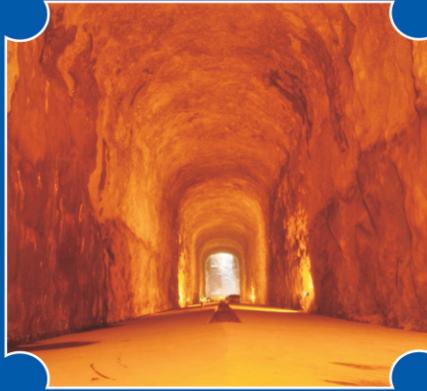


ANNUAL REPORT 2011-2012



OIL INDUSTRY DEVELOPMENT BOARD

Ministry of Petroleum & Natural Gas

Government of India

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CHAPTER - I

- A) MEMBERS OF BOARD
- B) AIMS & OBJECTIVES
- C) REPORT ON THE WORKING
OF THE BOARD



Members of the Board (During the period under Report)

CHAIRMAN

1. **Shri S. Sundareshan**
Secretary,
Ministry of Petroleum & Natural Gas
(Upto 03.05.2011)
2. **Shri G.C.Chaturvedi**
Secretary,
Ministry of Petroleum & Natural Gas
(From 04.05.2011 onwards)

MEMBERS

3. **Shri M. Raman**
Secretary,
Deptt. of Chemicals & Petrochemicals
(Upto 30.04.2011)
4. **Shri K. Jose Cyriac**
Secretary,
Deptt. of Chemicals & Petrochemicals
(From 19.07.2012 onwards)
5. **Smt. Vilasini Ramachandran**
Special Secretary (Expenditure),
Ministry of Finance
(Upto 14.11.2011)
6. **Smt. Anjuly Chib Duggal**
Addl. Secretary (Expenditure),
Ministry of Finance
(From 15.11.2011 onwards)
7. **Shri P.K.Sinha**
Special Secretary & Financial Adviser,
Ministry of Petroleum & Natural Gas
(Upto 28.02.2012)

8. **Shri D.N.Narasimha Raju**
Joint Secretary,
Ministry of Petroleum & Natural Gas
(Upto 05.01.2012)
9. **Shri A. Giridhar**
Joint Secretary,
Ministry of Petroleum & Natural Gas
(From 06.02.2012 onwards)
10. **Shri Sunil Kumar Srivastava**
Director General,
Directorate General of Hydrocarbons
(Upto 25.02.2012)
11. **Shri R. S. Butola**
Chairman & Managing Director
Indian Oil Corporation Limited
12. **Shri B.C. Tripathi**
Chairman & Managing Director,
GAIL (India) Ltd.
13. **Shri A. K. Hazarika**
Chairman & Managing Director,
Oil and Natural Gas Corporation Ltd.
(Upto 02.10.2011)
14. **Shri Sudhir Vasudeva**
Chairman & Managing Director,
Oil and Natural Gas Corporation Ltd.
(From 03.10.2011 onwards)
15. **Shri R. K. Singh**
Chairman & Managing Director
Bharat Petroleum Corporation Limited
16. **Shri Roy Choudhary**
Chairman & Managing Director
Hindustan Petroleum Corporation Limited
17. **Dr. R. K. Malhotra**
Director (R&D),
Indian Oil Corporation Limited
- MEMBER SECRETARY**
18. **Shri Arun Kumar**
Secretary,
Oil Industry Development Board

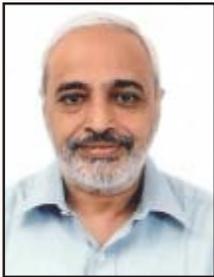
CHAIRMAN AND MEMBERS OF THE BOARD



S. Sundareshan



G.C. Chaturvedi



M. Raman



K. Jose Cyriac



Vilasini Ramachandran



Anjuly Chib Duggal



P. K. Sinha



D. N. Narasimha Raju



A. Giridhar



Sunil Kumar
Srivastava



R. S. Butola



B. C. Tripathi



A. K. Hazarika



Sudhir Vasudeva



R. K. Singh



Roy Choudhary



R. K. Malhotra



Arun Kumar

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

Secretary	Shri Arun Kumar
FA&CAO	Shri T.S.Balasubramanian (Upto 02.03.2012) Shri M.C. Singh (w.e.f. 05.03.2012)
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
Office of the Board (Registered)	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Corporate Office	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301. (U.P.)
Telephone Nos.	011-23413540 [Delhi office] 011-23414692 0120-2594602 [NOIDA Office] 0120-2594627
Fax	011-23414882 [Delhi office] 0120-2594630 [NOIDA office]
E-mail	oidb-mopng@nic.in
Website	www.oidb.gov.in

Aims & Objectives

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.

1. Introduction

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

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

Preamble to the Oil Industry (Development) Act clarifies that the purpose of the Act is to provide for the establishment of a Board for development of oil industry and for that purpose to levy duty of excise on crude oil and natural gas and for matters connected therewith.

2. Organizational Set-up and Functions of the Board

The Oil Industry Development Board was established on 13th January, 1975 under the Oil Industry (Development) Act, 1974 to provide financial assistance for development of Oil Industry. Its organizational set up consists of:

- a) Chairman
- b) Members and
- c) Secretariat

The Oil Industry Development Board is functioning under the administrative control of Ministry of Petroleum & Natural Gas. The functions of the Board have been defined in Section 6 of Oil Industry (Development) Act, 1974. (Appendix-I).

The measures for which Board may render assistance for the promotion of Oil Industry include:

- 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.

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.

The Board is also duty bound to carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of the Act.

3. Resources of the Board

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 has been levied on crude oil, from time to time, at the following rates:

Rs.60 per tonne	w.e.f. 23 rd July, 1974
Rs.100 per tonne	w.e.f. 13 th July, 1981
Rs.300 per tonne	w.e.f. 15 th February, 1983
Rs.600 per tonne	w.e.f. 1 st March, 1987
Rs.900 per tonne	w.e.f. 1 st February, 1989
Rs.1800 per tonne	w.e.f. 1 st March, 2002
Rs.2500 per tonne	w.e.f. 1 st March, 2006
Rs.4500 per tonne	w.e.f. 17 th March, 2012

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

The Central Government has, in the public interest, limited the duty of excise on crude oil production to Rs. 900 per tonne from the 26 identified fields under Production Sharing Contracts.

The proceeds of the duties of excise levied under Section 15 of Oil Industry (Development) Act are first credited to the 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 utilized exclusively for the purposes of this Act.

Accordingly, the Central Government has paid an amount of Rs. 902.40 crore to OIDB out of the cess amount of more than Rs.104034 crore (**Annexure**) since inception and up to 31st March 2012.

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. However, no loan or grant has been given to OIDB so far.

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 cess receipts along with these internal receipts have contributed to Oil Industry (Development) Fund to accumulate to Rs.10497.77 crore as on 31st March, 2012.

4. Assistance to Oil Industry

The OIDB has been entrusted with the responsibility to render, in such manner, to such an extent and on such terms and conditions, as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry. The Board has been generally rendering financial assistance by way of:

- (i) Advancing loans to oil industrial concerns;
- (ii) Disbursement of grants for the implementation of research and development programs conducive to the development of oil industry;
- (iii) Subscribing to the stocks and shares of Oil Industrial concerns viz. Indian Strategic Petroleum Reserves Limited and Bienco Lawrie Limited

The Board also funds the expenditure of Directorate General Hydrocarbon/Petroleum Conservation Research Association/Oil Industry Safety Directorate/Centre for High Technology/Petroleum Planning and Analysis Cell and Contract Cell of Ministry of Petroleum & Natural Gas.

5. Deployment of funds

The OIDB has accorded highest priority to the programs connected with exploration, production, refining, marketing, research and development and the activities related to the

energy security of India. OIDB has provided financial assistance of Rs.32037crore in the form of loan assistance to oil companies and grant-in-aid of Rs.1717 crore to various institutions/companies since its inception and up to 31st March 2012 for implementation of various programs conducive to the development of oil industry. In addition, the OIDB has invested its funds in the equity share of M/s Biecco Lawrie Ltd. (BLL) to the tune of Rs.50.34 crore and Rs.1451crore approximately in ISPRL upto the end of March 2012. As per directions of the Government, the OIDB has been paying additional royalty to State Governments to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP. A major portion of the loan assistance has been given to oil companies for meeting capital outlay of plan projects.

6. Terms & Conditions of OIDB loans

The OID Board determines the terms and conditions governing the loans from time to time keeping in view the nature of the project(s) being undertaken by the Oil PSUs and the current market scenario. An independent Project Appraisal Cell carries out the feasibility of providing OIDB loan assistance. Based on the recommendations of this cell, the OID Board considers the loan assistance to various oil companies.

Review of Interest Rates on OIDB loan

The OID Board has constituted a Standing Committee for review of the interest rates on OIDB loans for different tenures after taking into account the interest rates prevailing in the market and gives its recommendations to the Board. The Committee meets once in every quarter to review the interest rates on OIDB loans. The formulation for charging interest rates on OIDB loans is as follows :

- a) The month-end interest rates for Government Securities having different residual maturities as per the latest available in RBI's monthly bulletin is taken as the benchmark rates for computing interest rates on OIDB loans for different tenures.
- b) 50% of the Corresponding month-end margins of AAA rated Bond on Government securities available in page INCORP (Quote AAA INBMK) is added to the benchmark rate to arrive at the rate of interest to be charged on OIDB loans.

Discounts

As per the recommendations of the Committee, further discounts on interest rates on OIDB loans are also given to certain type of projects such as: -

- ❖ Projects of Strategic National Importance that have a direct bearing on the energy security of the country are eligible for a discount of 100 basis points on the effective interest rates.
- ❖ Environmental Improvement projects and projects for special areas, such as, North-East region, J&K state etc. are eligible for a discount of 50 basis points on the effective interest rates.
- ❖ All other projects would be benchmark rates plus 50% of the margins.

Accordingly, the OIDB loans for the months of April 2011 to March 2012 carried the following interest rates:

Interest rates charged on OIDB loans (Financial Year 2011-12)

(%) per annum

Month	Period of Loan			
	1 Year	3 Years	5 Years	10 Years
April 2011	8.52	8.78	8.60	8.58
May 2011	8.49	8.52	8.57	8.56
June 2011	8.46	8.37	8.48	8.49
July 2011	7.08	8.16	8.68	8.61
August 2011	8.98	9.03	9.04	9.00
September 2011	8.80	8.89	8.89	8.90
October 2011	8.92	8.86	8.85	8.90
November 2011	8.73	8.76	8.77	8.78
December 2011	8.73	8.78	8.83	8.86
January, 2012	9.10	9.22	9.18	9.20
February, 2012	9.20	9.10	9.07	9.14
March, 2012	9.02	8.86	8.89	8.90

7. Investment of surplus funds

In the course of its functioning, cash surpluses arise in OIDB due to gap between availability of funds and their drawal by Oil Companies/grantee institutions. As per Oil Industry (Development) Rules, the Board may decide about the manner and placement of deposit of funds, provided that the deposit shall be made in any of the following banks or their wholly owned subsidiaries as may be decided by the Board namely:

- A. State Bank of India
- B. Nationalized Banks

During January 2008, Ministry of Finance (MOF) has instructed that the practice of calling competitive bids for bulk deposits should be discontinued on the ground that it generates undesirable competition amongst banks leading to temporary hike in deposit rates. The MOF further suggested that the organization should place their bulk deposits with the banks with which they are having a regular course of business. MOF has clarified that these instructions are applicable to OIDB also. Accordingly, the OIDB is now following the instructions issued by MOF and keeping its surplus funds in banks with which it operates its regular transactions.

8. Major Activities

i) Construction of Strategic Crude Oil Storages through a Special Purpose Vehicle named “Indian Strategic Petroleum Reserves Limited” (ISPRL)

To ensure energy security, Government of India has decided to build a strategic crude oil reserve of 5 MMT through a Special Purpose Vehicle (SPV). The SPV named as Indian Strategic Petroleum Reserves Limited (ISPRL) was initially a subsidiary of Indian Oil Corporation Limited. Later on with effect from 09.05.2006 it became a wholly owned subsidiary of Oil Industry Development Board (OIDB). Three locations selected for creating storages are Visakhapatnam (1.00 MMT), Mangalore (1.5 MMT) and Padur(2.5 MMT). Capital cost for constructing the strategic storage facilities was estimated at Rs.2397 crore and operation and maintenance cost at Rs.90 crore per annum at September, 2005 prices. The authorized and paid up capital of the company as on 31.03.2012 is Rs.2397 crore and Rs.1451 crore respectively. O1DB has contributed Rs1532.12 crore towards equity participation (including advance of Rs.81.12 crore pending allotment of shares) in ISPRL. Status of the projects at the above 3 locations as on 31.03.2012 are as under:

a) Visakhapatnam (Storage Capacity : 1.33 MMT)

Engineers India Limited (EIL) has been appointed as Project Management Consultant (PMC). Out of 68 acres of land required for the project, 38 acres has been taken on lease from Vishakhapatnam Port Trust (VPT) and Memorandum of Understanding (MOU) has been signed for the balance land with Eastern Naval Command. Statutory clearances have been obtained. After supplementary site investigations, to avail the benefits of lower marginal

costs for additional capacity, the cavern capacity has been increased to 1.33 MMT and approval accorded by the Government for the same.

The Underground works are being carried out by M/s Hindustan Construction Company. As of March 31, 2012, 18.94 lakh cubic meters of excavation was completed. The above ground works were awarded to M/s IOTIESL on 30.11.2009. As on 31.3.2012, major critical items like crude submersible pumps and seepage water pumps etc. have been received. Construction of control room, substation, administrative building is in progress. Boilers &



Pipe Rack under construction at Visakhapatnam site

Nitrogen tanks have been erected. Pipe rack is under erection. The overall project progress as of 31.3.2012 is 87.2%. The anticipated mechanical completion date for the project is October 2012 and commissioning date is April, 2013. A rock slide incident inside Cavern A 1 in April 2011, has adversely impacted the completion schedule. The repair/restoration works are underway and are likely to be completed by December 2012.

b) Mangalore (Storage Capacity : 1.5 MMT)

Storage Capacity is 1.5 million metric tons. The cavern has two compartments of 0.75 MMT each and can store high sulphur and low sulphur crude oils. The land identified for Mangalore Cavern falls in the Mangalore SEZ area and is being acquired from the Mangalore

Special Economic Zone Limited (MSEZL). Total land acquired is 104.71 acres. Project cost of Rs 732 crores estimated at Sept 2005 prices is to be revised based on awarded costs.

Approval has been received for establishment of the Strategic Storage as a FTWZ in the Mangalore SEZ. Environmental clearance has been received from MOE&F. Consent for Establishment has also been obtained from the State Pollution Control Board.

The Underground civil works are carried out through Joint Venture of M/s S K Engineering & Construction and Karam Chand Thapar Joint Venture (SKEC-KCT JV). Order was placed for the Underground civil works on 18th April 2009. The aboveground works were awarded to M/s Punj Lloyd on 22 July 2011. The overall project progress as of 31.3.2012 is 47.9%. The scheduled mechanical completion date for the Mangalore Project is September 2013 and commissioning is expected in December 2013.

Approval of Ministry of Commerce for Mangalore Project as co-developer of Free Trade Warehousing Zone (FTWZ) within MSEZ was received on 12th August 2010.

The crude oil in Mangalore cavern is proposed to be filled and evacuated using the SPM being installed by MRPL.



Cavern Top Heading under excavation at Mangalore

c) Padur (Storage Capacity : 2.5 MMT)

EIL has been appointed as the Project Management Consultant. Government of Karnataka has issued the order for land acquisition at Padur/Heruru villages in October 2008. Approximately 182 acres of land at Padur is being acquired through Karnataka Industrial Area Development Board (KIADB), out of which possession of 138.57 acres has been taken over as on 31st March 2012.

The underground civil works have been split into two parts i.e. Part A & Part B. The Part A works have been awarded to M/s HCC for Rs 374.66 Crore and Part B has been awarded to M/s SKEC-KCT JV for Rs 375.92 Crore on 29.12.2009 with completion time as 36 months. However as land was handed over by KIADB to ISPRL on 29th May 2010, the zero date for commencement of construction activities was 29th May 2010. The job for aboveground works has been awarded to M/s Linde Engineering on 11.11.2011 at a price of Rs.354.25 crores. Mechanical completion is scheduled for January 2014. The overall project progress as of 31.3.2012 is 44.9%.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, Special Land Acquisition Officer (SLAO) of Karnataka Industrial Area Development Board (KIADB) has been notified as the land acquisition officer. ROU acquisition is being undertaken through KIADB and 3(1) notification has been issued in January 2011. Notices sent to individual land owners and hearings conducted in 8 villages, for which 6(1) notification has been sent for issuance. For remaining villages, job is in progress.

ii) PHASE II OF STRATEGIC STORAGE PROGRAM

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

1. Padur 5 MMT (Underground Rock Caverns)
2. Chandikhol 2.5 MMT (Underground Rock Caverns)
3. Bikaner 2.5 MMT (Slat Caverns)
4. Rajkot 2.5 MMT (Underground concrete tanks)

The underground rock caverns are under construction at three locations under Phase I of the Strategic storages and the technical knowhow is available with EIL now, to proceed with the DFR's and further implementation of the projects.

For the other two technologies i.e Salt caverns and Underground concrete tanks, these being new technologies the requisite knowledge is not available within the country, hence services of Foreign Back up consultant are required. For salt caverns at Bikaner, the job for back up consultant has been awarded to M/s DEEP Underground Engineering, Germany.

At Rajkot, the storage of crude oil will be under double containment principle in underground concrete tanks which will be implemented for the first time in the country. This kind of technology though successfully implemented in Republic of South Africa for 6 MMT of crude oil and operated for last 30 years, is in force in only two other countries Iran and Japan. As part of the studies, foreign back up consultant is required to be engaged for review of basic design and the DFR to be prepared by EIL.

The Geo technical investigation job had been completed by 31.3.2012 at three sites except Padur, where villagers had agitated, and investigations had to be done through satellite imaging.

iii) Setting up of Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

After having felt the need of establishing a single training and educational institution that can render expert technical and management training to the existing petroleum industry and which can provide world class multi-disciplinary techno-management, academic programmes in the petroleum fields, the Government decided to set up Rajiv Gandhi Institute of Petroleum Technology. The Institute initially established under Societies Act, has been declared as an Institute of National importance under RGIPT Act passed by Parliament in December, 2007 (Act 54 of 2007). The Act has come into force with effect from 01.06.2008.

