



CONTENTS

	Page No.
CHAPTER-I	
A) MEMBERS OF THE BOARD	4
B) AIMS & OBJECTIVES	8
C) REPORT ON THE WORKING OF THE BOARD	9
CHAPTER-II	
FINANCIAL ASSISTANCE	
A) LOANS	24
B) GRANTS	32
CHAPTER-III	
OTHER ACTIVITIES	55
CHAPTER-IV	
OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE	62
CHAPTER-V	
ANNUAL ACCOUNTS	64
CHAPTER-VI	
AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA	93
CHAPTER-VII	
ANNUAL REPORT & ACCOUNTS OF ISPRL	105
CHAPTER-VIII	
APPENDICES	136

CHAPTER - I

- a) Members of Board**
- b) Aims & Objectives**
- c) Report on the working of the Board**



Members of the Board (During the period under Report)

CHAIRMAN

1. **Shri G.C.Chaturvedi**
Secretary,
Ministry of Petroleum & Natural Gas
(Upto 31.01.2013)
2. **Shri Vivek Rae**
Secretary,
Ministry of Petroleum & Natural Gas
(From 01.02.2013 onwards)

MEMBERS

3. **Shri K. Jose Cyriac**
Secretary,
Deptt. of Chemicals & Petrochemicals
(Upto 31.10.2012)
4. **Shri Indrajit Pal**
Secretary,
Deptt. of Chemicals & Petrochemicals
(From 22.01.2013 onwards)
5. **Smt. Anjuly Chib Duggal**
Addl. Secretary (Expenditure),
Ministry of Finance
6. **Dr. S.C. Khuntia**
Addl. Secretary & Financial Adviser,
Ministry of Petroleum & Natural Gas
(From 05.07.2012 onwards)
7. **Shri A. Giridhar**
Joint Secretary,
Ministry of Petroleum & Natural Gas



8. **Shri Rajiv Nayan Choubey**
Director General,
Directorate General of Hydrocarbons
(From 12.06.2012 onwards)
9. **Shri R. S. Butola**
Chairman & Managing Director
Indian Oil Corporation Limited
10. **Shri B.C. Tripathi**
Chairman & Managing Director,
GAIL (India) Ltd.
11. **Shri Sudhir Vasudeva**
Chairman & Managing Director,
Oil and Natural Gas Corporation Ltd.
12. **Shri R. K. Singh**
Chairman & Managing Director
Bharat Petroleum Corporation Limited
13. **Shri Roy Choudhary**
Chairman & Managing Director
Hindustan Petroleum Corporation Limited
14. **Dr. R. K. Malhotra**
Director (R&D),
Indian Oil Corporation Limited

MEMBER SECRETARY

15. **Shri Arun Kumar**
Secretary,
Oil Industry Development Board
(upto 28.02.2013)
16. **Shri V.L.V.S.S. Subba Rao**
Secretary,
Oil Industry Development Board
(from 1.3.2013 onwards)



