Liability is understated by Rs. 105.88 crore on account of the following:

- i) Rs.101.66 crore being the amount of penalty deposited under protest with Income Tax Department with corresponding creation of claims recoverable;
 - ii) Rs.4.22 crore being consultancy charges claimed by a contractor for overstay beyond the contractual period in respect of construction of OIDB Bhawan.
- b) Reference is invited to Note 7(i) regarding creation of two trusts for retirement benefits of its existing employees. The fact that no liability for premiums for 2013-14 and 2014-15 in respect of OIDB Employees Superannuation Scheme and for 2014-15 in respect of OIDB Employees Gratuity Scheme has not been provided in the absence of Actuarial Valuation by LIC of India, has not been disclosed.

(D) GENERAL

The Receipts and Payments Account has not been appended with the annual accounts submitted for CAG Audit. It was also noticed that OIDB is not publishing the same in the printed Annual Reports which is submitted to Parliament along with the Audit Report of CAG.

- i) Attention is also drawn to the significant matters stated in Annexure to this report.
- ii) 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.

- iii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraphs 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India;
- a) In so far as it relates to the Balance Sheet, of the state of affairs of OIDB as on 31 March 2015.
- b) In so far as it relates to the Income and Expenditure Accounts, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.

Sd/-

Parama Sen

**Principal Director of Commercial
Audit and ex-officio Member, Audit
Board II**

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

1. Internal Control System

(a) The Internal Control System for obtaining assurance of physical progress of works undertaken by grantee organizations needs to be further strengthened and formalized.

(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.

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

Section 6 of Oil Industry (Development) Act 1974, inter-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;

i) Grants released by OIDB, over the last three years (2012-13 to 2014-15), to bodies functioning under the Ministry of Petroleum & Natural Gas (MoP&NG) was Rs.501.90 crore (Rs.225.11 crore for 2014-15). Out of which grants specially released for Research and Development (R&D) purpose was Rs.7.72 crore constituting 1.5 percent only of the total grants released. Records did not indicate the amount out of the balance

grant (Rs.494.18 crore) meant to be utilized on R&D activities.

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

3. Physical Verification of Fixed Assets

Physical verification of assets with reference to books (Fixed Asset Register) as required in Rule 192(1) of the General Financial Rules (GFR) had not been conducted. OIDB has also not maintained the fixed asset register as required under GFR.

4. Regularity in payment of Statutory Dues

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

5. Adequacy of IT systems

OIDB deals with loans and grants. The software has not been installed for monitoring in OIDB due to technical error. OIDB needs to strengthen its IT systems to have better internal control.

CAG Audit para on the accounts of OIDB for the FY 2014-15 and OIDB's reply.

Audit Para		Comments of OIDB
<p>A. Balance Sheet</p> <p>(a) Investments – Others –(Schedule 10)- Rs.3099.66 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 negative 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 subsequent 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 2014, with further accumulation of loses, the shareholders' funds in BLL had turned negative to the tune of Rs.16.27 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 OIDB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.</p>		<p>OIDB could not reflect diminution in value of its equity investment in M/s Biecco Lawrie Ltd as M/s BLL had informed that it is approaching Hon'ble High Court of Kolkata for seeking necessary statutory approvals. However, subsequently M/s BLL informed that they could not approach Hon'ble High Court as the Company has been declared sick by BIFR under section 3(1) (O) of Sick Industrial Companies (Special Provisions) Act, 1985.</p> <p>Despite C&AG's comments on the accounts of OIDB in the earlier years, the Board has not provided for diminution in the value of investment in equity shares of BLL.</p>

<p>B.INCOME AND EXPENDITURE ACCOUNT</p> <p>Other Income – (Schedule 18): Rs.16.09 crore</p> <p>a) Rent of Rs.0.48 crore received from NTPC towards maintenance charges for the period 16.11.2011 to 31.3.2014 and wrongly booked earlier under rent is now adjusted by debiting rent Account under Other income instead of debiting the same to prior period income.</p> <p>b) The above amount includes Rs.12 crore being the prior year/s income which should have been disclosed separately as per AS-5.</p>		<p>The rent for 10 months amounting to Rs.133.50 lakh was booked under the income head “Rent from NTPC” for the period 01.04.2014 to 31.01.2015. The maintenance charges of Rs.47.54 lakh was also shown under the same head i.e. “Rent from NTPC” in earlier years as the decision on charging maintenance charges from NTPC were not taken at that time. However, after the decision for charging maintenance from NTPC was taken by OIDB, it has been shown under the maintenance head. Accordingly, the adjustment entry has been made in the F.Y. 2014-15.</p> <p>As per the existing accounting practice, the prior period income is shown in the books of accounts of OIDB as a consolidated figure. However, as advised by the CAG, disaggregated figures will be shown from the F.Y.2015-16 onwards.</p>
<p>C. CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS (SCHEDULE 26)</p> <p>a) Contingent Liability is understated by Rs. 105.88 crore on account of the following:</p>		

<p>i) Rs.101.66 crore being the amount of penalty deposited under protest with Income Tax Department with corresponding creation of claims recoverable;</p> <p>ii) Rs.4.22 crore being consultancy charges claimed by a contractor for overstay beyond the contractual period in respect of construction of OI DB Bhawan.</p> <p>b) Reference is invited to Note 7(i) regarding creation of two trusts for retirement benefits of its existing employees. The fact that no liability for premiums for 2013-14 and 2014-15 in respect of OI DB Employees Superannuation Scheme and for 2014-15 in respect of OI DB Employees Gratuity Scheme has not been provided in the absence of Actuarial Valuation by LIC of India, has not been disclosed.</p>		<p>Besides, shown as claims recoverable, the contingent liabilities of Rs. 101.66 crore would also be disclosed separately in the notes of accounts for the current F.Y. i.e. 2015-16.</p> <p>The bill raised by EIL has been disputed by OI DB. However, the necessary disclosures will be made in the notes of accounts for the current F.Y. i.e. 2015-16.</p> <p>The matter regarding non-receipt of demand from the Life Insurance Corporation of India in respect of OI DB Employees Superannuation Scheme and OI DB Employees Gratuity Scheme is being followed up constantly with LIC and despite repeated reminders, OI DB has not received any communication from LIC in this regard. The matter is now being taken up at higher level with LIC.</p> <p>As regards liability arising on the basis of Actuarial valuation, it is submitted that it is not possible for OI DB to provide the liability without any demand from LIC which is based on the actuarial valuation.</p> <p>As regards non-disclosure of the fact in the Notes forming part of accounts, the same has been noted for future compliance.</p>
<p>D. GENERAL</p> <p>The Receipts and Payments Account has not been appended with the annual</p>		

accounts submitted for CAG Audit. It was also noticed that OIDB is not publishing the same in the printed Annual Reports which is submitted to Parliament along with the Audit Report of CAG.

The organization is an Artificial Juridical Person and is not a Not-Profit Organization. OIDB provides financial assistance to oil companies including loans. It earns interest income on loan disbursed it, which is taxable and not exempt u/s 11,12 of Income tax applicable for Not-profit organization. Thus Receipt and Payment is not applicable. However, P&L account is being made by OIDB.

