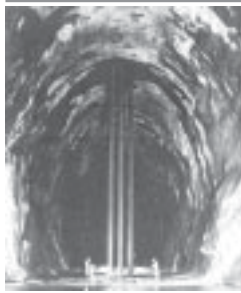


C O N T E N T S

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बोर्ड के सदस्य

(31.03.2006 तक)

श्री ए एम उपलेंच्चर	अध्यक्ष
श्री प्रणव कुमार चक्रवर्ती	निदेशक
श्री बी एन बंकापुर	निदेशक
श्री पी के गोयल	निदेशक
श्री तिरुविलकट वासुदेवन	निदेशक

मुख्य कार्यकारी अधिकारी

श्री राम प्रकाश पाण्डेय

कंपनी सचिव

श्रीमती शिल्पी मोहन्ती

सांविधिक लेखा परीक्षक

मैसर्स आदित्य एण्ड एसोसिएट्स,

चार्टर्ड एकाउंटेंट्स

122]मंदाकिनी एन्क्लेव, अलखनन्दा, नई दिल्ली&110 019

बैंकर्स

बैंक ऑफ इंडिया, नई दिल्ली ओवरसीज शाखा,
विजया बिल्डिंग, 17 बाराखम्भा रोड,
नई दिल्ली 110 001

कार्पोरेशन बैंक
एम-41 कनॉट सर्कस
नई दिल्ली 110 001

iathd`r dk;kZy;

301, वर्ल्ड ट्रेड सेंटर, तृतीय तल, बाबर रोड, नई दिल्ली&110 001

कार्यालय

424-425, वर्ल्ड ट्रेड सेंटर, चतुर्थ तल, बाबर रोड, नई दिल्ली&110 001

फोन# 23416134 फैक्स : 011-23416128

ई-मेल : isprlindia@gmail.com

Board of Directors

(As on 31.03.2006)

Shri A M Uplenchwar	Chairman
Shri Pranab Kumar Chakraborti	Director
Shri B N Bankapur	Director
Shri P K Goyal	Director
Shri Thiruvillakat Vasudevan	Director

CHIEF EXECUTIVE OFFICER

Shri Ram Prakash Pandey

COMPANY SECRETARY

Smt Shilpy Mohanty

STATUTORY AUDITORS

M/s. Aditya & Associates

Chartered Accountants,

122, Mandakini Enclave, Alaknanda, New Delhi-110 019

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

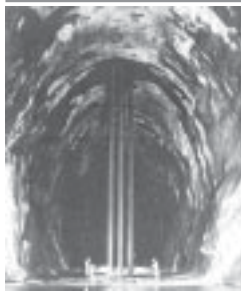
301, World Trade Centre, 3rd Floor, Babar Road,
New Delhi-110 001

OFFICE

424-425, World Trade Centre, 4th Floor, Babar Road,
New Delhi-110 001

Phone No: 23416134 Fax No. 011-23416128

Email : isprlindia@gmail.com



निदेशक की रिपोर्ट

सेवा में,

शेयर धारक
इंडियन स्ट्रेटिजिक पेट्रोलियम रिजर्व लिमिटेड,

बोर्ड के निदेशकों की ओर से, मैं कंपनी की कार्यप्रणाली पर 31 मार्च 2006 को समाप्त अवधि की द्वितीय वार्षिक रिपोर्ट, के साथ लेखा परीक्षा तालिका तथा उस पर लेखा परीक्षक की रिपोर्ट प्रस्तुत कर रहा हूँ।

कंपनी : एक परिदृश्य

इंडियन स्ट्रेटिजिक पेट्रोलियम रिजर्व लिमिटेड (आई एस पी आर एल) दिनांक 16 जून 2004 को आई ओ सी एल की पूर्ण स्वामित्व वाली सहायक कंपनी के रूप में निगमित हुई। कंपनियों के रजिस्ट्रार से कार्य आरंभ करने का प्रमाण पत्र दिनांक 17.3.2006 को प्राप्त हुआ तथा वर्तमान में कंपनी की प्रदत्त पूंजी 100 लाख रुपये है।

कंपनी का मुख्य उद्देश्य कच्चे तेल तथा पेट्रोलियम उत्पादन के भण्डारण, रख-रखाव, निर्वहन, ढुलाई, परिवहन, प्रेषण तथा आपूर्ति संबंधी कार्य सम्पादित करना है।