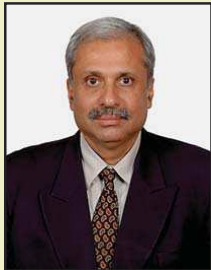
CHAIRMAN AND MEMBERS OF THE BOARD



G.C. Chaturvedi



Vivek Rae



K. Jose Cyriac



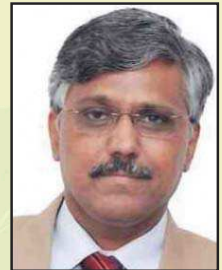
Indrajit Pal



Anjuly Chib Duggal



S. C. Khuntia



A. Giridhar



Rajiv Nayan Choubey



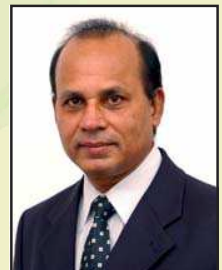
R. S. Butola



B. C. Tripathi



Sudhir Vasudeva



R. K. Singh



Roy Choudhary



R. K. Malhotra



Arun Kumar



V.L.V.S.S. Subba Rao



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

Secretary	Shri Arun Kumar (upto 28.02.2013) Shri V.L.V.S.S. Subba Rao (01.03.2013 onwards)
FA&CAO	Shri M.C. Singh
Bankers	i) State Bank of India ii) Oriental Bank of Commerce iii) Corporation Bank iv) Indian Overseas Bank
Auditors	Principal Director of Commercial Audit & Ex-officio Member, Audit Board –II, Mumbai
Office of the Board (Registered)	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Corporate Office	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301. (U.P.)
Telephone Nos.	011-23413540 [Delhi office] 011-23414692 0120-2594602 [NOIDA Office] 0120-2594627
Fax	011-23414882 [Delhi office] 0120-2594630 [NOIDA office]
E-mail	oidb-mopng@nic.in
Website	www.oidb.gov.in



Aims & Objectives

To administer Oil Industry Development Fund.

To render financial and other assistance conducive for the development of oil industry.

To make grants and advance loans for activities such as: -

- ✱ Prospecting for and exploration of crude Oil & Natural Gas
- ✱ Projects providing pollution free environment
- ✱ Refining & marketing of petroleum and petroleum products
- ✱ Conservation for greater economy of hydrocarbons.

Funding of research and development programmes for sustainable development of oil industry

To promote indigenisation of oil field equipment and Services in the country.

Funding the activities related to energy security of India.



1. Introduction

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

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

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

2. Organizational set-up and Functions of the Board

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

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

The Oil Industry Development Board is functioning under the administrative control of Ministry of Petroleum & Natural Gas. The functions of the Board have been defined in Section 6 of OI Act.

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

- a) Prospecting for and exploration of mineral oil within or outside India;
- b) The establishment of facilities for production, handling, storage and transportation of crude oil;
- c) Refining and marketing of petroleum and petroleum products;



- d) The manufacture and marketing of petrochemicals and fertilizers;
- e) Scientific, technological and economic research which could be directly or indirectly useful to oil industry;
- f) Experimental or pilot studies in any field of oil industry;
- g) Training of oil industry personnel in India or abroad.

Any oil industrial concern or other person who is engaged in any activity, which is directly or indirectly connected with the oil industry in the country, is eligible for financial or other assistance from the Board.

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

3. Resources of the Board

Section 15 of the Oil Industry (Development) Act, 1974 provides for collection of cess as a duty of excise on indigenous crude oil and natural gas. (Appendix-II) The cess has been levied on crude oil, from time to time, at the following rates:

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

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

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

The proceeds of the duties of excise levied under Section 15 of Oil Industry (Development) Act are first credited to the Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from



time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purposes of this Act.

Accordingly, the Central Government has paid an amount of Rs. 902.40 crore to OIIB out of the cess amount of more than Rs.1,18,507 crore approximately (**Annexure**) since inception and up to 31st March 2013.

The Central Government under section 17 of the Act may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary. However, no loan or grant has been given to OIIB so far.

The OIIB also generates its internal resources by way of interest income on loans given to various oil sector companies and short-term investment of surplus funds in Fixed Deposit Receipts. The cess receipts along with these internal receipts have contributed to Oil Industry (Development) Fund to accumulate to Rs.10,726.55 crore approx. as on 31st March, 2013

4. Assistance to Oil Industry

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

- (i) Advancing loans to oil industrial concerns;
- (ii) Disbursement of grants for the implementation of research and development programs conducive to the development of oil industry;
- (iii) Subscribing to the stocks and shares of Oil Industrial concerns

The Board also funds the expenditure of Contract Cell of Ministry of Petroleum & Natural Gas.