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

Audit Para		Comments of OIDB
<p>1. Internal Control System</p> <p>(a) The Internal Control System for obtaining assurance of physical progress of works undertaken by grantee organizations needs to be further strengthened and formalized.</p> <p>(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.</p>		<p>Due to a limited manpower and non-availability of technical/expert professional, it is not feasible for OIDB with existing manpower to check/verify the physical progress of works carried out by the R&D institutes and monitoring of proper utilization of grants.</p>
<p>2. Grant-in-aid for Research & Development Activities.</p> <p>Section 6 of Oil Industry (Development) Act 1974, inter-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;</p> <p>i) Grants released by OIDB, over the last three years (2012-13 to 2014-15), to bodies functioning under the Ministry</p>		<p>During 2014-15, Rs.162.89 crore has been allocated for R&D, which is 31.42% of total Budget of Rs. 518.48 crore. The utilization was only Rs. 0.31 crore as the demand from R&D institutions was not forthcoming. OIDB has taken initiatives such as formation of R&D Committee to suggest better utilization of R&D grant. The committee has submitted its report which is under examination.</p>

<p>of Petroleum & Natural Gas (MoP&NG) was Rs.501.90 crore (Rs.225.11 crore for 2014-15). Out of which grants specially released for Research and Development (R&D) purpose was Rs.7.72 crore constituting 1.5 percent only of the total grants released. Records did not indicate the amount out of the balance grant (Rs.494.18 crore) meant to be utilized on R&D activities.</p> <p>(ii) The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbon (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate (OISD) and Petroleum Planning and Analysis Cell (PPAC) to enable them to meet their regular expenditure results in bypassing 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.</p>		
<p>3. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Asset Register) as required in Rule 192(1) of the General Financial Rules (GFR) had not been conducted. OIDB has also not</p>		<p>Earlier record of assets was maintained on computer and not Assets Register was made. Now, Assets Register have been opened from October, 2015 basis on the available format and verification of the assets have been</p>

<p>maintained the fixed asset register as required under GFR.</p>		<p>carried out. However, based on the advice of C&AG, the Assets Register will be maintained as per the format suggested by C&AG.</p>
<p>4. Regularity in payment of Statutory Dues</p> <p>As informed and reported to Audit by OIDB, all taxes and statutory dues were paid in time by OIDB.</p>		<p>All statutory dues have been remitted on time.</p>
<p>5. Adequacy of IT systems</p> <p>OIDB deals with loans and grants. The software has not been installed for monitoring in OIDB due to technical error. OIDB needs to strengthen its IT systems to have better internal control.</p>		<p>The said software has not been installed in OIDB due to technical error, which could not be rectified by PCRA although the matter was already taken up with them. OIDB currently is using MS Excel for maintain the requisite data and no software is being –contemplated as the exiting data bank is functioning well.</p>

Chapter-IX

Annual Report & Accounts of ISPRL

Board of Directors

Shri Saurabh Chandra	Chairman	(till 30-04-2015)
Shri K.D. Tripathi	Chairman	(w.e.f.17-07-2015)
Shri Rajive Kumar	Director	(till 01-12-2014)
Dr. S.C. Khuntia	Director	(till 15-06-2015)
Shri A.P. Sawhney	Director	(w.e.f. 28-03-2015)
Shri U.P. Singh	Director	(w.e.f. 28-08-2015)
Shri L.N. Gupta	Director	(till 05-06-2015)
Shri R.K. Singh	Director	(till 25-09-2014)
Shri Sandeep Poundrik	Director	(w.e.f.12-01-2015)
Shri Rajan K. Pillai	Chief Executive Officer & Managing Director	(w.e.f. 25-02-2014)
Smt. Sangeet Gairola	Independent Director	(w.e.f. 28-03-2015)
Shri S.B. Agnihotri	Independent Director	(w.e.f. 28-03-2015)

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri Rajan K. Pillai

COMPANY SECRETARY

Shri Arun Talwar

STATUTORY AUDITORS

M/s Purushothaman Bhutani & Co.

Chartered Accountants

BANKERS

Corporation Bank

M-41, Connaught Circus,

New Delhi-110 001

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

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

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office

Lovagarden, Behind HSL Fabrication Yard,

Gandhigram Post, Visakhapatnam - 530 005

Phone : 0891-2574059

Mangalore Project Office

Strategic Storage of Crude Oil Project

Chandrasah Nagar, Permude P.O.,

Mangalore-574 509, Tel : 0824-6066100

Padur Project Office

PO : Padur, Via Kaup, Distt. Udupi - 574 106

Karnataka

Phone : 820-6560005

DIRECTORS' REPORT

To,
The Shareholders,
Indian Strategic Petroleum Reserves Limited

The Board of Directors of your Company is pleased to present the 11th Annual Report on the working of the Company for the Financial Year ended 31st March, 2015 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, 2015 are as under:

S.No.	Particulars	Figures in ₹		Reference to Balance Sheet
(A)	Opening Balance of Work in Progress as on 1 st April, 2014		28,564,035,161	Note 9B – Closing balance as of 31.03.2014
(B)	Pre-Operative Expenses during the year		3,698,618,580	Note 9B – Difference between Closing balance as of 31.03.2015 and Closing balance as of 31.03.2014
(C)	Increase in Fixed Assets		51,307,289	Note 9A - Net Additions during the year
(D)	Net Non-current Assets {(i)- (ii)}		(1,569,693,877)	
	(i) Non-Current assets (Long term Loans & Advances)	224,855,904		Note 10
	(ii) Non-Current Liabilities	1,794,549,780		Note 5
(E)	Net Current Assets {(i)- (ii)}		(286,367,711)	
	(i) Current Assets	323,149,002		Balance sheet - Current Assets
	(ii) Current Liabilities	609,516,713		Balance sheet - Current Liabilities
(F)	Accumulated Loss		(314,438,475)	Note 4 - Reserves & Surplus
Total Expenditure (A+B+C+D+E+F)			30,143,460,968	