(a) Construction of Jais Campus, Rai Bareilly

The major contract for civil structure work, awarded to M/s Punj Lloyd (PLL), had commenced in August, 2010. However, in view of the slow progress, a revised project schedule was submitted by Engineers India Ltd.(EIL) to RGIPT in January, 2012, according to which the campus construction work will be partially completed by April, 2013 to enable RGIPT to shift from the temporary campus at Rae Bareilly to Jais. The overall campus construction work will be completed by 31.12.2013. As on 31.03.2012, the overall progress of the project was 32.6% as against the revised scheduled progress of 38.5% and the progress of civil structural work by the contractor, M/s PLL was 30.9% vis-à-vis the revised scheduled progress of 43%. EIL has been advised to intensify the project monitoring and follow up with PLL to step up resource mobilization at site in order to meet the revised construction schedule.

(b) Construction of Assam Centre Campus

As on 31.03.2012, the overall progress of Assam Centre Campus project being set up in Sivasagar was 18.3% against a scheduled progress of 24.0%. The site grading and earth filling work was awarded to M/s ABCI Infrastructure Pvt. Limited, who mobilized at site from 06.01.2012. Till 31st March,2012, about 75000 cum of earth filling has been completed out of total 400000 cum. The completion of site grading work is targeted by July,2012. With regard to award of Civil & structural work, the evaluation of bids is in process by EIL and work shall be awarded after receipt of the Environmental Clearance/NOC from Pollution Control Board, which is being followed up by EIL. The delay in Environmental Clearance will further impact the project schedule.

(iv) Hydrogen Corpus Fund

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

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

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

Nine projects estimated to cost Rs.41.51 crore have been approved for implementation by various PSUs and other institutions. An amount of Rs.1.82 crore has been released for same from HCF till March, 2012

The Corpus of HCF was Rs. 115 crore at the end of March 2012.

(v) National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is for mapping gas hydrates for its utilization as future alternate energy resource by abstracting methane from solids below the sea-beds in deep oceans and the permafrost regions of the world. In India, the programme was initiated in 1997

with a Steering Committee and a Technical Committee of NGHP. Based on the review of seismic data by the Technical Committee, two areas in Indian waters, one along East Coast and other on West Coast have been identified as “Model Laboratory Areas” for further R&D work. After establishing the presence of hydrate in KG, Mahanadi and Andaman offshore deepwater areas of Indian offshore and seeing the commercial nature of interest in exploration and exploitation of methane from gas hydrates, the NGHP has adopted a strategy to concentrate on the KG deepwater area and to emphasize in the R&D of development of technology for the commercial exploitation of methane from gas hydrates. With this in mind, the resource estimation of gas hydrates in KG offshore has been taken up on priority. DGH is the coordinator of the programme. Review of various projects under this programme is done by a Steering Committee set up by the Ministry of Petroleum & Natural Gas. The projects of NGRI, ONGC, National Institute of Oceanography, Goa for carrying out R&D activities related to National Gas Hydrate Programme are progressing as per the scheduled programme. An amount of Rs.147 crore approximately has so far been given by OIDB for various activities under NGHP excluding Rs.73 crore contributed by Oil PSUs up to March, 2012.

(vi) Royalty to State Governments:

As per directions of the Government, the OIDB has been paying additional royalty to State Governments 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.249.93 crore approximately to various State Governments on this account upto 31.03.2012.

(vii) OIDB Office building at Noida to house its office and its regular grantee institutions

The OIDB has constructed its own office building at Sector-73, NOIDA on a plot measuring 16000 sq. mtrs to house its office and the offices of Indian Strategic Petroleum Reserves Limited (ISPRL), Directorate General of Hydrocarbons (DGH), Centre for High Technology (CHT) and Oil Industry Safety Directorate (OISD). M/s Engineers India Limited (EIL) is the Project Management Consultant (PMC) & M/s Rajinder Kumar Associates is the Architect for the project. A Sub-Committee constituted by OID Board comprising Secretary OIDB, nominee of AS&FA, MOP&NG and Chairman, EIL and FA&CAO, OIDB has been supervising the matter relating to selection of contractors and for monitoring the construction activities. The OIDB Bhawan consists of two blocks i.e G+3 block and G+9 block. Both G+3 and G+9

blocks have been completed and the offices of OIDB & ISPRL have been shifted to the G+3 Block in February, 2010 and the offices of DGH, CHT and OISD have been shifted to G+9 block in August 2011.



OIDB Bhawan

OIDB

CHAPTER - II

FINANCIAL ASSISTANCE

- A) LOANS
- B) GRANTS

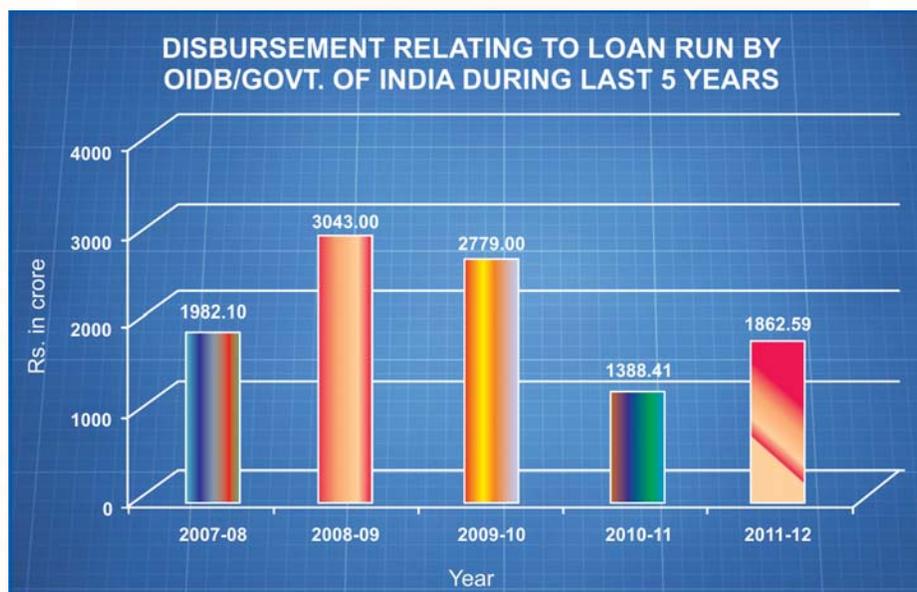


9. Disbursement of Loans during the year 2011-12

The organization wise details of funds made available to the oil companies for their projects implementation during the year 2011-12 are as under:-

(Rs. in crore)

S.No.	Name of the organization (Plan Project Loans)	Funds disbursed (2011-12)
1.	Indian Oil Corporation Limited (IOCL)	100.00
2.	Hindustan Petroleum Corporation Limited (HPCL)	500.00
3.	Bharat Petroleum Corporation Limited (BPCL)	100.00
4.	GAIL India Ltd.	675.00
5.	GAIL Gas Ltd.	43.59
6.	Mangalore Refinery & Petrochemicals Limited	400.00
7.	Brahmaputra Cracker and Polymer Ltd. (BCPL)	44.00
	Total	1862.59



- b) Upgradation of HSD through Revamp of Hydrocracker and installation of new integrated Distillate/Vacuum Gas Oil Hydrotreater. The facilities will treat distillate streams, upgrade high sulphur diesel streams to Euro III/Euro IV HSD and enable processing higher proportions of High Sulphur crudes.

9.4 GAIL (India) Limited : Loan of Rs. 675 crore

GAIL (India) Ltd. was incorporated in August 1984 to develop transportation and marketing infrastructure of natural gas in the country. It has grown organically over the years by building a large network of Natural Gas Trunk Pipelines, currently around 9065 kms gas pipeline infrastructure in the country. OI D B has released the following sums of money for the projects mentioned below in 2011-12.

i. Expansion of Dahej - Vijayur Pipeline Project -	Rs.200 crore
ii. Expansion of Pata Petro Chemical Plant -	Rs.300 crore
iii. Cochi - Kanjirkkod - Bangalore - Manglore Pipeline -	Rs.50 crore
iv. Dhabol - Bangalore Pipeline -	Rs.125 crore
Total	Rs. 675 crore

9.5 GAIL Gas Limited : Loan of Rs. 43.59 crore

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated on 27th May 2008 as a limited company under the Companies Act, 1956 for implementation of City Gas distribution (CGD) projects across the country. GAIL Gas Limited has been



Gail Gas Station

authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonapat (Haryana) and Meerut (Uttar Pradesh) and Taj Trepezium Zone (Uttar Pradesh) except Agra and Mathura.

An amount of Rs.43.59 crore as loan was released by OIDB for City Gas Distribution projects in four cities viz. Dewas, Kota, Merrut and Sonapat.

9.6 Mangalore Refinery & Petrochemicals Limited : Loan of Rs. 400 crore

Mangalore Refinery and Petrochemicals Ltd (MRPL) (a subsidiary of ONGC), is a grass-root state of the art Petroleum Refinery is located at Mangalore (on the western coast of India), in the Southern State of Karnataka with installed refining capacity of 11.82 MMTPA. The Crude Oil throughput achieved by MRPL during the last 4 years has been around 12 MMTPA.

The Company is currently implementing its refinery upgradation and expansion project (Phase –III Refinery Project) at an estimated outlay of Rs.12,412crore.

For this phase-III refinery project, the OIDB has released Rs.250 during 2011-12.

Single Point Mooring :

The Company has taken up the Single Point Mooring facility with an estimated cost of Rs.1,044 crore for facilitating import of crude oil through Very Large Crude Carriers (VLCCs), thereby enabling MRPL to benefit from lower freight and crude mix as well as facilitate purchase of cheaper crude available in West African countries. For the SPM project, the engineering work has been completed, and the delivery of SPM Buoy with its accessories has been received. The Civil Works are also nearing completion. The physical progress is around 89.40% upto 14.04.2012.

OIDB loan to the tune of Rs.150 crore was released for this project during 2011-12.

9.7 Brahmaputra Cracker and Polymer Ltd. (BCPL) : Loan of Rs. 44 crore

M/s Brahmaputra Cracker And Polymer Limited (BCPL) is a joint venture company promoted by M/s GAIL India Ltd. (GAIL), M/s Oil India Limited (OIL), M/s Numaligarh Refinery Limited (NRL) and Government of Assam (GoA, with equity contribution in the ratio of 70%;10%; 10% respectively. The company is engaged in setting up a Petrochemical Complex at Lepetkata, Assam, based on the supply of gas from Oil India Limited (OIL) and Oil & Natural Gas Corporation Limited (ONGC) and Naphtha from Numaligarh Refinery Limited (NRL) in Assam.

The initial project cost of Rs.5461 crores, which was approved in April 2006, has been revised to Rs.8920 crores. The approval of CCEA for the revised project cost has been obtained in November, 2011.

The sum of Rs.44 crore was released as loan for this project by OIDB during 2011-12.

10. Grant in aid for R&D Activities

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

a) Regular Grantee Institutions

The Government has set up five organizations namely Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate (OISD) and Petroleum Planning and Analysis Cell (PPAC) to work in different areas of petroleum related activities. As per the directives of the Government, the activities of these organizations are financed by OIDB including their administrative expenditures.

Upstream Sector

In respect of OIDB grant in aid related to upstream sector, a Peer group comprising Joint Secretary (Exploration) Ministry of Petroleum & Natural Gas, Secretary, OIDB and representatives from DGH, ONGC, and OIL constituted by OID Board examines the proposals in the first instance and gives its recommendations. The recommendations of the Group are submitted before the OID Board for 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 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 benefits to oil industry in terms of oil production, upgradation of technology and identifying the new areas for exploration etc.

Review of the projects

A PeerGroup comprising JointSecretary (Exploration), MOPNG, Secretary(OIDB) and representatives from DGH, ONGC and OIL constitutedby 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 OI Board for consideration and appropriate directions for implementation of the projects in a more efficient manner wherever necessary.

Downstream Sector

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

b) Assistance to Technical Institutes/CSIR Laboratories

OI Board provides assistance to educational institutes as well, for creating infrastructure for training and research such as CIPET, Chennai, Bharthidasan University, Tiruchirapalli, Tamil Nadu, Govt. of Rajasthan etc. for carrying out various R&D activities for the development of oil industry.

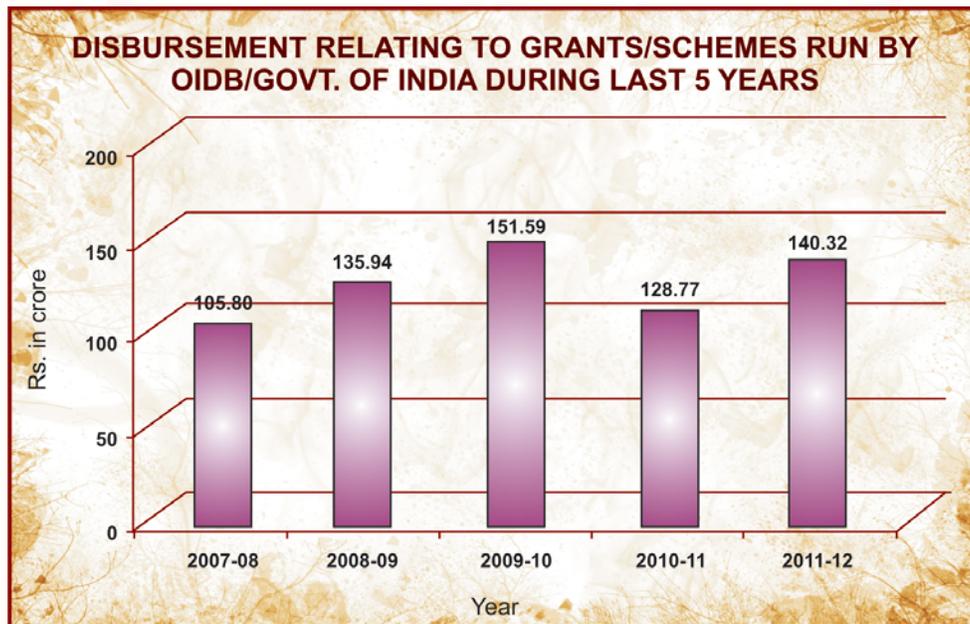
11. Expenses on Grants/Schemes sponsored by OI Board/Govt. of India

The OI Board incurred the following expenditure on grants/ schemes sponsored by Govt. of India/ OI Board during the year 2011-12

(Rs. in crore)

S. No.	Name of the Institutes	Amount
	A Regular Grantee Institutes	
1	Directorate General of Hydrocarbons(DGH)	55.14
2.	Petroleum Conservation Research Association(PCRA)	25.00
3.	Centre for High Technology (CHT)	12.04
4.	Oil Industry Safety Directorate (OISD)	9.96
5.	Petroleum Planning & Analysis Cell (PPAC)	12.21
	Total (A)	114.35
	B R &D Grants	
6.	National Gas Hydrate Programme II (NGHP-II)	0.23
7.	Government of Rajasthan	0.50
8.	Bharathidasan University, Tiruchirapalli, Tamil Nadu	0.32

9.	Indian Oil Corporation Limited (R&D Centre) (IOCL)	1.02
10.	Central Institute of Plastic Engineering and Technology Chennai (CIPET)	0.44
	Total (B)	2.51
	C Schemes/Projects sponsored by Govt. of India/OIDB	
11.	Hydrogen Corpus Fund (HCF)	20.00
12.	Rajiv Gandhi Institute of Petroleum Technology (RGIPT), Rai Bareilly	2.95
13.	Pre-feasibility Study by EIL	0.51
	Total (C)	23.46
	Grand total (A+B+C)	140.32



11 A Grants to Regular Grantee Institutes

11.1 Directorate General of Hydrocarbons (DGH) – Grant of Rs. 55.14 crores

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

DGH is fully funded by OIDB. During the year 2011-12, OIDB provided a grant of Rs.55.14crore to DGH. Following major activities have been carried out by DGH during the year :

1) OPENING UP OF NEW AREAS FOR FUTURE EXPLORATION :

With a view to open up new areas for exploration, DGH has carried out reconnoiter surveys in poorly explored/unexplored basins with the aim to upgrade geological information of the areas and carve-out new blocks for offer under future rounds of New Exploration Licensing Policy(NELP).

2) IMPLEMENTATION OF NELP

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

Till date, nine rounds of NELP have been concluded and 248 Production Sharing Contracts(PSCs) for onland, shallow water and deepwater blocks have been signed. Under NELP,108 oil and gas discoveries have been made in 36 blocks. Presently oil and natural gas production is being made from 6 discoveries in 3 NELP blocks. Bids for NELP-IX were received on 28th March, 2011. Seventy four (74) bids received for 33 of the 34 blocks offered.16 blocks (2 nos. shallow water, 7 nos. onland and 7 nos. onland type S blocks) have been awarded to different companies. 13 PSCs have been signed on 28.03.2012.

3) MONITORING OF PRODUCTION SHARING CONTRACTS :

Government of India has signed 28 contracts for discovered fields, 33 CBM blocks, 28 exploration blocks under pre-NELP regime and 248 blocks under NELP regime. DGH monitors the execution of management of these Production Sharing Contracts on behalf of GOI through Management Committees set up for each block / field. This involves in depth review of annual work programme, project monitoring, calculation of reserves and production profile, making simulation model of the field, review and approval of development plan, budget and Safety Management System. An investment of about US \$ 28,851 million has already been made by companies on Exploration & Production till March 2012. During 2011-12, fields/blocks under PSC regime, produced 10.53 MMT of oil & gas 21.61 BCM of natural gas.

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

DGH reviewed the progress of exploration activities of 51 (40 ONGC + 11 OIL) Petroleum Exploration Licenses (PEL) held by NOCs (ONGC and OIL) on nomination basis, on a half yearly basis vis-a-vis committed work programme.

5) FIELD DEVELOPMENT, RESERVOIR AND PRODUCTION MONITORING

Reservoir group of DGH is monitoring the development activities of various fields under the Production Sharing Contracts (PSCs) regime. The activities in exploration blocks with reference to reservoir review of discoveries, potential commercial interest, Declaration of Commerciality (DoCs) and initial development plan etc. are also carried out.

6) GAS HYDRATES

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, OIL and national research institutions like NIO, NIOT and NGRI.

NGHP EXPEDITION-02

The NGHP plans to carry out Expedition-02 sometime in 2013/2014, subject to the identification and finalization of potential sites. The aims and objective of the NGHP Expedition-02 is to identify gas hydrate bearing sands, identify the free gas below the gas hydrate stability zone and identify suitable location for carrying out pilot production testing in NGHP Expedition-03.

IDENTIFICATION OF LOCATIONS:

Based on the geophysical studies carried out so far in Area 'A' (320 sqkm in Krishna Godavari Offshore Deepwater areas) 8 sites have been evaluated and prioritized for Leg-01 of the NGHP Expedition-02. These locations have been prioritized in consultation with USGS scientists. Geoscientific studies are in progress to identify more locations in the area.