5. Deployment of funds

The OIIB has accorded highest priority to the programs connected with exploration, production, refining, marketing, research and development and the activities related to the energy security of India. OIIB has provided financial assistance of Rs.34344 crore (approx.) in the form of loan assistance to oil companies and grant-in-aid of Rs.1869 crore (approx.) to various institutions/companies since its inception and up to 31st March 2013 for



implementation of various programs conducive to the development of oil industry. In addition, the OIDB has invested its funds in the equity share of M/s Biecco Lawrie Ltd (BLL) to the tune of Rs.50.34 crore and Rs.1969 crore approximately in ISPRL up to the end of March 2013. As per directions of the Government, the OIDB has been paying additional royalty to State Governments & Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP. The OIDB has paid an amount of Rs.407.71 crore approximately to various State Governments/contractors on this account upto 31.03.2013. A major portion of the loan assistance has been given to oil companies for meeting capital outlay of plan projects.

6. Terms & Conditions of OIDB loans

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

Review of Interest Rates on OI Board loan

The OI Board has constituted a Standing Committee for review of the interest rates on OI Board loans for different tenures after taking into account the interest rates prevailing in the market and giving its recommendations to the Board. Upto December, the Committee used to meet once in every quarter to review the interest rates on OI Board loans. The formulation for charging interest rates on OI Board loans was as follows :

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

February 2013 onwards, following methodology has been adopted for charging of interest rates on OI Board loans:-



- i. The month-end (semi annualized) interest rates for Government Securities having different residual maturities as obtained from FIMMDA shall be the benchmark rates for computing interest rates for different tenures for subsequent month.
- ii. The Corresponding month-end margins of AAA rated Bond on Government securities available in page INCORP (Quote AAA INBMK) of which 50% to be added to the benchmark rate for arriving at the rate of interest.

Discounts

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

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

Accordingly, the OADB loans for the months of April 2012 to March 2013 carried the following interest rates:

(%) per annum

Month	Period of Loan			
	1 Year	3 Years	5 Years	10 Years
April 2012	9.23	9.08	8.79	8.70
May 2012	9.09	8.76	8.73	8.62
June 2012	8.97	8.77	8.98	8.91
July 2012	8.66	8.75	8.84	8.94
August 2012	8.78	8.75	8.78	8.85
September 2012	8.62	8.67	8.62	8.63
October 2012	8.46	8.62	8.61	8.66
November 2012	8.37	8.55	8.65	8.68
December 2012	8.30	8.41	8.49	8.43
January, 2013	-	-	8.50	8.46
February, 2013	-	-	8.28	8.19
March, 2013	-	-	8.32	8.20



7. Investment of surplus funds

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

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

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

8. Major Activities

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

To ensure energy security, Government of India has decided to build a strategic crude oil reserve of 5 MMT through a Special Purpose Vehicle (SPV). The SPV named Indian Strategic Petroleum Reserves Limited (ISPRL) was initially a subsidiary of Indian Oil Corporation Limited. Later on w.e.f. 09.05.2006 it became a wholly owned subsidiary of Oil Industry Development Board (OIDB). Three locations selected for creating storages are Visakhapatnam (1.00 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). Capital cost for constructing the strategic storage facilities is estimated at Rs.2397 crore and operation and maintenance cost at Rs.90 crore per annum at September, 2005 prices. The authorized and paid up capital of the company as on 31.03.2013 is Rs.2397 crore and Rs.1969.26 crore respectively. OIDB has contributed Rs.1532.12 crore towards equity participation (including Rs.374.40 crore pending allotment of shares) in ISPRL. Status of the projects at the above 3 locations as on 31.03.2013 is as under:



a) Visakhapatnam (Storage Capacity : 1.33 MMT)

Engineers India Limited (EIL) was appointed as Project Management Consultant (PMC). Out of the revised requirement of 67 acres of land for the project, 37 acres has been taken on lease from Vishakhapatnam Port Trust (VPT) and for the balance 30 acres, Memorandum of Understanding (MOU) has been signed with Eastern Naval Command. Statutory clearances have been obtained. After supplementary site investigations, to avail the benefits of lower



