

वार्षिक रिपोर्ट ANNUAL REPORT 2018 - 2019



इंडियन स्ट्रेटेजिक पेट्रोलियम रिजर्व्स 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

Board of Directors

Shri K.D. Tripathi	Chairman	(till 30.06.2018)
Dr. M.M. Kutty	Chairman	(w.e.f. 18.07.2018)
Shri Rajiv Bansal	Director	(w.e.f. 18.08.2017)
Shri Sunjay Sudhir	Director	(till 21.02.2019)
Shri Ashish Chatterjee	Director	(till 14.11.2018)
Shri Diwakar Nath Misra	Director	(w.e.f. 14.11.2018)
Shri B.N. Reddy	Director	(w.e.f 09.04.2019)
Shri H.P.S. Ahuja	CEO & MD	(w.e.f 02.06.2017)
Smt. Kiran Vasudeva	Director	(w.e.f. 31.08.2018)

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri H.P.S. Ahuja

COMPANY SECRETARY

Shri Arun Talwar

STATUTORY AUDITORS

M/s Goyal & Goyal
Chartered Accountants

BANKERS

Corporation Bank

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

Phone No. : 91-120-2594661, Fax No. 91-120-2594643

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office

Lovagarden, Behind HSL Fabrication Yard,
Gandhigram Post, Visakhapatnam - 530 005
Phone : 0891-2868000

Mangalore Project Office

Chandrasahas Nagar, Kalavar Post.,
Bajpe via, Mangaluru-574142,
Phone : 0824-2881810

Padur Project Office

PO : Padur, Via Kaup, Distt. Udupi - 574 106
Karnataka
Phone : 0820-2556817

DIRECTOR'S REPORT

To,
The Shareholders,
Indian Strategic Petroleum Reserves Limited

The Board of Directors of your Company is pleased to present the 15th Annual Report on the working of the Company for the Financial Year ended 31st March, 2019 together with the Audited Statement of Accounts and Auditor's Report thereon.

FINANCIAL RESULTS

The Highlights of the Financial Results of your Company for the Financial Year ended 31st March, 2019 are as under:

S.No.	Particulars	Figures in Lakhs	
		As at 31 st March, 2019	As at 31 st March, 2018
(A)	Opening Balance of Work In Progress as on 1 st April	1,55,373.12	1,52,106.27
(B)	Pre-Operative Expenses during the year	9,264.22	5,266.85
(C)	Net Increase in Fixed Assets (PPE)	1,63,781.79	65.32
(D)	Net Non-current Assets	12,919.37	13,597.40
(E)	Net Current Assets	(1,041.66)	724.76
(F)	Accumulated Loss/ Profit	(23,321.65)	(-)16,595.39
	Total (A+B+C+D+E+F)	3,16,975.19	1,55,165.21
	<u>Net Non-current Assets {(i)-(ii)}</u>	12,919.37	13,597.40
	(i) Non-Current assets (Long term Loans & Advances)	13,089.82	13,617.12
	(ii) Non-Current Liabilities	170.45	19.68
	<u>Net Current Assets {(i)-(ii)}</u>	(1,041.66)	724.76
	(i) Current Assets	11,483.12	4,996.60
	(ii) Current Liabilities	12,524.77	4,271.84

PERFORMANCE OVERVIEW

Your Company has been mandated to establish crude oil storages of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited on proportionate cost sharing basis). 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 ₹ 2,397 Crore at September 2005 prices. The approval for the Revised Cost

Estimate (RCE) of Visakhapatnam was obtained in June, 2011 and thereafter again in February, 2015. The RCEs for Mangalore and Padur were approved in November, 2013.

The RCE for the three locations are as follows: Visakhapatnam – ₹1,178.35 Crore; Mangalore – ₹1,227 Crore and Padur – ₹1,693 Crore. Thus, the total revised cost of the projects stands at ₹4098.35 crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with 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. Government of India, has allocated ₹4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17. Out of these funds, Visakhapatnam one compartment of 1.03 MMT and Mangalore Cavern one compartment of 0.75 MMT have been filled.

Your company has successfully commissioned cavern projects for the three locations which marks a successful completion of Phase-I of the SPR projects for the country.

All the three locations have been dedicated to nation by Hon'ble Prime Minister Shri Narendra Modi on 10th Feb, 2019.

Under Phase II SPRs Program, in principle approval has been accorded to build 6.5 MMT of petroleum reserves and associated facilities for crude loading / unloading at Chandikhol, Odisha (4.0 MMT) and Padur II, Karnataka (2.5 MMT) entailing underground unlined rock cavern storages. The 'In Principal' approval is to take up the project under PPP model to reduce budgetary support of Government of India.

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

The Board is pleased to inform the members that Visakhapatnam Cavern was commissioned in 2015. The facility has two compartments Cavern A (1.03 MMT) and Cavern B (0.3 MMT). Cavern A is for



Night View of Visakhapatnam Plant

Strategic crude oil and is filled through funds made available by the Government of India. HPCL has taken the cavern B on proportionate cost sharing basis. This is being regularly used by HPCL for its refinery operations at Visakhapatnam.

2. Mangalore (Storage Capacity: 1.5 MMT)

Board is also pleased to inform the members that both the compartments of Mangalore Cavern have been commissioned. The first compartment i.e. Cavern B was commissioned in October, 2016, it was completely filled with three VLCC parcels of 50% Iran Heavy + 50% Iran Light crude oil in the month of December, 2016.

Cavern-A has also been filled with three parcels of Das Crude oil received from ADNOC during the period May, 2018 to November, 2018. The crude oil for filling of this cavern has been provided by ADNOC under the agreement which was signed between ADNOC and ISPRL in February, 2018.



1st Crude Oil consignment from ADNOC being received at ISPRL Mangalore on 21st May, 2018

During this year, about 0.625 MMT of Crude Oil (50% Iran Heavy + 50% Iran Light) was transferred from Mangalore Cavern-B to Padur Cavern Project and about 0.179 MMT of crude oil (50% Iran Heavy + 50% Iran Light) was procured and filled in Cavern-B at Mangalore.

The 0.179 MMT of Crude Oil (50% Iran Heavy + 50% Iran Light) was procured through MRPL amounting to Rs. 534 Crores utilizing the balance fund which was allocated for filling of Crude Oil.



Overview of Mangalore Plant

3. Padur (Storage Capacity: 2.5 MMT)

Board is also pleased to inform the members that Padur Cavern Project has been successfully commissioned in December, 2018 by transferring crude oil (50% Iran Heavy + 50% Iran Light) available in the Cavern-B of Mangalore.

The facility at Padur consists of four compartments i.e. Cavern A, Cavern B, Cavern C & Cavern D of 0.625 MMT each, with a total capacity of 2.5 MMT. All the four compartments have been partially filled with the Crude Oil.

Presently partial quantities of Crude is transferred in all the four compartments for commissioning the facility. Ultimately, the crude oil shall be transferred to one compartment.



Flare area of Padur Facility

The balance three compartment of Padur are proposed to be filled through a suitable arrangement entailing effective commercial and strategic usage of the available storage space. A MoU was signed with ADNOC on 11th November, 2018 for filling up of two Padur caverns of 0.625 MMT each. Definitive Agreement is under preparation / finalization in consultation with ADNOC.

4. Phase II of Strategic Storage Program

Under Phase II SPRs Program, ISPRL intends to build 6.5 MMT of petroleum reserve and associated facilities at Chandikhol, Odisha (4.0 MMT) and Padur II, Karnataka (2.5 MMT) entailing underground



ISPRL Road Show at Delhi being inaugurated by Hon'ble Minister of Petroleum and Natural Gas Shri Dharmendra Pradhan



Road Show in Progress for PPP in ISPRL

unlined rock cavern storages. ISPRL also plans to construct Single Point Mooring (SPM) facility to support its existing and upcoming facility at Mangalore, Padur and Chandikhol.

The Union Cabinet gave "In Principle approval for establishing 6.5 MMT Strategic Petroleum Reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) Karnataka including dedicated SPMs for the two SPRs. The 'In Principal' approval is to take up the project under PPP model to reduce budgetary support of Government of India. ISPRL is exploring the options to construct these SPRs under a Public Private Partnership (PPP) model with prospective partners like Financial Investors/ Traders/ Domestic & Foreign Oil Refining and Marketing companies/ Large Construction Companies/ Sovereign wealth funds. It plans to enter into a concessionaire agreement with these partners for construction, filling and operation of the envisaged petroleum storage facilities developed under Phase II.

ISPRL hired a transaction advisor M/s Deloitte for working out a suitable financial model with the interested oil and infrastructure companies. Roadshows entailing consultation process and one on one interactions were conducted in New Delhi (17th -18th October'18), Singapore (26-27th October'18) and London (29-30th October'18). Shri Dharmendra Pradhan, Hon'ble Minister of Petroleum and Natural Gas and Skill Development inaugurated the ISPRL Road Show for prospective PPP investors in Delhi. The consultant submitted its recommendations which have been approved by the government. Presently the documents required for seeking In Principle approval of PPPAC with requisite support from the Government of India and Niti Aayog are being consolidated.

DIVIDEND

Your Board of Directors does not recommend any Dividend for the Financial Year ended 31st March, 2019.