PERFORMANCE OVERVIEW

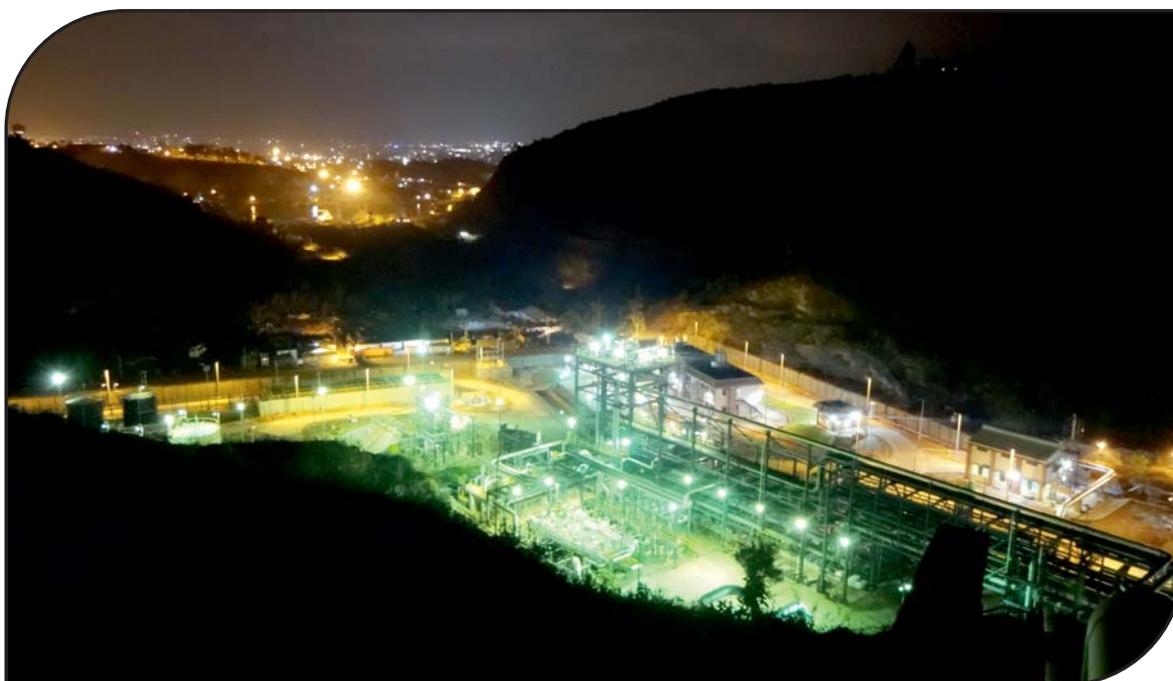
Your Company has been mandated to establish crude oil storages of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are, Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The capital cost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

Crore. Thus the total revised cost of the projects stands at Rs 4098.35 crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with OI DB, 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, has allocated Rs.4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17.

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

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Board is pleased to inform the members that Visakhapatnam Cavern has been commissioned. The Underground civil works were executed by HCC and the process facilities by IOTIESL. The facility has two compartments Cavern A (1.03 MMT) and Cavern B (0.3MMT). Cavern A is for Strategic Crude Oil. Two Very Large Crude Carriers (VLCC's) of approx. 2 million barrels each, have been unloaded into it. HPCL has also been regularly using the Cavern B for its refinery operations at Visakhapatnam.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

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

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

The overall physical progress is 99.44%. The progress does not include the progress of the pipeline.

The final commissioning of the Project is dependent on the laying of the 48" pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through an Intermediate Valve Station and the completion of the additional boreholes. Out of 12.725 km of the pipeline, 7.78 km has been completed and balance is scheduled to be completed over the next six months. The commissioning of the project is expected in March 2016.



View of one of the four cavern galleries at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

For the Padur project 179.21 acres of land was acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. This is the largest project executed by ISPRL. The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC and Part B were awarded to M/s SKEC-KCT JV. The underground works were completed in 2014 and cavern acceptance tests have also been completed. The facility has four compartments of 0.625 MMT each. Inertization of caverns is in progress. The final completion of the Project is dependent on laying of a 10 km long 110 KVA overhead electrical transmission line as well as the laying of a 42" diameter 36 kilometer pipeline from Intermediate Valve station to Padur. The laying of the electrical transmission line and the pipeline has been affected due to ROU issues. The commissioning of the project is dependent on completion of the power line and the pipeline. The commissioning of the project is expected in March 2016. The overall progress of the project including the pipeline progress is 96.86%.



View of the aboveground facilities at Padur

4. Phase II of Strategic Storage Program

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

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

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

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

DIVIDEND

Your Board of Directors do not recommended any Dividend for the Financial Year ended 31st March 2015.

PUBLIC DEPOSITS

Your Company has not invited, accepted or renewed any fixed deposit from the public as at 31st March 2015 and accordingly there is no principal or interest outstanding in respect thereof.

AUDIT COMMITTEE

The Board has constituted the Audit Committee as per Section 177 of the companies Act, 2013. The Audit Committee comprised of the following Directors as on 31st March 2015:

- (i) Dr. S.C. Khuntia, Additional Secretary & Financial Advisor, MoP&NG / Director, ISPRL : Chairman
- (ii) Smt. Sangita Gairola, Independent Director : Member
- (iii) Shri S.B. Agnihotri, Independent Director : Member

Dr. S.C. Khuntia ceased to be Director w.e.f. 15th June 2015. The Board of Directors have since reconstituted the Audit Committee and appointed Shri A.P. Sawhney, Additional Secretary, MoP&NG, Director, ISPRL as Chairman of Audit Committee in place of Dr. S.C. Khuntia in its 49th meeting held on 23rd July 2015, other members of the Committee remained the same.

NOMINATION AND REMUNERATION COMMITTEE

As per Section 178 of the Companies Act, 2013, the Board of Directors have constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised of the following Directors as on 31st March 2015:

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprised of the following Directors as on 31st March 2015:

- (I) Dr. S.C. Khuntia, Additional Secretary & Financial Advisor, MOP&NG / Director, ISPRL : Chairman
- (ii) Shri Sandeep Poundrik, Joint Secretary (R), MOP&NG : Member
- (iii) Smt. Sangita Gairola, Independent Director : Member

Dr. S.C. Khuntia ceases to be Director w.e.f. 15th June 2015. The Board of Directors have since reconstituted the Corporate Social Responsibility Committee and appointed Shri A.P. Sawhney, Additional Secretary, MOP&NG, Director, ISPRL as Chairman of Corporate Social Responsibility Committee in place of Dr. S.C. Khuntia in its 49th meeting held on 23rd July 2015. Other members of the Committee remained the same.

As the Company has not made any profit during the preceding three financial years, there is no mandatory requirement for company to spend money on CSR activities.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual return is enclosed in **Annexure A**.

MEETING OF THE BOARD

The Board of Directors of the Company met 5 (five) times in the financial year 2014-15 as per the following details :

- (i) 21st June 2014
- (ii) 13th August 2014
- (iii) 31st December 2014
- (iv) 30th January 2015
- (v) 28th March 2015

CHANGE IN THE NATURE OF BUSINESS

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

TRANSFER TO RESERVES

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

PARTICULARS OF EMPLOYEES

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

DECLARATION BY THE INDEPENDENT DIRECTORS

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

PERFORMANCE EVALUATION OF THE BOARD

Performance evaluation of non independent directors and the Board as a whole is to be carried out by the Independent Directors. As the Independent Directors were appointed on the Board of ISPRL in its 48th Board Meeting held on 28th March 2015, the performance evaluation of the Board for the year 2014-15 has not been carried out.

RISK MANAGEMENT

Till the year 2014-15, the projects being implemented by ISPRL were in the construction phase. The projects were being executed through contractors selected on competitive basis. The contractors have taken Insurance policy to cover risks of their equipments and manpower etc. including third party risk on account of their activities. All risks insurance policies for all underground and above ground contracts of ISPRL are taken by ISPRL.