7) COAL BED METHANE (CBM):

The Government of India, in order to harness the CBM potential in the country, formulated a CBM Policy in year 1997. DGH did commendable job to operationalise the CBM policy. The Policy has provided a level playing platform for exploration and commercial exploitation of CBM by national and international entrepreneurs.

8) ESSENTILITY CERTIFICATES:

During the year 2011-12, DGH issued a total 11577 Essentiality Certificates having CIF value of Rs.25112 crore.

9) NATIONAL GAS HYDRATE PROGRAMME (NGHP):

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 [National Institute of Oceanography (NIO), National Geophysical Research Institute (NGRI) and National Institute of Ocean Technology (NIOT)].

10) Resource Estimation

Earlier studies have prognosticated gas hydrate resources of 1984 TCM for India and 933 TCF (USDOE, Feb,2012) is the concentration of gas hydrate in sands within the gas hydrate stability zone. This estimate is encouraging although the estimated presence of sand is approximated based on gross geological depositional models. NGHP is carrying out resource estimation of the gas hydrates in offshore areas of East Coast. KDMIPE, ONGC, is concentrating on resource estimation at the micro level for primary target areas and at a macro level for the entire offshore areas within the gas hydrate stability zone.

NGHP has MOU with USGS, USDOE, USMMS, JOGMEC and IFM-Geomar. USGS scientists are in close consultation for prioritizing locations.

NGHP Expedition-02, will provide a higher degree of confidence in the geo-scientific modeling of the prime areas and targets and form a part of Leg-2 of the NGHP Expedition-02.

11) OIL SHALE:

In India oil shale prospects have been identified in Assam-Arakan Basin and Rajasthan Basin. DGH has completed a project in Assam-Arakan Basin in association with BRGM, France and Mineral Exploration Corporation Limited (MECL), India, to identify and estimate resources in respect of oilshale deposits and syncrude potential in NE part of India. To carry out the feasibility study and business model development for exploitation of oil shale, as proposed in Phase-II, a global tender was invited. The bids received in response to above tender have been evaluated and sent to MOPNG approval.

12) SHALE GAS

DGH has initiated steps to identify prospective areas for Shale Gas exploration and acquisition of additional geo-scientific data, formulation of Policy for Shale Gas exploration with legislation charges and launch First Shale Gas round.

Based on the data available from conventional oil/gas exploration in the country for the last so many years, the sedimentary basins appear to be prospective from Shale gas point of view under Phase-I are Cambay Basin, Gondwana Basin, KG Basin, Cauvery Basin, Indo-Gangetic Basin, Assam Arakan Basin.

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

MOPNG has granted permission to ONGC for an R&D project in Gondwana Basin in the existing two CBM Blocks (Ranigunj North and North Karanpura) for exploration of Shale Gas. ONGC has drilled 4 Pilot wells to gather data relevant to Shale Gas. Presence of gas has been confirmed by ONGC.

A study has been awarded to CMPDI to identify prospective areas in Gondwana Basins. A separate study has been initiated for Identification of prospective areas for 11 Basins by ONGC.

MOPNG/DGH are discussion with other agencies to address environmental basins and issues related for social impact.

13) WORK BY ADVISORY COUNCIL:

The Advisory Council of DGH advises on the technical matters/scientific projects to be implemented by DGH. Council also examines major technical studies and progress of work carried out by DGH.

11.2 Petroleum Conservation Research Association (PCRA): Grant of Rs.25 crore.

PCRA is a registered society set up in 1978 under the aegis of Ministry of Petroleum & Natural Gas. As a non-profit organization, PCRA is 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 2011-12, an amount of Rs. 25 Crore was released by OIDB to PCRA for performing its activities including administrative expenditure. A glimpse of activities carried out by PCRA during the year is given below:

PCRA's Activities – An overview

During the year, PCRA worked proactively in the field of conservation and efficient use of petroleum products through their various Field Activities like Energy Audits, Driver Training Programmes, Technical Workshops & Seminars and R&D activities by sponsoring projects for development of energy efficient products / processes etc.

Field Activities :

Field Activities are one of the core areas of PCRA operations. Through Sectoral field activities, PCRA engineers and its external 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 2011-12, a total of 6880 nos. offield activities were accomplished throughout the country.

INDUSTRIAL SECTOR:

- **Energy Audits**

During 2011-12, PCRA conducted 648 energy efficiency studies in the Industrial sector, which include Energy Audits (328), Fuel Oil Diagnostic Studies (159) and walk through audits (161) in Small-scale industries.

- **Technical Seminars**

During 2011-12, PCRA organized 109 nos. of Seminars / Technical Meets in different parts of the country for the benefit of specific industrial sectors. During these seminars,

PCRA's experience of conducting energy efficiency studies were shared through case study presentations containing details of investment required and the benefits accrued through implementation of the energy conservation measures.

- **Institutional Training Programs**

PCRA's Institutional Training Programme (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 2011-12, PCRA conducted 494 Industrial Training Programmes in various industries.

- **Industrial Workshops**

PCRA conducted 293 Workshops covering energy and fuel saving measures alongwith screening of clippings and films on the tips of fuel and energy saving in industries.

Transport Sector:

The Transport sector accounts for almost 50% of country's total petroleum products consumption. Studies in this area have indicated that a saving potential of around 20% exists. To realize this saving potential, PCRA conducts variety of programmes viz. Driver Training Programme, Model Depot Project (MDP), One-Day Transport Workshop etc for State Transport Units (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.

Agriculture Sector

PCRA's efforts in agriculture sector focuses on van publicity, workshops on Bio Diesel, KisanMelas and exhibitions. During the year, PCRA participated in 80 KisanMelas and conducted 716 workshops where clippings and films produced by PCRA about the tips on fuel saving and demonstration of ISI mark, foot valve, Bio-diesel were shown.

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 927 nos. of awareness workshops during 2011-12.

- **Youth Programmes**

PCRA organizes a variety of programmes for youth by approaching schools. These constitute quiz, essay, debate and the painting competitions on topics related to energy conservation. PCRA aims to make young minds understand the issue of energy conservation and motivate them to apply and promote the cause of oil conservation into their widening spheres of domestic and professional lives. During the year, PCRA organized 1655 nos. of youth programmes in various schools, colleges and institutions all over the country.

NETWORKING

- **International Networking**

As part of Government of India's initiative for cooperation with Japan in the field of Oil & Gas, PCRA executed MoU with "Energy Conservation Center Japan (ECCJ)" on 28th June 2006 in New Delhi. The validity of the MoU, continued for co-operation between PCRA and ECCJ during 2011-12. The CD of "Handbook of Energy Audit in Textile Industry" was developed for the benefit of Indian Textile Industry and the same was released in New Delhi in February 2012 in presence of Japanese experts.

- **Domestic Networking**

During the year, PCRA associated actively with the National / Regional Industry bodies such as Bureau of Energy Efficiency (BEE), Federation of Indian Chambers of Commerce & Industry (FICCI), Associated Chambers of Commerce & Industry of India (ASSOCHAM), PHD Chamber of Commerce & Industry (PHDCCI), Indian Institute of Petroleum (IIP), Bombay Textile Research Association (BTRA), South India Textile Research Association (SITRA) etc. to carry out jointly the activities such as seminars, technical meets, training programmes and energy audits. These joint programmes proved very useful towards addressing effectively the issue of energy efficiency to the target audience.

Research & Development

Research & Development is a major important activity of PCRA. The R&D activities provide strong support to PCRA's energy conservation efforts aiming at the development of

new products, processes and technologies which have the potential to contribute to energy saving, environmental quality, energy security and sustainable development.

As a part of its mandate, PCRA sponsored new R&D projects that promote measures for accelerating conservation of petroleum products leading to energy efficiency in all sectors of economy.

A glance of R&D projects of PCRA is given below:

S.No.	Particulars	No. of Projects	Contribution of PCRA (Rs in lakhs)
1	Projects awarded during the year 2011-12	2	66.05 + Taxes
2	Projects completed during the year 2011-12	7	100.22

EDUCATION CAMPAIGN

- **Mega Campaign “SAVE FUEL YAANI SAVE MONEY”**

There is a potential to save precious petroleum products to the extent of 20% by adoption of conservation techniques by the masses. However, bringing in behavioural changes is not a one-time exercise and it takes a long time to become a habit. Hence, in order to inculcate the habit of “Fuel-Saving” and to maintain a continuous communication to reinforce the learning, PCRA continued its Mega Campaign and carried out the 3rd phase of Mega Campaign “SAVE FUEL YAANI SAVE MONEY” in the month of February & March 2012 on Television, Radio and Print in staggered manner.

- **Outdoor Publicity**

Outdoor media is an effective means to carry the message on conservation of Oil & Gas to the masses in general. PCRA has been using various modes of outdoor advertisements like Hoardings, LED displays, Bus Panels, Bus Shelters, Unipoles, Kiosks, Ads inside Train Coaches, Pillar Wraps, etc. to generate awareness among the general masses for judicious use of petroleum products, with conservation as the linchpin of all the campaigns. During 2011-12, PCRA campaign has covered 276 cities / towns of India.

- **Printed Literature :**

PCRA, over the years, has designed and developed a rich bank of conservation literatures for the users of petroleum products carrying useful information and tips for saving of

petroleum products. These literatures are regularly distributed free of cost to consumers in various sectors of economy. During the year 2011-12, PCRA distributed approximately 13 lakh copies of 28 different types of leaflets, booklets, pamphlets, stickers, and posters on petroleum conservation in Hindi, English, Tamil, Telugu, Kannad, Malayalam, Punjabi, Gujarati, Marathi, Bengali, Odia and Assamese.

- **Exhibition**

PCRA Participated in India International Trade Fair (IITF) 2011 at PragatiMaidan, New Delhi to show casing the PCRA's efforts and successes stories in the field of Energy Conservation.

Besides above, PCRA participated in / organized 112 nos. of exhibitions during 2011-12.

OIL AND GAS CONSERVATION FORTNIGHT 2012

Oil & Gas Conservation Fortnight (OGCF) is a significant Annual event of the Ministry of Petroleum and Natural Gas, which is organized jointly by PCRA and Public Sector Oil & Gas Companies every year from 15th to 31st January.



Lighting of Lamp by Shri S. Jaipal Reddy, Hon'ble Minister for Petroleum & Natural Gas during Inaugural Function of OGCF 2012 in New Delhi

OGCF 2012 took off with impressive Inaugural Functions at the National Capital and all the State Capitals on 15th January 2012. The theme for this year was –

“SAVE FUEL YAANI SAVE MONEY”

The event at New Delhi was inaugurated by Shri S. Jaipal Reddy, Hon’ble Minister for Petroleum & Natural Gas on 18th January 2012 at Air Force Auditorium.

During the Inaugural Function, the “Best Performance Awards” were distributed to State Level Coordinators (SLCs), Regional Level Coordinator (RLC), State Governments and Upstream Sector for their best performance during last OGCF 2011. The awards were also distributed to the winners of National Level Essay Competition organised for students of Class X & up to post graduate in Hindi & English and to the winners of All India Level Painting Competition.

During OGCF’12, large number of activities like mass rallies, cycle rallies, marathons, human chain, technical seminars, symposiums, essays, quiz and painting competitions, LPG/ PNG saving workshops, workshops for industrial workers / drivers etc. were arranged all over the country by PCRA and Public Sector Oil & Gas Companies, for propagation of Oil & Gas conservation messages amongst the major consuming sectors namely, Transport, Industry, Agricultural, Household and Commercial.

11.3 Centre for High Technology (CHT) : Grant in aid of Rs. 12.04 crore

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

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

OIDB is funding the activities of CHT since its inception. During the year 2011-12, CHT received a grant of Rs.12.04 crore, which includes an amount of Rs.5.35 crore for R&D projects.

Major activities of CHT during the year 2011-12 are as under :-

1 “Integrated Refinery Business Improvement Programme (IRBIP) - Phase 1” through M/s Shell Global Solutions International (Shell GSI):

Integrated Refinery Business Improvement Programme (IRBIP) Phase-I, covering data collection & reconciliation, site assessment and implementation of approved projects was successfully concluded at BPCL Kochi Refinery, IOC Mathura Refinery, CPCL and HPCL Visakh refinery. A cumulative net benefit of around US \$ 50 million dollars has been realised by the refineries. The IRBIP Phase-I was formally closed with Executive Committee (EXCOM) meeting in September, 2011.

2 “Integrated Refinery Business Improvement Programme (IRBIP) - Phase - II

Under the IRBIP Phase-II programme, 3 more PSU Refineries viz. BPCL Mumbai, HPCL Mumbai and MRPL have been taken up. Site-Assessment by Shell GSI has been successfully completed at BPCL-Mumbai in August 2011, HPCL-Mumbai in November 2011 and MRPL in February 2012. The total duration of the Programme is 36 months which includes Assessment Phase and Implementation Phase. The total identified potential benefits for all



the 3 above refineries is expected to be around 100 million US dollars per year. The approval of the identified projects by the refineries is currently in progress.

3. Energy Efficiency Improvement Studies (EEIS)

CHT, in association with EIL, has regularly been carrying out in-depth Energy Efficiency Improvement Studies exercise at identified refineries.

4. Joint Energy Audits (JEAs)

CHT has been regularly undertaking Joint Energy Audits (JEAs) at PSU Refineries, to augment refineries' efforts and to identify gaps for improvements. JEAs are carried out through teams constituted by CHT with experts from the industry. The JEA provides for lateral exchange of rich operational experience gained over the years at different refineries.

5. 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. During the year, two meetings of the SAC were held. The 69th SAC meeting was held in June, 2011 at Bangalore and the last 70th meeting was held in OIDB Bhawan, Noida in February, 2012. Presentation on completed projects and on-going R&D projects as well as projects under Hydrogen Corpus Fund were made to SAC.

6. R&D Projects:

CHT sponsors research projects in the field of petroleum refining, gas processing, transportation, storage and handling of crude oil and petroleum products. The details of projects for which OIDB funds were released by CHT during 2011-12 as well as on-going R&D projects are given below :

6.1.1 Completed R&D Projects:

- 1) Development of technologies for Synthetic Aviation Lubricants from renewable feed stocks jointly by IOC (R&D), IICT, NAL, GTRE and CEMILAC
- 2) Synthesis of Room Temperature Ionic Liquids and their applications for extraction of Sulfur, Nitrogen & Aromatic compounds from Petroleum Feedstock (IIP):

6.1.2 On-going Projects:

- 1) Coal to Liquid technology development by EIL (R&D) and BPCL (R&D):
- 2) Development of Mathematical model and simulation package for Gasification of mixture of Indian Coal & Petroleum Coke by IIT Madras and BPCL:
- 3) Desulfurization of FO using Solvent Extraction route by IIP Dehradun and CPCL:

1.7 Projects under Hydrogen Corpus Fund (HCF)

The project on “Setting up of Hydrogen dispensing station at Dwarka, New Delhi” by IOC (R&D) was completed.

MOUs for the following four projects, approved by the Steering Committee of HCF, were signed and all the projects are in progress :

- 1) Design and Construction of Metal-Organic Framework Materials with Tuneable Physical Properties for Storage of Hydrogen – HPCL/Gitam University
- 2) An integrated approach for bio hydrogen production through combined dark and photo fermentative process – HPCL/TERI
- 3) Hybrid-sorption Enhanced Steam Reforming for the Production of Hydrogen from Natural Gas – BPCL
- 4) Development of Large Scale Photo-catalytic Process using Modular Reactors for Hydrogen Production by Dissociation of Water / H₂S utilizing Solar Energy – IOCL (R&D)/IT-BHU.

A new project on “Development of Novel Nano-composite hydrogen storage materials” by GAIL/IIT-Madras was approved by the Steering Committee of HCF in its meeting held in December, 2011.

1.8 Other Activities

- A 2-day Pipeline workshop on “Advancements and Challenges for Cross-country Pipelines – the Hydrocarbon Transportation Highways” was organized by CHT in association with IOCL on 7-8 July 2011.
- 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 and submitted to MOP&NG a consolidated document on Research & Development for Processes, Products and Technology covering Upstream, Downstream and Natural Gas for the 12th Five Year Plan. CHT also prepared the plan document on refining capacity, configuration, environmental issues etc.
- 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

11.4 Oil Industry Safety Directorate – Grant of Rs. 9.96 crore

Oil Industry Safety Directorate 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. OISD standard cover layout, operation, maintenance, inspection, internal safety audit, fire fighting etc. pertaining to these activities. These standards are reviewed and updated from time to time to incorporate the latest technological changes and industry experience.

To check compliance and to further improve safety systems, OISD regularly conducts External Safety Audits (ESA) of Exploration and Production Installations, Refineries, Gas Processing Plants, LPG Plants, POL Depot / Terminals, Cross Country Pipelines, SPMs and offshore pipelines. The implementation of the recommendations/suggestions made during these audits are monitored regularly and discussed with senior personnel to ensure their timely completion to enhance the safety levels and reduce risk. Pre-commissioning audits are carried out before commissioning of new refinery projects, cross country pipelines, SPM & associated offshore pipelines and marketing installations.

OISD regularly conducts safety workshops/training programs for all Oil/Gas Installations across the country to share the experiences, latest technological developments and to disseminate safety related information to industry personnel.

OISD carries out the investigation of major incidents in the petroleum industry and maintains an incident database. OISD also evaluate the safety performance of the oil companies for 'Oil Industry Safety Awards' instituted by Ministry of Petroleum & Natural Gas.

Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008 were notified in the Gazette of India to regulate safety in offshore oil and gas exploration, production, drilling & related activities; and Oil Industry Safety Directorate was designated as Competent Authority to exercise the powers and functions as stipulated in these rules.

The major activities carried out by OISD during the year 2011-12 were briefly as under:

1.0 Standardization

Standardisation is one of the major activities of Oil Industry Safety Directorate. Standardisation is required to keep abreast of the latest design and operating practices in the areas of safety and fire fighting in the hydrocarbon processing industry in the developed countries, so as to develop standards and codes that would be suitable for the conditions in India. The areas where standards/recommended practices/guidelines need to be developed are identified by analysing the incident data base developed at OISD as well as in Safety Council and Steering Committee meetings. The standardisation work is then taken up by the Functional Committees nominated by the Steering Committee. As a continuous exercise, new areas for Standardisation are identified. During the year complete revision/amendment of 5 (five) OISD standards were undertaken. Further, 3 (three) nos. of OISD standards are under preparation. As on 31st March, 2012, a total 112 standards have been published and distributed.