TRANSFER TO RESERVES

The losses made during the financial year 2018-19 have been transferred to the reserves of the Company for the financial year ended 31st March, 2019.

PUBLIC DEPOSITS

Your Company has not invited, accepted or renewed any fixed deposit from the public as on 31st March, 2019 and accordingly there is no principal or interest outstanding in respect thereof.

AUDIT COMMITTEE

The Board has constituted the Audit Committee. The Audit Committee comprised of the following Directors as on 31st March, 2019:

- | | | |
|------|---|------------|
| (i) | Shri Rajiv Bansal
Additional Secretary & Financial Advisor, MoP&NG/
Director, ISPRL | : Chairman |
| (ii) | Shri HPS Ahuja
CEO & MD, ISPRL | : Member |

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC). The NRC comprised of the following Directors during the year:

- | | | |
|------|---|------------|
| (i) | Shri Sunjay Sudhir*
Joint Secretary (IC), MoP&NG/Director, ISPRL | : Chairman |
| (ii) | Shri HPS Ahuja
CEO & MD, ISPRL | : Member |

*Shri Sunjay Sudhir ceased to be Director w.e.f. 21.02.2019. The Board had reconstituted NRC on 06.05.2019 appointing Shri B. N. Reddy, Director, ISPRL as Chairman, NRC.

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The company has a CSR Policy which is available on the website of the Company. The Company has not spent any money on CSR activities during the year as the company has not made any profit during the preceding three financial years. The Board of Directors has constituted CSR Committee. The CSR Committee comprised of the following Directors during the year:

- | | | |
|------|--|------------|
| (i) | Shri Sunjay Sudhir*
Joint Secretary (IC), MoP&NG/ Director, ISPRL | : Chairman |
| (ii) | Shri HPS Ahuja
CEO & MD, ISPRL | : Member |

*Shri Sunjay Sudhir ceased to be Director w.e.f. 21.02.2019.

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 read with rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return is enclosed in Form No. MGT-9 at **Annexure- A**.

MEETINGS OF THE BOARD

The Board of Directors of the Company met four times in the financial year 2018-19 as per the following details:

- 1) 4th May, 2018
- 2) 18th July, 2018
- 3) 14th November, 2018
- 4) 26th February, 2019

The number and dates of the meetings held during the financial year indicating the number of meetings attended by each director is given at **Annexure-I**.

CHANGE IN THE NATURE OF BUSINESS

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

PARTICULARS OF EMPLOYEES

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

DECLARATION BY THE INDEPENDENT DIRECTORS

There were no Independent Directors on the Board of the Company during the financial year 2018-19.

RISK MANAGEMENT

Effective risk management is critical for the continued success of the Company. The Company has a risk management policy to identify risk associated with the Company operations and to take appropriate corrective steps to minimize the risks. The major risks associated with Company are related to crude oil receipt and storage and delivery. These risks are mitigated by adopting standard operating procedures and adequate insurance cover.

KEY MANAGERIAL PERSONNEL

The following were the Whole-time Key Managerial Personnel during the year under review:

- | | | |
|----------------------------|---|-------------------|
| a) CEO & Managing Director | - | Shri H.P.S. Ahuja |
| b) Chief Financial Officer | - | Shri Gautam Sen |
| c) Company Secretary | - | Shri Arun Talwar |

REMUNERATION

All Directors on the Board of ISPRL are ex-officio directors nominated by Ministry of Petroleum and Natural Gas (MoP&NG) except CEO & MD. No remuneration is paid to ex-officio director nominated by MoP&NG. Other officers of the Company including CEO & MD and KMPs are on deputation from oil sector PSUs.

MATERIAL CHANGES AND COMMITMENTS

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

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

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

SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

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

COST AUDIT

In terms of Section 148 of the Act, the Company is not required to have the audit of its cost records conducted by a Cost Accountant.

AUDITORS

STATUTORY AUDIT:

The Comptroller & Auditor General of India (C&AG) has appointed M/s Goyal & Goyal (DE0577), 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, 2019 (**Annexure- B**). The Auditors Report to the Shareholders does not contain any qualification.

C&AG on the basis of supplementary audit conducted under Section 143 (6) (a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019 have made one observation under 143 (6) (b) of the Companies Act, 2013. The observation of the C&AG along with Management reply thereto is attached as **Annexure-C**.

SECRETARIAL AUDIT:

During the year, the Board of the Company had appointed M/s S. N. Agrawal & Co., Company Secretaries in Whole-time Practice (C.P. No. 3581), as Secretarial Auditors of the Company to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 and the Rules framed thereunder, for the financial year 2018-19. The Report given by Secretarial Auditors is annexed to this report as (**Annexure-D**). The Auditors Report to the Shareholders does not contain any qualification.

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

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

The Company does not have any foreign exchange earnings during the year. However it has utilized foreign exchange for its business activities aggregating to Rs 32.11 Lakh during the period under review.

INTERNAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements during the period under review.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a policy on Prohibition and Prevention of Sexual Harassment of Women at

workplace and matters connected therewith or incidental thereto covering all the aspects as contained in “The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the said Act. During the year under review, the Company did not receive any complaint under the said Act.

BOARD EVALUATION

The formal annual evaluation of the performance of the Board, its Committees and of individual directors has been carried out as per the Board Performance Evaluation Policy approved by the Board of ISPRL.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, there has been no instances of fraud reported by Auditors under Section 143 (12) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan was given or investments were made by ISPRL during the year 2018-19. ISPRL has given Bank Guarantee of Rs 38.43 Lakh to Deputy Commissioner, Commercial Tax Deptt., Mangalore w.r.t. Entry Tax matters as on 31st March, 2019.

RELATED PARTY TRANSACTIONS

All related party transactions were limited to Equity capital participation by OADB and payment of managerial remuneration to CEO & MD, ISPRL, CFO, ISPRL and Company Secretary, ISPRL. The transactions with the related parties are in the ordinary course of business and are on Arm's Length basis and are not material in nature.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARDS

The applicable Secretarial Standards issued by The Institute of Company Secretaries of India have been duly complied by the Company.

A copy of the Annual Return of the Company shall be placed on the website of the Company www.isprlindia.com.

DIRECTORS RESPONSIBILITY STATEMENT

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

- (a) That in preparation of Annual Accounts for the financial year, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- (b) That Directors have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the Profit and Loss of the Company for that year;

- (c) That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2019 on a “going concern” basis.
- (e) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS

Your Board of Directors comprises of four part-time Non-Executive Directors and one full-time CEO & MD as on 31st March 2019, details are given below:

1. Dr. M. M. Kutty (DIN- 01943083), Secretary, MoP&NG - Chairman
2. Shri Rajiv Bansal (DIN- 00245460), Additional Secretary & Financial Advisor, MoP&NG – Director
3. Shri Diwakar Nath Misra (DIN-07464700), Secretary, OIDB- Director
4. Shri HPS Ahuja (DIN- 07793886), Chief Executive Officer & Managing Director
5. Smt. Kiran Vasudeva (DIN- 06419718), Director (GP), MoP&NG- Director

The following changes took place in the Board of Directors since 1st April, 2018:

1. Shri K. D. Tripathi (DIN- 07239755), Secretary, MoP&NG/ Chairman, ISPRL (Cessation w.e.f. 30/06/2018)
2. Dr. M. M. Kutty (DIN- 01943083), Secretary, MoP&NG/ Chairman, ISPRL (Appointment w.e.f. 18/07/2018)
3. Smt. Kiran Vasudeva (DIN- 06419718), Director (GP), MoP&NG/ Director, ISPRL (Appointment w.e.f. 31/08/2018, Cessation 31/05/2019)
4. Shri Ashish Chatterjee (DIN- 07688473), JS (GP), MoP&NG/ Director, ISPRL (Cessation w.e.f. 14/11/2018)
5. Shri Diwakar Nath Misra (DIN-07464700), Secretary, OIDB/ Director, ISPRL (Appointment w.e.f. 14/11/2018)
6. Shri Sunjay Sudhir (DIN- 07396936), JS (IC), MoP&NG/ Director, ISPRL (Cessation w.e.f. 21/02/2019)
7. Shri B.N. Reddy (DIN-08389048), OSD (IC), MoP&NG / Director, ISPRL (Appointment w.e.f 09/04/2019)

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-

(B.N. Reddy)
Director
(DIN# 08389048)

Sd/-

(H P S Ahuja)
CEO & MD
(DIN# 07793886)

Date: 04.09.2019

Place: New Delhi

(Annexure-I)

Details of the meeting of the Board Committees and Board and number of meetings attended by the Directors:

AUDIT COMMITTEE:

The Audit Committee held two meetings in the financial year 2018-19. These meetings were held on 1st June, 2018 and 21st August, 2018. The Director's attendances at the Audit Committee meetings are as follows:

Sl. No.	Members	Designation	No. of meetings attended in FY 2018-19
1.	Shri Rajiv Bansal	Chairman	2
2.	Shri HPS Ahuja	Member	2

NOMINATION AND REMUNERATION COMMITTEE (NRC):

The NRC held one meeting in the financial year 2018-19. The meeting was held on 28th August, 2018. The Director's attendances at the NRC meetings are as follows:

Sl. No.	Members	Designation	No. of meetings attended in FY 2018-19
1.	Shri Sunjay Sudhir	Chairman	1
2.	Shri HPS Ahuja	Member	1

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

No meeting of CSR Committee held during the financial year 2018-19.