View of the aboveground facilities at Visakhapatnam

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

The Underground works are being carried out by M/s Hindustan Construction Company. As of 31st March, 2013, 18.9 lakh cubic meters of excavation was completed. The above ground works are being carried out by M/s IOTIESL. As on 31.03.2013, major critical items like crude submersible pumps and seepage water pumps etc. were installed in the shaft of Cavern B. Administrative building has been completed and is occupied. Control room and electrical substation are in advanced stages of completion. Boilers & Nitrogen tanks have



been erected. Pipe rack is under erection. The overall project progress as of 31.03.2013 was 92%. A rock slide incident inside Cavern A1 in April, 2011 has adversely impacted the completion schedule. The anticipated mechanical completion date for the project would depend on the completion of the excavation of Cavern A1. Cavern A1 would then be handed over to the aboveground contractor for completion of the process facilities. The project is expected to be mechanically complete by January 2014 and is expected to be commissioned by April, 2014.

b) Mangalore (Storage Capacity : 1.5 MMT)

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



View of one of the four cavern galleries at Mangalore

The Underground civil works are being carried out through Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV). Till 31st March, 2013, a total of 20.28 lakh cubic meters of excavation was completed out of 22.65 lakhs cubic meters. All 9.16 kilometers of tunneling was completed. All the shafts were completed and



have combined length of 232.4 meters. The aboveground works were awarded to M/s. Punj Lloyd at a total cost of Rs.329.979 crore. The completion of the Project would however depend on the completion of all excavation and paving of the cavern floor and the laying of the pipeline for which job is yet to be awarded. Site grading activities and construction of plant buildings are in progress. The overall project progress as of 31.03.2013 is 77.7%.

Approval of Ministry of Commerce for Mangalore Project as co-developer of Free Trade Warehousing Zone (FTWZ) within MSEZ was received on 12th August, 2010. ISPRL has started getting the tax benefits accruing as a result of being an FTWZ.

c) Padur (Storage Capacity : 2.5 MMT)

EIL was appointed as the Project Management Consultant. The project was cleared by the State High Level Clearance Committee of the Government of Karnataka and land is being acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. Approximately 182 acres of land at Padur is being acquired of which, 138.57 acres has been formally handed over and for the balance land, which is government land, the documents are being processed.



View of the tunnel at Padur that provides access to the cavern galleries



The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC for Rs.374.66 crore and Part B were awarded to M/s SKEC-KCT JV for Rs.375.92 crore on 29.12.2009. As land was handed over by KIADB to ISPRL on 29th May, 2010, the zero date for commencement of construction activities was 29th May, 2010. Till 31st March 2013, a total of 34.60 lakh cubic meters of excavation was completed out of 36.65 lakhs cubic meters and all 13.45 kilometers of tunneling was completed. The job for aboveground works has been awarded to M/s Linde Engineering on 11.11.2011 at a price of Rs.354.25 crore. The scheduled Mechanical completion is in January, 2014. The completion of the Project would depend on the laying of the pipeline for filling and evacuation of the cavern, for which the job is yet to be awarded. The overall project progress as of 31.03.2013 is 77.1%.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, Special Land Acquisition Officer (SLAO) of KIADB has been notified as the land acquisition officer. ROU acquisition is being undertaken through KIADB and 3(1) notification has been issued in January, 2011. 6(1) notification has been sent for issue, for the entire stretch, except one village in Udupi district.

ii) PHASE II OF STRATEGIC STORAGE PROGRAM

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

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

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

For the other two technologies i.e Salt caverns and Underground concrete tanks, these being new technologies, the requisite knowledge is not available within the country, hence services of Foreign Back up consultant are required. For salt caverns at Bikaner, the job for



back up consultant has been awarded to M/s DEEP Underground Engineering, Germany.