The Company is in the process of developing a comprehensive Risk Management Policy post construction phase of ISPRL.

KEY MANAGERIAL PERSONNEL (KMP)

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

- a) - CEO & Managing Director – Shri Rajan K. Pillai
- b) - Chief Financial Officer – Shri S.R. Hasyagar
- c) - Company Secretary – Shri Arun Talwar (w.e.f. 16.12.2014)

Smt. Bhavya Gupta, former Company Secretary has resigned on October 14, 2014.

REMUNERATION OF DIRECTORS

All Directors on the Board of ISPRL are ex-officio directors nominated by Ministry of Petroleum and Natural Gas except CEO & MD. Other officers of the Company including KMP are on deputation from oil sector PSUs. In case of CEO & MD, the Nomination and Remuneration Committee (NRC) met on 7th September 2015 and deliberated the remuneration and other terms of appointment of CEO & MD. The NRC is in the process of finalizing the remuneration and other terms of appointment of CEO & MD.

MATERIAL CHANGES AND COMMITMENTS

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

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

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

SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

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

AUDITORS

STATUTORY AUDIT:

The Comptroller & Auditor General of India (C&AG) has appointed M/s Purushothaman Bhutani & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company, who have submitted their report on the accounts of the Company for the Financial Year ended 31st March, 2015 (**Annexure B**). The Auditors Report to the Shareholders does not contain any qualification.

On the basis of supplementary audit conducted by Comptroller and Auditor General of India (C & AG) under Section 143 (6) of the Companies Act, 2013 of the Financial Statements of the Company for the Financial Year ended 31st March 2015, C&AG has found nothing significant which would give rise to any comment upon or supplement to Statutory Auditor's report. (**Annexure C**).

SECRETARIAL AUDIT :

During the year, the Board of the Company had appointed M/s PG & Associates, Company Secretaries (CP No. – 6065) Company Secretaries in Whole-time Practice, as Secretarial Auditors of the Company to carry out Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 and the Rules framed thereunder, for the financial year 2014-15. The Report given by Secretarial Auditors is annexed to this report as **Annexure D**. There is no significant observation.

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

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

The Company does not have any foreign exchange earnings during the year. However it has utilized foreign exchange for its business activities aggregating to Rs. 37.87 Lakh during the period under review.

INTERNAL CONTROLS

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

RELATED PARTY TRANSACTIONS

There were no related party transactions during 2014-15 financial year.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. That Directors have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2015 and of the Profit and Loss of the Company for that year;

3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2015 on a 'going concern' basis.
5. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS

Your Board of Directors presently comprises of 6 part-time Non-Executive Directors (ex-officio) and one full-time CEO & MD, details are given below :

- (I) Shri K.D. Tripathi, Secretary, Ministry of Petroleum and Natural Gas (MoP&NG) – Chairman (DIN 07239755)
- (ii) Shri A.P. Sawhney, Additional Secretary, MoP&NG - Director (DIN 03359323)
- (iii) Shri U.P. Singh, Secretary, OI DB – Director (DIN 00354985)
- (iv) Shri Sandeep Poundrik, Joint Secretary (R), MoP&NG – Director (DIN 01865958)
- (v) Shri Rajan K. Pillai, Chief Executive Officer & Managing Director (DIN 06799503)
- (vi) Smt. Sangita Gairola, Independent Director (DIN 07172316)
- (vii) Shri S.B. Agnihotri, Independent Director (DIN 03390553)

The following changes took place in the Board of Directors since 1st April, 2014:

- (i) Shri Sandeep Poundrik, Director (appointed w.e.f. 12.01.2015)
- (ii) Shri A.P. Sawhney, Director (appointed w.e.f. 28.03.2015)
- (iii) Smt. Sangita Gairola, Independent Director (appointed w.e.f. 28.03.2015)
- (iv) Shri S.B. Agnihotri, Independent Director (appointed w.e.f. 28.03.2015)
- (v) Shri K.D. Tripathi, Chairman (appointed w.e.f. 17.07.2015)
- (vi) Shri U.P. Singh, Director (appointed w.e.f. 28.08.2015)
- (vii) Shri R.K. Singh, Director (ceased w.e.f. 25.09.2014) (DIN 05193269)
- (viii) Shri Rajive Kumar, Director (ceased w.e.f. 01.12.2014)(DIN 06620110)
- (ix) Shri Saurabh Chandra, Chairman (ceased w.e.f. 30.04.2015) (DIN 02726077)
- (x) Shri L.N. Gupta, Director (ceased w.e.f. 05.06.2015) (DIN 01872190)

(xi) Dr. S.C. Khuntia, Director (ceased w.e.f. 15.06.2015) (DIN 05344972)

ACKNOWLEDGEMENT

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

For and on behalf of the Board

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

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

Date: 28th September 2015

Place: New Delhi

Annexure – A
FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

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

II. ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING COMPANY

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

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

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	NIL	239.70	239.70	100	NIL	312.70	312.70	100	30.5
k) Banks/FI									
l) Any Other..									
Sub-total (A) (1):-	NIL	239.70	239.70	100	NIL	312.70	312.70	100	30.5
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total share holding of Promoter (A) = (A)(1)+(A)(2)	NIL	239.70	239.70	100	NIL	312.70	312.70	100	30.5
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FII's h) Foreign Venture Capital Funds i) Others (specify) Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	239.7	239.7	100%	NIL	312.7	312.7	100%	30.5

(i) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Oil Industry Development Board *							
	Total	239.7	100	NIL	312.7	100	NIL	30.5

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

1. Mr. Ajay Mishra
2. Mr. Amitabh Dwivedi
3. Mr. Ganesh Chandra Dovel
4. Mr. Rajesh Kumar Saini
5. Mr. Girish Chandra
6. Mrs. Jyoti Sharma

(iii) Change in Promoter's Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares (Number) in Crore)	% of total shares of the company	No. of shares (Number) in Crore)	% of total shares of the company
	At the beginning of the year	239.7	100	312.7	100
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	<u>Allotment of Shares</u> i) 21.06.2014 49.35 Cr. Shares ii) 12.08.2014 3.35 Cr. Share iii) 19.09.2014 5.47 Cr. Shares iv) 31.12.2014 7.05 Cr. Shares v) 28.03.2015 7.80 Cr. Shares			
	At the end of the year	312.7	100	312.7	100

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

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

(v) Shareholding of Directors and Key Managerial Personnel :

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Shri Rajan K. Pillai, CEO & Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.15,71,904/-	Rs.15,71,904/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.10,92,300/-	Rs.10,92,300/-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify...		
5.	Others, please specify		
	Total (A)	Rs.26,64,204/-	
	Ceiling as per the Act	Rs.88,45,880/-	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
B. Remuneration of other directors:

SI No.	Particulars of Remuneration	Name of Directors		Total Amount
	3. Independent Directors	Smt. Sangita Gairola	Shri S.B. Agnihotri	
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	NIL	NIL	NIL
	Total (1)			
	4. Other Non-Executive Directors			
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	NIL	NIL	NIL
	Total (2)			
	Total (B) = (1 + 2)			
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	Rs.88,45,880/-		

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

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

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Strategic Petroleum Reserves Limited**, Which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express a opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made here under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing a opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its loss and its 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, 2015 issued by the Central Government of India in terms of sub-sections (11) of sections 143 of the Act, we enclose in the Annexure a statement of the matters specified in paragraphs 3 and 4 of the said Order.
2. The C&AG of India has issued directions/ sub directions under section 143(5) of the Companies Act, these directions under section 143(5) are not applicable to the company.
3. As required by Section 143(3) of the Act, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examinations of those books.
 - (c) The Company does not have any Branch offices.
 - (d) The Balance Sheet, the statement of Profit and Loss and the cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

- (f) On the basis of the written representation received from the directors as on 31st March, 2015 taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2015 from being appointed as directors In terms of Section 164(2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- I The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any materials foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For Purushothaman Bhutani & Co.