BOARD OF DIRECTORS:

The Board of Directors of the Company held four meetings in the financial year 2018-19 as per the following details:

- (i) 04/05/2018
- (ii) 18/07/2018
- (iii) 14/11/2018
- (iv) 26/02/2019

Sl. No.	Name of Directors	Designation	No. of board meetings attended during the FY 2018-19
1.	Shri K. D. Tripathi (cessation w.e.f. 30/06/2018)	Chairman	1
2.	Dr. M. M. Kutty (appointment w.e.f. 18/07/2018)	Chairman	3
3.	Shri Rajiv Bansal	Director	3
4.	Shri Sunjay Sudhir (cessation w.e.f. 21/02/2019)	Director	1
5.	Shri Ashish Chatterjee (cessation w.e.f. 14/11/2018)	Director	3
6.	Shri Diwakar Nath Misra (appointment w.e.f. 14/11/2018)	Director	2
7.	Shri H.P.S. Ahuja	CEO & MD	4
8.	Smt. Kiran Vasudeva (appointment w.e.f. 31/08/2018)	Director	1

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U63023DL2004GOI126973
- ii) Registration Date – June 16, 2004
- iii) Name of the Company – INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
- iv) Category/ Sub-Category of the Company – UNLISTED PUBLIC LIMITED COMPANY
- v) Address of the Registered office and contact details – 301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110001.Tel : 0120-2594641 Fax : 0120-2594643
- vi) Whether listed company - No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any – NA

II. ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Construction, Operation and Maintenance of Crude oil caverns facilities	43900 52109	--
2.	--	--	--

III. PARTICULARS OF HOLDING COMPANY

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	NIL	368.11	368.11	100	374.84	NIL	374.84	100	1.83
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	NIL	368.11	368.11	100	374.84	NIL	374.84	100	1.83
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	368.11	368.11	100	374.84	NIL	374.84	100	1.83

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	368.11	368.11	100%	374.84	NIL	374.84	100%	1.83

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name *	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares (In crore)	% of total Shares of the company	% of Shares Pledged/en cumbered to total shares	No. of Shares (In crore)	% of total Shares of the company	% of Shares Pledged/en cumbered to total shares	% Change in share holding during the year
1	Oil Industry Development Board							
	Total	368.11	100	NIL	374.84	100	NIL	1.83

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

1. Mr. Ganesh Chandra Doval
2. Mr. Rajesh Kumar Saini
3. Mr. Girish Chandra
4. Ms. Jyoti Sharma
5. Mr. M.S. Chauhan
6. Mr. Rajesh Mishra

(iii) Change in Promoter's Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares (Number in Crore)	% of total shares of the company	No. of shares (Number in Crore)	% of total shares of the company
	At the beginning of the year	368.11	100	368.11	100
	<u>Allotment of Shares during the FY 2018-19</u> i) 04/05/2018 43,10,000 Shares ii) 28/06/2018 1,00,00,000 Shares iii) 26/02/2019 5,30,00,000 Shares	<u>Total Shares allotted in FY 2018-19</u> 6.73 Crore			
	At the end of the year	374.84	100	374.84	100

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

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

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

Sl No.	Particulars of Remuneration	Name of MD/WTD	Total Amount ₹ In Lakh
		Shri H.P.S. Ahuja, CEO & Managing Director*	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 71.26 (a + b + c)	₹ 71.26 (a + b + c)
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option	NA	NA
3.	Sweat Equity	NA	NA
4.	Commission		
	- as % of profit	NA	NA
	- others, specify...		
5.	Others, please specify	NA	NA
	Total (A)	₹ 71.26	₹ 71.26
	Ceiling as per the Act	₹ 154.31	₹ 154.31

*Based on actual debit notes received from the parent company of the officer.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
	1. Independent Directors	-	-	-
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	-	-	-
	Total (1)	-	-	-
	2. Other Non-Executive Directors			
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	-	-	-
	Total (2)	-	-	-
	Total (B) = (1 + 2)	-	-	-
	Total Managerial Remuneration (A+B)	₹ 71.26		
	Overall Ceiling as per the Act	₹ 154.31		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl No.	Particulars of Remuneration	Key Managerial Personnel (₹ in Lakh)			
		CEO	CFO*	Company Secretary*	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Already covered in Table at S.No. A.	₹ 70.79 (a+b +c)	₹ 50.54 (a+b +c)	₹ 121.33
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA
5.	Others, please specify	NA	NA	NA	NA
	Total		₹ 70.79	₹ 50.54	₹ 121.33

*Based on actual debit notes received from the parent company of the officer.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying financial statements of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rule made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on financial statements.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Also Refer "**Annexure A**" to this audit report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued the Central Government of India in terms of sub-section (11) of 143 of the Companies Act, 2013, we give in the "**Annexure B**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**".
- (g) With respect to other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial positions in its IND AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

As required by the direction of C&AG under Section 143(5) of the Act, we report that:

- a) The company has system in place to process all the accounting transactions through IT system.
- b) There is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to the company's inability to repay the loan.
- c) Funds received/ receivable for specific schemes from Central/State agencies are properly accounted for/utilized as per their term and conditions.

Place :New Delhi

Date: 24.06.2019

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Report on the Auditor's responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Place :New Delhi

Date: 24.06.2019

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure B referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2019, we report the following:

- i. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) According to the information and explanations given to us, the fixed assets are physically verified by the management in a phase manner which in our opinion is reasonable, having regard to the size of the company and nature of its assets. As per information and explanations given to us, no material discrepancies were noticed on such verification.
c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of company except for 3.09 acre of land at Padur for which title deed is pending execution.
- ii. The management has conducted physical verification, of Crude oil inventory held on trust on behalf of Government of India and ADNOC at Vishakhapatnam, Mangalore and Padur at reasonable intervals through independent surveyors. In our opinion, having regard to the nature and location of the crude, the frequency of physical verification is reasonable.
- iii. According to the information and explanation given to us, the company has not granted any loan secured or unsecured loan to company/ Firms covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore provisions of clause (III) of paragraph 3 of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees, securities or made any investments in respect of which provisions of section 185 and 186 of the Companies Act, 2013 needs to be complied with.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposit from the public covered under Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules made there under.
- vi. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under subsection (1) of section 148 of the Companies Act, 2013, for any of the activities of the company.
- vii. a) According to the information and explanations given to us and on the basis of our examination of books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Value Added Tax, Work Contract Tax, Service Tax, Cess, GST and any other Statutory dues with the appropriate authorities.

b) According to the information and explanations given to us and as certified by the management, the following dues of income-tax, Entry-tax and royalties have not been deposited by the Company on account of dispute.

Name of the statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	255.32	A.Y. 2013-14	CIT (A), Delhi
Income Tax Act, 1961	Income Tax	234.24	A.Y. 2016-17	CIT (A), Delhi
Karnataka Tax on Entry of Goods Act 1979	Entry Tax & Interest	44.80	F.Y. 2010-11	Karnataka High Court
Karnataka Tax on Entry of Goods Act 1979	Entry Tax & Interest	137.65	F.Y. 2011-12	Karnataka High Court
Karnataka Tax on Entry of Goods Act 1979	Entry Tax & Interest	93.32	F.Y. 2012-13	Karnataka Appellate Tribunal, Bangalore
Andhra Pradesh Minor Mineral Concession Rules 1996	Royalty	11794.95	Up to 31.03.2018	Directorate of Mines and Geology, Andhra Pradesh

- viii. According to the information and explanations given to us and based on our examination of the records of the company, the company has not defaulted in repayment of loan or Borrowing from Government. The Company has not availed any borrowings from any financial institution, bank or debenture holders.
- ix. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year, hence clause (ix) of paragraph 3 of the Order regarding default is not applicable to the Company.
- x. Based upon the audit procedures performed and information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the provisions of Section 197 of the ACT.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company; hence clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into noncash transactions with directors or persons connected with him. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45IA of Reserve Bank of India Act, 1934.

Place : New Delhi

Date: 24.06.2019

"ANNEXURE C" TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over the financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of the internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : New Delhi

Date: 24.06.2019

Annexure – C**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED (ISPRL) FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited (ISPRL) for the year ended 31st March, 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24th June, 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Indian Strategic Petroleum Reserves Limited (ISPRL) for the year ended 31st March, 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Statement of Profit and Loss

As per approval of the Ministry of Petroleum and Natural Gas (April 2015), Operation & Maintenance (O&M) expenditure on commissioned cavern is to be borne by Government of India (GoI). HPCL has also agreed to bear proportionate O&M expenditure of commissioned cavern project at Visakhapatnam. During the year 2018-19, ISPRL incurred ₹78.21 crore towards O&M on commissioned caverns at Visakhapatnam, Mangalore and Padur. GoI/HPCL released ₹ 58.95 crore to ISPRL during the year 2018-19 and the balance amount of ₹ 19.26 crore has been shown as receivable from GoI/HPCL.