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

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

- | | |
|---------------|--------------------------------------|
| 1. Padur | 2.5 MMT (Underground Rock Caverns) |
| 2. Chandikhol | 3.75 MMT (Underground Rock Caverns) |
| 3. Bikaner | 3.75 MMT (Salt Caverns) |
| 4. Rajkot | 2.5 MMT (Underground concrete tanks) |

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

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

(a) Construction of Jais Campus, Rai Bareilly

The major contract for civil structure work, awarded to M/s Punj Lloyd (PLL) in June 2010 faced hurdles in completion of the campus in scheduled time. This was mainly due to failure of PLL to mobilize adequate resources and despite submission of revised schedule. The timelines could not be adhered to according to which the campus construction work was



to be partially completed by April 2013. As on 31.03.2013, the overall progress of the project was 36.2% as against the revised scheduled progress of 36.5% and the progress of civil structural work by the contractor, M/s PLL was 42.4% vis-à-vis the scheduled progress of 100%. Considering the dismal performance of PLL, it was decided to offload work of 13 buildings out of total 19 and float a composite tender including civil, structural and infrastructure work. The composite tender was floated by EIL on 15.3.2013. However, PLL has resorted to invoking arbitration process and litigation in Rai Bareli District Court.

(b) Construction of Assam Centre Campus

As on 31.03.2013, the overall progress of Assam Centre Campus project being set up in Sivasagar was 22.2% against the scheduled progress of 24.0%. The Site Grading and earth filling work is in progress and till 31.3.2013, about 1,85,000 cu.mt. of earth filling has been completed out of total 3,25,000 cu.mt. The project has suffered setback due to non-availability of borrow land and prolonged rain. Further, the project site being prone to flooding a substantial amount of piling will be required. The piling work has been awarded in January 2013. With regard to award of civil work, finishing and infrastructure work, a composite tender is being prepared by EIL.

(iii) Hydrogen Corpus Fund

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

- | | |
|--------------------|----------------------------------|
| 1. OIBD | Rs.40 crore |
| 2. ONGC, IOC, GAIL | Rs. 48 crore (Rs.16 crore each) |
| 3. HPCL, BPCL | Rs. 12 crore (Rs. 6 crore each.) |

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

Nine projects estimated to cost Rs.41.51 crore have been approved by Scientific Advisory Committee (SAC) for implementation by various PSUs and other institutions. An amount of



Rs.4.46 crore has been released for same from HCF till March, 2013, out of which Rs.1.35 crore was released during the year 2012-13.

(v) National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is for mapping gas hydrates for its utilization as future alternate energy resource by abstracting methane from solids below the sea-beds in deep oceans and the permafrost regions of the world. In India, the programme was initiated in 1997 with a Steering Committee and a Technical Committee of NGHP. Based on the review of seismic data by the Technical Committee, two areas in Indian waters, one along East Coast and other on West Coast have been identified as “Model Laboratory Areas” for further R&D work. After establishing the presence of hydrate in KG, Mahanadi and Andaman offshore deepwater areas of Indian offshore and seeing the commercial nature of interest in exploration and exploitation of methane from gas hydrates, the NGHP has adopted a strategy to concentrate on the KG deepwater area and to emphasize in the R&D of development of technology for the commercial exploitation of methane from gas hydrates. With this in mind, the resource estimation of gas hydrates in KG offshore has been taken up on priority. DGH is the coordinator of the programme. Review of various projects under this programme is done by a Steering Committee set up by the Ministry of Petroleum & Natural Gas. The projects of NGRI, ONGC, National Institute of Oceanography, Goa for carrying out R&D activities related to National Gas Hydrate Programme are progressing as per the scheduled programme. An amount of Rs.141 crore approximately has so far been given by OI DB for various activities under NGHP excluding Rs.73 crore contributed by Oil PSUs up to March, 2013.

(vi) Royalty to State Governments:

As per directions of the Government, the OI DB has been paying additional royalty to State Governments & Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP. The OI DB has so far paid an amount of Rs.407.71 crore approximately to various State Governments/contractors on this account upto 31.03.2013.

