



इंडियन स्ट्रेटेजिक पेट्रोलियम रिज़र्व्स लिमिटेड

(ओ.आई.डी.बी. की पूर्ण स्वामित्व की सहायक कम्पनी)

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

**Indian Strategic Petroleum Reserves Limited**

(A wholly owned subsidiary of OI DB)

Ministry of Petroleum & Natural Gas, Govt. of India

Head Office : OI DB Bhawan, 3rd Floor, Plot No.2, Sector - 73, Noida - 201 301 (U.P.) India

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

GAC/ISPRL/13-14



ISPRL

2013-14

ANNUAL REPORT

ISPRL



# Board of Directors

As of 31st March, 2014



Shri Saurabh Chandra  
Chairman



Shri Rajive Kumar  
Director



Shri L. N. Gupta  
Director



Rajan K. Pillai  
CEO & MD



Dr. Subhas Chandra Khuntia  
Director



Rajesh Kumar Singh  
Director



Shri Saurabh Chandra, Petroleum Secretary, MoP&NG  
inaugurating the 10<sup>th</sup> Foundation Day of ISPRL by Lighting the Lamp



Photograph of 10th Foundation Day Celebration



Group Photo on the occasion of inauguration of Administrative Building  
at Padur by Shri Rajive Kumar Addl. Secretary, MoP&NG



Safety Award distribution at Padur site by Dy. CEO-ISPRL



Swachh Bharat Abhiyan oath taking by ISPRL employees



Swachh Bharat Abhiyan - Mission in Action

**Board of Directors****As on 31.03.2014**

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

**CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Shri Rajan K. Pillai

**COMPANY SECRETARY**

Smt. Bhavyaa Gupta

**STATUTORY AUDITORS**

M/s JDA & Company

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

**BANKERS**

**Corporation Bank**

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

**REGISTERED OFFICE**

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

**ADMINISTRATIVE OFFICE**

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

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

Website : [www.isprlindia.com](http://www.isprlindia.com)

Email : [isprl@isprlindia.com](mailto:isprl@isprlindia.com)

**Visakhapatnam Project Office**

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

**Mangalore Project Office**

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

**Padur Project Office**

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



**ISPRL****Directors' Report**

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

The Board of Directors of your Company is pleased to present the 10<sup>th</sup> Annual Report on the working of the Company for the Financial Year ended 31<sup>st</sup> March, 2014 together with the Audited Statement of Accounts and Auditor's Report thereon.

**FINANCIAL RESULTS**

The Highlights of the Financial Results of your Company for the Financial Year ended 31<sup>st</sup> March, 2014 are as under :

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

**PERFORMANCE OVERVIEW**

Your Company has been mandated to establish crude oil storage of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The capital cost for constructing the strategic storage facilities was originally estimated to be Rs. 2,397 Crore at September 2005 prices. The approval for the Revised Cost Estimate (RCE) of Visakhapatnam was obtained in June, 2011. The RCE for Mangalore and Padur was approved in November, 2013. The RCE for the three locations stands at: Visakhapatnam – Rs. 1,038 Crore; Mangalore – Rs. 1,227 Crore and Padur – Rs. 1,693 Crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with OIDB, except for the 0.3 MMT compartment at Visakhapatnam, which would be met by Hindustan Petroleum

Corporation Limited on proportionate cost sharing basis. It was also decided that the operation and maintenance cost of the strategic storages shall be met by the Government of India. Planning Commission, the Government of India, has allocated Rs.4,948 Crore towards crude filling cost in the 12<sup>th</sup> Five Year Plan 2012-17.