The Company had accounted for an amount of ₹ 19.26 crore in the books which was yet to be received from GoI/HPCL. The transactions relating to incurring of O&M expenditure of ₹78.21 crore and receipt of ₹ 58.95 crore from GoI/HPCL have not been accounted for.

This is in contravention of the provisions of Section 2(13) of the Companies Act, 2013 as well as Memorandum of Association of ISPRL which requires preparation of books of account considering (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place; (ii) all sales and purchases of goods and services by the company; (iii) the assets and liabilities of the company.

This issue was commented by C&AG on the Accounts of ISPRL for the financial year 2017-18.

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

Sd/-

Roop Rashi

Director General of Commercial Audit &

& Ex-officio Member

Audit Board – II, Mumbai

Place: Mumbai

Date: 20th August 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED (ISPRL) FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited (ISPRL) for the year ended 31st March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24th June, 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Indian Strategic Petroleum Reserves Limited (ISPRL) for the year ended 31st March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Audit Comment	Management Reply
<p>STATEMENT OF PROFIT AND LOSS</p> <p>As per approval of the Ministry of Petroleum and Natural Gas (April 2015), Operation & Maintenance (O&M) expenditure on commissioned cavern is to be borne by Government of India (GoI). HPCL has also agreed to bear proportionate O&M expenditure of commissioned cavern project at Visakhapatnam. During the year 2018-19, ISPRL incurred ₹78.21 crore towards O&M on commissioned caverns at Visakhapatnam, Mangalore and Padur. GoI/HPCL released ₹58.95 crore to ISPRL during the year 2018-19 and the balance</p>	<p>It may be noted that total Operation & Maintenance (O&M) expenditure incurred pertaining to Financial Year 2018-19 was ₹78.21 crore which has been arrived on the basis of Accrual System of the Accounting applicable for Companies as per Section 2(13) of the Companies Act, 2013. Out of this, ₹58.95 crores has already been received from GOI/HPCL and the balance amount of ₹19.26 crore has been show as recoverable/receivable from GOI/HPCL vide Note. No. 8 of Annual Accounts for the Year 2018-19.</p>

Audit Comment	Management Reply
<p>amount of ₹19.26 crore has been shown as receivable from GoI/HPCL.</p> <p>The Company had accounted for an amount of ₹19.26 crore in the books which was yet to be received from GoI/HPCL. The transactions relating to incurring of O&M expenditure of ₹78.21 crore and receipt of ₹58.95 crore from GoI/HPCL have not been accounted for.</p> <p>This is in contravention of the provisions of Section 2(13) of the Companies Act, 2013 as well as Memorandum of Association of ISPRL which requires preparation of books of account considering (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place; (ii) all sales and purchases of goods and services by the company; (iii) the assets and liabilities of the company.</p> <p>This issue was commented by C&AG on the Accounts of ISPRL for the financial year 2017-18.</p>	<p>Hence, in the light of explanations furnished above, it is clear that ₹58.95 crore have been correctly accounted for and depicted as per statutory requirements.</p> <p>As per present dispensation, O&M expenses are to be fully reimbursed by MoP&NG. However, HPCL reimburses their prorata share of O&M expenses in respect of Visakhapatnam facility as per agreed methodology between ISPRL and HPCL. Hence, O&M expenses of ISPRL are revenue neutral in nature. Therefore, vide Note No. 17 of the Annual Accounts of ISPRL for FY 2018-19, the O&M expenses incurred and reimbursement thereof have been depicted as contra items.</p> <p>Further, the observations raised by CAG pertaining to Annual Accounts for FY 2017-18 have been duly considered and to that extent the annual accounts of FY 2018-19 have been modified. Therefore, the observations made by CAG in annual accounts of FY 2017-18 have been duly complied with in the annual accounts of FY 2018-19.</p>

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.3.2019

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indian Strategic Petroleum Reserves Limited ("the Company") for the financial year ended on 31st March, 2019 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: N.A
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992: N.A
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: N.A
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: N.A
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: N.A
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: N.A
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: N.A
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: N.A
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996:
- (j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993:
- (vi) Other applicable laws :i) The Petroleum Act, 1934; ii) The Oil Industry (Development) Act, 1974; iii) The Oil fields Act, 1948; iv) Indian Explosives Act, 1884

Environmental Laws:

- i) The Water (Prevention and Control of pollution) Act, 1974
- ii) The Air (Prevention and Control of pollution) Act, 1981
- iii) The Environment (Protection) Act, 1986
- iv) Hazardous Wastes (Management and handling) Rules 1989

Misc Acts :

- i) Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013

We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable laws and also reporting done to the Board through Agenda papers.

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

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, and during the period Shri K. D. Tripathi (DIN 07239755) ceased on 30/06/2018, Shri Ashish Chatterjee (DIN 07688473) ceased on 14/11/2018 and Shri Sunjay Sudhir (DIN 07396936) ceased on 21/02/2019.

As regards new induction Dr. M.M. Kuttu (DIN 06419718) was appointed on 01.07.2018, Smt Kiran Vasudeva (DIN 06419718) on 09/08/2018 and Shri Diwakar Nath Misra (DIN 0764700) on 14/11/2018.

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

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

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

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

FOR S N Agrawal & Co.

Sd/-
(SATYA NARAIN AGRAWAL)
Practising Company Secretary
FCS No.443
C P No.:3581

Place: Noida

Date: 24.04.2019

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

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

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

FOR S N Agrawal & Co.

Sd/-
(SATYA NARAIN AGRAWAL)
Practising Company Secretary
FCS No.443
C P No.:3581

Place: Noida
Date: 24.04.2019

List of documents verified

1. Memorandum of Association and Revised Articles of Association
2. Annual Report for the financial year ending on 31st March, 2018.
3. Minutes of the meetings of the Board of Directors, Audit Committee of the Board , Nomination and Remuneration Committee along with their respective attendance registers, held during the financial year under audit.
4. Minutes of Annual General Meeting held during the financial year under the audit.
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of transfers
 - Register of members
6. Agenda papers submitted to all the directors/members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. All e-forms filed by the Company, from April 2018 to March 31, 2019, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under audit.
9. Licence to store LPG gas in pressure vessels valid upto 30.9.2022 for Mangalore location.
10. Consent for discharge of effluents under Water (Prevention and Control of Pollution) Act, 1974 and emission under the Air (Prevention and Control of Pollution) Act, 1981 for Mangalore facility valid till 30.6.2021.
11. No objection certificate for height clearance from Airports Authority of India for facility at Mangalore valid upto 26.4.2021.
12. Constitution of ICC under the Sexual Harassment of Women at the workplace (Prohibition, Prevention and Redressal) Act, and Annual Return filed under the Act for the period 1.1.2018-31.12.2018.

The Company has filed the following e-forms under the Companies Act, 2013 during the Financial Year 2018-19

Sl. No.	Form No. with SRN no.	Purpose of filing the form	Date of Filing
1	DIR-12 H48005730	Cessation of Director: Shri Sunjay Sudhir	23/03/2019
2	PAS-3 H47483888	Allotment of 5,30,00,000 Shares	18/03/2019
3	MGT-7 H42821330	Annual Return for FY 2017-18	23/01/2019
4	AOC-4 XBRL H38114328	Filing of Financial Statements of FY 2017-18 with RoC	29/12/2018
5	DIR-12 H35888882	Regularization of Directors : Dr. M M Kutty; Shri D. N. Misra and Smt. Kiran Vasudeva	26/12/2018
6	DIR-12 H32887101	Cessation of Director: Shri Ashish Chatterjee & Appointment of Director: Shri D. N. Misra	13/12/2018
7	MGT-14 H32886079	Appointment of Internal Auditors: M/s Sunita Agrawal & Co.	13/12/2018
8	ADT-1 H32357501	Appointment of Statutory Auditor : M/s Goyal & Goyal (DE0577)	11/12/2018
9	DIR-12 H14817050	Appointment of Director: Smt. Kiran Vasudeva	21/09/2018
10	GNL-1 H14404867	Application to RoC for Extension of AGM	19/09/2018
11	DIR-12 H00925727	Appointment of Director: Dr. M M Kutty	16/08/2018
12	MGT-14 H00914788	Approval of Financial Statement for FY 2017-18	16/08/2018
13	PAS-3 G95734877	Allotment of 1,00,00,000 Shares	07/08/2018
14	DIR-3 KYC G94604113	Director KYC of Shri HPS Ahuja	31/07/2018
15	DIR-12 G94178233	Cessation of Director: Shri K D Tripathi	27/07/2018
16	DIR-12 G88890215	Cessation of Directors: Smt. Sangita Gairola and Shri S. B. Agnihotri	06/06/2018
17	PAS-3 G88616313	Allotment of 43,10,000 Shares	02/06/2018