कार्य की समीक्षा

कंपनी ने अपने उद्देश्यों की पूर्ति हेतु निम्नलिखित कार्रवाई आरंभ की:-

- इंडियन ऑयल ने दिनांक 27.2.2006 को अपनी बैठक में पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय की सलाह के अनुसार इंडियन स्ट्रेटिजिक पेट्रोलियम रिजर्व लिमिटेड का प्रबंधन तथा नियंत्रण ते.उ.वि.बो. को स्थानान्तरित करने की स्वीकृति प्रदान की।
- कर्नाटक सरकार की हाई पावर समिति ने दिनांक 30 दिसम्बर 2004 को सम्पन्न हुई अपनी बैठक में मैंगलौर में रणनीतिक भण्डारण को सिद्धांत: स्वीकृति प्रदान कर दी। कर्नाटक सरकार द्वारा भूमि अधिग्रहण की कार्यवाही आरंभ करने के लिए, पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय के माध्यम से ओ.एन.जी.सी./एमआरपीएल की सहमति प्राप्त करने का प्रयास किया जा रहा है क्योंकि कर्नाटक सरकार द्वारा स्वीकृत विस्तारण परियोजना के लिए उसी भूमि की आवश्यकता है।
- विशाखापट्टनम पोर्ट ट्रस्ट से 99 वर्षों की लीज़ पर भूमि आबंटन के लिए नियम व शर्तें प्राप्त हो चुकी हैं तथा उसकी समीक्षा की जा रही है। शेष भूमि को पूर्वी नौसेना कमांड द्वारा मुक्त करने के संबंध में नौसेना ने अपने पारिवारिक आवासीय परियोजना की योजना ठीक उसी जगह कर रखी थी जिसे आई.एस.पी.आर.एल. ने अपनी परियोजना के लिए चिन्हित किया था। यह मामला पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय द्वारा रक्षा मंत्रालय के समक्ष उठाया

गया तथा पूर्वी नौसेना कमांड अब अपने पारिवारिक आवासीय योजना के स्थानान्तरण तथा आइ एस पी आर एल को भूमिगत कैवर्न बनाने के लिए स्वीकृति देने को तैयार है। जिसके लिए एक समझौता ज्ञापन हस्ताक्षरित किया जाएगा।

- विशाखापट्टनम तथा मैंगलौर स्थलों के लिए एन.ई.ई.आर.आई. द्वारा किया जा रहा आर.ई. आई.ए. तथा आर.आर.ए. अध्ययन प्रगति पर है तथा विशाखापट्टनम स्थल हेतु रिपोर्ट का कार्य अंतिम चरण में है। विजाग तथा मैंगलौर स्थानों के लिए पर्यावरणीय अनुमति के लिए आवेदन पत्र पर्यावरण एवं वन मंत्रालय, भारत सरकार के पास भेजा जा चुका था। आंध्र प्रदेश राज्य प्रदूषण नियंत्रण बोर्ड से अनापत्ति प्रमाणपत्र हेतु आवेदन भेज दिया गया है तथा उसे प्राप्त करने के लिए प्रयास किये जा रहे हैं।

वित्तीय परिणाम

चूँकि अभी तक कंपनी ने अपना वास्तविक व्यापार आरंभ नहीं किया है अतः 1 अप्रैल 2005 से 31 मार्च 2006 तक की अवधि तक लाभ व हानि लेखे तैयार नहीं किए गए हैं। हालांकि पूर्व-प्रचलित खर्चों का विवरण नीचे दिए गया है :-

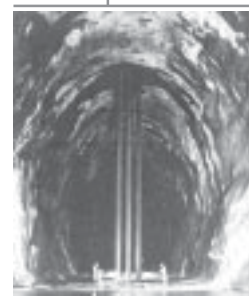
क्रम संख्या	विवरण	रूपये (लाखों में)	
क	1 अप्रैल 2005 को आरंभिक शेष		37.24
ख	जोड़ें:		
(i)	वर्ष के दौरान खर्चे	84.59	
(ii)	आयकर के लिए प्रावधान	0.99	85.58
		कुल (क +ख)	122.82
ग	घटाएं:		
	ब्याज आय व अन्य विविध आय		2.91
	31.3.2006 तक कुल पूर्व-प्रचालित खर्चे	(ख - ग)	119.91

लेखा परीक्षक की रिपोर्ट

कंपनी के सांविधिक लेखा परीक्षक मैसर्स आदित्य एण्ड एसोसिएट्स, चार्टर्ड एकाउंटेंट ने 31 मार्च 2006 को समाप्त वर्ष के लिए कंपनी के लेखों की रिपोर्ट दी है, जो यहाँ संलग्न है।

उर्जा संरक्षण, प्रौद्योगिकी आमेलन तथा विदेशी मुद्रा अर्जन व्यय पर कंपनी अधिनियम अनुच्छेद 217(1) के अन्तर्गत रिपोर्ट