Chartered Accountants
FRN 005484N

Sd/-

CA Binay Kumar Jha
Partner
M.No.509220

Place : New Delhi

Date : 23rd July, 2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Indian Strategic Petroleum Reserves Limited for the year Ended on 31.03.2015

1. (a) Company has maintained proper records showing full particulars , including quantitative details and situation of fixed assets;
(b) Fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification;
2. Para (ii) is not applicable to the Company;
3. According to the information & explanation given to us, the Company has not granted any loans secured or unsecured to the Companies, firms or other parties covered in the register maintained under section 189 of the Companies 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, for the purchase fixed assets. 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. The company has not accepted any deposits;
6. The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act;
7. (a) According to the information and explanation given to us and the records examined by us in our opinion the Company is regular in depositing statutory dues including income tax, tax deducted at source and the other statutory dues applicable to it with the appropriate authority;
(b) According to the information and explanation given to us and the records examined by us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute ;
8. In our opinion the accumulated losses of the Company are less than fifty percent of the Net worth as at 31st March, 2015;
9. The Company did not have any outstanding dues to any financial institutions, banks or debenture holders during the year;
10. The Company has not given any guarantee for loans taken by others from bank or financial institutions;
11. The Company does not have any term loans during the year;

12. According to 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 Purushothaman Bhutani & Co.

Chartered Accountants

FRN 005484N

Sd/-

CA Binay Kumar Jha

Partner

M.No.509220

Place : New Delhi

Date : 23rd July, 2015

ANNUAL ACCOUNTS

2014-15

Indian Strategic Petroleum Reserves Limited

Balance Sheet as at 31 March, 2015

Particulars	Note No	As at 31 March, 2015	As at 31 March, 2014
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	31,273,246,700	23,970,000,000
(b) Reserves and surplus	4	(314,438,475)	(255,435,089)
		30,958,808,225	23,714,564,911
Share application money pending allotment	3.3	760,000,007	4,675,746,707
Non-current liabilities			
a) Other long - term liabilities	5	1,794,549,780	2,090,021,516
Current liabilities			
(a) Trade Payables	6	272,482,618	267,529,042
(b) Other current liabilities	7	337,034,095	113,471,348
c) Short Term Provisions	8	0	1,132
		609,516,713	381,001,522
TOTAL		34,122,874,725	30,861,334,657
ASSETS			
Non-Current assets			
a) Fixed assets			
(i) Tangible assets	9A	1,312,216,078	1,308,927,312
(ii) Capital work-in-progress	9B	32,262,653,741	28,564,035,161
b) Long-term loans and advances	10	224,855,904	551,146,045
		33,799,725,723	30,424,108,518
Current assets			
(a) Cash and cash equivalents	11	206,921,531	243,998,860
(b) Short-term loans and advances	12	116,227,471	193,227,280
		323,149,002	437,226,139
TOTAL		34,122,874,725	30,861,334,657
Additional information to the Financial Statements		1 to 15	

In terms of our report attached.

For and on behalf of the Board of Directors
For Purushothaman Bhutani & Company

 Chartered Accountants
 FRN.005484N

 Sd/-
(CA Binay Kumar Jha)
 Partner
 M.No.509220

 Place : New Delhi
 Date : 23.07.2015

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

 Sd/-
(Arun Talwar)
 Company Secretary

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

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

Indian Strategic Petroleum Reserves Limited

Statement of Profit and Loss for the year ended 31 March, 2015

Particulars	Note No	As at 31 March, 2015	As at 31 March, 2014
		₹	₹
Expenses			
(a) Depreciation and amortization expenses	9A	44,985,777	43,145,270
(b) Other expenses	13	3,682,742	2,762,751
(c) Stamp duty	13A	7,303,247	4,277,320
Total expenses		55,971,766	50,185,342
(Loss) before exceptional extraordinary items and tax		(55,971,766)	(50,185,342)
Exceptional items :			
Excess provision of stamp duty reversed		(1,125)	-
		(55,970,641)	(50,185,342)
Prior Period Expenses			
Amortization and Depreciation Expense		3,032,745	
Tax expense :			
Current tax expense for current year		-	-
(Loss) from continuing operations		(59,003,386)	(50,185,342)
(Loss) for the year		(59,003,386)	(50,185,342)
(Loss) per share (of '10/- each)	15.2		
(a) Basic	15.2.a	(0.02)	(0.02)
(b) Diluted	15.2.b	(0.02)	(0.02)
Additional information to the Financial Statements		1 to 15	

In terms of our report attached.

For and on behalf of the Board of Directors

For Purushothaman Bhutani & Company

Chartered Accountants
FRN.005484N

Sd/-
(CA Binay Kumar Jha)
Partner

M.No.509220

Place : New Delhi

Date : 23.07.2015

Sd/-
(Sandeep Poundrik)
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Company Secretary

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

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

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note	Particulars
1	<p><u>Corporate Information</u></p> <p>Indian Strategic Petroleum Reserves Limited was incorporated on 16th June 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by 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>Basic of Accounting</p> <p>The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 2013, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 129 of the Companies Act 2013.</p>
2.2	<p>Use of Estimates</p> <p>The Financial Statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.</p>
2.3	<p>Fixed Assets / Intangible Assets</p> <p><u>Fixed Assets</u></p> <p>All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.</p> <p>Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land. Land acquired on lease for 99 years or less is treated as leasehold land.</p>

Intangible Assets

Intangible assets are recognized if:

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

2.4 Depreciation and Amortisation

Depreciation is provided on Straight Line Method as per the useful life specified in Schedule II to the Companies Act, 2013

The Company has changed the method of accounting Depreciation from Written Down Value to Straight Line Method

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

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

- (i) The project for Strategic Oil Reserves is under implementation 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.
- (ii) The expenses incurred for project development, feasibility studies, fees to pollution control Boards, Project Management Consultancy charges, Land acquisition expenses, payments made to the contractors (underground/aboveground), Advertisement expenses, Insurance premia, cost of diesel supplied for underground works etc. have been shown as "Construction Work In Progress".
- (iii) The indirect/incidental expenses (including Head Office expenses) are apportioned to all the three projects i.e. Vishakhapatnam, Mangalore and Padur in proportion to the direct expenditure incurred as on the close of the financial year.
- (iv) Insurance Claims are accounted on settlement of the claim.