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

### **1. Visakhapatnam (Storage Capacity : 1.33 MMT)**

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

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



*View of the aboveground facilities at Visakhapatnam*

### **2. Mangalore (Storage Capacity: 1.5 MMT)**

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

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



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



*View of one of the four cavern galleries at Mangalore*

### **3. Padur (Storage Capacity: 2.5 MMT)**

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

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

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

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



*View of the aboveground facilities at Padur*

#### **4. Phase II of Strategic Storage Program**

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

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

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

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

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

#### **DIVIDEND**

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



**PUBLIC DEPOSITS**

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

**AUDIT COMMITTEE**

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

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

**REMUNERATION COMMITTEE**

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

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

**AUDITOR'S REPORT**

The Comptroller & Auditor General of India (C&AG) has appointed M/s JDA & Co, Chartered Accountants, New Delhi as Statutory Auditors of the Company, who have submitted their report on the accounts of the Company for the Financial Year ended 31st March, 2014.

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

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

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

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

**PARTICULARS OF EMPLOYEES**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

## BOARD OF DIRECTORS

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

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

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

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

## ACKNOWLEDGEMENT

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

For and on behalf of the Board

**(R.K.Singh)**  
**Director**  
**(DIN05193269)**

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

Date: 05.09.2014

Place: New Delhi



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED**

#### **Report on Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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

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

**For J D A & Company**  
**(Chartered Accountants)**

FRN : 015377N

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

Place : New Delhi

Date : 13<sup>th</sup> August, 2014



## ANNEXURE TO THE AUDITORS' REPORT

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

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

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

**For J D A & Company**  
**(Chartered Accountants)**

FRN : 015377N

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

Place : New Delhi  
Date : 13<sup>th</sup> August, 2014

# **ANNUAL ACCOUNTS**

## **2013-14**



## Indian Strategic Petroleum Reserves Limited

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

In terms of our report attached.

**For JDA & Company**

Chartered Accountants

FRN. 015377N

Sd/-  
(CA Nitin Aggarwal)

Partner

M.No.506909

Place : New Delhi

Date : 13<sup>th</sup> August, 2014**For and on behalf of the Board of Directors**Sd/-  
(R. K. Singh)  
Director  
(DIN 05193269)Sd/-  
(S. R. Hasyagar)  
Chief Finance OfficeSd/-  
(Bhavyaa Gupta)  
Company SecretarySd/-  
(L. N. Gupta)  
Director  
(DIN 01872190)Sd/-  
(Rajan K.Pillai)  
CEO & MD  
(DIN 06799503)

**Indian Strategic Petroleum Reserves Limited**

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

In term of our report attached.

**For and on behalf of the Board of Directors**

**For JDA & Company**  
Chartered Accountants  
FRN. 015377N

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

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

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

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

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

**Sd/-**  
**(Bhavyaa Gupta)**  
**Company Secretary**

Place : New Delhi  
Date : 13<sup>th</sup> August, 2014

## Indian Strategic Petroleum Reserves Limited

### Notes forming part of the Financial Statements

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



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

**2.6 Provisions and Contingencies**

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

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

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

**2.7 Impairment of Assets**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying

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

## Notes forming part of the Financial Statements

### Note 3 Share Capital

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

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

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

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

### Note 3.3 Share Application Money Pending Allotment

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

### Note 4 Reserves and Surplus

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



### Notes forming part of the Financial Statements

#### Note 5 Other Long-Term Liabilities

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

#### Note 6 Trade Payables

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

#### Note 7 Other Current Liabilities

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

#### Note 8 Short-Term Provisions

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

# Notes forming part of the Financial Statements

## Note 9 Fixed Assets

A. Tangible Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April, 2013	Additions During the Year	Deletions During the Year	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation/ Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Leasehold Land	1,502,803,957	-	-	1,502,803,957	153,758,260	42,603,106	-	196,361,366	1,306,442,591	1,349,045,697
(b) Furniture and Fixtures	989,673	371,244	-	1,360,917	113,196	211,110	-	324,306	1,036,611	876,477
(c) Office equipment	1,395,829	15,100	-	1,410,929	372,723	143,626	-	516,349	894,580	1,023,106
(d) Computer	1,838,954	382,390	-	2,221,344	1,480,387	187,428	-	1,667,815	553,529	358,567
<b>Total</b>	<b>1,507,028,413</b>	<b>768,734</b>	<b>-</b>	<b>1,507,797,147</b>	<b>155,724,566</b>	<b>43,145,270</b>	<b>-</b>	<b>198,869,836</b>	<b>1,308,927,312</b>	<b>1,351,303,848</b>
<b>As at 31 March, 2013</b>	<b>1,509,143,971</b>	<b>1,490,110</b>	<b>3,605,668</b>	<b>1,507,028,413</b>	<b>74,058,937</b>	<b>81,674,712</b>	<b>9,083</b>	<b>155,724,566</b>	<b>1,351,303,848</b>	<b>1,435,085,035</b>