Review/Revision of Standards

During the year, complete revision/amendments of 10 existing standards were approved by the safety council. As of 31st March 2012, a total of 115 nos. of standards/ recommended practices/Guidelines were identified. Out of which, 112 were Published & Distributed and 03 Standards are under various stages of preparation.

2.0 Offshore Safety Rules - Implementations

Consent for operation of 16 rigs and 37 platforms in offshore installation have been accorded by OISD after scrutiny of various documents submitted in line with the requirements of Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008.

3.0 External Safety Audits (ESAs)

External Safety Audit of the 62 onland Exploration & Production (E&P) Installation, 9 offshore E&P installations, 6 Refineries (including private Refineries of RIL & EOL), 2 Gas Processing Plant, 13 LPG Bottling Plants/POL Depot/Terminals and 2893 km of Cross Country Pipelines were carried out during the year.

Surprise Safety Audits

Surprise safety checks were carried out in 7 Refineries, 2 gas processing plants, 8 LPG Bottling Plants, 9 POL Depot/ Terminals and 5 E & P installations.

Pre-commissioning Safety Audit

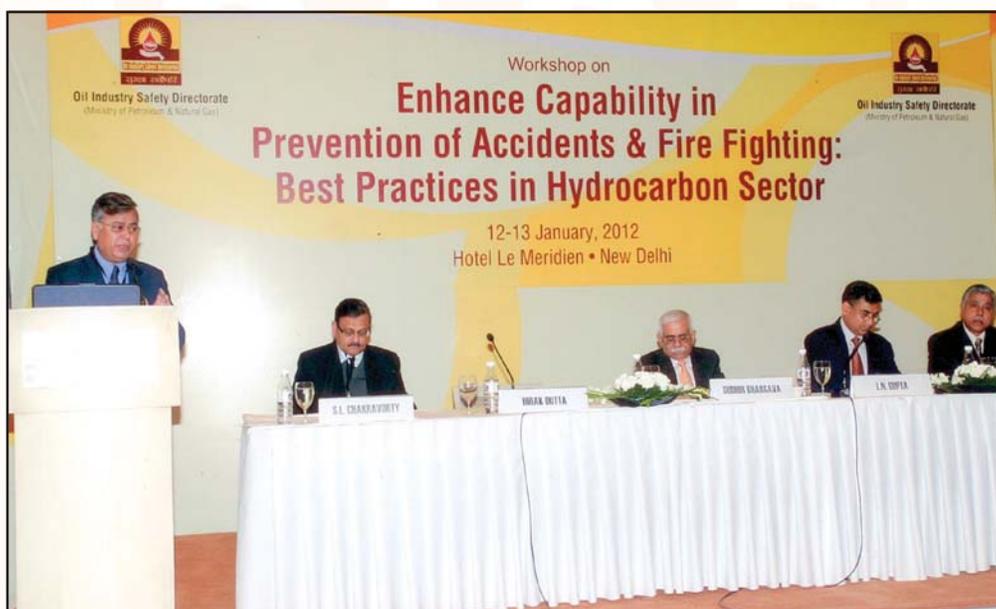
Pre-commissioning safety audit of 15 projects in Refineries, 14 LPG Bottling Plants, 4 POL Depot/ Terminals, 1905 km of Cross Country Pipelines including 3 jetty lines and 1 LNG Facilities at Dhabol were carried out during the year.

4.0 Construction Safety Audit

As per Mop&NG's directive construction safety audit at ISPRL's (Indian Strategic Petroleum Reserves Ltd.) Padur and Mangalore site was carried out during the year 2011-12.

5.0 Oil Industry Safety Awards

Safety performance of the organizations in the oil industry is being regularly evaluated through a Safety Award Scheme, which was instituted in 1987 to commemorate 40th anniversary of Independence. The Safety performance evaluation is done considering complexity on installations based on units involved and product handled, manpower, fire and accidents and assessment of safety management system. In order to sensitize and motivate individual employee



towards the importance of safety, it was also decided to give away cash awards for five individual employees / contract workers who have made significant contribution to prevent accidents at work places.

Safety performance of the Oil / Gas Installations in the oil industry have been evaluated for the year 2010-2011 during the period and 8 awards under 4 categories have been approved by MoP&NG.

6.0 Accident Reporting, Investigation & Analysis

Industry reports information pertaining to all major accidents immediately on occurrence to OISD. OISD in turn keeps Ministry informed and conducts on the spot study in certain cases and also participated in investigation depending upon the severity/damage as considered necessary. A brief of some of the major incidents and the recommendations arising out of investigations carried out independently or in association with OISD representatives are circulated as Advisory Notes to oil industry for their information and necessary action to avoid recurrence. OISD conducted investigations of 10 incidents during the year.

7.0 Dissemination of Safety information

This is a continuous activity of OISD wherein details regarding fires, accidents and near misses occurring in the installations of the entire industry are received on a quarterly basis and stored in a computerised data base. After analysis, the information showing statistical trends, areas of concern, major recommendations etc. is disseminated to industry through Steering Committee Meetings, Workshops and OISD Journal - Petrosafe. OISD also publish "OISD Newsletter" to disseminate information on various safety related activities. OISD also disseminates safety related information on its website i.e www.oisd.gov.in

11.5 Petroleum Planning and Analysis Cell (PPAC) : Grant in aid of Rs.12.21 crore

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector with effect from 1st April, 2002, Oil Coordination Committee (OCC) was abolished and a new cell, PPAC was created w.e.f. 1st April, 2002 under the Ministry of Petroleum and Natural Gas, to assist the Government in discharge of some of the functions earlier being performed by OCC. As per Government's directives, the expenses of the PPAC are borne by OIIB by way of grant.

The functions of PPAC are administration of subsidy on PDS Kerosene and Domestic LPG; administration of freight subsidy for far flung areas; maintenance of information data

bank and communication system to deal with emergencies and unforeseen circumstances; analysis of the trends in the international oil market and domestic prices; forecasting and evaluation of petroleum import and export trends.

During the year, OIDB released a grant of Rs.12.21 crore for meeting the expenditure of PPAC. Major activities completed during 2011-12 are :-

a) Settlement of Subsidy claims of OMCs

During the year 2011-12, Rs.3000 crore and Rs.23 crore were paid as subsidy on PDS Kerosene and Domestic LPG and Freight Subsidy for far-flung areas respectively by the MOP&NG on the subsidy claims processed by PPAC.

b) Settlement of Under recovery claims of OMCs

During the year 2011-12, total under-recovery claims of Rs.1,38,541 crore on HSD, Domestic LPG and PDS Kerosene were scrutinised and compensation mechanism thereof was prepared. Under the burden sharing mechanism, Rs.55,000 crore was contributed by the PSU upstream companies in the form of discounts and Rs.83500 crore was provided as cash assistance by the Government.

c) Study on Data Management System

PPAC had entered into an MOU with Indian Statistical institute (ISI) Kolkata on 22.9.2009 to study the Data Management System for Oil and Gas Sector and for formulation of Data Quality Guidelines and Manuals by ISI. The cost of this project is Rs. 50 lakhs. The scope of the project includes assessment of the current data system and identification of areas of improvement and preparation of guidelines and manuals for the officials of PPAC for effective collection and dissemination of data. ISI has submitted a preliminary draft Data Quality System Manual, which was shared with ministry and industry in a Data Quality Workshop held in July 2011. A software developer has since been appointed by ISI for developing programme for data management system. The current stage of work, after software programme is developed, is finalization of the new formats for submission of data by data providers i.e. oil and gas companies including DGH. This will be followed by testing of the data system for stabilization.

d) All India Study on Sectoral Demand of Diesel & Petrol

PPAC has commissioned, in association with Oil Marketing Companies (OMCs), an All India Study on Sectoral Demand of Diesel & Petrol to find out sector-wise I segment-

wise share of diesel sold through retail outlets. MIS A. C. Nielsen ORG MARG (Pvt.) Ltd. have been appointed as consultants for the study through a public tender. The study would be conducted in four rounds to take in to account seasonal impact on consumption pattern and would be completed in a period of 18 months. The study would cover 16 major states of all the four regions, covering 150 districts from these 16 states and 2000 retail outlets apart from household I users' survey with sample size of 1000 in each round. The survey for the first round has been completed and results of the same were discussed in a meeting taken by Secretary, MoP&NG on May 11, 2012.

e) National Gas Grid Stud Project under the technical assistance from USTDA

PPAC executed the contract with ICF International, USA on July 16, 2009 for carrying out the study on National Gas Grid Project under USTDA grant. The total cost of carrying out the study is USD 920000 excluding taxes of which USTDA share is 75% and PPAC's share is 25%.

ICF International has submitted the Final Report on 27.07.2011 which was accepted by PPAC on 30.07.2011 and final report was sent by Director PPAC to Director Marketing MoPNG on dated 31.07.2011 for information & further necessary action.

During the year under report, OIDB released a grant of Rs.12.21 crore for meeting the expenditure of PPAC.

11-B R & D Grants

11.6 National Gas Hydrate Programme - II (NGHP-II) – Grant of Rs. 0.23 crore

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

11.7 Government of Rajasthan - Grant of Rs.0.50 crore.

Crude Oil, Natural Gas and CBM Exploration & Development

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. The State Government of Rajasthan has sanctioned Petroleum Exploration Licenses for 21 blocks and Petroleum Mining Leases for 10 block (covering approximately an area of 4000 sq km) for exploration and exploration for crude oil, heavy oil and natural gas with the Directorate of Petroleum, Government of Rajasthan being the nodal monitoring agency. For the development of CBM as an alternate energy source, the Directorate of Petroleum has undertaken R&D projects in Barmer –Sanchore Basin and Bikaner-Nagaur Basin. It is expected that approximately 950 Mega tonne of CBM reserves are in Bikaner area and exploration of these reserves can sustain upto 5500 Megawatt power plant in this area. Based on presence of lignite occurrence at depth of 500 to 1600 mtrs, the Government of Rajasthan had undertaken R&D project for CBM and completed it successfully in the districts of Barmer and Bikaner under Phase-I for which financial assistance of Rs.5.31 crore was provided by OIDB on the recommendations of Directorate General of Hydrocarbons(DGH). As per the outcome of High Resolution Shallow Seismic Survey (HRSSS) conducted under Phase-I, lignite reflectors are required to be confirmed by drilling of 4 coreholes under Phase-II for which OIDB has approved financial assistance of Rs.3.72 crore on the recommendation of DGH and approval of Central Government. This R&D project would help in confirmation of seismic reflector, investigation for the occurrence and thickness of deep seated lignite seams and assess the content of the CBM in 4 selected locations. After completion of Phase –II, data packages shall be prepared for carving of CBM blocks for exploration and aims to identify 15 blocks in about 11000 sq KM area. These blocks will be offered to the Central Government for upcoming

CBM bidding so that exploration can be undertaken to test the presence and quantum of growth under the pilot scale operation, which if successful, will pave path for commercial exploitation of methane gas.

11.8 Bharathidasan University, Tiruchirapali, Tamil Nadu - Grant of Rs.0.32 crore

OIDB has approved a grant of Rs.4.98 crore to Bharathidasan University for its project named “Integrated Remote Sensing and GIS Technologies for targeting Hydrocarbon locales from soil tonal and Geochemical Anomalies related to OIL and Gas seepage in selected Frontier Basins of India”.

The “Project – RESOIL” was carried out in the three frontier basins namely Cuddapah Basin, Deccan Syncline and Indo-Gangetic plain. The main aim and objective of the study is to identify probable Hydrocarbon locales from soil tonal anomalies related to oil / gas seepage in three frontier basins of India, using

- (i) GIS based 3D visualization of gravity, airborne magnetic and borehole lithology data and identification of basement geological structures / faults to establish their surface connectivity through SRTM derived surface lineaments and detection of zones of active faults amongst such exposed deep seated structures / faults.
- (ii) Study such zones of active faults with the help of Thermal Remote Sensing data (ASTER or MODIS) for thermal anomalies and 3D visualized gamma ray data to further locate rock – soil – vegetation anomalies and
- (iii) Carry out surface geochemical exploration in the anomalous areas demarcated by remote sensing and GIS studies. Further the hyperspectral study to locate the hydrocarbon lead zones of oil-gas seepages for detailed exploration.

The present “Project-RESOIL” taken up to fill the technology gap by evolving / demonstrating a newer methodology of targeting the probable hydrocarbon provinces, through 3D visualization of geophysical and borehole data, mapping of surface lineaments and faults using SRTM data, identification of active deep seated surface exposed faults using high resolution satellite data, radiometric and thermal anomaly mapping to detect the soil-vegetation tonal anomalies, mapping of geochemical alteration minerals and finally integrate all using GIS for detailed oil-gas search.

This newer methodology, is not only provide a new set of baseline data on the probable hydrocarbon locales in the three frontier basins such as Cuddapah, Deccan Syncline and Indo-

Gangetic basins, but can also be effectively used in other basins for hydro carbon search. This RESOIL project was carried out and completed within the budget of Rs.373 lakhs as against 498 lakhs.

During the year under report, OIDB released a grant of Rs.0.32crore for the project.

11.9 Indian Oil Corporation Limited: Grant of Rs. 1.02 crore

Pilot Project for Direct Cash Transfer of subsidy for PDS Kerosene and Domestic LPG by Oil Marketing Companies (OMCs)

In order to deliver LPG and kerosene only to the targeted consumers and to curb leakages/multiple customer, a proposal for delivery of these product through bio-metric Smart Card System was conceived by the Government and a Steering Committee under the Chairmanship of Additional Secretary, MOP&NG as well as Task Force under the Chairmanship of Joint Secretary (Marketing), MOP&NG was constituted for the implementation of the pilot project. As per the preliminary report of Project Management Team (PMT), the smart card was to be issued to all PDS kerosene consumers (both APL and BPL) and registered LPG customers and their bio-metric and demographic details would be captured for authentication at the Point of Sale (POS) terminals. This project was initially conceived to be implemented in Hyderabad, Pune and Bengaluru. Central Government approved the project with financial assistance from OIDB amounting to Rs.37.05 crore for the pilot project. However, after deliberations, the scope of work was changed to align the project with UIDAI as against an independent system assumed earlier with incorporation of both online and smart card route for authentication purposes. The Union Territory of Chandigarh was also included in the pilot project and delivery authentication was to be limited to 50,000 households each of the 4 pilot cities. On account of revised scope of project, involvement of independent consultant in handholding the OMCs for selection of service provider, preparation of tender etc., the project cost increased to Rs.53.15 crore which was approved by the Central Government and the OID Board. However, subsequent review of progress of project, the scope of project was revised with incorporation of Direct Cash Transfer of subsidy component and the project cost was reduced to Rs.5.31 crore with Chandigarh being kept outside the pilot project. The LPG cylinders would be marketed at market price and the differential as subsidy will be directly transferred to Aadhaar Enabled Bank Account (AEBA). The modalities on subsidy payment for token amount of Rs.10 per customer during the pilot phase has been finalised with sponsor bank (State Bank of India) and the participating banks (Syndicate Bank, Canara Bank and State Bank of Mysore). The Aadhaar Payment Bridge (APB) has been set up by National Payment Corporation of India and SBI has

tested the utility by successfully transferring the token payment through APB to the Canara Bank. OI DB has released Rs.1.02 crore on this project and balance fund will be released as per progress and demand by Indian Oil Corporation Limited (IOCL), which is the coordinating agency for all the three OMCs during pilot phase. The Task Force decided to temporarily suspend the pilot project in Hyderabad as customers are not forthcoming to provide Aadhaar numbers and in Pune as the Aadhaar penetration is found to be low. However, the Task Force has decided to extend the pilot for entire Mysore District covering 30 distributors and approximately 5.70 lakh customers for which both the System Integrator and the consultants have been put into action.

11.10 Central Institute of Plastic Engineering & Technology (CIPET) :

- Grant of Rs.0.44 crore

Central Institute of Plastics Engineering & Technology (CIPET) was established in 1968 at Chennai under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Govt. of India. CIPET is a pioneering National Institute fully devoted to Academics Technology & Research (ATR). All services rendered by CIPET, viz., training, research and development, consultancy and advisory services are at par with International Standards. All CIPET laboratories are accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) by Department of Service and Technology, Govt. of India.

CIPET has substantial technology assets that can be purposed in order to improve & expand its developmental efforts. CIPET, established with an objective to cater the need of plastics & allied industries through manpower development, training and technical services, is well equipped with state-of-art facilities in the areas of Design CAD/CAM, Tooling, Plastics Processing, Testing, Characterization & Quality Assurance.

The project entitled 'National Research Programme on Development of Light Weight Fuel Efficient Polyolefin Nanocomposites for Application in Transportation Sector' sanctioned by OI DB to Laboratory for Advanced Research in Polymeric Materials (LARPM) CIPET Bhubaneswar during December 2010 aims to investigate the effect of structural, material and parameter uncertainties on the response & performance of various components to evaluate the uses of, and markets for, high-technology lightweight materials in key worldwide transportation markets. The facility support from the aforementioned project would also cater to the needs of development of innovative nanomaterials in the transportation sector. The

project is under progress in line with the objectives & shall be resolving the potential issues pertaining to Nanoscience & Technology in the country. The activities under progress would lead to publications and patent applications in the recent years. Funds are being utilized towards implementing the project successfully through trials with different iterative compositions.

11.C Schemes/Projects sponsored by Govt. of India/OIDB

11.11 Hydrogen Corpus Fund

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

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

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

Nine projects estimated to cost Rs.41.51 crore have been approved for implementation by various PSUs and other institutions. An amount of Rs.1.82 crore has been released for same from HCF till March, 2012

11.12 Rajiv Gandhi Institute of Petroleum Technology, Rai Bareilly – Grant of Rs.2.95 crore

After having felt the need of establishing a single training and educational institution that can render expert technical and management training to the existing petroleum industry and which can provide world class multi-disciplinary techno-management, academic programmes in the petroleum fields, the Government decided to set up Rajiv Gandhi Institute of Petroleum Technology. The Institute initially established under Societies Act, has been declared as an Institute of National importance under RGIPT Act passed by Parliament in December,2007 (Act 54 of 2007). The Act has come into force with effect from 01.06.2008.

Construction of Jais Campus, Rai Bareilly

The major contract for civil structure work, awarded to M/s PunjLloyd (PLL), had commenced in August,2010. However, in view of the slow progress, a revised project schedule was submitted by Engineers India Ltd.(ELL) to RGIPT in January,2012, according to which the campus construction work will be partially completed by April,2013 to enable RGIPT to shift from the temporary campus at Rae Bareli to Jais. The overall campus construction work will be completed by 31.12.2013. As on 31.03.2012, the overall progress of the project was 32.6% as against the revised scheduled progress of 38.5% and the progress of civil structural work by the contractor, M/s PLL was 30.9% vis-à-vis the revised scheduled progress of 43%. EIL has been advised to intensify the project monitoring and follow up with PLL to step up resource mobilization at site in order to meet the revised construction schedule.