2.6 Provisions and Contingencies

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

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

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

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

2.7 Impairment of Assets

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

2.8 Leases

Operating leases

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

2.9 Employee Benefits

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

2.10 Foreign Currency Transactions and Translations

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

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

Notes forming part of the Financial Statements
Note 3 Share Capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of Shares	₹	Number of Shares	₹
(a) Authorised Equity shares of Rs. 10 each	37,724,000,000	3,240,000,000	37,724,000,000	3,240,000,000
(b) Issued/Subscribed and fully Paid Up Equity shares of Rs. 10 each	3,127,324,670	31,273,246,700	2,397,000,000	23,970,000,000
Total	3,127,324,670	31,273,246,700	2,397,000,000	23,970,000,000

Particulars			
Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
Equity shares			
Year ended 31 March, 2015			
- Number of shares	2,397,000,000	730,324,670	3,127,324,670
- Amount (₹)	23,970,000,000	7,303,246,700	31,273,246,700
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

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

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	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	3,127,324,670	100%	2,397,000,000	100%

Note 3.3 Share Application Money Pending Allotment

As at 31 March 2015, out of amounts received from OIDB till 31.3.2015, Equity Shares were yet to be allotted for an amount of Rs. 76,00,00,007 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
(Deficit) in Statement of Profit and Loss		
Opening balance	(255,435,089)	(205,249,747)
Add: (Loss) for the year	(59,003,386)	(50,185,342)
Total	(314,438,475)	(255,435,089)

Notes forming part of the Financial Statements

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Withholding from Contractors - Contractual	444,549,680	590,021,416
Advance from HPCL	1,350,000,100	1,350,000,100
Advance from OIDB	-	150,000,000
Total	1,794,549,780	2,090,021,516

Note 6 Trade Payables

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Trade payables	272,482,618	267,529,042
Total	272,482,618	267,529,042

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Other Payables		
(i) Statutory remittances (Withholding Taxes, Labour Cess, TDS & Work Contract Tax)	21,193,781	48,914,613
(ii) Others (Amount Adjustable against Rock Disposal)	8,543,126	11,408,003
(iii) Security deposit / EMD	1,642,675	1,599,852
(iv) Withholding from Contractors - Supply	305,654,513	51,548,881
Total	337,034,095	113,471,348

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Provision for ENC Land Rentals	-	7
Creditors for Expenses	-	1,125
Total	0	1,132

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, 2014	Additions During the Year	Deletions During the Year	Balance as at 1 April, 2014	Depreciation/ Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2015	Balance as at 31 March, 2014
	₹	₹	₹	₹	₹	₹	₹	₹
(a) Leasehold Land	1,502,803,957	44,921,008	-	196,361,366	46,840,226	-	1,304,523,373	1,306,442,591
(b) Furniture and Fixtures	1,360,917	999,068	-	324,306	3,496	-	2,032,183	1,036,611
(c) Office equipment	1,410,929	3,047,534	-	516,349	522,003	-	3,420,111	894,580
(d) Computer	2,221,344	1,907,331	-	1,667,815	652,347	-	1,808,513	553,529
(e) Plant & Machinery	-	432,348	-	-	450	-	431,898	-
Total	1,507,797,147	51,307,289	-	198,869,836	48,018,522	-	1,312,216,078	1,308,927,312
As at 31 March, 2014	1,507,028,413	768,734	-	155,724,566	43,145,270	-	1,308,927,312	1,351,303,848

B. Capital Work In Progress (Refer Note No. 9B)	Balance as at 31 March, 2015		Balance as at 31 March, 2014	
	₹	₹	₹	₹
Phase-I				
- Visakhapatnam Cavern	10,361,262,884		9,041,448,913	
- Padur Cavern Storage Project @	13,535,692,846		11,997,530,683	
- Mangalore Cavern Project @	8,365,698,011		7,525,055,565	
Phase II DFR	-		-	
Total	32,262,653,741	28,564,035,161		

@ includes apportioned Head Office expenses

Notes forming part of the Financial Statements

Note 9.B Capital Work in Progress

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	
Construction Work in Progress (Including unallocated capital expenditure, material at site)		
<u>Storage Phase - I</u>		
<u>Vishakhapatnam Cavern Storage project</u>		
Underground Civil Works	4,954,828,852	4,544,125,287
Aboveground Process Facilities	4,128,029,273	3,432,355,193
Project Management Consultancy	1,090,693,432	904,081,080
Study & Survey	17,267,798	16,316,780
Pre-commissioning/Commssioning-Vizag.	18,675,431	-
Other Project Expenses	32,435,218	43,935,921
Head Office Expenses	119,332,880	100,634,652
TOTAL	10,361,262,884	9,041,448,913
<u>Padur Cavern Storage Project</u>		
Underground Civil Works	8,288,498,477	7,582,937,065
Aboveground Process Facilities	2,770,681,846	2,247,093,444
Project Management Consultancy	1,361,919,179	1,245,164,254
Study & Survey Padur	12,168,060	12,265,256
Pre-commissioning/Commssioning-Padur	11,465,093	-
Other Project Expenses	91,958,317	51,399,690
Pipeline	895,971,267	777,432,003
Head Office Expenses	103,030,607	81,238,970
TOTAL	13,535,692,846	11,997,530,682
<u>Mangalore Cavern Storage Project</u>		
Underground Civil Works	4,121,501,179	3,979,637,211
Aboveground Process Facilities	2,485,541,382	2,026,517,111
Project Management Consultancy	1,011,964,171	987,474,493
Study & Survey	13,558,986	13,558,986
Pre-commissioning/Commssioning-Mangalore	12,881,090	-
Other Project Expenses	17,960,661	12,833,869
Pipeline	638,338,346	452,941,350
Head Office Expenses	63,952,196	52,042,545
TOTAL	8,365,698,011	7,525,055,565
TOTAL CONSTRUCTION WORK IN PROGRESS	32,262,653,741	28,564,035,160

Notes forming part of the Financial Statements
Note 10 Long-term Loans and Advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Security deposits	46,557,034	20,369,274
Balances with Government authorities - CENVAT credit receivable	144,084,370	380,776,771
Advance to HCC- Vizag. Project	-	150,000,000.00
Advance against land-Padur	34,214,500	-
Total	224,855,904	551,146,045

Note 11 Cash and Cash Equivalents

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Cash in hand	2,773	1,297
Balances with banks - Autosweep Current A/c	206,918,758	243,997,563
Total	206,921,531	243,998,860

Note 12 Short-term Loans and Advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
	₹	₹
Prepaid expenses - Unsecured, considered good	5,477,217	4,062,315
Other loans and advances - Unsecured considered good		
TDS Receivable *	12,824,337	13,934,682
Advances recoverable in cash or kind	11,766,554	12,199,553
Advance towards ROU Acquisition and Diesel Supply	7,253,877	76,608
Mobilisation Advance	74,418,733	128,739,622
Advance against land-Padur	-	34,214,500
Advance against Stamp Duty on Shares	4,486,753	-
Total	116,227,471	193,227,280

* TDS receivable of Rs.38,10,397 is towards excess TDS paid. The Refund has been forwarded to TDS CPC.