Place: Noida

Date: 24.04.2019

ANNUAL ACCOUNTS

2018-19

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED				
BALANCE SHEET AS AT MARCH 31, 2019				
CIN :- U63023DL2004GOI126973				
₹ in lakhs				
Particulars		Note	As At 31 st March, 2019	As At 31 st March, 2018
(I)	<u>ASSETS</u>			
	Non-Current Assets			
	(A) Property, Plant & Equipment	2	3,35,244.59	1,77,796.75
	(B) Capital Work in Progress	2.1	42.57	1,55,373.12
	(C) Intangible Assets	2.2	7,100.95	4,450.00
	(D) <u>Financial Assets</u>			
	(i) Loans	3	559.62	610.34
	(ii) Other Financial Assets	4	210.67	136.03
	(E) Income tax Assets (Net)		139.38	118.83
	(F) Other Non Current Assets	5	12,180.15	12,710.51
Sub Total			3,55,477.93	3,51,195.58
(II)	Current Assets			
	(A) <u>Financial Assets</u>			
	(i) Cash and cash equivalents	6	8,909.57	1,967.85
	(ii) Bank Balances other than above	7	41.47	179.31
	(iii) Other Financial Assets	8	1,948.78	2,381.21
	(B) Other Current Assets	9	583.30	509.64
Sub Total			11,483.12	5,038.01
TOTAL			3,66,961.05	3,56,233.59
(I)	<u>EQUITY AND LIABILITIES</u>			
	Equity			
	(A) Equity Share Capital	10	3,74,837.47	3,68,106.47
	(B) Other Equity	11	(23,321.65)	(16,595.39)
(II)	Share Application Money Pending Allotment		2,750.00	431.00
Sub Total			3,54,265.82	3,51,942.08
(III)	<u>LIABILITIES</u>			
	Non-Current Liabilities			
	(A) <u>Financial Liabilities</u>			
	Other Financial Liabilities	12	170.45	19.68
Sub Total			170.45	19.68
(IV)	Current Liabilities			
	(A) <u>Financial Liabilities</u>			
	(ii) Trade Payables	13	4,947.36	1,961.71
	(iii) Other Financial Liabilities	14	7,090.34	2,164.38
	(B) Other Current Liabilities	15	487.08	145.74
	Sub Total			12,524.78
TOTAL			3,66,961.05	3,56,233.59
Significant Accounting Policies		1		
Notes on Accounts		2-25		
Notes referred above form an integral part of the Balance Sheet				
As per our report of even date attached				
For Goyal & Goyal		For and on behalf of the Board of Directors		
Chartered Accountants				
FRN 000066N				
Sd/-		Sd/-	Sd/-	
(CA Shobhit Gupta)		(B.N. Reddy)	(H.P.S. Ahuja)	
Partner		Director	CEO & MD	
Membership No. 502897		DIN : 08389048	DIN : 07793886	
Place : New Delhi		Sd/-	Sd/-	
Date : 24.06.2019		(Gautam Sen)	(Arun Talwar)	
		CFO	Company Secretary	

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019
CIN :- U63023DL2004GOI126973

₹ in lakhs

Particulars	Note	For the Year Ended 31 st March, 2019	For the Year Ended 31 st March, 2018
<u>INCOME</u>			
Interest Income	16	119.91	21.98
Other Income		225.67	3.92
Total Income		345.58	25.90
<u>EXPENSES</u>			
Depreciation	17	6,333.95	5,526.03
Other expenses		728.31	496.54
Total Expenses		7,062.26	6,022.57
Loss Before Tax		(6,716.68)	(5,996.67)
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Loss for the year		(6,716.68)	(5,996.67)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year (Comprising Profit/(Loss) and Other Comprehensive Income for the year)		(6,716.68)	(5,996.67)
Earning per Equity Share (Par Value of Rs.10/ each)	17		
(i) Basic		(0.18)	(0.17)
(ii) Diluted		(0.18)	(0.17)
Significant Accounting Policies	1		
Notes on Accounts	2-25		
Notes referred above form an integral part of the Statement of Profit and Loss			
As per our report of even date attached			
For Goyal & Goyal		For and on behalf of the Board of Directors	
Chartered Accountants			
FRN 000066N			
Sd/-		Sd/-	
(CA Shobhit Gupta)		(B.N. Reddy)	(H.P.S. Ahuja)
Partner		Director	CEO & MD
Membership No. 502897		DIN : 08389048	DIN : 07793886
Place : New Delhi		Sd/-	Sd/-
Date : 24.06.2019		(Gautam Sen)	(Arun Talwar)
		CFO	Company Secretary

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019
CIN :- U63023DL2004GOI126973

₹ in lakhs

Sr. No.	Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
(A)	CASH FLOW STATEMENT FROM OPERATING ACTIVITIES		
	Net Profit Before Taxation	(6,716.68)	(5,996.67)
	Adjustments for :-		
	Depreciation	6,333.95	5,526.03
	Interest Income	(119.91)	(21.98)
	Operating Profit Before Working Capital Changes	(502.64)	(492.62)
	Adjustments for :-		
	(Increase)/ Decrease in Financial & Other Assets	1,003.04	4,333.25
	Increase/(Decrease) in Liabilities & Provisions	8,384.45	(6,190.63)
	Net Increase/(Decrease) in Working Capital	9,387.49	(1,857.38)
	Cash Generated from Operations	8,884.85	(2,350.00)
	Direct Taxes Paid (Net of Refunds)	(20.55)	(11.78)
	Total Cash Flow from Operation (A)	8,864.30	(2,361.78)
(B)	CASH FLOW FROM INVESTING ACTIVITIES (Cr.)		
	Purchase of Fixed Assets/ CWIP	(8,451.23)	(3,332.18)
	Disposal of Fixed Assets	-	-
	Purchase of Intangible Assets	(2,650.95)	(4,450.00)
	Interest Received	119.91	21.98
	Net Cash Used in Investing Activities (B)	(10,982.27)	(7,760.20)
(C)	CASH FLOW FROM FINANCING ACTIVITIES (Cr.)		
	Proceeds from issue of Share Capital/Share Application	9,050.00	11,100.00
	Proceeds from Grants	225.00	-
	Amortisation of Grant from OADB	(205.73)	-
	Stamp Duty on Issue of Share Capital	(9.58)	(11.25)
	Short Term Borrowings	-	(746.71)
	Net Cash From Financing Activities (C)	9,059.69	10,342.04
(D)	Net Increase/ Decrease in Cash & Cash Equivalents (A-B+C)	6,941.72	220.06
	Opening Balance of Cash & Cash Equivalents	(1,967.85)	(1,747.79)
	Closing Balance of Cash & Cash Equivalents	8,909.57	1,967.85

As per our report of even date attached

For Goyal & Goyal

Chartered Accountants

FRN 000066N

Sd/-

(CA Shobhit Gupta)

Partner

Membership No. 502897

Place : New Delhi

Date : 24.06.2019

For and on behalf of the Board of Directors

Sd/-

(B.N. Reddy)

Director

DIN : 08389048

Sd/-

(Gautam Sen)

CFO

Sd/-

(H.P.S. Ahuja)

CEO & MD

DIN : 07793886

Sd/-

(Arun Talwar)

Company Secretary

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

a. Equity share capital		₹ in lakhs
Particulars	As at 31 st March 2019	As at 31 st March 2018
Balance at the beginning of the reporting period	3,68,106.47	3,57,437.47
Changes in equity share capital during the year	6,731.00	10,699.00
Balance at the end of the reporting period	3,74,837.47	3,68,106.47
b. Other equity		₹ in lakhs
Particulars	As at 31 st March 2019	As at 31 st March 2018
	Retained earnings	
Balance at the beginning of the reporting period	(16,595.39)	(10,587.47)
Profit / (Loss) for the year	(6,716.68)	(5,996.67)
Stamp Duty on Share Issued	(9.58)	(11.25)
Other comprehensive income for the year	-	-
Balance at the end of the reporting period	(23,321.65)	(16,595.39)
For Goyal & Goyal		For and on behalf of the Board of Directors
Chartered Accountants		
FRN 000066N		
Sd/-	Sd/-	Sd/-
(CA Shobhit Gupta)	(B.N. Reddy)	(H.P.S. Ahuja)
Partner	Director	CEO & MD
Membership No. 502897	DIN : 08389048	DIN : 07793886
	Sd/-	Sd/-
Place : New Delhi	(Gautam Sen)	(Arun Talwar)
Date : 24.06.2019	CFO	Company Secretary

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Notes Forming Part of the Financial Statements

Note No.2 : Property, Plant and Equipment

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2018	Additions during the year	Disposals/ Deductions/ Transfer/ Reclassifications/ Reestimation of Life	As at 31 st March, 2019	Depreciation upto 31.03.2018	Depreciation during the year	Disposals/ Deductions/ Transfer/ Reclassifications/ Reestimation of Life	Total Depreciation upto 31 st March, 2019	As at 31 st March, 2019	As at 31 st March, 2018
(a) Building	9,544.41	8,239.07	558.47	18,341.95	1,486.26	355.68	(912.22)	929.72	17,412.23	8,058.15
(b) Roads & culverts	1,375.27	1,790.03	-	3,165.30	601.51	295.65	(11.85)	885.31	2,279.99	773.76
(c) Plant & Machinery	70,192.38	57,325.63	(758.15)	1,26,759.86	5,397.69	3,561.14	550.27	9,509.10	1,17,250.76	64,794.69
(d) Caverns	1,07,238.72	96,620.13	(514.65)	2,03,344.20	3,711.23	2,250.81	(18.09)	5,943.95	1,97,400.25	1,03,527.49
(e) Furniture and Fixtures	607.75	35.08	(513.85)	128.98	132.61	9.91	(107.47)	35.05	93.93	475.14
(f) Transport Vehicles	61.92	69.49	-	131.41	16.68	9.77	-	26.45	104.96	45.24
(g) Office equipment	278.13	26.36	120.43	424.92	155.11	77.68	14.91	247.70	177.22	123.02
(h) Computer	432.47	430.50	353.25	1,216.22	433.21	231.77	25.99	690.97	525.25	(0.74)
Total	1,89,731.05	1,64,536.29	(754.50)	3,53,512.84	11,934.30	6,792.41	(458.46)	18,268.25	3,35,244.59	1,77,796.75