11.13 Prefeasibility Study by EIL/TERI - Grant of Rs.0.51 crore

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

1. Padur 5 MMT (Underground Rock Caverns)
2. Chandikhol 2.5 MMT (Underground Rock Caverns)
3. Bikaner 2.5 MMT (Salt Caverns)
4. Rajkot 2.5 MMT (Underground concrete tanks)

The technical knowhow for underground rock caverns is available and hence, EIL is proceeding with the DFR's and further implementation of the projects.

However, Salt caverns and Underground concrete tanks being new technologies, services of back up consultants were required. For salt caverns at Bikaner the job of back up consultant has been awarded to M/s DEEP Underground Engineering, Germany whereas for underground concrete tanks at Rajkot, order is yet to be placed for the back up consultancy services.

CHAPTER - III

OTHER ACTIVITIES



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12. OTHER ACTIVITIES DURING THE YEAR

(i) OIBD Relief Trust (OIBD RT)

During the period April to June 2000 unprecedented drought had hit some States viz. Andhra Pradesh, Rajasthan and Gujarat. In response to appeal made by the then Hon'ble Prime Minister, the Ministry of Petroleum & Natural Gas, during May 2000 decided to reimburse the cost of diesel for transportation of drinking water to the drought affected villages in these states. For this purpose, with the approval of the then Hon'ble Minister of Petroleum & Natural Gas, a Trust named OIBD Drought Relief Trust was formed on 01.06.2000 as a Charitable Trust. The President of the Trust is Secretary (PNG) ex-officio, Managing Trustee of the Trust is Additional Secretary (PNG) ex officio and Secretary (OIBD) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. As directed by the Ministry, Oil PSUs had contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2012, an amount of Rs.15.51 crore approximately has been released to various State Govts./ Prime Minister Relief Fund and other Welfare Organizations. As on 31.03.2012, the balance funds (including interest) in OIBD Relief Trust stood at Rs.13.02 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act till 31.03.2012. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the name of the Trust was changed from OIBD Drought Relief Trust to OIBD Relief Trust on 09.07.2010.

(ii) Implementation of Government's Official Language Policy

Oil Industry Development Board has implemented the Rules and Policies of Official Language Act in its Secretariat office. OIBD also ensures implementation of Annual Programme issued by the Government from time to time. All the computers have already been provided with various Hindi Software like Akshara XP, Ankura and Microsoft Word 2010 etc. All rules of OIBD are bilingual.

In order to undertake the Official Language implementation work effectively, an Official Language Implementation Committee is functioning in OIBD under the Chairmanship of Secretary (OIBD). The Committee reviewed the overall progress of implementation of Official Language Policy in OIBD, as also the progress of implementation of the Annual Program circulated by Department of Official Language.

During the year 2011-12, a number of steps were taken to maximize the use of Hindi such as:

- On the occasion of Hindi Diwas, Hindi Month was organized in OIBD from 01.09.2011 to 30.09.2011.

- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included news writing, essay writing, competition related to knowledge of official language, debate, quiz competition etc. Winner Participants were rewarded with cash prizes.
- Instructions were issued to all officers/employees of OIDB who are proficient in Hindi to submit their work in Hindi only.
- Quarterly, Half yearly and Annual Progress Reports on progressive use of Hindi were sent to Department of Official Language regularly.
- Substantial number of books, magazines and newspaper published in Hindi were purchased and are available in OIDB Library. Help books such as technical terminology in Hindi/English dictionaries etc were provided to the officers and staff.
- Regular Hindi Workshops were organized in OIDB on various development topics to effectively propagate the use of Hindi.
- OIDB continued to publish its annual in-house Hindi Magazine titled “Anubhuti” in 2011-12 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.



Release of Hindi Magazine 'Anubhuti' by Secretary, OIDB

(iii) Right to Information Act

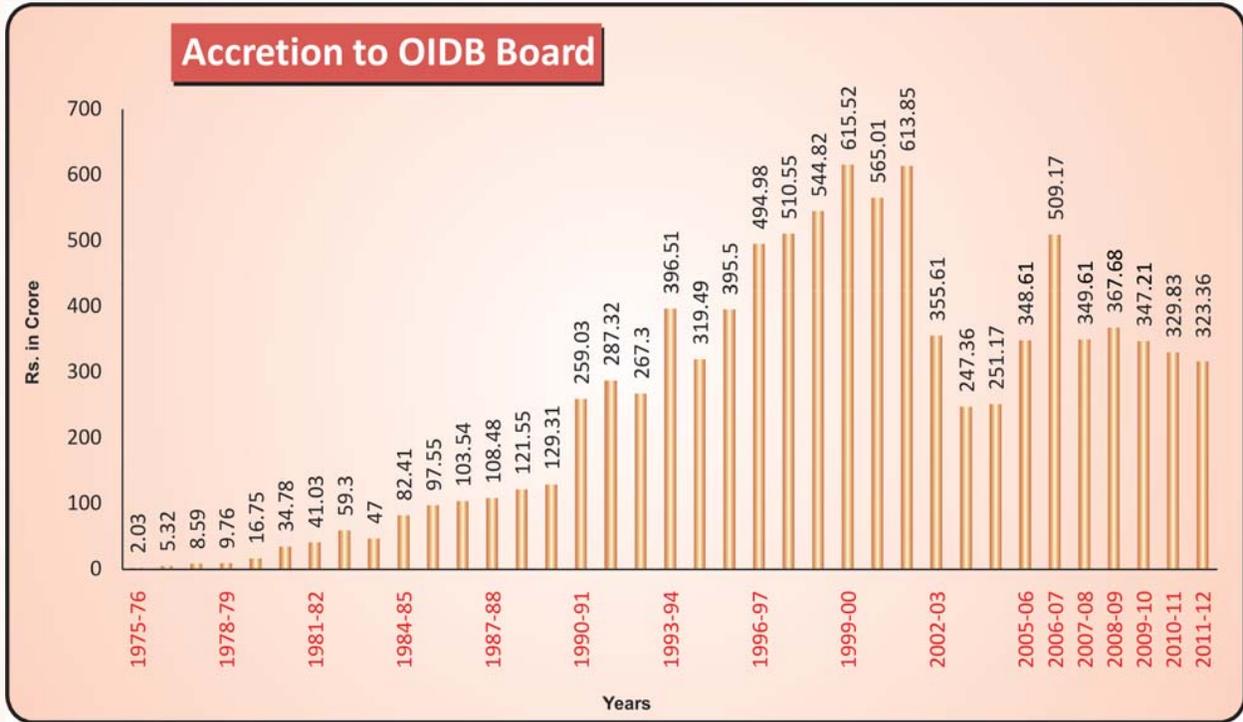
Right to Information (RTI) Act, 2005 has been implemented in the OIDB as per Gazette Notification of Government of India dated 15th June, 2005. RTI Act is inter-alia designed to promote transparency and accountability in the functioning of public authorities.

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, Manager (P&A) and Section Officer are designated as Transparency Officer, Appellate Authority, Public Information Officer and Assistant Public Information Officer respectively.

During 2011-12, 3 applications/receipts have been received under RTI Act, 2005 in the OIDB. Out of 3 applications/receipts, 3 Applications/receipts have been disposed of. The remaining applications/receipts would be disposed off within the time limit prescribed in the RTI Act.

13. Accretions to the fund from Internal Resources

The OIDB generates internal resources by way of interest receipts on loans and short-term investments. During 2011-12, an amount of Rs.323.36 crore accrued to the Fund as compared to Rs.329.83 crore during 2010-11. The position regarding similar accretions to the Fund during the last 37 years is shown in the graphic picture



14. Annual Accounts and Audit

The Board continued to maintain accounts of all financial transactions carried out by it during the year under report. The accounts appended to the report comprise Income & Expenditure Account and Balance Sheet duly audited and reported upon by C&AG of India as sole auditor for OIDB.



Annexure

Detailed statement of cess collection by the Central Government and its allocation to the OIDB.

(Rs./crore)

Sl. No.	Year	*Collection of cess on crude oil by Govt.	Payment made to OIDB by the 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	-
	Total	104033.79	902.40

* The figures of Cess as provided to OIDB by ONGC, OIL & DGH. (Provisional)

CHAPTER - IV

OIL INDUSTRY DEVELOPMENT BOARD - AT A GLANCE



ANNUAL REPORT 2011-2012

OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE

(Rs. in crore)

S.No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
I.	Cess collection by the Govt. of India	6808.08	6636.18	6593.66	7620.04	8065.46
II.	Resources	-	-			
	a Allocation out of cess collected by the Govt.	-	-		-	-
	b Loans repayment receipt	1860.77	1290.33	2601.71	1429.18	2088.24
	c Interest and other receipts	716.60	789.36	863.81	741.55	690.19
	d Closing Balance	1816.99	170.75	96.41	26.03	10.96
	e Investment in equity	-	-	-	-	-
	f Surplus transferred to OID Fund Account	349.61	367.68	349.39	329.83	323.36
III.	Financing Operations					
	i) Assistance for plan projects					
	a Sanctioned	1982.10	3043.00	2779.00	1388.41	1862.59
	b Disbursed	1982.10	3043.00	2779.00	1388.41	1862.59
	ii) Other assistance including assistance for non-plan projects					
	a Sanctioned	-	-	-	-	-
	b Disbursed	-	-	-	-	-
	iii) Assistance for R&D projects including schemes run by GOI/OIDB					
	a Sanctioned	109.57	141.08	151.65	128.77	140.32
	b Disbursed	105.80	135.94	151.63	128.77	140.32
	c Investment in the equity of ISPRL	57.50	179.29	67.65	0.00	1109.76
	d Royalty Payment to State Govt.	30.62	16.00	8.30	54.89	33.86
	e OI DB's expenses including cap. Exp & Contract Cell expenses	27.17	62.53	100.89	100.92	81.90
	f Income tax payment	185.66	273.37	161.76	147.58	144.62
IV.	Total funds sanctioned during the year	2382.66	3776.61	2930.65	1517.18	2002.91
V.	Actual receipts during the year	4214.27	3895.07	3465.53	2170.73	2778.43
VI.	Total funds utilized including investments in equity/income tax	2397.28	3724.32	3269.25	1820.57	2263.29
VII.	Loans outstanding at the end of the year (PSUs)	7001.10	8753.79	8931.08	8890.31	8664.66

CHAPTER - V

ANNUAL ACCOUNTS



ANNUAL REPORT 2011-2012

OIL INDUSTRY DEVELOPMENT BOARD BALANCE SHEET AS AT 31.03.2012

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year 31.03.2011
Corpus/Capital Fund	1	90240	90240
Reserves and Surplus	2	959537	927226
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	78736	60410
TOTAL		1128513	1077876
ASSETS			
Fixed Assets (Net Block)	8	15956	1955
Work in Progress	8	133	13986
Investments-Earmarked/Endowment Funds	9	0	0
Investments -Others	10	150134	35882
Current Assets, loans, Advances etc.	11	962290	1026053
Miscellaneous Expenditure (to the extent not written off or adjusted)		0	0
TOTAL		1128513	1077876
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		


(M.C. Singh)
FA&CAO


(Arun Kumar)
Secretary

DATE :
PLACE : New Delhi

**OIL INDUSTRY DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2012**

(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	372	3250
Interest Earned	17	68576	67458
Other Income	18	71	2
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		69019	70710
EXPENDITURE			
Establishment Expenses	20	498	317
Other Administrative Expenses etc.	21	414	379
Expenditure on Grants, Subsidies etc.	22	14032	12877
Interest paid	23	0	0
Royalty to State Governments	24	6346	9386
Provision for doubtful debts		0	0
Fringe Benefit Tax		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)		931	10
TOTAL (B)		22221	22969
Balance being excess of Income over Expenditure (A-B)		46798	47741
Provision for Income Tax		14462	14758
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		32336	32983
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		


(M.C. Singh)
FA&CAO


(Arun Kumar)
Secretary

DATE :
PLACE : New Delhi

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012**

(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	927226		894243	
Addition during the year	32335		32983	
Less : Adjustment of Tax paid in excess of earlier years	24	-	0	
TOTAL:	959537	-	927226	

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012**

(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
31.03.2012**

(Rs.in lakh)

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

Note: Amounts due within one year.

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 5 – UNSECURED LOANS AND BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
4. Banks:		
a) Term Loans		
b) Other Loans (specify)	NIL	
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 31.03.2012**

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Acceptances		-		-
2. Sundry Creditors:				
a) For Goods	-		-	
b) Others	-	-	-	-
3. Advances Received		-		-
4. Interest accrued but not due on:				
a) Secured Loans / borrowings	-		-	
b) Unsecured Loans / borrowings	-		-	
5. Statutory Liabilities:				
a) Overdue	-		-	
b) Others	-		-	
6. Other current liabilities				
a) Royalty payable to State Government(s) & others	13468		10508	
b) I.Tax/TDS/Works Contract Tax payable	39		23	
c) payment due to Contractors	640		62	
d) Others	244		141	
e) Security Deposits including EMD	222		129	
f) Amount withheld include labour Cess (due to contractors)	352	14965	240	11103
TOTAL (A) :		14965		11103
B. PROVISIONS				
1. For Taxation		63704		49242
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		64		63
5. Trade Warranties / Claims		-		-
6. Others -Provision for Auditors Remuneration		3		2
TOTAL (B) :		63771		49307
TOTAL (A + B) :		78736		60410

OIL INDUSTRY DEVELOPMENT BOARD SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012

(Rs.in lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost / Valuation As at beginning of the year 01.04.11	Additions during the year	Deductions during the year	Cost/ Valuation at the year end 31.03.12	As at the beginning of the year 01.04.11	Additions during the year	Deductions during the year	Total up to the year-end 31.03.12	As the Current year-end 31.03.12	As at the Previous year-end 31.03.11
A. FIXED ASSETS										
1. LAND:										
a) Freehold	0	0	0	0	0	0	0	0	0	0
b) Leasehold	1915	0	946	969	0	0	0	0	969	1915
2. BUILDING:										
a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	0	10219	0	10219	0	573	0	573	9646	0
c) Ownership Flats / Premises	0	0	0	0	0	0	0	0	0	0
d) Superstructures on Land not belonging to the entity	32	0	0	32	15	1	0	16	16	17
3. PLANT MACHINERY & EQUIPMENT	0	2692	0	2692	0	202	0	202	2490	0
4. VEHICLES	12	0	5	7	9	0	4	5	2	3
5. FURNITURE, FIXTURES	21	2940	0	2961	19	147	0	166	2795	2
6. OFFICE EQUIPMENT	43	5	2	46	33	2	2	33	13	10
7. COMPUTER / PERIPHERALS	42	0	0	42	34	4	0	38	4	8
8. ELECTRIC INSTALLATIONS	0	0	0	0	0	0	0	0	0	0
9. LIBRARY BOOKS	0	0	0	0	0	0	0	0	0	0
10. TUBEWELLS & WATER SUPPLY	0	0	0	0	0	0	0	0	0	0
11. OTHER FIXED ASSETS	0	23	0	23	0	2	0	2	21	0
TOTAL OF CURRENT YEAR:	2065	15879	953	16991	110	931	6	1035	15956	1955
PREVIOUS YEAR:	2056	9	0	2065	100	10	0	110	1955	1956
B. CAPITAL WORK-IN-PROGRESS:	13986	2604	16457	133	0	0	0	0	133	13986

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012

(Rs.in lakh)

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

NIL

(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	1758
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures	-	-
ISPRL	145100	34124
6. Others (to be Specified)	-	-
TOTAL:	150134	35882

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2012**

(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)		1		1
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	0		0	
- On Saving Accounts	1096	1096	2602	2602
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts		-		-
TOTAL (A) :		1097		2603

(Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	47		53	
b) Oil PSUs (Annexure-II)	866466		889031	
c) Others (specify)		866513		889084
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)	8112		62076	
b) Advance Rent	0		23	
c) Others (including Advance Tax, TDS, MM Cell, Security Deposits & Advance to CHT for projects)	65407	73519	52082	114181
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	3		3	
c) On Loans and Advances -	2731		2720	
Less: provision for doubtful debts made in earlier years	2714		2714	
d) Others (Data sale Proceeds from DGH)	6	26	47	56
4. Claims Receivable				
(i) Tax Paid Under Protest	18786		20123	
(ii) Accounts Recievable	2349	21135	6	20129
TOTAL (B) :		961193		1023450
TOTAL (A + B) :		962290		1026053

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2012**

(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 31.03.2012**

(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 31.03.2012**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION, SALE OF DATA BY DGH ETC.		
1. Income from Royalty	-	1
2. Income from Publications	-	-
3. Others – Sale of data by DGH	372	1399
- Receipt from IOC (R&D)	0	1850
TOTAL :	372	3250
	Current Year	Previous Year
SCHEDULE 17 –INTEREST EARNED		
1. On Term Deposits :		
a) With Scheduled Banks (FDRs)	192	226
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	199	289
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	3	2
b) Oil Companies	67218	66940
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation Advance	0	1
b) Interest on Income Tax Refund	964	0
TOTAL:	68576	67458
Note - Tax deducted at source.	6747	6714

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2012**

(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	71	2
TOTAL:	71	2
	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	158	122
b) Allowances and Bonus	36	33
c) Contribution to Provident Fund	0	0
d) Contribution to OIIB Employees Group Gratuity and Pension Funds.	107	22
e) Staff Welfare Expenses including medical expenses	14	11
f) Expenses on Employees' Retirement and Terminal Benefits	4	2
d) Others(Includes Contract Cell)	179	127
TOTAL:	498	317

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2012**

(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	189	120
e) Water Charges	3	3
f) Insurance	3	3
g) Repairs and maintenance	53	25
h) Excise Duty	0	0
i) Rent, Rates and Taxes	20	104
j) Vehicles Running and Maintenance	4	5
k) Postage, Telephone and Communication Charges	7	3
l) Printing and Stationery	5	9
m) Misc. expenses	5	5
n) Expenses on Seminar / Workshops	1	0
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	3	2
r) Hospitality Expenses	1	1
s) Professional Charges	21	8
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	1	0
z) Others - FMS Work Expenses, Diesel Exp etc.	98	91
TOTAL:	414	379

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2012**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations(Annexure-III-a)	11686	11289
b) Assistance for Govt./ OIDB sponsored Schemes & Projects (Annexure-III-b)	2346	1588
TOTAL:	14032	12877
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	2972	4198
Govt. of Gujarat	3018	2964
Govt. of Assam	356	2224
Total	6346	9386

OIL INDUSTRY DEVELOPMENT BOARD

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED March 2012

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

4.1 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 OI DB has established two trusts namely “OI DB employees Group Gratuity Scheme” & “OI DB employee’s superannuation Scheme” covering the liability of OI DB 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 2012

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. Contingent liabilities

- (a) Liability in respect of a claim amounting to Rs.55.68 lakh submitted by M/s Siemens Enterprise Communication Pvt. Ltd for Audio & Video System works in OIDB Bhawan has not been considered and provided for in the accounts as part of work was still pending. The final bill was required to be submitted only after the completion date of the work in all respect which was 22.04.2012.
- (b) Claims of Rs.36.28 lakh (previous year Rs. 30.10 lakh) on account of TDS and interest thereon (Rs. 1.42 lakh for 2007-08, Rs.30.10 lakh for 2008-09, Rs. 3.55 lakh for 2010-11 and Rs.1.21 lakh for 2011-12) have not been provided for in the accounts as the appeals are pending with Commissioner of Income tax (Appeals).
- (c) There was an Arbitration case between OIDB and M/s Godrej & Boyce Mfg. Co. Ltd. arising out of execution of Interior work for G+3 block of OIDB Bhawan. The Arbitrator delivered the judgment in favour of M/s Godrej & Boyce Mfg. Co. Ltd for release of an amount of Rs.62.78 lakhs against Rs.180.41 lakh as claimed. The OIDB has filed a petition before the Hon'ble High Court, Delhi against the judgment of arbitrator. In view of this, the provision for the same has not been made in the accounts.