Note 13 Other Expenses

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹	₹
Legal and Professional Fee	605	22,410
Payments to auditors (Refer Note (i) below)	272,540	218,871
Office Expenses	3,409,597	2,521,470
Total	3,682,742	2,762,751

Notes forming part of the Financial Statements

Note 13 (i) : Details of payments to Auditors

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹	₹
Payments to the auditors comprises :-		
'As auditors - Statuary audit-	168,500	168,500
'Reimbursement of expenses -	16,400	15,500
'For Company law matters -	-	6,741
Internal Auditor's Remuneration	87,640	28,090
Total	272,540	218,871

Note 13A Details of Stamp Duty Expenses

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹	₹
Stamp duty on share issued	7,303,247	4,277,320
Total	7,303,247	4,277,320

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, 2015	As at 31 March, 2014
	₹ in Lakhs	₹ in Lakhs
(I) Contingent liabilities	611	611
Includes Liability towards development of Green Belt and CST Reimbursement		
(ii) Demand of Entry Tax including interest and penalty for the year 2010-11 & 2011-12 on Diesel purchased from MRPL		
F.Y. 2010-11	38	38
F.Y. 2011-12	121	121
(iii) Demand of Income Tax including interest for Assessment Year 2012-13	27	-
(iv) Demand of Department of Mines & Geology of Government of Andhra Pradesh for royalty on sale of excavated material at Visakhapatnam site as per the department rules		
F.Y. 2014-15	104.93	-
(v) Indemnity		
Mangalore Special Economic Zone Limited has been issued an Indemnity, the Indemnity so issue is covered by Insurance policy	2,500.00	-
(vi) Capital Commitments		
Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	439,570	32,867
(vii) In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs. 1,03,800 Lakhs for Visakhapatnam project, as against the estimated cost of Rs. 67,183 Lakhs (at September 2005 prices). During the year 2013-14 revised cost estimates for Mangalore for Rs. 12,27,00 Lakhs, as against the originally estimated cost of Rs. 7,31,72 Lakhs & for Padur project Rs. 16,93,00 Lakhs, as against original estimated cost of Rs. 9,93,28 Lakhs were approved. In August 2014, the Government approved revised cost estimates of Rs. 1,17,835 Lakhs for Visakhapatnam (excluding Rs. 9,100 Lakhs as income tax liability on account of joint ownership with HPCL). The proportionate capital contribution by HPCL is on the basis of the storage capacity (HPCL share 0.30 MMT, total cavern capacity 1.33 MMT) relative to the cost of the project. The revision in the cost is on account of change in scope, additions/deletions made to take care of site conditions and technological improvements, exchange rate variations and increase in statutory levies.		

Notes forming part of the Financial Statements
14.2 Expenditure in Foreign Currency (Equivalent INR)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ in Lakhs	₹ in Lakhs
Other matters (Foreign Travel)	5.50	16.54
Other matters (Payment released in USD-22000 and Euro-67241 for DFR Study Ph-II and Euro-11,43,097 for Pumps)	37.87	929.52

14.3 Earnings in foreign exchange

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	₹ 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 2015, 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 2014-15, which are not directly 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 OIDB has been transferred from CWIP. Rs 52.90 lakhs paid during the year has been debited to OIDB.

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 target date for completion of Vishakhapatnam project was February, 2015. The facility was ready to receive crude in March 2015. There was a rock slide incidence at Visakhapatnam cavern A1 on 7th April 2011. Additional amount of Rs. 1250 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 has been completed.

14.7 (i) At Vishakhapatnam, 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 Vishakhapatnam 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). 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. Pursuant to decision in 48th Board Meeting, provision of Rs. 308 Lakhs has been made under Land for one time compensation to 44 PDFs at Mangalore site. Execution of Lease deed with MSEZL is pending.

- (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 totalling to Rs.357.60 lakhs has been paid till 31st March 2015 on the Rs.3,57,600 Lakhs authorised share capital. During the year, shares have been issued for Rs 73,032.47 Lakhs.
- 14.9** Share capital as on 31.3.2012 includes Rs. 17,801 lakhs allotted in May 2010 and Rs. 47,930 lakhs allotted in May 2011. Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. The decision to pay stamp duty was taken by the Board after 31st March 2011 and pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment was filed with Company Law Board (CLB) in April 2012. The Board in 47th Board Meeting approved withdrawal of the CLB petition. Accordingly, application for withdrawing CLB petition has been filed.
- 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. During 2013-14 Company had recalculated and accounted eligible CENVAT credit amounting to Rs.3807 Lakhs as on 31.3.2012. Service Tax Return has been filed accordingly. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit from April 2011 for the construction activities for setting up of the projects.
- 14.11** During current Financial Year, Government has approved total budgetary support of Rs. 4,94,800 lakhs for filling of crude oil. With this allocation, it is expected that Visakhapatnam cavern will be strategic crude oil storage only. Accordingly, CENVAT receivable of Rs. 2,366.92 Lakhs related to Visakhapatnam facility has been reversed during the year to CWIP.
- 14.12** 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.
- 14.13** Retention money of Rs.4445.50 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.
- 14.14** As on 31st March 2015, the Company's day to day work was handled by 14 personnel taken on deputation HPCL (4), ONGC (4), IOCL (2), GAIL (1), BPCL (1), Oil India (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.
- 14.15** 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).
- 14.16** (i) The Company has earned Rs 82.85 Lakhs interest from the balances available in "Sweep-in-Sweep-Out" account during 2014-15 as against Rs.97.38 lakhs during the year 2013-14.
- (ii) Depreciation amounting to Rs.449.86 Lakhs (including amortization on leased land for all three projects) has also been charged to the Statement of Profit & Loss during 2014-15 as against Rs.431.45 Lakhs during the year 2013-14.
- (iii) Due to change in method of charging depreciation, Rs.1.07 Lakhs excess depreciation charged till 2014 has been adjusted during the year.

(iv) Amortisation includes Rs.30.33 Lakhs till 2014 on account of provision of one time compensation of Rs.308 Lakhs ,which has been reported as prior period expense in the Statement of Profit and Loss for the year 2014-15.

14.17 Advance given to HCC of Rs 1500 lakhs grouped under long term loans & advances has been fully recovered during the year.

14.18 Pipes purchased for Padur and Manglore have been identified for each project and the applicable costs of Rs. 8,959.71 Lakhs for Padur & Rs. 6,383.38 Lakhs for Manglore have been classified under respective project.

14.19 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.387.76 lakhs and receipts from sale of rocks was Rs. 27.55 Lakhs.

The total interest and receipts from rock sale reduced from Capital Work in Progress from year 2008-09 to 2014-15 is Rs. 1763 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.

(vi) Financial Year 2013-14 interest received & proceeds from rock sale was Rs. 591.00 lakhs & Rs. 43.02 lakhs respectively.

14.20 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.

14.21 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.