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

@ includes apportioned Head Office expenses

## Notes forming part of the Financial Statements

## Note 9.B(i) Capital Work in Progress

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



## Notes forming part of the Financial Statements

### Note 10 Long-term Loans and Advances

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

### Note 11 Cash and Cash Equivalents

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

### Note 12 Short-term Loans and Advances

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

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

### Note 13 Other Expenses

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

## Notes forming part of the Financial Statements

### Note 13 (i) : Details of payments to Auditors

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

### Note 13A Details of Stamp Duty Expenses

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

### Note 14 Additional information to the Financial Statements

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

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

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

#### 14.2 Expenditure in Foreign Currency (Equivalent INR)

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

**14.3 Earnings in foreign exchange**

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

**14.4 Estimated cost of construction**

- (i) The estimated costs of construction as determined based on contracts signed for underground civil works, above ground process facilities, pipeline works etc. are expected to be incurred over period of time on the project, till the final completion and include cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31<sup>st</sup> March, 2014, the construction activities for Phase I were in progress at Visakhapatnam, Mangalore and Padur projects. Direct Costs and allocable costs incurred upto balance sheet date are shown under Construction Work In Progress. Expenses incurred during the year 2013-14, which are not attributable to the projects, have been charged to the Statement of Profit & Loss.
- (iii) Detailed Feasibility Report for Phase II projects for 12.5 MMT capacity at 4 places at Rajkot (2.5 MMT), Padur (2.5 MMT), Chandikhol (3.75 MMT) and Bikaner (3.75 MMT) has been completed.
- (iv) On Completion of Detailed Feasibility Report for Phase-II, the amount of Rs. 1169 lakhs received from OIDB has been transferred from CWIP.

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

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

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

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

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





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

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

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

**14.19** Deferred Tax

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

- 14.20** Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. The Company had written to such enterprises/ suppliers and has so far not received any confirmation from its suppliers of being a Micro or a Small or Medium Enterprise. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.
- 14.21** There are no dues payable to Small Scale Industrial Undertakings. Contractors/service providers accounts, in debit/credit, are subject to confirmation, reconciliation and consequential adjustments thereof, if any.
- 14.22** The Company has constituted an Audit Committee under section 292A of the Companies Act, 1956 with the following composition:
- |   |     |          |
|---|-----|----------|
| Shri Rajive Kumar, Additional Secretary, MoP&NG | --- | Chairman |
| Shri L.N. Gupta , Secretary, OIDB               | --- | Member   |
| Shri R.K. Singh, Joint Secretary (R), MOP&NG    | --- | Member   |
- 14.22** Balances of the Contractors are subject to confirmation.

## Note 15 Disclosures under Accounting Standards

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

**Note 15 Disclosures under Accounting Standards (Contd.)**

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

## Cash Flow Statement for the year ended 31 March, 2014

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

In terms of our report attached.

**For JDA & Co.**Chartered Accountants  
FRN. 015377NSd/-  
(CA Nitin Aggarwal)  
Partner  
M.No.506909Place : New Delhi  
Date : 13<sup>th</sup> August, 2014**For and on behalf of the Board of Directors**Sd/-  
(R. K. Singh)  
Director  
(DIN 05193269)Sd/-  
(S. R. Hasyagar)  
Chief Finance OfficeSd/-  
(Bhavyaa Gupta)  
Company SecretarySd/-  
(L. N. Gupta)  
Director  
(DIN 01872190)Sd/-  
(Rajan K.Pillai)  
CEO & MD  
(DIN 06799503)