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

The OI DB has constructed its own office building at Sector-73, NOIDA on a plot measuring 16000 sq. mtrs to house its office and the offices of Indian Strategic Petroleum Reserves Limited (ISPRL), Directorate General of Hydrocarbons (DGH), Centre for High Technology



(CHT) and Oil Industry Safety Directorate (OISD). The OIIB Bhawan consists of two blocks i.e G+3 block and G+9 block. Both G+3 and G+9 blocks have been completed and the offices of OIIB & ISPRL have been shifted to the G+3 Block in February, 2010 and the offices of DGH, CHT and OISD have been shifted to G+9 block in August 2012.



OIIB Bhawan

CHAPTER - II

FINANCIAL ASSISTANCE

- A) LOANS**
- B) GRANTS**

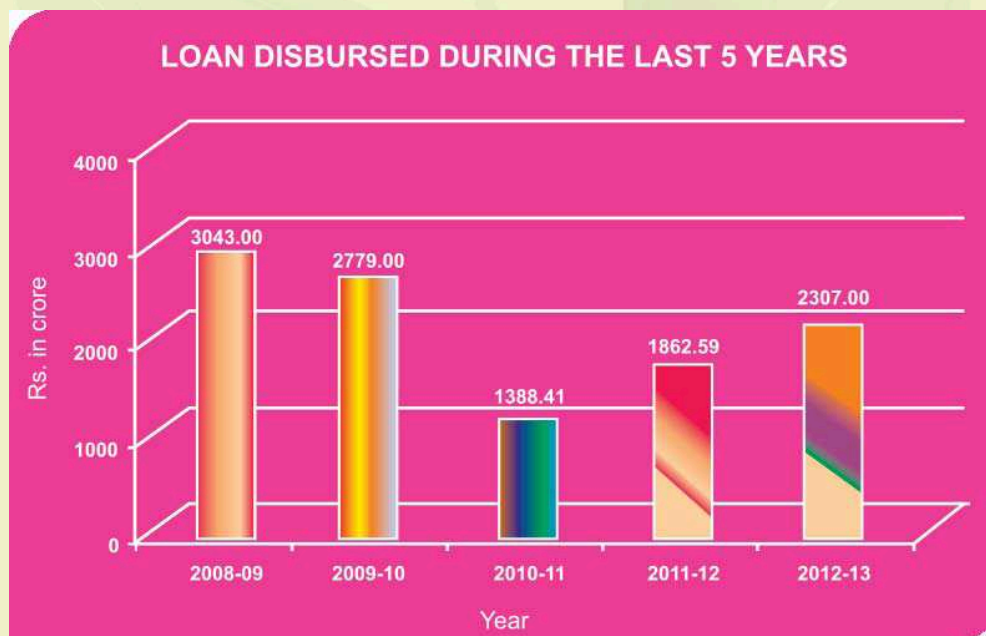


9. Disbursement of Loans during the year 2012-13

The organization wise details of funds made available to the oil companies for their projects implementation during the year 2012-13 are as under:-

(Rs. in crore)

S.No.	Name of the organization (Plan Project Loans)	Funds disbursed (2012-13)
1.	Indian Oil Corporation Limited (IOCL)	1050.00
2.	GAIL (India) Ltd.	490.00
3.	Mangalore Refinery and Petrochemicals Limited	400.00
4.	Brahmaputra Cracker and Polymer Ltd. (BCPL)	250.00
5.	Bharat Petroleum Corporation Limited (BPCL)	97.00
6.	GAIL Gas Ltd.	20.00
	Total	2307.00





9.1 Indian Oil Corporation Limited: Loan of Rs. 1050 Crore

M/s. Indian Oil Corporation Limited (IOCL) has availed a loan assistance of Rs.1050 crore from OIIB during the year 2012-13 to part finance its following projects :-

a) 15 MTPA Paradip Refinery Project (PDRP): Rs.900 crore

Paradip Refinery is Indian Oil's most prestigious and capital intensive project till date and this will be the 11th refinery of group of Indian Oil Corporation Ltd. It is configured to contribute enormously to the capacity of Indian Oil. The Refinery is located at Paradip on the east coast of India, in the State of Orissa, at a distance of approx. 5 Km from Paradip Port. The approved cost of Paradip Refinery Project is Rs.29,777 crore and project is expected to be completed in phases during 2013.