चूँकि अब तक कंपनी ने वास्तविक कार्य आरंभ नहीं किया है अतः उर्जा शक्ति, ईंधन खपत तथा उत्पादन पर प्रति यूनिट खपत की सूचना शून्य है। रिपोर्ट की अवधि के दौरान कोई विदेशी मुद्रा अर्जन/व्यय नहीं हुआ।



कर्मचारियों का विवरण

कंपनी अधिनियम 1956 की धारा 217(2 ए) तथा कंपनी (कर्मचारियों का विवरण)(संशोधित) नियम 1999 के अन्तर्गत कर्मचारियों के विवरण संबंधी सूचना शून्य है।

निदेशकों के उत्तरदायित्व का उल्लेख

निदेशकों के उत्तरदायित्व से संबंधित कंपनी अधिनियम 1956 की धारा 217(2एए) के अनुसरण में यह पुष्टि की जाती है कि

1. 31 मार्च 2006 को समाप्त वित्त वर्ष के वार्षिक लेखों को बनाते हुए लेखों के लिए निर्धारित लेखा मानकों का अनुसरण किया गया तथा कोई भी तथ्य छुपाया नहीं गया।
2. निदेशकों ने ऐसी लेखा नीतियों को चुना तथा उन्हें अनवरत लागू किया और ऐसे निर्णय लिए व अनुमान लगाए जो तर्कसंगत एवं न्यायसंगत थे ताकि वर्ष के अन्त में कम्पनी की कार्य प्रणाली पर एक सत्य व साफ अवलोकन प्रस्तुत हो।
3. निदेशकों ने कंपनी की संपत्ति की रक्षा के लिए और धोखाधड़ी या अन्य अनियमितताओं को रोकने व ढूँढने के लिए कम्पनी अधिनियम 1956 के अनुसार समुचित तरह से लेखा रिपोर्टों को रखने में उचित व पर्याप्त सावधानी रखी थी।
4. निदेशकों ने 31 मार्च 2006 को समाप्त हुए वित्तीय वर्षों के लेखे 'गोइंग कंर्सन' के आधार पर बनाए थे।

बोर्ड के निदेशक

वर्ष 2005-2006 के दौरान कंपनी के निदेशकों की सूची निम्न प्रकार से है:

1. श्री ए एम उपलेंचर
2. श्री प्रणव कुमार चक्रवर्ती
3. श्री बी एन बंकापुर
4. श्री पी के गोयल
5. श्री तिरुविलकट वासुदेवन

अभिस्वीकृति

बोर्ड के निदेशक भारत सरकार तथा धारक कंपनी इंडियन ऑयल कार्पोरेशन लिमिटेड को महत्वपूर्ण मार्गदर्शन तथा समर्थन के लिए धन्यवाद देते हैं।

बोर्ड एवं बोर्ड की ओर से

(ए एम उपलेंचर)

अध्यक्ष

दिनांक: 9 मई, 2006

स्थान: नई दिल्ली

Directors' Report

To
The Shareholders,
Indian Strategic Petroleum Reserves Ltd.

On behalf of the Board of Directors, it is my privilege to present the 2nd Annual Report on the working of the Company for the year ended 31st March, 2006 along with the audited Statement of Accounts and Auditors' Report thereon.

THE COMPANY

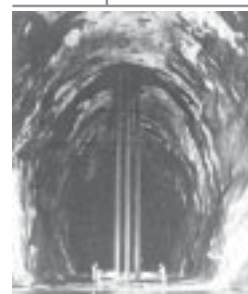
Indian Strategic Petroleum Reserves Ltd. (ISPRL) was incorporated on 16th June, 2004 as a wholly owned Subsidiary of Indian Oil Corporation Limited. Certificate of commencement of business obtained from Registrar of Companies on 17.03.06 and present paid-up capital of the Company is Rs.100 Lakh.

The main object of the Company is to carry on the business of storage, handling, treatment, carriage, transport, dispatch and supply of crude oil and petroleum products.