2. COMMITMENTS

Capital

- A) The value of the final bills yet to be considered for payments worked out to be Rs. 1071 lakh (approx) for want of clarifications/receipts of the final bills. The liability has however been provided in the accounts. The liabilities in respect of awaited final bill are based on the revised costs estimates of the respective works.

- B) (i) Rs.276300 lakh is the revised estimated cost (previous estimated cost Rs.239700 lakh) for construction of “Strategic Crude Oil Storages” by Indian Strategic Petroleum Reserves Ltd (ISPRL, a wholly owned subsidiary of OIDB). As per the directions of the Government, the entire cost of the project is to be funded by OIDB. The project is expected to be completed by March 2013.
- (ii) OIDB has paid Rs.153212 lakh (Previous Year Rs. 96200 lakh) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment in the equity of the Company up to end of March 2012. Company has already allotted and issued share certificates to the extent of Rs.145100 lakh. The remaining amount of Rs.8112 lakh is pending for allotment of shares as on 31.03.2012.

3. CAPITAL COST OF OIDB BHAVAN

The construction of OIDB Bhawan was completed in November, 2011 excepting minor repairs and Audio Video works which was completed in April, 2012. Capitalization of all the works except Audio Video works has been done during the year. The total cost of OIDB Bhawan worked out to Rs.15874 lakh which includes the cost of land Rs.969 lakh, Plant & Machinery of Rs.2692 lakh and Furniture & Fixture of Rs.2940 lakh. Additionally work amounting to Rs.181 lakh (Audio & Video work) was yet to be capitalized while arriving at the capital cost. Recoveries made from the contractors on various accounts have been adjusted against the value of the respective work.

4. CURRENT ASSETS, LOANS & ADVANCES

- a) Loan Amounting to Rs.32.76 Cr. given to Bienco Lawrie Ltd has been converted into equity of OIDB in the company on the directions of government. Share certificate has also been received. After conversion of this loan into equity, the total equity of OIDB in Bienco Lawrie Ltd has been enhanced to Rs.50.34 Crore out of Rs.74.76 Crore which is 67.33% of the total equity. Thus, OIDB has become a major share holder of the company and BLL has become a subsidiary of OIDB.

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

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

- b) Income includes Rs.373 lakh as sale of Data by DGH and Rs.68 lakh rent received from NTPC in respect of office space occupied in OIDB Bhawan.
- c) 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 which are under litigation. As and when the securities are realized the amount so received will be adjusted against the recoverable interest. As the recovery of these amounts remains doubtful, the same has already been provided in the accounts as 'doubtful debt' earlier.
- d) The OIDB has decided not to charge any rent and maintenance charge from its grantee institute. Therefore, neither any recovery has been made from the grantee institutions nor did any recoverable amount provide in the accounts towards rent and maintenance charges from grantee institutions.

5. TAXATION

- (a) As OIDB is a tax paying entity under Income – Tax Act 1961, 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.

- (b) i) The Income Tax Department in its revised assessment orders for the assessment Year 2005-06 has accepted the contention of OIDB and allowed the grant in aid as revenue expenditure in line with the ITAT order dated 31st March 2009. The department has, accordingly accepted a refund of Rs. 40.74 Crore including interest of Rs.9.64 Crore. The Department has adjusted an amount of Rs.17.92 Crore against the demand for the A.Y. 2009-10 and paid the balance amount Rs.22.82 Crore in May 2012.
- ii) The department has also revised the assessment orders for the A.Y. 2006-07 & 2007-08 and accepted refunds of Rs. 48.62 Crore and Rs.121.84 Crore including interest. These amounts will be accounted for in 2012-13 as the orders have been passed by the Income Tax authority in the month of April 2012.
6. As per directions of the Government, payment to State Governments/Operators towards royalty is to be borne by OIDB. This expenditure is treated as expenditure of OIDB. Accordingly, during the year OIDB has provided Rs.6346 lakh (previous year 7890 lakh) based on the estimations of claim submitted by the DGH to the Ministry of MOP&NG for the year 2010-11.
7. Proportionate cost of transport, telephone, internet, Facility Management, Electricity and diesel charges as incurred by OIDB during the year have been debited to the ISPRL. No charges have been considered on account of Rent receivable from ISPRL.
8. On the directions of the Government, a separate Corpus Fund named “Hydrogen Corpus Fund” (HCF) with participation from various Oil & Gas PSUs has been established for carrying out hydrogen related R&D activities. The fund is being maintained by the OIDB separately. The total amount of Rs. 40 Crore towards OIDB’s contribution has been released.
9. (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) Liability towards Gratuity and Superannuation as on 31.03.2012 has been provided for fully for the serving employees on the basis of actuarial valuation done by LIC of India.
- (iii) 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.
10. Accounting standards as issued by the Institute of Chartered Accountants of India have been followed, wherever applicable.
11. Schedules 1 to 26 are annexed and form an integral part of the Income & Expenditure Account & Balance Sheet as at 31st March 2012.
12. 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.



(M. C. Singh)
FA&CAO



(Arun Kumar)
Secretary

Date :

Place : New Delhi

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

OIL INDUSTRY DEVELOPMENT BOARD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2012

(Rs. in lakh)

Particulars	Sch No.	2011-12	2010-11
Income			
Interest Income	17	68576	67458
Income from Investment	15	0	0
Gain on sale of equity	15	0	0
Other income	16 & 18	443	3252
Total		69019	70710
Expenditure			
Expenses on direct operation	22 & 24	20378	22263
Salaries and amenities to staff	20	498	317
Administrative expenses	21	414	379
Depreciation on Fixed Assets	8	931	10
Total		22221	22969
Profit for the year		46798	47741
Profit before tax		46798	47741
Less : Provision for taxation		14462	14758
Net Profit after tax carried to balance sheet		32336	32983
Significant Accounting Policies & Notes on Accounts	25 & 26		



(M.C. Singh)
FA&CAO



(Arun Kumar)
Secretary

DATE :
PLACE : New Delhi

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

Details of outstanding balance of loan as on 31st March,2012 from Oil PSUs

(Rs. in lakh)

S.No.	Name of the Company	Opening Balance as on 01.04.2011	Loan Disbursed during 2011-12	Loan received back during 2011-12	Closing balance As on 31.03.2012
1	OIL	2125	0	1250	875
2	GAIL	95000	67500	11650	150850
3	IOCL / BRPL	512485	10000	136437	386048
4	BPCL / KRL	87175	10000	22800	74375
5	HPCL	75175	50000	13075	112100
6	CPCL	61388	0	18863	42525
7	NRL	9691	0	798	8893
8	BCPL	28300	4400	0	32700
9	DNP Ltd.	6975	0	675	6300
10	Biecco Lawrie	3276	0	3276	0
11	MRPL	0	40000	0	40000
12	GAIL Gas Ltd.	7441	4359	0	11800
	Total	889031	186259	208824	866466

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

Statement Showing payments of grants during 2011-12

(Rs. in lakh)

Sl. No.	Name of the Institutes	2011-12	2010-11
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	5514	5135
2	Petroleum Conservation Research Association	2500	1858
3	Centre for High Technology	1204	1198
4	Petroleum Planning & Analysis Cell	1221	1095
5	Oil Industry Safety Directorate	996	820
	Total (A)	11435	10106
B.	R & D Grants		
6	Oil & Natural Gas Corporation Limited	0	29
7	NGHP-II	23	0
8	Indian Institute of Technology, Mumbai	0	180
9	National Geophysical Research Institute, Hyderabad	0	305
10	IIP, Dehradun	0	56
11	Delta Studies Institute, Andhra University	0	0
12	Govt. of Rajasthan, Deptt. Of Petroleum	50	0
13	NEIST (RRL), Jorhat	0	11
14	Bharathidasan University	32	50
15	Central Institute of Plastics Engineering and Technology	44	275
16	Indian Oil Corporation Limited	102	277
	Total (B)	251	1183
	Total (A+B)	11686	11289

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

Expenditure on Schemes / Projects sponsored by Govt. of India/OIDB during 2011-12

(Rs. in Lakh)

		2011-12	2010-11
1	Hydrogen Corpus Fund	2000	1000
2	Jan Kerosene Pariyojana	0	0
3	Rajiv Gandhi Institute of Petroleum Technology, Rai Bareli	295	75
4	Rajiv Gandhi Institute of Petroleum Technology, Assam	0	293
5	Economics Analysis for SPR by TERI, Phase-II of ISPRL	38	0
6	Pre-Feasibility Study by EIL, Phase-II of ISPRL	13	220
7	Project Expense (SS of Natural Gas)	0	0
	Total (C)	2346	1588

CHAPTER - VI

AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA



ANNUAL REPORT 2011-2012

Observation of Audit	Replies of OIDB
<p>Reserve Funds, leading to negative net worth. Government of India decided (May 2011) for conversion of the existing OIDB loan of Rs.32.76 crore into equity thereby enhancing BLL's equity capital from Rs.42 crore to Rs.74.76 crore and then reduction of BLL's 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 per para No.17 of Accounting Standard – 13 (Accounting for Investments), when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognize the decline. As such, 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 Investments works out to Rs.40.13 crore.</p>	<p>As the reduction in equity is yet to be carried out by M/s Bienco Lawrie Ltd, no provision has been made on this account. Adequate provision shall be made once the equity is reduced.</p>
<p>(b) Contingent liabilities & Notes on Accounts (Schedule-26) Commitments - Capital</p> <p>The disclosure in Note 2(B)(i) that the entire cost of Rs.2,763 crore towards construction of 'Strategic Crude Oil Storages' by Indian Strategic Petroleum Reserves Ltd., a wholly owned subsidiary of OIDB is to be funded by OIDB, is deficient to the extent that proportionate cost of Rs.234 crore in respect of Visakhapatnam Project is to be shared by Hindustan Petroleum Corporation Limited.</p>	<p>The Estimated Cost as revised by Government has been reflected in the accounts. While as per the Government decision the entire cost was to be borne by OIDB, OID Board has taken a decision that OIDB's equity may be restricted to Rs.2397 crore.</p> <p>ISPRL has been advised by its Board to develop revenue model. The proposal is under examination.</p>

Observation of Audit	Replies of OIDB
	<p>ISPRL is seeking reimbursement of proportionate cost from HPCL and the amount may vary depending upon the revised cost. It may be more than of Rs.234 crore because of cost escalation of the Visakhapatnam project.</p> <p>The commitments of OIDB would depend upon progress on these matters and once there is clarity on the same, the correct position shall be reflected in the next years' accounts.</p>

- (i) Attention is also drawn to the significant matters stated in **Annexure** to this Report.
- (ii) Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.
- (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 paragraph 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India;
 - (a) In so far as it relates to the Balance Sheet, of the state of affairs of OIDB as at 31 March 2012.
 - (b) In so far as it relates to the Income and Expenditure Account, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.

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



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

Place: Mumbai
Date: 30 November 2012

Annexure
(Referred to in para 3(ii) of the Audit Reports)

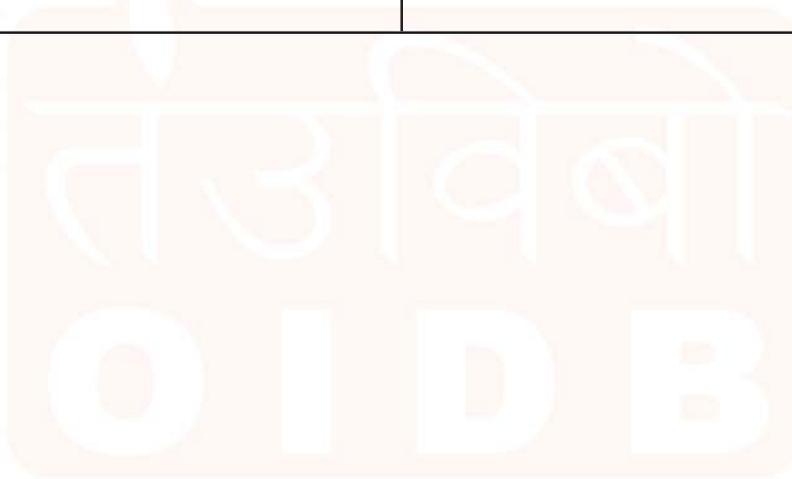
Observation of Audit	Replies of OIDB
<p>1. Internal Audit System</p> <p>Internal Audit of the Oil Industry Development Board (OIDB) has been outsourced to external Chartered Accountants firms. However, the scope of Internal Auditors does not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting. Further, the Internal Auditor has not submitted any Report to OIDB during the ensuing year.</p>	<p>The work of internal audit and tax advisory services was entrusted to external Chartered Accountants' firm vide letter No 8/1/2002-OIDB(vol-X) dated 19th April, 2010. The assignment was extended upto 31-3-2013. The scope of the work includes not only certification of the annual accounts of OIDB but also internal audit of accounts and suggestions for proper maintenance of accounts. The internal audit is a continuous process and suggestions of the internal auditor are complied from time to time.</p>
<p>2. Internal Control System</p> <p>a) Internal control system needs to be strengthened by OIDB for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out of the grants released by OIDB.</p> <p>b) OIDB needs to improve its monitoring of utilization certificates and ensuring refund of balance money, if any, in terms of Rule 212 of the General Financial Rules in respect of Institutions/agencies which had not submitted the utilization certificates and 'Achievement-cum-Performance Report(s)' for the grants received by them from OIDB.</p> <p>c) After release of grants, OIDB receives utilization certificate from the grantee institutions on annual basis along with the</p>	<p>(a) to (c)</p> <p>Physical progress of projects for which loans are being provided by OIDB are being monitored by Ministry Monitoring Cell of EIL. Grants for downstream projects are being given through CHT, who monitors the progress. OIDB is in the process of filling up the vacant posts. Letters have been issued for appointment on deputation to the two posts of DCF&AO. The system of monitoring of projects by OIDB is likely to be in place shortly. All utilization certificates for the grants given up to financial year 2011-12 have since been received.</p>

Observation of Audit	Replies of OIDB
<p>physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the Board. Also the Board has not evolved any effective mechanism to monitor the manner of proper utilization of grants.</p>	
<p>3. 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, economic research which could be directly or indirectly useful to oil industry. However Audit observed that:</p> <p>(i) Grants released by OIDB, over the last three years, to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) to enable them to meet their regular expenditure constituted 95 per cent of the total grants disbursed by OIDB during this period. Grants released for R&D activities to other institutions over the same period were 5 per cent.</p> <p>(ii) The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons, Petroleum Conservation Research Association, Centre for High Technology, Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control and consequently keeps them out of the purview of government audit.</p>	

Observation of Audit	Replies of OIDB
<p>Further, funding of the two directorate viz. DGH and OISD by way of grants out of OID Fund is an unusual feature, which needs to be addressed urgently by the Ministry.</p>	<p>The audit observations are being submitted to MoP&NG for consideration and directions</p>
<p>4. Non-allotment of Funds to OIDB by the Government of India out of the excise duty collected under the provisions of OID Act, 1974.</p> <p>OIDB was established for the development of oil industry. For that purpose duty of excise on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OID Act, 1974. As per section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIDB from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purpose of the OID Act, 1974.</p> <p>However, Audit observed that though the Central Government has been increasing the rate of excise duty from time to time and had collected a substantial amount of Rs.103331.73 crore till 31 March 2012 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.87 per cent of the aggregate amount of collection) to OIDB till 1991-92 and did not remit any fund to OIDB thereafter. This is not in conformity with the objective of establishment of OIDB and levy of the excise duty under the provisions of the OID Act, 1974.</p>	<p>Facts confirmed.</p> <p>Rs.103331.72 crore is the net cess collection up to March 2012.</p> <p>OID Act provides for utilization of funds for development of oil industry. Government may develop oil industry either directly or through OIDB.</p>

Observation of Audit	Replies of OIDB
<p>5. Corpus Fund created without giving it statutory status</p> <p>On the directions (October, 2004) of MOPNG, a separate fund called "Hydrogen Corpus Fund" was established for carrying out various R&D activities in the year 2004. MOPNG had, decided that there was no necessity of creating any separate Trust or organization or society to handle this fund. OIDB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OIDB norms. As on 31st March, 2012, an amount of Rs.115 crore has accumulated in the Corpus Fund which is being kept in various banks separate from the accounts of the OIDB. No formal audit and accountability mechanisms have been created for the fund. In view of the considerable amounts involved, a closer oversight over the finances of the fund is essential.</p>	<p>The audit observations are being submitted to MoP&NG for consideration and directions</p>
<p>6. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Assets Register) is being conducted on perpetual basis; however, no report was being prepared on the ground that no discrepancies were identified during physical verification.</p>	<p>After capitalization of assets of OIDB Bhawan, new inventory control system is under development and the same would take care of all the requisite requirements.</p>

Observation of Audit	Replies of OIDB
<p>7. 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>No Comments</p>
<p>8. Adequacy of IT systems</p> <p>OIDB deals with loans and grants for which software has been installed. However, OIDB needs to strength its IT system to have better internal control.</p>	<p>New software has since been developed and would be put to use, after trial runs, shortly.</p>