14.22 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.

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

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

14.24 Balances of the Contractors are subject to confirmation.

Notes forming part of the Financial Statements

Note 15 Disclosures under Accounting Standards

Note	Particulars				
15.1	Related party transactions				
15.1 a	Details of related parties:				
	Description of relationship	Names of related parties			
	Holding Organisation	Oil Industry Development Board (OIDB) holding 100% equity in the Company			
	Key Management Personnel (KMP)	<p>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)</p> <p>Shri Saurabh Chandra, Chairman (w.e.f. 07.03.2014) Shri Ajay Prakash Sawhney, Director (w.e.f. 28.03.2015) Shri Subhash Khuntia, Director Shri Rajive Kumar, Director (Till 01.12.2014) Shri R.K. Singh, Director (Till 25.09.2014) Shri Sandeep Poundrik, Director (w.e.f.12.01.2015) Shri L.N. Gupta, Director (w.e.f.17.06.2013)</p> <p>Independent Directors</p> <p>Shri Satish Balram Agnihotri, Director (w.e.f. 28.03.2015) Smt.Sangita Gairola, Director (w.e.f. 28.03.2015)</p>			
15.1 b	Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:				
	Particulars	Holding Organisation (OIDB)	KMP (CEO)	Total	
		₹	₹	₹	
	Finance (including loans and equity contributions in cash or in kind)	762,104,191 (4,827,313,451)		762,104,191 (4,827,313,451)	
	*Management contracts including for deputation of employees		2,111,368 (3,910,857)	2,111,368 (3,910,857)	
	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 31.03.2015	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
		₹	₹	₹	₹
	(i) Transaction during the year <i>Expenses incurred on behalf of the Company</i>	2,104,184	1,566,744	14,189,116	22,065,601
	(ii) Balances at the year end	760,000,007	4,825,746,707	1,571,064	-
	Total	762,104,191	4,827,313,451	15,760,180	22,065,601
	* 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, 2015	For the year ended 31 March, 2014
		₹	₹
15.2	Earnings per share		
15.2.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(59,003,386)	(50,185,342)
	Number of equity shares Outstanding	3,127,324,670	2,397,000,000
	Par value per share	10	10
	Loss per share from continuing operations - Basic	(0.02)	(0.02)
15.2.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(59,003,386)	(50,185,342)
	Number of equity shares Outstanding - For Diluted	3,203,324,671	2,879,574,671
	Par value per share	10	10
	Loss per share, from continuing operations - Diluted	(0.02)	(0.02)

Cash Flow Statement for the year ended 31 March, 2015

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Loss before extraordinary items and tax		(59,003,386)		(50,185,342)
Add:				
Depreciation and amortisation for the year	48,018,522		43,145,270	
		48,018,522		43,145,270
Operating (Loss) before working capital changes		(10,984,864)		(7,040,072)
Adjustments for :				
Short term loans & advances	76,999,809		246,714,125	
Trade Payables	4,953,576		(1,034,669,704)	
Other Current Liabilities	223,562,747		(81,816,669)	
Short term provisions	(1,132)		(1,433,597)	
		305,515,000		(871,205,845)
Cash generated from operation (before extraordinary items)		294,530,136		(878,245,917)
Net cash from / (used in) operating activities (A)		294,530,136		(878,245,917)
B. Cash flow from investing activities				
Long-term loans and advances	326,290,142		-	
Advance made to third party	-		(150,000,000)	
Purchase of fixed assets	(51,307,289)		(768,734)	
Capital Work In Progress	(3,698,618,581)		(5,651,395,357)	
		(3,423,635,728)		(5,802,164,091)
Net Cash from / (used in) investing activities (B)		(3,423,635,728)		(5,802,164,091)
C. Cash flow from financing activities				
Repayment of long term borrowings	(295,471,736)		-	
Proceeds from long term borrowings	-		1,623,828,921	
Proceeds from issue of equity shares	3,387,500,000		5,210,966,507	
		3,092,028,264		6,834,795,428
Net Cash from / (used in) financing activities (c)		3,092,028,264		6,834,795,428
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		(37,077,328)		154,385,420
Cash and cash equivalents at the beginning of the year		243,998,859		89,613,439
Cash and cash equivalents at the end of the year		206,921,531		243,998,859

In terms of our report attached.

For and on behalf of the Board of Directors

For Purushothaman Bhutani & Company

Chartered Accountants
FRN.005484N

Sd/-
(CA Binay Kumar Jha)
Partner
M.No.509220

Place : New Delhi
Date : 23.07.2015

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

Sd/-
(Arun Talwar)
Company Secretary

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

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN STRATEGIC PETROLEUM RESERVE LIMITED FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of financial statements of Indian Strategic Petroleum Reserve Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 July, 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Indian Strategic Petroleum Reserve Limited (ISPRL) for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-
(Suparna Deb)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi.

Place: New Delhi
Date: 31.08.2015

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.3.2015**

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indian Strategic Petroleum Reserves Limited ("the Company") for the financial year ended on 31st March 2015 according to the provisions of:

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

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: N.A
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: N.A
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: N.A
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client : N.A
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: N.A
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: N.A
- (i) The Petroleum Act, 1934
- (j) Explosives Act, 1884.
- (k) The Oil Industry (Development) Act, 1974
- (l) The Oil fields Act, 1948
- (m) The Environmental Laws :
 - i) The Water (Prevention and Control of pollution) Act, 1974
 - ii) The Air (Prevention and Control of pollution) Act, 1981
 - iii) The Environment (Protection) Act, 1986
 - iv) Hazardous Wastes (Management and handling) Rules 1989

We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and Regulations to the Company.

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

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

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

- a) The gap between two board meetings held on 13.8.2014 and 31.12.2014 exceeded 120 days , though the total number of Board meetings held during the financial year under review were more than 4, the company has been advised to take care of this in future.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of

Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

FOR PG & ASSOCIATES

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

Place : Noida

Date : 14.08.2015

COMPANY SECRETARIES

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

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

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

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

Place : Noida
Date : 14.08.2015

List of documents verified

1. Memorandum and Articles of Association
2. Annual Report for the financial year ending on 31 March, 2014.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under the report.
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of transfers
 - Register of members
6. Agenda papers submitted to all the directors/members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. e-forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under the report.
9. Environment Clearance Certificates for establishment issued by Andhra Pradesh Pollution Control Board for facility at Vishakhapatnam and Karnataka Pollution Control Board for facilities at Udupi and Mangalore.
10. Consent to operate issued by Andhra Pradesh Pollution Control Board for facility at Vishakhapatnam.
11. Environment clearance letter from Ministry of Environment and Forests, Karnataka and Andhra Pradesh
12. Certificate of registration from Ministry of Labour.
13. Approvals issued by Petroleum and Explosives Safety Organisation, Nagpur for overall plan/carry on blasting activities/storage.
14. NOC from Commissioner of Police for building Crude Oil Reserve at Vishakhapatnam.
15. Approval letter from Karnataka Industrial Area Development Board for construction of factory building at Udupi.
16. Approval letters from Central Electricity Authority

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.