PERFORMANCE OVERVIEW

Your Company has taken the following initiatives in furtherance of its objectives:-

- The Board of Indian Oil in its meeting on 27.02.2006 accorded approval for transfer of the Management and control of ISPRL from Indian Oil to OIIB as per advice of MoP&NG.
- The Strategic Storage at Mangalore was cleared in principle by High Power Committee of Govt. of Karnataka during its meeting on 30th December 2004. To initiate land acquisition proceedings by Govt. of Karnataka, consent from ONGC/MRPL is being pursued through MoP&NG, as the same land is needed for their expansion project cleared by Govt. of Karnataka.
- Terms and Conditions for allotment of land on 99 years lease have been received from Vishakhapatnam Port Trust and are under scrutiny. Regarding release of balance land by Eastern Naval Command, the Navy had planned their married accommodation project right on the identified area of ISPRL for the project. The matter was taken up through MoP&NG with Ministry of Defence and Eastern Naval Command is now agreeable to shift the married accommodation and allow ISPRL to build caverns underground for which an MOU shall be entered into.
- REIA&RRA study for Visakhapatnam and Mangalore sites is in progress by NEERI and the report for Visakhapatnam site is in advanced stage of finalization. Application for environmental clearance was submitted to MOE&F, Govt. of



India for Vizag and Mangalore locations. Applications submitted for grant of NOC to AP State Pollution Control Board and the same are being pursued.

FINANCIAL RESULTS

Since the Company has not yet commenced the actual business, no Profit and Loss Account for the period 1st April, 2005 to 31st March 2006 has been prepared. However, Statement of pre-operative Expense is given below:

S.No	Particulars	Rupees (in lakh)	
A.	Opening Balance as on 1 st April 2005		37.24
(B)	Add:		
(a)	Expenses during the year	84.59	
(b)	Provision for Income Tax	0.99	85.58
		Total (A+B)	122.82
(c)	Less:		
	Income by way of interest & other Miscellaneous Income		2.91
Total pre - operative expenses upto 31.03.2006		(B-C)	119.91

AUDITORS' REPORT

Statutory Auditors of the Company i.e. M/s Aditya and Associates, Chartered Accountants have submitted their report on the accounts of the Company for the period ended 31st March, 2006 and the same is annexed hereto.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO UNDER SECTION 217(1) OF THE COMPANIES ACT:

As the Company has not yet commenced the actual business, the information in respect of power and fuel consumption and consumption per unit of production are nil. There is no foreign exchange earning/outgo for the Company during the period under review.

PARTICULARS OF EMPLOYEES:

The information about particulars of employees under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) (Amendment) Rules, 1999 is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in preparation of the Annual Accounts for the financial year ended 31st March, 2006, the applicable accounting standards had been followed and there were no material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

BOARD OF DIRECTORS

The Directors of the Company during the year 2005-06 are:

- 1) Shri A M Uplenchwar
- 2) Shri Pranab Kumar Chakraborti
- 3) Shri B N Bankapur
- 4) Shri P K Goyal
- 5) Shri Thiruvillakat Vasudevan

ACKNOWLEDGEMENTS:

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Govt. of India and the Holding Company, Indian Oil Corporation Limited.

For and on behalf of the Board



(A M Uplenchwar)
Chairman

Date : 9th May, 2006

Place : New Delhi



Auditor's Report

To

The Shareholders of

Indian Strategic Petroleum Reserves Limited

- 1) We have audited the attached Balance Sheet of INDIAN STRATEGIC PETROLEUM RESERVES LIMITED as at 31st March 2006. No Profit & Loss Account has been prepared by the company as there was no income or expenditure of revenue nature during the year under audit. This financial Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on financial statement based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to 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 purpose 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;
 - iii. The Balance Sheet dealt with by this report is in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. Disclosure in terms of clause (g) of subsection (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.

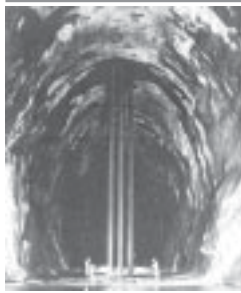
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2006

For **Aditya & Associates**
Chartered Accountants



(A.B Gupta)
Partner
M.N. 13592

Place : New Delhi
Dated: 27th April 2006



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: Indian Strategic Petroleum Reserves Limited

- (i) The Company has no Fixed Assets owned by it.
- (ii) The Company has not started its business and, as such, has no inventory in hand.
- (iii) According to the information and the explanations given to us, the company has neither taken nor granted any secured or unsecured loan to/from Companies, firms and other parties covered in the register mentioned under section 301 of the Companies Act, 1956.
- (iv) No comments on adequate internal control procedures for purchase of inventory and fixed assets and for the sale of goods as there were no such assets, inventory and sale of goods.
- (v) According to the records of the company, there was no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 in pursuance of the said section.
- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposit from the public and therefore, the provision of section 58A and 58AA of the Companies Act, 1956 and Rules thereunder are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system, which is commensurate with its size and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix)
 - (a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities where applicable. There are no arrears of aforesaid statutory dues as at the last date of the financial year and outstanding for a period of six months from the date they became payable.
 - (b) There are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess.