Previous Year

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 st April, 2017	Additions during the year	Disposals/ Deductions/ Transfer/ Reclassifications/ Reestimation of Life	As at 31 st March, 2018	Depreciation upto 31.03.2018	Depreciation during the year	Disposals/ Deductions/ Transfer/ Reclassifications/ Reestimation of Life	Total Depreciation upto 31 st March, 2018	As at 31 st March, 2018	As at 31 st March, 2017
(a) Building	9,544.41	-	-	9,544.41	827.39	658.87	-	1,486.26	8,058.15	8,717.02
(b) Roads & culverts	1,375.27	-	-	1,375.27	356.28	245.23	-	601.51	773.76	1,018.99
(c) Plant & Machinery	70,192.38	-	-	70,192.38	2,897.60	2,500.09	-	5,397.69	64,794.69	67,294.78
(d) Caverns	1,07,238.72	-	-	1,07,238.72	1,922.03	1,789.20	-	3,711.23	1,03,527.49	1,05,316.69
(e) Furniture and Fixtures	607.27	0.48	-	607.75	123.39	9.22	-	132.61	475.14	483.88
(f) Transport Vehicles	61.92	-	-	61.92	9.33	7.35	-	16.68	45.24	52.59
(g) Office equipment	224.60	53.53	-	278.13	85.58	69.53	-	155.11	123.02	139.02
(h) Computer	421.16	11.31	-	432.47	186.67	246.54	-	433.21	(0.74)	234.49
Total	1,89,665.73	65.32	-	1,89,731.05	6,408.27	5,526.03	-	11,934.30	1,77,796.75	1,83,257.46

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Notes Forming Part of The Financial Statements

Note No. 2.1 : Capital Work in Progress

₹ in lakhs

Particulars		As at 31 st March, 2019	As at 31 st March, 2018
Phase - I - Vishakhapatnam Cavern Storage Project	Opening Balance Add : Additions During the Year Less : Capitalized During the Year	- 42.57 -	- - -
	Closing Balance	42.57	-
- Padur Cavern Storage Project	Opening Balance Add : Net Additions During the Year Less : Capitalized During the Year	1,55,373.12 9,221.65 (1,64,594.77)	1,50,106.27 5,266.85 -
	Closing Balance	-	1,55,373.12
- Mangalore Cavern Storage Project	Opening Balance Less : Transfer to Intangible assets (ROU)	- -	2,000.00 (2,000.00)
	Closing Balance	-	-
Total (Capital Work in Progress)		42.57	1,55,373.12

Note No. 2.2 : Intangible Assets

₹ in lakhs

Intangible Assets (ROU for Pipeline)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Gross Block as on beginning of the year	4,450.00	-
Addition/Transfer from other assets during the year	2,650.95	4,450.00
Disposal/Deductions/Transfer/Reclassification	-	-
Gross Block as at end of the year	7,100.95	4,450.00
Amortization as at beginning of the year	-	-
Amortization during the year	-	-
Disposal/Deductions/Transfer/Reclassification	-	-
Amortization as at end of the year	-	-
Net Block	7,100.95	4,450.00
Note : ROU for pipeline are acquired on perpetual basis, hence no amortization is being provided.		

Notes Forming Part of The Financial Statements

Note No. 3 Loans		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(Unsecured considered good at amorised cost)		
Security Deposits	559.62	610.34
TOTAL	559.62	610.34
Note No. 4 Other Financial Assets		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Advance against demand of Entry Tax	210.67	136.03
TOTAL	210.67	136.03
Note No. 5 Other Non Current Assets		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(Unsecured considered good)		
Advance towards ROU & Other	-	2.25
Prepaid Rental (For Leasehold Land)	12,180.15	12,708.26
TOTAL	12,180.15	12,710.51
Note No. 6 Cash & Cash Equivalent		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Bank Balances :		
In Current Accounts	5,403.51	7.90
In Fixed Deposit (Maturity within one year)	3,505.86	1,959.95
Cash Balances :		
Cash - In Hand	0.20	0.00
TOTAL	8,909.57	1,967.85
Note No. 7 Bank Balances other than above		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Fixed Deposit (Under Lien for Bank Guarantee) (Maturity within one year)	41.47	179.31
TOTAL	41.47	179.31
Note No.8 Other Financial Assets		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(Unsecured considered good at amortised cost)		
O&M Expenses Receivable from GOI and/or HPCL	1,925.80	2,332.57
Advances recoverable in cash or kind	22.98	48.64
TOTAL	1,948.78	2,381.21

Notes Forming Part of The Financial Statements

Note No. 9 Other Current Assets		₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018	
(Unsecured considered good)			
Prepaid Expenses	-	0.33	
Advances against Stamp Duty on Shares	2.76	12.34	
Advances to Supplier	62.59	-	
Prepaid Rental (For Leasehold Land)	517.95	493.11	
Others	-	3.86	
TOTAL	583.30	509.64	

Notes Forming Part of The Financial Statements

Note No.10 : Share Capital				
Particulars	₹ in lakhs			
	As at 31 st March, 2019		As at 31 st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity Share Capital				
(a) Authorised Equity shares of Rs.10/- each	3,83,25,60,000	3,83,256.00	3,83,25,60,000	3,83,256.00
(b) Issued, Subscribed and fully paid up Equity shares of Rs.10/- each	3,74,83,74,670	3,74,837.47	3,68,10,64,670	3,68,106.47
Notes :				
(i) Reconciliation of the number of equity shares :				
Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
Equity shares of Rs.10/- each				
Opening Balance	3,68,10,64,670		3,57,43,74,670	
Shares Issued	6,73,10,000		10,66,90,000	
Shares bought back	-		-	
Closing Balance	3,74,83,74,670		3,68,10,64,670	
(ii) Details of shareholders holding more than 5% shares :				
Name of shareholders	As at 31 st March, 2019		As at 31 st March, 2018	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity shares of Rs.10/- each				
Oil Industry Development Board, New Delhi & its nominees	3,74,83,74,670	100%	3,68,10,64,670	100%
TOTAL	3,74,83,74,670	100%	3,68,10,64,670	100%
(iii) Terms/Rights attached to equity shares				
The company has only one class of equity shares having par value of Rs. 10 each and is entitled to one vote per share. In the event of liquidation of the corporation, the holders of equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held				
(iv) For the period of preceeding five years as on the Balance Sheet date, the :				
(a) Aggregate nos of class of shares allotted as fully paid up pursuant to contract (s) without payment being received in cash				NIL
(b) Aggregate nos of class of shares allotted as fully paid up by way of bonus shares				NIL
(c) Aggregate nos of shares and class of shares bought back				NIL

Notes Forming Part of The Financial Statements

Note No. 11 Other Equity		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance of Retained Earnings :		
Balance brought Forward from Last Year's Accounts	(16,595.39)	(10,587.47)
Less : Stamp Duty on Share Issued	(9.58)	(11.25)
Less : Loss for the Year	(6,716.68)	(5,996.67)
Less : Net amount for Phase II	-	-
TOTAL	(23,321.65)	(16,595.39)
Note No. 12 Other Financial Liabilities (At Amortized Cost)		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Deposit/Retention from Suppliers/Contractors	170.45	19.68
TOTAL	170.45	19.68
Note No. 13 Trade Payable		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
i) Dues of Micro & Small Enterprises	157.81	-
ii) Payable form Capital Expenditure	2,258.14	716.20
iii) Dues to others	2,531.41	1,245.51
TOTAL	4,947.36	1,961.71
Note No. 14 Other Financial Liabilities (At Amortized Cost)		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(At amortized cost)		
Payable to ADNOC	6,758.11	-
Deposit from Suppliers/Contractors	332.23	2,164.38
TOTAL	7,090.34	2,164.38
Note No. 15 Other Current Liabilities		
	₹ in lakhs	
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Statutory Dues	357.92	35.85
Payable to HPCL Vizag	97.28	97.28
Grant from OIDB	19.27	-
Others	12.61	12.61
TOTAL	487.08	145.74
Note No.16 Other Income		
Other Income in Profit & Loss Account	₹ in lakhs	
Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Other Income		
Amortisation of Grant from OIDB (Phase II)	205.73	-
Penal Charges	-	1.43
Liquidated Damages	11.98	2.49
Interest on Income Tax Refund	5.59	-
Prior Period Adjustments	2.37	-
TOTAL INCOME	225.67	3.92