CHAPTER - VII

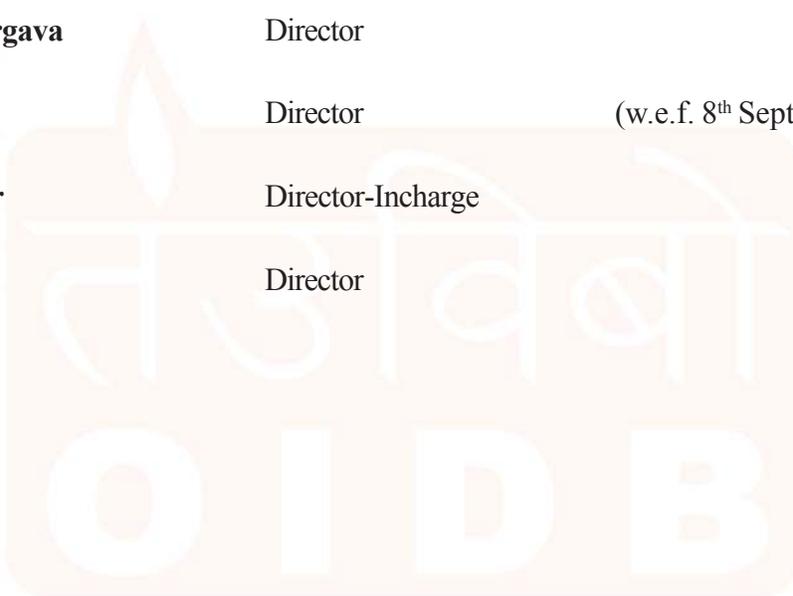
INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
(A WHOLLY OWNED SUBSIDIARY OF OIDB)

- A) BOARD OF DIRECTORS
- B) AUDITOR REPORT
- C) ANNUAL ACCOUNTS
- D) COMMENTS OF C&AG OF INDIA



Board of Directors

Shri G.C. Chaturvedi	Chairman	(w.e.f. 11 th May 2011)
Shri S. Sundareshan	Chairman	(till 2 nd May 2011)
Shri Sudhir Bhargava	Director	
Dr. S.C. Khuntia	Director	(w.e.f. 8 th Sept. 2012)
Shri Arun Kumar	Director-Incharge	
Shri L. N. Gupta	Director	



CHIEF EXECUTIVE OFFICER

Shri Rajan K. Pillai

COMPANY SECRETARY

Smt. Sudha Venkata Varadhan

STATUTORY AUDITORS

M/s.Rastogi Narain & Co., Chartered Accountants
Flat No. 303, DDA HIG Multi Storey, Block-1,
Rani Jhansi Complex, Desh Bandhu Gupta Road
Paharganj, New Delhi – 110 055

BANKERS

Bank of India, New Delhi Overseas Branch,
Vijaya Building, 17, Barakhamba Road,
New Delhi-110 001

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

Vishakhapatnam Project Office :

Lovagardens, Behind HSL Fabrication Yard,
Gandhigram Post Visakhapatnam-530 005
Phone : 0891-2574059,
Fax : 0891-2573503

Mangalore Project Office :

Strategic Storage of Crude Oil Project
Chandras Nagar, Permude P.O.,
Mangalore - 574 509
Tel : 0824 - 3006100, Fax : 0824-3006111

Padur Project Office

PO : Padur, Via Kaup, Dist. Udupi - 574 106
Karnataka
Phone : 0820-2576683, Fax : 0820-2576629

AUDITORS' REPORT**TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED**

We have audited the attached Balance Sheet of INDIAN STRATEGIC PETROLEUM RESERVES LIMITED as at 31st March 2012, The Statement of Profit and Loss and also the Cash Flow Statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; and proper returns adequate for the purpose of audit have been received from the branches not visited by us;
 - iii. The Balance Sheet and Profit and Loss dealt with by this report is in agreement with the books of account;
 - iv. In our opinion the Balance Sheet comply with the accounting standards as referred to in Section 211 (3C) of the Companies Act, 1956 *except non provision of retirement benefits as required by Accounting Standard-15, in view of the fact that company's work is presently handled by deputationists, (Refer Note No.14.15), the effect of non-provision, has not been ascertained.*

- v. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829 (E) dated October 21st 2003 issued by the Department of Company Affairs.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes thereon and *subject to*

Note no. 14.8 regarding advance payment of Stamp Duty of Rs.94.00 lacs. which in our opinion is excess payment of stamp duty as the same is liable to be paid on issued & subscribed capital and not on authorized capital.

Note No. 14.11 regarding eligibility of CENVAT credit for the period prior to the registration of Service Tax, based on the opinion of a leading consultant, resulting into overstatement of Current Assets and understatement of Capital Work in Progress, amount not ascertained by management and non matching of Service Tax Returns with Books of Accounts, the impact has not been ascertained.

Give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
- b. In case of the statement of Profit and Loss account, of the Loss for the year ended on that date and
- c. In case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For Rastogi Narain & Co.

Chartered Accountants

Firm Registration No. 008775N

Sd/-

(SHANTINARAIN)

Partner

M.No.087370

Place : New Delhi

Date : 25-9-2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date to the members of Indian Strategic Petroleum Reserves Limited for the year ended 31st March 2012)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, which have been updated on the register.
 - b) Fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is not reasonable having regard to the size of the company and the nature of its fixed assets No discrepancies were noticed on such verification.
 - c) In our opinion, a substantial part of fixed assets have not been disposed off by the company during the year.
2.
 - a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
 - b) The company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Accordingly, paragraph (iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f) and (iii)(g) of the Order are not applicable.

3. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets. *However, the internal controls needs to be strengthened in view of (a) excess deposit of tax deducted at source of Rs.38.10 Lakhs (Refer Note No.12) (b) excess deposit of Stamp Duty of Rs.94.00 Lakhs (Refer Note No. 14.8) during the year and (c) payment of insurance premium by contractor as well as by the company, the company has sought clarification from the project management consultants after the close of the year.* Further, on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

4. According to the records of the company, there are no transactions that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 in pursuance of said section.
5. The company has not accepted any deposits from the Public within the meaning of section 58A & 58AA or any other relevant provisions of the Act, 1956 and rules framed thereunder.
6. In Our opinion, the Company has an internal audit system which needs to be strengthened to make the same commensurate with its size and nature of its business
7.
 - a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing the statutory dues including income tax and other material statutory dues as applicable with the appropriate authorities in India. *However Tax Deduction at Source (TDS) amounting to Rs.39.00 Lakhs related to financial year 2010-11, has been adjusted with the TDS required to be deducted during financial year 2011-12 which can not be adjusted as per the provisions of Income Tax Act, 1961, therefore, the company is liable to pay interest and penalty under relevant provisions of the Income Tax Act, 1961 effect of which is not ascertained. Therefore in our opinion Rs.39.00 Lakhs being undisputed statutory due remains outstanding for more than six months from the date it became payable as at the last day of the financial year.*
 - b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of sales tax, income tax, wealth tax, service tax 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 2012. The Company has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
9. The company has not taken any loan from financial institutions or banks and further no debentures have been issued by the company.
10. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of

security by way of pledge of shares, debentures and other securities.

11. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
12. According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks and financial institutions.
13. According to the information and explanations given to us, the Company has not taken any term loans.
14. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
15. The company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. The company is 100% subsidiary of Oil Industry Development Board (OIDB).
16. No Debentures have been issued by the Company during the year.
17. The Company has not raised any money by public issues during the year.
18. During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
19. Clause 4(ii)(a), (ii)(b), (ii)(c), 4(viii), and 4(xiii) of the Companies (Auditor's Report) are either not applicable or transactions are nil as such no detailed information/comments have been furnished.

For Rastogi Narain & Co.

Chartered Accountants

Firm Registration No. 008775N

Sd/-

(Shanti Narain)

Partner

M.No. 87370

Place : New Delhi

Date : 25-9-2012

Balance Sheet as on 31st March 2012

PARTICULARS	Note No.	As at March 2012 Rupees	As at March 2011 Rupees
EQUITY AND LIABILITIES			
Shareholders Fund :			
(a) Share Capital	3	14,50,99,75,830	5,19,25,40,760
(b) Reserves and surplus	4	(11,67,49,848)	(9,20,25,629)
		14,39,32,25,982	5,10,05,15,131
Share application money pending allotment	3.3	81,12,04,370	4,42,74,35,073
Non-current liabilities			
(a) Other long - term liabilities	5	31,44,46,870	16,76,66,708
Current liabilities			
(a) Trade Payables	6	92,16,72,095	73,97,02,922
(b) Other current liabilities	7	72,88,79,133	5,75,16,734
(c) Short Term Provisions	8	1,85,42,070	2,62,32,519
		1,66,90,93,297	82,34,52,174
TOTAL		17,18,79,70,519	10,51,90,69,087
ASSETS			
Non- Current Assets			
(a) Fixed assets			
(i) Tangible assets	9A	1,43,50,85,035	85,81,07,775
(ii) Capital work-in-progress	9B	14,88,03,33,737	9,04,09,59,867
(b) Long-term loans and advances	10	39,12,54,415	47,98,58,333
		16,70,66,73,187	10,37,89,25,975
Current Assets			
(a) Cash and Cash equivalents	11	8,59,53,418	74,69,709
(b) Short-term loans and advances	12	39,53,43,914	13,26,73,402
		48,12,97,332	14,01,43,111
TOTAL		17,18,79,70,519	10,51,90,69,087
Additional Information to the financial Statement		1 to 15	

In terms of our report attached.

For Rastogi Narain & Co.

Chartered Accountants

FRN. 008775N

Sd/-

(Shanti Narain)

Partner

Membership No. 087370

For and on behalf of the Board

Sd/-

(Arun Kumar)

Director-Incharge

Sd/-

(S.R.Hasyagar)

Chief Finance Officer

Sd/-

(Sudha Venkata Varadhan)

Company Secretary

Sd/-

(Sudhir Bhargava)

Director

Sd/-

(Rajan K. Pillai)

Chief Executive Officer

Place : New Delhi

Date : 20.09.2012

Profit & Loss Account for the Year Ended 31.03.2012

Particulars	Note No.	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
Expenses			
(a) Depreciation and amortisation expenses	9A	3,36,95,276	3,95,49,061
(b) Other expenses	13	27,28,202	24,35,835
(c) Stamp duty	13A	93,17,435	2,52,76,234
Total expenses		4,57,40,913	6,72,61,130
(Loss) before exceptional and extraordinary items and tax		(4,57,40,913)	(6,72,61,130)
Exceptional items-Stamp duty (refer note no. 14.7 (iv))		2,10,16,693	-
Tax Expenses			
Current tax expense relating to prior years		-	47,724
(Loss) from continuing operations		(2,47,24,220)	(6,72,13,406)
(Loss) for the year		(2,47,24,220)	(6,72,13,406)
(Loss) per share (of 10/- each)	15.3		
(a) Basic	15.3a	(0.02)	(0.13)
(b) Diluted	15.3b	(0.02)	(0.07)
Additional information to the Financial Statements	1 to 15		

In terms of our report attached.

For Rastogi Narain & Co.
Chartered Accountants
FRN. 008775N

Sd/-
(Shanti Narain)
Partner
Membership No. 087370

For and on behalf of the Board

Sd/-
(Arun Kumar)
Director-Incharge

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

Sd/-
(Sudha Venkata Varadhan)
Company Secretary

Sd/-
(Sudhir Bhargava)
Director

Sd/-
(Rajan K. Pillai)
Chief Executive Officer

Place : New Delhi
Date : 20.09.2012

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

Notes Particulars

1. *Corporate Information*

Indian Strategic Petroleum Reserves Limited was incorporated on 16th June 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by OIDB and its nominees on 9th May 2006.

The main objects of the Company are to own and control its crude oil inventories and to coordinate the release and replacement 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.

2. *Significant Accounting Policies*

2.1 **Basic of Accounting**

The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act 1956.

2.2 **Use of Estimates**

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.

2.3 Fixed Assets / Intangible Assets

Fixed Assets

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.

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.

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,
- The cost /fair value of the assets can be measured reliably.

2.4 Depreciation and Amortisation

Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act 1956.

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 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.

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

Notes 3 Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Rs.	Number of Shares	Rs.
(a) Authorised Equity shares of Rs.10 each	23,970,00,000	23,97,00,00,000	2,39,70,00,000	23,97,00,00,000
(b) Issued/ Subscribed and fully Paid up Equity shares of Rs.10 each	1,45,09,97,583	14,50,99,75,830	51,92,54,076	5,192,5,40,760
Total	1,45,09,97,583	14,50,99,75,830	51,92,54,076	5,19,25,40,760

Note 3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :

Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
Equity Shares			
Year ended 31 March, 2012			
- Number of Shares	51,92,54,076	93,17,43,507	1,45,09,97,583
- Amount	5,19,25,40,760	9,31,74,35,070	14,50,99,75,830
Year ended 31 March, 2011			
- Number of Shares	34,12,43,476	17,80,10,600	51,92,54,076
- Amount	3,41,24,34,760	1,78,01,06,000	5,19,25,40,760

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

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	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	1,45,09,97,583	100%	51,92,54,076	100%

Note 3.3 Share Application Money Pending Allotment

As at 31 March 2012, out of amounts received from OIDB till 31.3.2012, Equity Shares were yet to be allotted for an amount of `81,12,04,370 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
(Deficit) in Statement of Profit and Loss		
Opening Balance	(9,20,25,629)	(2,48,12,223)
Add : (Loss) for the year	(2,47,24,220)	(6,72,13,406)
Total	(11,67,49,848)	(9,20,25,629)

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Withholding from Contractors *	31,44,46,870	16,76,66,708
Total	31,44,46,870	16,76,66,708

* The completion of work in all respects and Commissioning of the facilities at all the three sites are expected to occur after 31.3.2013 and accordingly classified as Long Term Liability.

Note 6 Trade Payables

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Trade payables	92,16,72,095	73,97,02,922
Total	92,16,72,095	73,97,02,922

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

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Other Payables		
(i) Statutory remittances (withholding Taxes Labour Cess, TDS and Work Contract Tax)	8,00,79,824	4,47,41,136
(ii) Others (Amount Adjustable against Rock Disposal)	2,00,00,000	-
(iii) Security deposit / EMD	25,68,637	5,66,417
(iv) Withholding from Contractors	10,77,88,172	1,22,09,181
(v) Payment for MSEZL land	51,84,42,500	-
Total	72,88,79,133	5,75,16,734

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Provision for ENC Land rentals *	5	5
Creditors for Expenses	1,85,42,065	2,62,32,514
Total	1,85,42,070	2,62,32,519

* On account of excess provision for ENC Land Rentals, no provision has been made in the current year

Indian Strategic Petroleum Reserves Limited 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 2011	Additions during the year	Deletions during the year	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / Amortization expenses for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(a) Land									
	Leasehold *	89,59,21,998	61,75,42,026	70,79,092	1,50,63,84,931	3,32,34,892	-	7,24,92,075	1,43,38,92,856	85,66,64,815
	(b) Furniture and Fixture Owned	71,610	25,370	-	96,980	5,138	-	52,592	44,388	24,156
	(c) Office equipment Owned	7,75,363	3,11,053	1,93,800	8,92,616	92,206	85,467	2,70,896	6,21,720	5,11,206
	(d) Computer Owned	17,87,932	-	18,488	17,69,444	3,63,040	-	12,43,374	5,26,070	9,07,598
	Total	89,85,56,903	61,78,78,449	72,91,380	1,50,91,43,971	3,36,95,276	85,467	7,40,58,937	1,43,50,85,035	85,81,07,775
	As at 31 March, 2011	68,43,86,408	21,46,39,818	4,69,323	89,85,56,903	3,95,49,061	2,65,132	4,04,49,128	85,81,07,775	68,32,21,209

* The lease deeds for leasehold lands are yet to be executed

B.	Capital Work in Progress (Refer Note no.9 B(i))	Balance as at 31 March, 2012		Balance as at 31 March, 2011	
		Rs.	Rs.	Rs.	Rs.
	Phase-I				
	- Visakhapatnam Cavern Project @	7,30,80,74,797		5,47,18,45,599	
	- Padur Cavern Project @	4,52,91,44,085		1,91,73,98,358	
	- Mangalore Cavern Project @	3,00,13,28,487		1,65,17,15,910	
	Phase II DFR	4,17,86,368		-	
	Total	14,88,03,33,737		9,04,09,59,867	

@ includes apportioned Head Office expenses

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

Note 9B (i) Capital Work in Progress

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Construction Work in Progress (Including unallocated capital expenditure, material at site)		
Storage Phase - I		
Vishakhapatnam Cavern Storage project		
Underground Civil Works	4,22,11,57,918	3,85,41,28,383
Aboveground Process Facilities	2,11,41,91,653	74,66,22,030
Project Management Consultancy	84,84,20,785	76,29,03,802
Study & Survey	1,63,16,780	1,73,67,914
Other Project Expenses	1,80,65,098	1,22,12,934
Head Office Expenses	8,99,22,563	7,86,10,536
TOTAL	7,30,80,74,797	5,47,18,45,599
Padur Cavern Storage Project		
Underground Civil Works	3,57,81,31,572	1,27,00,84,862
Aboveground Process Facilities	2,50,00,000	-
Project Management Consultancy	86,83,51,518	61,55,91,253
Study & Survey Padur	1,22,65,256	1,38,73,430
Other Project Expenses	1,44,51,440	29,94,084
Head Office Expenses	3,09,44,298	1,48,54,729
TOTAL	4,52,91,44,085	1,91,73,98,358
Mangalore Cavern Storage Project		
Underground Civil Works	2,19,40,89,996	11,032,14,586
Aboveground Process Facilities	6,93,23,883	-
Project Management Consultancy	69,40,57,258	513,281,017
Study & Survey	1,35,58,986	1,49,63,137
Other Project Expenses	63,02,645	45,75,693
Head Office Expenses	2,39,95,719	1,56,81,478
TOTAL	3,00,13,28,487	1,65,17,15,910
Storage Phase-II		
Project Management Consultancy	3,11,72,400	-
Study & Survey	60,85,487	-
Other Project Expenses	45,28,481	-
TOTAL	4,17,86,368	-
TOTAL CONSTRUCTION WORK IN PROGRESS	14,88,03,33,737	9,04,09,59,867

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note 10 Long-term Loans and Advances

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Security deposits	1,04,77,644	1,03,97,644
Balances with Government authorities- CENVAT credit receivable #	38,07,76,771	46,94,60,689
Total	39,12,54,415	47,98,58,333

Refer Note No.14.11

Note 11 Cash and Cash Equivalents

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Cash on hand	19,926	15,783
Balances with banks - Autosweep Current A/c	8,59,33,492	74,53,926
Total	8,59,53,418	74,69,709

Note 12 Short-term Loans and Advances

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Prepaid Expenses - Unsecured, considered good	43,70,327	47,33,657
Other loans and advances -Unsecured, considered good		
TDS Receivable *	44,78,134	41,012
Advances recoverable in cash or kind	1,77,953	65,24,912
Advance towards ROU Acquisition and Diesel supply	2,07,86,367	99,73,822
Mobilisation Advance	32,18,49,840	-
Advance against land-Padur	3,42,21,270	11,14,00,000
Advance against Stamp Duty on Shares	94,60,024	-
Total	39,53,43,914	13,26,73,402

* TDS receivable of Rs.38,10,397 is towards excess TDS paid. The Refund claim has been lodged with the Income Tax TDS authorities by way of revised return.