- (x) We have no Comments on accumulated losses as the company has been incorporated during the year ended 31st March 2005.
- (xi) The company has not borrowed money from financial institutions or banks and has not issued any debentures.
- (xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) As the company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.
- (xv) According to information given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans.
- (xvii) In our opinion and according to information given to us, we report that no fund raised on short term basis have been used for long term investment and vice-versa.
- (xviii) According to information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. The company is a 100% subsidiary of IOCL.
- (xix) According to information and explanation given to us, the Company has not issued any secured debentures.
- (xx) The Company has not raised funds by public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **Aditya & Associates**
Chartered Accountants


(A.B Gupta)
Partner

Place : New Delhi
Dated : 27th April, 2006

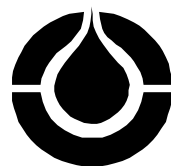




ANNUAL ACCOUNTS

FOR THE YEAR

2005-2006



ISPRL

INDIAN STRATEGIC PETROLEUM RESERVES LTD.
(A wholly owned subsidiary of IOCL)*


* From 9th May '06 onward ISPRL is wholly owned subsidiary of OIBD.


BALANCE SHEET AS AT MARCH 31, 2006

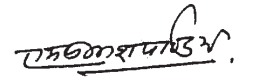
	Schedule	Amount in Rupees as at 31.03.2006	Amount in Rupees as at 31.03.2005
A. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Total		10,000,000	10,000,000
B. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block			
Less: Depreciation			
Net Block		-	-
Pre-operative Expenses (Pending Allocation)	2	11,991,406	3,724,124
		11,991,406	3,724,124
2. Current Assets, Loans and Advances	3		
Cash and Bank Balances		596,048	8,589,693
Other Current Assets		14,145	58,109
Loans and Advances		1,487,700	1,487,700
		2,097,893	10,135,502
Less : Current Liabilities & Provisions			
Current Liabilities	4	4,288,685	4,063,723
Provision for Income Tax (net of Advance Tax)		837	2,103
Provision for FBT (net of Advance Tax)		5,977	-
		4,295,499	4,065,826
Net Current Assets		(2,197,606)	6,069,676
3. Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses		206,200	206,200
Total		10,000,000	10,000,000
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	5		
NOTES ON THE ACCOUNTS	6		



The accompanying notes are an integral part of this Balance Sheet.


(A.M. Uplenchwar)
Chairman



(T. Vasudevan)
Director


(Ram Prakash Pandey)
Chief Executive Officer


(Shilpy Mohanty)
Company Secretary

As per our Report attached of even date

For Aditya & Associates
Chartered Accountants


(A.B. Gupta)
Partner

Place : New Delhi
Dated: 27.04.06

BALANCE SHEET AS AT MARCH 31, 2006

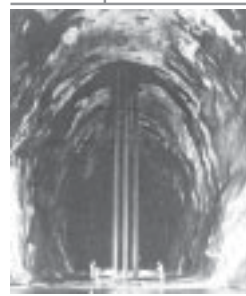
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2006		
	Amount in Rupees as at 31.03.2006	Amount in Rupees as at 31.03.2005
SCHEDULE - '1'		
SHARE CAPITAL		
Authorised		
1,000,000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000
Issued Subscribed and Paid Up		
1,000,000 Equity Shares of Rs. 10/- each fully paid up	10,000,000	10,000,000
	10,000,000	10,000,000
Indian Oil Corporation Limited, the holding company, and its nominees hold 100% of the issued, Subscribed & Paid Up Capital		
SCHEDULE - '2'		
	Amount in Rupees as at 31.03.2006	Amount in Rupees as at 31.03.2005
PREOPERATIVE EXPENSES (PENDING ALLOCATION)		
A. Construction Work-in Progress - Fixed Asset (including unallocated capital expenditure, material at site)		
Land Acquisition Exp.	716,000	100,000
Site Survey Expenses	3,752,098	776,698
Consultancy expenses	1,148,025	1,113,750
Sub - Total (A)	5,616,123	1,990,448
B. Incidental Expenditure during Construction		
(a) Opening Balance	1,733,676	-
(b) Add: Net Expenditure during the year		
(i) Expenses during the year		
Salary & Wages & Other Benefits	3,335,029	538,459
Communication Expenses	14,109	51,170
Entertainment Allowance	48,294	-
Traveling and Conveyance	609,903	148,118
Legal Consultant's Fee	-	1,094,628
Auditor's Remuneration	13,166	11,200
Filing Fee	2,535	1,500
Printing Expenses	850	-
Rent Expenses	703,314	-
Repair & Maintenance	39,971	-
Miscellaneous Expenses (Incl. FBT expenses)	66,570	-
Sub-total (i)	4,833,741	1,845,075
(ii) Less: Recoveries		
Interest Income (net of Income Tax of Rs.98,972.00)	192,134	107,399
Miscellaneous Income	-	4,000
Sub-total (ii)	192,134	111,399
Net Expenditure during the year (b) (i-ii)	4,641,607	1,733,676
(c) Closing Balance (a+b)	6,375,283	1,733,676
C. Total (A+B)	11,991,406	3,724,124