Note No. 17 Other Expenses		₹ in lakhs	
Particulars		For the year ended 31st March, 2019	For the year ended 31st March, 2018
<u>O&M Expenses</u>			
a) Manpower Expenses (Project site)		2,844.63	1,341.42
b) Electricity Expenses		1,050.12	867.26
c) Insurance Expenses		1,593.00	923.61
d) Consumable Expenses		377.53	185.38
e) Mangalore Special Economic Zone O&M Charges		458.20	-
f) Other Expenses		1,497.84	1,007.84
Total		7,821.32	4,325.51
Less :- Received/Receivable from GOI and/or HPCL		7,821.32	4,325.51
Net O&M Expenses		-	-
Lease Rent (Leasehold Land)		522.58	493.11
DFR Expenses for Phase II		205.73	-
Office Expenses		-	3.43
TOTAL		728.31	496.54
Note No. 18 Disclosures of EPS under Indian Accounting Standards - 33		₹ in lakhs	
Note	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Earnings per share		
(i)	<u>Basic</u>		
	Profit/(Loss) for the year attributes to the equity shareholders	(6,716.68)	(5,996.67)
	Weighted number of equity shares Outstanding	3,69,73,26,615	3,62,40,14,232
	par value per share	10.00	10.00
	Loss per share from continuing operations - Basic	(0.18)	(0.17)
(ii)	<u>Diluted</u>		
	Profit/(Loss) for the year attributes to the equity shareholders	(6,716.68)	(5,996.67)
	Weighted number of equity shares Outstanding - For Diluted	3,72,48,26,616	3,62,83,24,232
	par value per share	10.00	10.00
	Loss per share from continuing operations - Diluted	(0.18)	(0.17)

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Notes Forming Part of The Financial Statements

Note No. 19 : Commitments and Contingencies

19.1	Lease <u>Operating Lease - as lessee</u>		
(i)	Lease Rentals charged to the Statement of profit and loss/Fixed assets and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective lease agreements ₹ in lakhs		
(ii)	Lease Rentals for Non-Cancellable operating leases	31-March-2019	31-March-2018
	Lease rentals recognized during the year	55.84	49.90
	Future Lease Obligations		
	- Within one year	44.85	44.85
	- After one year but not more than five years	179.41	179.41
	- more than five years	1,538.62	1,583.47
19.2	Contingent liabilities and commitments (to the extent not provided for) Particulars		
	<u>(A) Contingent liabilities</u>		
	Claims against the company not acknowledged as debts amounting to ₹ 99955.39 Lac (2018: ₹ 102853.95 Lac) comprising of		
	a) Disputed demands of Income Tax ₹ 489.56 Lac (2018: ₹ 475.41 Lac)		
	b) Disputed Demand of Royalty by Department Of Mines and Zoology at Vizag ₹ 11794.95 Lac (2018: ₹ 11794.95 Lac)		
	c) Disputed claims by the contractors for ₹ 86997 Lac (2018: ₹ 86997 Lac) rejected by EIL on account of projects undertaken on various sites for which cases are pending with Arbitrators		
	d) Disputed claims for Utilization of ROU by the MSEZL for ₹ Nil lacs (2018: ₹ 2700 Lac).		
	e) Disputed demands of CST Reimbursement & Green Belt ₹ 611 Lac (2018: ₹ 611 Lac)		
	f) Disputed demands of Entry Tax ₹ 275.77 Lac (2018: ₹ 276 Lac)		
	g) Corridor O&M charges payable to MSEZL ₹ 208.82 Lac (2018: ₹ Nil)		
	h) ITBP demands for security services at Vizag ₹ 2583 lac (2018: ₹ Nil)		
	<u>(B) Capital Commitments</u>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 119.2 Lac (2018: ₹ 7369 Lac)		

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED Notes Forming Part of The Financial Statements

Note No. 20 : Related Party Disclosures

Related party disclosure, as required by Ind AS 24, is as below :

Particulars

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)	(1) Shri HPS Ahuja, CEO & MD (2) Shri Gautam Sen, CFO (3) Shri Arun Talwar, Company secretary Board of Directors (Ex-Officio) Shri K.D Tripathi, Chairman (upto 30.06.2018) Dr. M.M Kutty, Chairman (w.e.f 18.07.2018) Shri Rajiv Bansal, Director Shri Sunjay Sudhir, Director (upto 21.02.2019) Shri Ashish Chatterjee, Director (upto 14.11.2018) Shri Diwakar Nath Misra, Director (w.e.f 14.11.2018) Smt. Kiran Vasudeva, Director (w.e.f 31.08.2018)

The following transactions were carried out with related parties :

(₹ in lakhs)

(i)	KMP Remunerations (Based on debits note received from respective parent company)	For year ending on 31 st March, 2019	For year ending on 31 st March, 2018
	CEO & MD	71.26	61.71
	CFO	70.79	35.60
	CS	50.54	41.63
	TOTAL	192.59	138.94
(ii)	Holding Company (OIDB)		
	Allotment of Shares/Share application money	9,050.00	11,100.00
	Loan Repayment	-	162.48
	Reimbursement of expenses to OIDB	50.54	33.85
	Grant for Phase II expenditures	225.00	-
	TOTAL	9,325.54	11,296.33
(iii)	Sitting Fees of Independent Directors	-	4.14
	GRAND TOTAL (i) + (ii) + (iii)	9,743.13	11,439.41
Balances outstanding with related parties :		(₹ in lakhs)	
(i)		As on 31 st March, 2019	As on 31 st March, 2018
	Holding Company (OIDB)		
	Share application pending allotment	2,750.00	431.00
	Reimbursement of expenses payable to OIDB	22.77	-
	TOTAL	2,772.77	431.00

	<p align="center"><u>INDIAN STRATEGIC PETROLEUM RESERVES LIMITED</u> <u>Notes Forming Part of The Financial Statements</u></p> <p><u>Note No. 21 : SEGMENT REPORTING</u></p>
1.	Company is creating storage assets for sovereign reserves of crude oil of Government of India and is also maintain of such assets, This is considered to constitute on single primary segment
2.	Geographical information is not applicable as all operation of the Company is within India
	<p><u>Note No. 22 : FINANCIAL INSTRUMENTS</u></p> <p>Financial instruments by category</p>
1.	The management assessed that Fair Value of Cash & Cash Equivalents, Other Current Financial Assets, Trade Payables, Short Term Borrowings and Other Current Financial Liabilities approximate their carrying amounts.
2.	The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
3.	Considering above disclosure with regard to the Fair Value Hierarchy is not applicable.

Note No. 23 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is Interest Rate risk.

The Company's principal financial liabilities comprise trade and other payables & security deposits. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include other receivables, Other Financial Assets and cash / cash equivalents that derive directly from its operations.

Presently Company is not exposed to a number of any financial risks arising from natural business exposures as well as its use of financial instruments including market risk relating to interest rate, foreign currency exchange rates. Senior management oversees the management of these risks with appropriate financial risk governance framework for the Company.

2. Market risk

Market risk is the risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Presently company's financial instrument is not exposed to any material market risk.

3. Credit risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive analysis and outstanding customer receivables are regularly monitored. Presently there are no trade receivables.

Liquidity risk

Company monitors its risk of a shortage of funds diligently. The Company seeks to manage its liquidity requirement by maintaining access to short term borrowings from holding Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

₹ in lakhs

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Borrowings	-	-	-	-	-
Trade payables	4,947.36	-	-	-	4,947.36
Other financial liabilities	7,090.34	170.45	-	-	7,260.79
Total	12,037.70	170.45	-	-	12,208.15

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

₹ in lakhs

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Borrowings	-	-	-	-	-
Trade payables	1,961.71	-	-	-	1,961.71
Other financial liabilities	2,164.38	19.68	-	-	2,184.06
Total	4,126.09	19.68	-	-	4,145.77

Note No. 24 : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2019 and 31st March, 2018.

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Notes Forming Part of The Financial Statements