For this project, OIIB granted total loan assistance of Rs.1000 crore to IOC, out of which Rs.100 crore was released during 2011-12. The remaining Rs.900 crore was released during 2012-13.

b) Butadiene Extraction Unit at Panipat: Rs.50 crore

For the Butadiene Extraction Unit at Panipat, OIIB has released a loan assistance of Rs.50 crore to IOC during 2012-13.

c) Revamp of Fluidized Catalytic Cracking Unit (FCCU) at Mathura Refinery: Rs.100 crore

FCC unit at Mathura refinery licensed by M/S UOP, USA was commissioned in 1983 at a capacity of 1.0 MMTPA. The unit was subsequently revamped to 1.3 MMTPA in the year 2000 after incorporation of feed injection nozzle from M/s Stone & Webster, USA and revamping of Gas Con Section. Further modifications/changes would result in increase in the processing capacity of FCCU from 1.3 to 1.5 MMTPA etc. The cost of the project is Rs.1,000 crore. For this project, OIIB has released a loan assistance of Rs.100 crore during 2012-13.

9.2 GAIL (India) Limited : Loan of Rs. 490 crore

GAIL (India) Ltd. was incorporated in August 1984 to develop transportation and marketing infrastructure of natural gas in the country. It has grown organically over the years by building a large network of Natural Gas Trunk Pipelines, currently around 9065 kms gas pipeline infrastructure in the country. OIIB has released an amount of Rs.490 crore during the year



2012-13 to GAIL for the project titled “Petrochemical Complex-II Project, Vijaipur & Pata”. The physical progress of the project is 94.4% against schedule of 92.3% as on 15.11.2013.



9.3 Mangalore Refinery and Petrochemicals Limited : Loan of Rs. 400 crore

Mangalore Refinery and Petrochemicals Limited (MRPL) (a subsidiary of ONGC), is a grass-root state of the art Petroleum Refinery and the refinery complex is located at Mangalore (on the western coast of India), in the Southern State of Karnataka with installed refining capacity of 15.00 MMTPA. The Crude Oil Throughput achieved by MRPL during 2012-13 is 14.40 MMTPA.

The Company is currently implementing its Refinery Up gradation and Expansion project (Phase III Refinery Project) at an estimated outlay of Rs.12,412 crore. For this phase –III refinery project, the OIDB has released Rs.400 crore during 2012-13.

9.4 Brahmaputra Cracker and Polymer Ltd. (BCPL) : Loan of Rs. 250 crore

BCPL is a joint venture company promoted by M/s GAIL India Ltd (GAIL), M/s Oil India Ltd (OIL), M/s Numaligarh Refinery Ltd (NRL) and Govt of Assam, with Equity contribution



in the ratio of 70%; 10%; 10%; 10% respectively. The company is engaged in setting up a Petrochemical Complex at Lepetkata, Assam, based on the supply of gas from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) and Naphtha from Numaligarh Refinery Limited (NRL) in Assam.



The project was approved by Cabinet Committee of Economic Affairs (CCEA) in April 2006 for an estimated project cost of Rs.5461 crore, which was revised to Rs.8920 crore in November 2011 and revised schedule for commissioning by December 2013. OIIB has released a total amount of Rs.577 crore as loan to BCPL out of which an amount of Rs.250 crore was released during 2012-13.