BALANCE SHEET AS AT MARCH 31, 2006

	Amount in Rupees as at 31.03.2006	Amount in Rupees as at 31.03.2005
SCHEDULE - '3'		
Current Assets, Loans and Advances		
Cash and Bank Balances		
Cash-in-hand	-	-
Balance with Scheduled Bank		
Current Account	596,048	5,889
Fixed Deposit Account	-	8,583,804
	596,048	8,589,693
Other Current Assets		
Interest Receivable on Fixed Deposit with Bank	5,101	58,109
Income Tax Refund Receivable	9,044	-
	14,145	58,109
Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash or kind or for value to be received	1,487,700	1,487,700
	1,487,700	1,487,700

SCHEDULE - '4'

	Amount in Rupees as at 31.03.2006	Amount in Rupees as at 31.03.2005
CURRENT LIABILITIES		
Sundry Creditors for Goods & Expenses (Other than IOCL)	3,563,371	838,139
Sundry Creditors for Goods & Expenses (IOCL)	703,314	3,203,584
EMD from contractors	22,000	22,000
	4,288,685	4,063,723
PROVISIONS		
Provisions for Income Tax	837	2,103
Provision for FBT	5,977	-
	4,295,499	4,065,826



SCHEDULE - '5' STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

- 1.1 The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.
- 1.2 Items of Income and Expenditure are recognized on accrual basis.


2. FIXED ASSETS


2.1 Land

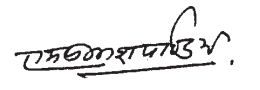
- 2.1.1 Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land.
- 2.1.2 Land acquired on lease for 99 years or less is treated as leasehold land.

2.2 Construction Period Expenses on Projects

- 2.2.1 Revenue expenses exclusively attributable to projects incurred during construction period are capitalised. However, such expenses in respect of capital facilities being executed alongwith the production/operations simultaneously are charged to revenue.
- 2.2.2 Financing cost incurred during the construction period on loans specially borrowed and utilised for projects is capitalised on quarterly basis.


(A.M. Uplenchwar)
 Chairman


(T. Vasudevan)
 Director


(Ram Prakash Pandey)
 Chief Executive Officer


(Shilpy Mohanty)
 Company Secretary

As per our Report attached of even date

**For Aditya & Associates
 Chartered Accountants**


(A.B. Gupta)
 Partner

Place : New Delhi
 Dated: 27.04.06

SCHEDULE - '6' NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st March 2006

- i. The project for Strategic Oil reserves is under implementation and the company has not started commercial operation.
- ii. The expenses incurred are on account of project development and feasibility studies and have been shown as pre-operative expenses. Hence, Profit and loss account has not been prepared for the year.
- iii. The company has no Fixed Assets and hence no depreciation.
- iv. There is no contingent liability as on the date of Balance Sheet.
- v. The company is 100% subsidiary of IOCL. Pursuant to the decision of Ministry of Petroleum & Natural Gas (MOP&NG) vide letter No. P-20012/14/98-PP-Sup. Dated 04.02.2006, the entire shareholding of Indian Oil in the Company is being transferred to Oil Industry Development Board (OIDB). Subsequently, Indian Oil in their Board Meeting held on 27th February, 2006, have accorded approval for transfer of the shares held by Indian Oil & its nominees to OIDB & its nominees.
- vi. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.17,34,550.00
- vii. Previous year's comparative figures are shown.
- viii. Figures in brackets indicate deductions.
- ix. There are no employees on the roll of the company, the day to day working is being handled by employees of IOCL. Hence, the provisions of AS-15 regarding retirement and employee benefits are not applicable.
- x. There is no deferred tax liability for the current year as the accounting income and taxable income are same.
- xi. There is no liability toward Small Scale Industrial Units.
- xii. As required by AS-18 "Related Party Disclosures" are given below:

A) Holding Company

Indian Oil Corporation Limited

B) Managerial Persons

Mr. Ram Prakash Pandey (CEO)

- xiii. The following transactions were carried out with the related parties in the ordinary course of business:

1 Details relating to parties referred to in item no. xii A) above:

	<u>Amount in Rs.</u>
a. Expenses incurred by IOCL on behalf of the company	4,764,019
b. Outstanding amount payable to IOCL as on 31.03.2006	703,314