Note No. 25 : OTHER NOTES

25 Others Notes

(i)	During the year under review, the major construction activities in respect of all the three caverns under Phase-1 have been completed. Padur facility has been commissioned on 15/12/2018.		
(ii)	The Sovereign Crude Oil Reserves have been filled at Vishakhapatnam Cavern A and Mangalore Cavern B for Strategic Purpose. Cavern B at Visakhapatnam is used by HPCL for its operation and crude maintained therein is purely a property of HPCL. Cavern A at Mangalore has been assigned with Crude Oil owned by ADNOC under agreement with them. During F.Y 2018-19 Crude Oil has been filled by ADNOC towards its storage. For achieving the commissioning the Padur caverns, 6,23,633 MT of Crude Oil has been transferred from Mangalore Cavern B to Padur. Given below are the statistics related to Crude Oil.		
	Particulars	Total (Qty. in MT)	Value (Rs/Lakhs)
	Cummulative Total Quantity procured till 31 st March, 2019 (As per Bill of Lading)-GOI Crude Oil	19,72,229.01	4,80,942.43
	Total quantity under Custody as on 31 st March, 2019 -GOI Crude Oil	19,47,211.00	-
	ADNOC Crude Oil	7,55,577.00	-
Total quantity under Custody as on 31 st March, 2019 -ADNOC Crude Oil	7,28,846.84	-	
(iii)	Difference in the quantity of crude oil received and in the stock as on 31.03.2019 is on account of Dead Stock/Commissioning losses and is in the opinion of the Board within acceptable limits.		
	During the year Roadshows were conducted to elicit interest in Construction of Cavern at Chandikhol (4MMT) and Padur Phase II (2.5 MMT) as well as for filling up of Crude oil at Cavern at Padur under PPP model. The total expenditure on Phase-II is Rs.205.73 (including roadshows) Lakhs upto 31/03/2019 which has been incurred from grant sanctioned/dispensed of Rs.225 lakhs by OADB for Phase II.		
(iv)	For second compartment at Mangalore, Oil storage and Management Agreement was signed with Abu Dhabi National Oil Company. As per the agreement, value of 1,20,000 US barrels (15831 MT) has to be paid to ADNOC toward dead stock loss/commissioning loss. The same is to be funded by GOI. The same has been estimated to be Rs.7000 lakhs. This amount has been received from GOI but is yet to be disbursed to ADNOC pending claim from them. The same is grouped as other financial liabilities.		
(v)	As on 31 st March, 2019, the Company's day to day work is handled by 16 personnel taken from various Oil Companies and their Leave salary and other retirement benefits are reimbursed on proportionate basis to their respective parent companies on receipt of claim thereof. The company has only one employee on probation. Policies for allowances and perquisites for the employees is under preparation.		
(vi)	Advance recoverable in cash 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).		
(vii)	The Company has adjusted Rs. Nil (Previous year Rs. 87.07 lakhs) on account of interest earned from Capital works in Progress.		
(viii)	Rocks excavated from Mangalore and Padur are lying at sites. Value of the same could not be ascertained. As and when any realization is made from disposal of the same, the same shall be suitably accounted for.		
(ix)	During the year an expenditure of Rs.7821.32 Lakhs was incurred on account of O&M expenditures for F.Y 2018-19, which is reimbursable from GOI and /or HPCL. Out of the same, a sum of Rs.5199.92 lakhs has been received during the year and the balance Rs.2621.4 lakhs is pending as on 31.03.2019 from GOI/HPCL.		

(x)	<u>Deferred Tax</u> 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 reasonable certainty with convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Asset can be adjusted.		
(xi)	Dues to Micro and Small Enterprises have been determined as 157.81 lakhs as on 31 st March, 2019 (previous year NIL) to the extent such parties have been identified on the basis of information available on records. In terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006.		
(xii)	Amount payable / recoverable from Vendors/Contractors/service providers are subject to confirmation, reconciliation and consequential adjustments thereof, if any.		
(xiii)	All consumables/stores/spares parts are booked in O&M expenses at the time of purchases.		
(xiv)	Royalty payment on rock removal from Mangalore SEZ is to be borne by MSEZL/Contractor appointed by them for removal of the same.		
(xv)	ITBP has raised the demand of Rs. 2583 lakhs for the period upto 31.03.2019 on account of security services rendered by them at the site. The company has taken up the matter with MOP&NG, pending clarification by the MOP&NG. No provision has been made in the accounts but it has been shown as contingent liability.		
(xvi)	As required under additional information pertaining to general instructions for preparation of statements of Profit & loss (Given in the schedule III of companies Act, 2013) related to expenditure incurred during F.Y 2018-19 for the audit and other items are as follow:		
		F.Y. 2018-19 (Lakhs in INR)	F.Y. 2017-18 (Lakhs in INR)
	<u>Payment to Statutory Auditor</u>		
	Audit Fees (Incl. GST)	1.77	1.77
	Out of Pocket Expenses	0.10	0.09
	<u>Payment to Internal Auditor</u>		
	Audit Fees (Incl. GST)	0.48	0.52
	Other Services	NIL	0.03
	<u>Payment to Secretarial Auditor</u>		
	Audit Fees	0.25	0.36
(xvii)	Company has acquired 179.2 acre of land at Padur out of which 176.11 acre of land at Padur has been registered in the name of ISPRL, for balance 3.09 acre of land at Padur is yet to be registered in the name of the Company.		
(xviii)	Shares pending allotment as on the date of Balance Sheet, has been allotted on 4 th May, 2018.		
(xix)	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.		
(xx)	The financial statements have been approved for by the Board of directors on 24.06.2019.		

Corporate Information and Significant Accounting Policies

1. CORPORATE INFORMATION

Indian Strategic Petroleum Reserves Limited was incorporated on 16th June, 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by Oil Industry Development Board (“OIDB”) and its nominees on 9th May, 2006.

Indian Strategic Petroleum Reserves Limited (the Company), a wholly owned subsidiary of OIDB, is a Public Limited Company and incorporated in India having its registered office at 301, World Trade Centre, 3rd Floor, Babar Road, New Delhi-110001 and operational/ functional office is at OIDB Bhawan, 3rd Floor, Plot No. 2, Sector-73, Noida - 201301, Uttar Pradesh. The Company is unlisted as its shares are not listed and traded on Stock Exchanges in India.

The main objects of the Company are:

1. To store sovereign reserves of crude oil of the Government of India or crude oil of such other entities as Government of India may decide, subject to and in compliances of the following:-
 - The release of core critical sovereign reserves of crude oil from caverns and its replenishment will be done through an Empowered Committee constituted by the Government.
 - Provided that the core critical sovereign reserve of Government of India may also be drawn for crude circulation on account of quality requirement or repairs and maintenance.
2. To carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advise, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharf ringers, warehouseman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kind and the compounds, derivatives, mixtures, preparations and products thereof.

1A: SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The Financial statements are prepared accordance with Ind AS notified under the Companies (Indian Accounting Standard) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) Rules, 2016 & Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and comply in all material aspects with the relevant provisions of the Companies Act, 2013 and Companies (Amendment) Act, 2017.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Indian Rupees ('INR') which is the presentation and functional currency of the Company and all values are rounded to the nearest lakhs (up to two decimals) except otherwise indicated.

1.2 Revenue Recognition

- i. Interest income is recognized on Effective Interest Rate (EIR) method.
- ii. Insurance Claims are accounted on settlement of the claim.

1.3 Property, Plant & Equipment and Intangible Assets:

- i. Properties, Plant & Equipment are carried at cost less accumulated depreciation/amortization and impairment loss, if any. The cost of fixed assets includes cost of acquisition and directly attributable cost for bringing the assets in an operational condition for their intended use.
- ii. An intangible asset is recognized where it is probable that the future economic benefit attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Such assets are stated at cost less accumulated amortization.

- iii. Capital work-in-progress

Capital work - in-progress is carried at cost. Revenue expenses exclusively attributable to projects & incurred during construction period are capitalized.

1.4 Depreciation / Amortization

- i. Depreciation is provided on Straight Line Method as per the useful life specified in Schedule II to the Companies Act, 2013 except for, underground cavern the useful life of which is considered as 60 years based on certification by independent expert.
- ii. Fixed Assets individually costing up to Rs. 5,000/- are being fully depreciated in the year of acquisition.
- iii. Right of use (ROU) with indefinite useful lives are not amortized, but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

1.5 Impairment of Assets

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

the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortization, if no impairment loss has been recognized.

1.6 Foreign Currency Transactions

- i. The Company's financial statements are presented in Indian Rupee (INR) which is also functional currency of the Company.
- ii. Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction.
- iii. Monetary assets and liabilities denominated in foreign currencies are translated at functional currencies closing rate of exchange at the reporting date.
- iv. Non-Monetary items that are measured in terms of historical cost in foreign currency are recorded at the exchange rates at the date of transactions.
- v. Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit and Loss.

1.7 Financial instruments

(i) Financial assets:

All financial assets are recognized initially at fair value and subsequently measured at amortized cost.

(ii) Financial Liabilities:

All financial liabilities are recognized initially at fair value and subsequently measured at amortized cost.

(iii) De-recognition

Financial asset is derecognized when right to receive cash flow from the asset expires or at transfer of the financial asset and such transfers qualify for de-recognition. Financial liability is derecognized when the obligation under the liability is discharged or expires.

1.8 Taxes on Income

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which is deductible temporary differences can be utilized.

1.9 Government Grants

Government grant shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related cost for which the grants are intended to compensate.

1.10 Leases

- i. **Assets on Operating Lease:-** Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense on accrual basis in accordance with the terms of respective lease agreements.
- ii. **Assets on Finance Lease:-** Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Ind AS- 23.

1.11 Provisions, Contingent Liabilities and Contingent Assets (Ind AS- 37)

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.

Contingent Assets is disclosed where an inflow of economic benefit is probable

1.12 Earnings per Share

Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period will be adjusted for the effects of all dilutive potential equity shares.

1B: Standards issued but not yet effected

The ministry of corporate affairs vide its notification dated 30th March, 2019 has notified IND AS-116 Leases and Certain amendments to existing IND AS. These amendments are applicable from 1st April, 2019 to the Company.

Application of the above standard and amendments, are not expected to have any significant impact on Company's Financial Statements.



इंडियन स्ट्रेटेजिक पेट्रोलियम रिजर्व्स लिमिटेड

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

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

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Indian Strategic Petroleum Reserves Limited

(A wholly owned subsidiary of OI DB)

Ministry of Petroleum & Natural Gas, Govt. of India

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