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

Note 13 Other Expenses

Particulars	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
Legal and Professional Fee	3,41,583	78,250
Payment to auditors (Refer Note (i) below)	2,95,385	1,84,750
Fixed assets written off	80,785	1,60,682
Office Expenses	20,10,449	20,12,153
Total	27,28,202	24,35,835

Note 13 (i) Details of payments to Auditors

Particulars	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
Payment to the auditors comprises	-	-
As auditors - statutory audit	1,68,540	1,65,450
For other services	126845	-
Reimbursement of expenses	-	19,300
Total	2,95,385	1,84,750

Note 13 A Details of Stamp Duty Expenses

Particulars	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
Stamp duty on share issued	93,17,435	-
Stamp duty on leased land	-	2,52,76,234
Total	93,17,435	2,52,76,234

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

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, 2012	As at 31 March, 2011
	Rupees	Rupees
(i) Contingent liabilities *	6,11,00,000	81,37,00,000
Includes Liability towards development of Green Belt and CST Reimbursement		
(ii) Capital Commitments		
Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	14,93,97,00,000	15,26,79,00,000
(iii) In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs.1038,00,00,000 for Visakhapatnam project, as against the estimated cost of Rs.671,83,00,000 (at September 2005 prices). The revision in the cost is on account of cost escalation, exchange rate variations, enhancement in capacity, additions/deletions made to take care of site conditions and technological improvements, increase in statutory levies, owners cost etc. but it excludes costs for security arrangements at Vishakhapatnam site.		
14.2 Expenditure in Foreign Currency (Equivalent INR)		
Particulars	For the year ended 31, March 2012	For the year ended 31, March 2011
	Rupees	Rupees
Other matters (Foreign Travelling)	11,04,450	29,26,730
Other Matter (Payment released in USD to Underground contractor at Mangalore i.e. M/s SKE&C-KCT JV)	NIL	25,28,76,315

14.3 Earnings in foreign exchange

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rupees	Rupees
Earnings	NIL	NIL

14.4 Estimated cost of construction

- (i) The estimated cost of construction as determined are based on contract signed for underground civil works, above ground process facilities, pipeline works etc. expected to be incurred over the period of time, on the project, till the final completion and includes cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31st March 2012, 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 is shown under Construction Work In Progress. Expenses incurred during the year 2011-12, which are not attributable to the projects, have been charged to the Profit & Loss account.
- (iii) As on the date of Balance Sheet i.e. 31st March 2012, preparation of Detailed Feasibility Report for Phase II projects for 12.5 MMT capacity at 4 places at Rajkot (2.5 MMT), Padur (5 MMT), Chandikhol (2.5 MMT) and Bikaner (2.5 MMT) was in progress

14.5

- (i) Department of Mines & Geology of Government of Karnataka had permitted the Company to dispose off the excavated material to the suitable buyers after the payment of Seigniorage fee/ Royalty to the department as per the rules for Padur & Mangalore Projects.
- (ii) During the year, company was informed that 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 Notice Inviting Tender (NIT), the jobs for disposal of rock from the two Sites of Padur had been awarded.
- (iii) At Mangalore, an interim stay had been granted by the Hon'ble Karnataka High Court on writ petition filed by one of the bidder contending that it has been permitted by Mangalore Special Economic Zone to dispose off the rock from the Company's Mangalore site. Company had filed an appeal in Hon'ble Karnataka High Court against the Order, which was pending. In the meantime, Company has reached an agreement with MSEZ regarding sharing of the rock debris equally. Consequently, Company has withdrawn the appeal filed in the Hon'ble Karnataka High Court on 30th August, 2012.

14.6 The targetted date for completion of Visakhapatnam project has been extended to October 2012. There was a rock slide incidence at Visakhapatnam cavern A1 on 7th April 2011, additional amounts of Rs. 10,36,00,000 has been already spent towards repair/restoration and strengthening activities at the site. Insurance Claim has been lodged for the estimated amount of Rs. 12,77,00,000 and an adhoc amount of Rs.4,50,00,000 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 the work is in progress. Due to further geological variations observed in the caverns, work has thereafter been suspended.

14.7

- (i) At Visakhapatnam, out of the committed 38 acres of land, the Company vide letter dated 23.05.2011 has surrendered 1 Acre of unusable leasehold land taken from Vishakhapatnam Port Trust (VPT). The VPT has accepted the land returned by the company. Company has accounted receivable of Rs.70,79,092 towards proportionate lease premium for the 1 acre land taken over by VPT.
- (ii) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Till 31.3.2012, Rs.41,31,00,000 had been released to MSEZL towards tentative land cost @ Rs.50,00,000 per acre and the same has been capitalised in the books. In June 2012, Board had approved release of balance land cost for 71.7234 acres of chargeable land @ Rs.1,25,00,000 per acre. Accordingly, an amount of Rs. 48,34,42,500 has since been released to MSEZL towards balance land cost in June/July 2012 and also capitalised as on 31st March 2012 and amortized for the balance period of lease.
- (iii) The Company had deposited Rs.32,52,11,500 with Karnataka Industrial Areas Development Board (KIADB) for acquisition of acres of land for Padur project, which was accounted as advance in the previous year. KIADB has already handed over possession of 138.57 acres of land, which has been capitalized at a cost of Rs.29,43,80,958 at the rate of Rs.21,00,000 per acre indicated by KIADB including the Relief & Rehabilitation assistance paid to the project displaced families. Balance available of Rs.3,08,30,542 continues to be treated as advance against remaining land still to be acquired through KIADB, which is considered to be sufficient for the purpose.
- (iv) The company commenced amortisation of land at all the three projects over the remaining years of lease from the year 2010-11. During the year, provision for stamp duty charges amounting to Rs.2,10,16,693 related to land, which was earlier booked in P&L account has been written back out of which Rs.1,99,91,158 have been capitalised and balance adjusted against provision.

14.8 Based on the management decision to pay stamp duty on share certificates, stamp duty totalling to Rs.2,39,70,000 have been paid during 2011-12 on the entire authorised share capital. Rs.94,60,024, being stamp duty on shares pending to be issued/allotted, is accordingly shown as stamp duty paid in advance.

- 14.9** The share capital as on 31.3.2012 includes Rs.178,01,06,000 allotted in May, 2010 and Rs.479,30,63,240 allotted in May, 2011. The Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. Since the decision to pay stamp duty was taken by the Board after 31st March, 2011. Pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October, 2011 and the share certificate for both the above allotments has been issued in November, 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment has been filed with Company Law Board in April 2012, which is still pending.
- 14.10** Board Meeting for the quarter ending December, 2011 which was proposed to be held in December, 2011 could not be held in December, 2011 and was held on 5.1.2012 (within 120 days of earlier meeting).
- 14.11** The Company shall provide Warehousing services for Crude Oil in facilities being developed at different locations in India. The Company registered with Service Tax Authorities in January 2011 and is therefore eligible for CENVAT credit. Based on the opinion of a leading consultant during the year the Company had credited CENVAT credit amounting to Rs. 46,94,60,688 (including Rs 24,99,00,000 upto 31st March 2010). During the year, Company has recalculated and accounted eligible CENVAT credit amounting to Rs.38,07,76,770 as on 31.3.2012 and has reversed CENVAT Credit amounting to Rs.8,38,51,588. Service Tax Returns are yet to be revised to match with the Books of Accounts. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit for the construction activities for setting up of the projects from April 2011.
- 14.12** Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit for the construction activities for setting up of the projects from April 2011.
- 14.13** 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. At Padur, application for becoming FTWZ has been accepted "in-principle" by Board of Approvals, Ministry of Commerce.
- 14.14** Retention money of Rs.31,44,46,870 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.
- 14.15** As on 31st March 2012, the Company's day to day work was handled by 11 personnel taken on deputation HPCL (7), ONGC (2), IOCL (1) & GAIL (1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.

14.16 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).

14.17

- (i) The Company has earned Rs.65,42,356 interest from the balances available in "Sweep-in-Sweep-Out" account during 2011-12 as against Rs.4,44,911 during the year 2010-11.
- (ii) Depreciation amounting to Rs.3,36,95,276(which includes amortization on leased land for all three projects) has also been charged to Profit & Loss account during 2011-12 as against Rs.3,95,49,061 during the year 2010-11.

14.18 Deferred Tax

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

14.19 Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. 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.

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

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

Shri Sudhir Bhargava, Additional Secretary, MoP&NG	---	Chairman
Shri L.N. Gupta, Joint Secretary (R), MOP&NG	---	Member
Shri Arun Kumar, Secretary, OIDB	---	Member

14.22 Balances of the Contractors are subject to confirmation.

14.23 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the Financial Statements. Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable with current years' figures.

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

Note 15 Disclosures under Accounting Standards

Note	Particulars		
15.1	Related party transactions		
15.1a	Details of related parties :		
	Description of relationship	Name of related parties	
	Holding Organisation	Oil Industry Development Board (OIDB) 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 is on deputation from Hindustan Petroleum Corporation Ltd. CEO is not a Board Member.</p> <p>Board of Directors (Ex-Officio) Shri S. Sundareshan, Chairman (till 2nd May, 2011) Shri G.C. Chaturvedi Chairman (w.e.f 11th May, 2011) Shri Sudhir Bhargava, Director Dr. S.C Khuntia, Director (w.e.f. 8.9.2012) Shri Arun Kumar, Director Incharge Shri L.N. Gupta, Director</p>	
15.1.b	Details of related party transactions during the year ended 31 March 2012 and balances outstanding as at 31 March 2012		
	Particulars	Holding Organisation	KMP(CEO) (OIDB)
		Rupees	Rupees
		Rupees	Rupees
	Finance (including loans and equity contributions in cash or in kind)	81,30,08,737 (4,43,18,06,902)	81,30,08,737 (4,43,18,06,902)
	Management contracts including for deputation of employees		35,59,252 (32,00,000)
	Note : Figures In bracket relates to the previous year		

15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Govt. 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 Limited*
		Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012
		Rs.	Rs.	Rs.
	(i) Transaction during the year Expenses incurred on behalf of the company	18,04,367	43,71,829	1,27,72,143
	(ii) Balances at the year end	81,12,04,370	4427435073	73,15,248
	Total	81,30,08,737	4431806902	20087391
	*To be reimbursed to HPCL for salaries of KMP(CEO) & others on deputation from HPCL.			
15.2	Earnings per share			
15.2a	Basic			
	(Loss) for the year attributable to the equity shareholders		(2,47,24,220)	(67,21,34,06)
	Number of equity shares Outstanding		1,45,09,97,583	51,92,54,076
	Par value per share		10	10
	Loss per share from continuing operations - Basic		(0.02)	(0.13)
15.2b	Diluted			
	(Loss) for the year attributable to the equity shareholders		(2,47,24,220)	(6,72,13,406)
	Number of equity shares Outstanding - For Diluted		1,53,21,18,020	96,19,97,583
	Par value per share		10	10
	Loss per share from continuing operations - Diluted		(0.02)	(0.07)

Indian Strategic Petroleum Reserves Limited Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from operating activities				
(Loss) before extraordinary items and tax	(2,47,24,220)		(6,72,13,406)	
Adjustment for :				
Depreciation and amortisation	3,36,09,809		3,92,83,929	
Fixed Assets W/o during the year	72,91,380		4,69,323	
Increase in current Liabilities	99,24,21,285		33,56,51,320	
Operating (Loss) before working capital changes		1,00,85,98,254		30,81,91,166
Net cash (used in) operation activities (A)		1,00,85,98,254		30,81,91,166
B. Cash flow from investing activities				
Increase in fixed assets	(61,78,78,449)		(21,46,39,818)	
Increase in Capital Work in Progress	(5,83,93,73,870)		(4,22,94,32,046)	
Advances/Loans made to third parties	(17,40,66,595)		(28,17,51,915)	
Net Cash (used in) investing activities (B)		(6,63,13,18,913)		(4,72,58,23,779)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	5,70,12,04,367		4,42,35,41,829	
Net Cash Flow from financing activities (C)		5,70,12,04,367		4,42,35,41,829
Net Increase in Cash and cash equivalents (A+B+C)		7,84,83,708		59,09,216
Cash and cash equivalents at the beginning of the year		74,69,710		15,60,494
Cash and cash equivalents at the end of the year		8,59,53,418		74,69,710

In terms of our report attached.

For Rastogi Narain & Co.

Chartered Accountants

FRN. 008775N

Sd/-

(Shanti Narain)

Partner

Membership No. 087370

For and on behalf of the Board

Sd/-

(Arun Kumar)

Director-Incharge

Sd/-

(S.R.Hasyagar)

Chief Finance Officer

Sd/-

(Sudha Venkata Varadhan)

Company Secretary

Sd/-

(Sudhir Bhargava)

Director

Sd/-

(Rajan K. Pillai)

Chief Executive Officer

Place : New Delhi

Date : 20.09.2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED FOR THE YEAR ENDED 31ST MARCH 2012.

The preparation of financial statement of Indian Strategic Petroleum Reserves Limited for the year ended 31st March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25th September 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March, 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comment on profitability

Balance Sheet

Assets

Non-current Assets

a) Fixed Assets

i) Tangible Assets (Note 9A)

Land leasehold : Rs.143.39 crore

The above includes Rs.3.43 crore (Rs.3.50 crore less Rs.0.07 crore : the amortized amount) being expenditure incurred on re-routing of 2-lane Bye pass road, to make approach for ISPRL valve station outside Managlore SEZ Ltd. Boundary, which is not an asset of the company. The same should have been charged off to 'Revenue' instead of capitalizing the Same.

This has resulted in the overstatement of Assets by Rs.3.43 crore and understatement of loss by the same amount.

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

**Sd/-
(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II,
New Delhi**

Place : New Delhi

Date : 09/11/12

COMMENTS OF C&AG ON ACCOUNTS OF ISPRL FOR THE YEAR ENDING 31.3.2012 AND MANAGEMENT REPLY THEREON

COMMENTS OF C&AG	MANAGEMENT REPLY
<p>Balance Sheet Assets Non-Current Assets (a) Fixed Assets (i) Tangible Assets (Note 9A) (ii) Land Leasehold:Rs.143.39 crore</p> <p>The above includes Rs. 3.43 crore (Rs. 3.50 crore less Rs.0.07 crore; the amortized amount) being expenditure incurred on re-routing of 2-lane Bye pass road, to make approach for ISPRL valve station situated outside Mangalore SEZ Ltd. Boundary, which is not an asset of the Company. The same should have been charged off to “Revenue” instead of capitalizing the same.</p> <p>This has resulted in the overstatement of Assets by Rs.3.43 crore and understatement of loss by the same amount.</p>	<p>It is not appropriate to charge off the expenditure of Rs.3.43 crore as revenue expenditure because the project is still in progress and entire expenditure is therefore treated as Capital Expenditure. Further, ISPRL has not capitalized the road as its asset, but has included this essential expenditure directly related to acquisition of land for making the land usable as part of total land cost which includes other such costs like R&R cost etc. Therefore, the accounting as per financial statement is correct.</p>

CHAPTER - VIII

APPENDICES



ANNUAL REPORT 2011-2012

Appendix - I

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

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

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

- (a) making grants or advancing loans to any oil industrial concern or other person who is engaged or is to engage in any activity referred to in clause (k) of section 2;
- (b) guaranteeing on such terms and conditions as may be agreed upon loans raised by any oil industrial concern or other person which are repayable within a period not exceeding twenty-five years and are floated in the market or loan raised by an oil industrial concern or other person from any bank which is a scheduled bank, or a state co-operative bank, as defined in the Reserve Bank of India Act, 1934.
- (c) guaranteeing on such terms and conditions as may be agreed upon loan deferred payments due from any oil industrial concern or other person in connection with import of capital goods from outside India or in connection with purchase of capital goods within India by such concern or other person;
- (d) guaranteeing on such terms and conditions as may be agreed upon loans raised from or credit arrangements made with any bank or financial institution in any country outside India, by any oil industrial concern or other person in foreign currency; Provided that no such guarantee shall be given without the prior approval of the Central Government.
- (e) underwriting the issue of stock, shares, bonds or debentures by any oil industrial concern and retaining as part of its assets any stock, shares, bonds or debentures which it may have to take up in fulfillment of its obligations thereto;
- (f) acting as agent for the Central Government or, with its approval for any overseas financial organisation of credit agency in the transaction of any business with any

oil industrial concern in respect of loans or advances granted or debentures subscribed by the Central Government or such organisation or agency;

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

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

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

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

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

- (4) The Board may charge such fees or receive such commissions as it may deem appropriate for any services rendered by it in the exercise of its functions.
- (5) The Board may transfer for consideration any Instrument relating to loans or advances granted by it to any oil industrial concern or other person.
- (6) The Board may do all such things as may be incidental to or consequential upon the discharge of its functions under this Act.



Appendix-II

Finance, Accounts and Audit

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

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

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

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

- (2) Every duty of excise leviable under sub-section (1) on any item shall be payable by the person by whom such item is produced, and in the case of crude oil, the duty of excise shall be collected on the quantity received in refinery.
- (3) The duties of excise under sub-section 9(1) on the item specified in the Schedule shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.
- (4) The provision of the Central Excises and Salt Act, 1944, and the rules made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of duties of excise leviable under this section and for this purpose the provisions of that Act shall have effect as if that Act provided for the levy of duties of excise on all items specified in the Schedule.

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

The proceeds of the duties of excise levied under Section 15 shall first be credited to Consolidated Fund of India and the Central Government may, if Parliament by appropriation

made by law in this behalf, so provides, pay to the Board from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilised exclusively for the purposes of this Act.

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

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

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

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

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

(2) The Fund shall be applied-

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



OIL INDUSTRY DEVELOPMENT BOARD

Ministry of Petroleum & Natural Gas
Government of India

Corporate Office :-

OIDB Bhawan, 'C' Block, 3rd Floor, Plot No.2
Sector - 73, Noida-201301, Uttar Pradesh

Registered Office :-

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