2. Details relating to parties referred to in item no. xii B) above:

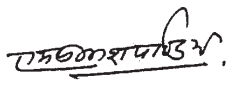
	<u>Amount in Rs.</u>
a. Remuneration to CEO (paid directly by IOCL)	979,018



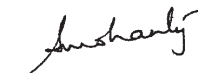
(A.M. Uplenchwar)
Chairman



(T. Vasudevan)
Director



(Ram Prakash Pandey)
Chief Executive Officer



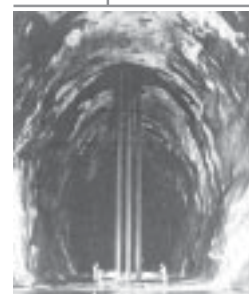
(Shilpy Mohanty)
Company Secretary

As per our Report attached of even date

For Aditya & Associates
Chartered Accountants



(A.B. Gupta)
Partner



Place : New Delhi
Dated: 27.04.06



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No.

	1	2	6	9	7	3
--	---	---	---	---	---	---

 State Code

5	5	0
---	---	---

 Balance Sheet Date

3	1	0	3	2	0	0	6
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II. Capital Raised during the year (Amount in Rs.)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Right Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Bonus issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									

III. Position of Mobilisation and deployment of Funds (Amount in Rupees in Thousand)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			1	0	0	0	0	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			1	0	0	0	0
		1	0	0	0	0									
		1	0	0	0	0									

Sources of Funds

Paid up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			1	0	0	0	0	Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Share Application Money <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
		1	0	0	0	0																	
				N	I	L																	
				N	I	L																	
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L								
				N	I	L																	
				N	I	L																	

Application of Funds

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>(2</td><td>1</td><td>9</td><td>7)</td></tr></table>				(2	1	9	7)	Preoperative Expenses (Pending Allocation) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>1</td><td>9</td><td>9</td><td>1</td></tr></table>			1	1	9	9	1
			(2	1	9	7)									
		1	1	9	9	1									
Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>6</td></tr></table>					2	0	6								
				2	0	6									

IV. Performance of Company (Amount in Rupees in thousand)

Turnover <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Profit / (Loss) before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Profit / (Loss) after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									

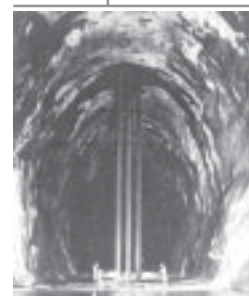
Earning per equity Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	Dividend <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
				N	I	L					
N	I	L									

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>A</td></tr></table>		N	A
	N	A		

इंडियन स्ट्रेटिजिक पेट्रोलियम रिजर्व लिमिटेड के 31 मार्च 2006 को समाप्त वर्ष के वार्षिक लेखों पर लेखा-परीक्षा रिपोर्ट

लेखों पर टिप्पणियाँ	प्रबंधन का उत्तर
<p>उपरोक्त राशि राष्ट्रीय पर्यावरण अभियांत्रिकी अनुसंधान संस्थान को तेल भण्डार टैंको के निर्माण के लिए पर्यावरणीय एवं जोखिम विश्लेषण अध्ययन हेतु दिए गए कार्यआदेश के अनुसार दिये गये अग्रिम भुगतान को दर्शाती है। चूंकि यह भुगतान स्थिर परिसम्पत्तियों के निर्माण से संबंधित है अतः लेखा मानक 21 के प्रावधानों के नियमानुसार लाइन दर लाइन आधार पर एकीकृत करने हेतु इनका इंडियन ऑयल कार्पोरेशन लिमिटेड (धारक कंपनी) की प्रचलित लेखा पद्धतियों के अनुसार इसे “निर्माण कार्य प्रगति पर –स्थिर परिसम्पत्तियों” में लेखांकित किया जाना वांछित है।</p>	<p>मैसर्स एन.ई.ई.आर.आई. (नीरी) को इस राशि का भुगतान अग्रिम के रूप में मंगलौर तथा विशाखापट्टनम में प्रस्तावित भूमिगत कच्चे तेल भण्डारण की सुविधा हेतु पर्यावरणीय प्रभाव तथा त्वरित जोखिम का मूल्यांकन करने के लिए किया गया है। संस्थान ने अभी अपनी रिपोर्ट प्रस्तुत नहीं की है इसलिए हमने संस्थान को दिए गए भुगतान को अपनी लेखा पुस्तिका में अग्रिम भुगतान के रूप में दर्ज किया है और वार्षिक लेखों में राशि को चालू परिसम्पत्तियाँ, ऋण तथा अग्रिम के मद में दर्शाया गया है।</p> <p>कार्य की समाप्ति तथा उपरोक्त रिपोर्ट की प्राप्ति व स्वीकार्यता के बाद इसे यथायोग्य समाहित कर दिया जाएगा।</p> <p>अतः इसे लेखा मानको – 21 के प्रावधानों के नियमानुसार लाइन दर लाइन एकीकृत करने के लिए इंडियन ऑयल कार्पोरेशन लिमिटेड (धारक कंपनी) की प्रचालित लेखा पद्धतियों के अनुसार अग्रिम के रूप में सही दर्शाया गया है।</p>



**REPLY OF THE COMPANY TO THE COMMENTS OF C&AG ON THE
ACCOUNTS FOR THE YEAR 2005-06**

Comment of Audit	Reply of the Management
<p>Current Assets, Loans and Advances (Schedule - 3)</p> <p>Advances recoverable in cash or for value to be received : Rs.14.88 lakh</p> <p>The above represent the amount paid to National Environment Engineering Research Institute as an advance against a work order for environment and risk analysis study in connection with the construction of oil storage tanks. As the amount relates to the construction of fixed assets, it is desirable to have it accounted under "Construction Work in Progress-Fixed Assets" in line with the accounting practice of Indian Oil Corporation Limited (the holding company) for consolidation on line by line basis as per the provisions of Accounting Standard-21.</p>	<p>The amount has been paid as an advance to M/s National Environment Engineering Research Institute for environmental impact Assessment and Rapid Risk Assessment for the proposed underground crude oil storage facilities at Mangalore and Visakhapatnam. The party is yet to submit the study report. Hence we have booked the amount paid to the party as an advance in our books of accounts and had depicted the amount under the head Current Assets, loans & Advances in our annual accounts. The same shall be suitably adjusted on completion of the work & receipt and acceptance of said report. Hence the amount has been shown as an advance correctly in line with the accounting practice of Indian Oil Corporation Limited (the holding company) for consolidation on line-by-line basis as per the provisions of Accounting Standard -21.</p>

इंडियन स्ट्रेटिजिक पेट्रोलियम रिजर्व लिमिटेड, के 31 मार्च 2006 को समाप्त वर्ष के लेखों पर कंपनी अधिनियम 1956 की धारा 619(4) के अन्तर्गत भारत के नियंत्रक तथा महालेखा परीक्षक की टिप्पणियाँ

चालू परिसम्पत्तियाँ ऋण तथा अग्रिम (अनुसूची 3)

ऋण तथा अग्रिम (अप्रतिभूत, प्राप्त योग्य)

नकद वसूली या वस्तु रूप में अग्रिम : रूपये 14.88 लाख

उपरोक्त राशि राष्ट्रीय पर्यावरण अभियांत्रिकी अनुसंधान संस्थान को तेल भण्डार टैंको के निर्माण के लिए पर्यावरणीय एवं जोखिम विश्लेषण अध्ययन हेतु दिए गए कार्यआदेश के अनुसार दिये गये अग्रिम भुगतान को दर्शाती है। चूंकि यह भुगतान स्थिर परिसम्पत्तियों के निर्माण से संबंधित है अतः लेखा मानक 21 के प्रावधानों के नियमानुसार लाइन दर लाइन आधार पर एकीकृत करने हेतु इनका इंडियन ऑयल कार्पोरेशन लिमिटेड (धारक कंपनी) की प्रचलित लेखा पद्धतियों के अनुसार “निर्माण कार्य प्रगति पर –स्थिर परिसम्पत्तियाँ” में लेखांकित किया जाना वांछित है।

(ए.के.सिंह)

प्रधान निदेशक,

वाणिज्य लेखा-परीक्षा एवं सदस्य

लेखा परीक्षा बोर्ड-II

नई दिल्ली



नई दिल्ली

15.06.2006

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE INDIAN STRATEGIC PETROLEUM RESERVES LIMITED FOR THE YEAR ENDED 31ST MARCH 2006

Current Assets, Loans and Advances (Schedule -3)

Loans and Advances (Unsecured, considered good).

Advances recoverable in cash or kind or for value to be received: Rs.14.88 lakh

The above represents the amount paid to National Environment Engineering Research Institute as an advance against a work order for environmental and risk analysis study in connection with the construction of oil storage tanks. As the amount relates to the construction of fixed assets, it is desirable to have it accounted under "Construction Work in Progress - Fixed Assets" in line with the accounting practice of Indian Oil Corporation Limited (the holding Company) for consolidation on line by line basis as per the provisions of Accounting Standard 21.



(A.K. Singh)

Principal Director of Commercial Audit &
Ex Officio Member of Audit Board- II
New Delhi

New Delhi
15.6.2006