9.5 Bharat Petroleum Corporation Limited: Loan of Rs.97 crore

Bharat Petroleum Corporation Limited is an integrated oil company engaged in refining oil and marketing of petroleum products and petrochemical feed stocks. It has also diversified in to the upstream sector for exploration of oil and gas abroad. An amount of Rs.97 crore was released by OIIB to the company as loan for the following project during the year 2012-13.



This is in addition to Rs.77 crore sanctioned in 2010-11 and Rs.100 crore sanctioned in 2011-12 for the same project.

Continuous Catalytic Regeneration Reformer, Mumbai Refinery

The project envisages setting up facilities for:

- i) Upgradation of MS through installing Continuous Catalytic Regenerator Reformer (CCR), Isomerization Unit and Selective Gasoline Hydro treater. The facilities will improve the Octane no. , decrease Olefins and Aromatica and reduce Sulphur in FCC Gasolene.
- ii) Upgradation of HSD through Revamp of Hydrocracker and installation of new integrated Distillate/Vacuum Gas Oil Hydrotreater. The facilities will treat distillate streams, upgrade high sulphur diesel streams to Euro III/Euro IV HSD and enable processing higher proportions of High Sulphur crudes

The total cost of the project is estimated to be Rs. 1,827 Crores.

As at March 2013, Hydrocracker revamp has been completed. As regards the CCR facilities, all site development activities, erection of Hydrogen rich gas compressor, Recycle gas compressor and PSA Compressor and Catalyst loading PSA have been completed. Piping works for the compressors and work on cooling towers are in progress. As on 30th June, 2013, the project has achieved an overall progress of 92.47% with a cumulative expenditure of Rs.1,439.21 crore.

9.6 GAIL Gas Limited : Loan of Rs.20 crore

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated on 27th May 2008 for implementation of City Gas distribution (CGD) projects across the country. GAIL Gas Limited has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonapat (Haryana) and Meerut (Uttar Pradesh), Vadodara (Gujarat) and Taj Trepezium Zone (TTZ) (Uttar Pradesh).

The present status of GAIL Gas Projects as on date is as under:

CNG Station commissioned:	15
CNG Station in TTZ:	1 in Firozabad
Domestic Customer registered in TTZ:	460



Industrial Customers tied up:	582
Industrial Customers tied up in TTZ:	453 (346 customers drawing gas and 107 registered)
Total Commercial Customers tied up:	44

OIDB has released an amount of Rs.20 crore during 2012-13 for the TTZ project.



10. Grant in aid for R&D Activities

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

a) Regular Grantee Institutions

The Government has set up five organizations namely Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate (OISD) and Petroleum Planning and



Analysis Cell (PPAC) to work in different aspects of petroleum related activities. As per the directives of the Government, the activities of these organizations are financed by OIBD including their administrative expenditures.

Upstream Sector

In respect of OIBD grant in aid related to upstream sector, a Peer Group comprising Joint Secretary (Exploration) Ministry of Petroleum & Natural Gas, Secretary, OIBD and representatives from DGH, ONGC, and OIL constituted by OIBD Board examines the proposals in the first instance and gives its recommendations. The recommendations of the Group are submitted before the OIBD Board for taking a decision. The projects that are approved by OIBD Board with an outlay of more than Rs.25 lakh are sent to Central Government for conveying its approval before release of grant in terms of Rule 24 of OIBD Rules. Since inception, the OIBD Board/Central Government has approved more than 120 projects. Most of these projects have been completed and yielded considerable benefits to oil industry in terms of oil production, upgradation of technology and identifying the new areas for exploration etc.

Review of the projects

A Peer Group comprising Joint Secretary (Exploration), MOPNG, Secretary(OIBD) and representatives from DGH, ONGC and OIL constituted by OIBD Board reviews the progress of the OIBD funded projects in the upstream sector from time to time. The recommendations of the Sub-Committee are presented before OIBD Board for consideration and appropriate directions for implementation of the projects in a more efficient manner wherever necessary.

Downstream Sector

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

b) Assistance to Technical Institutes/CSIR Laboratories

OIBD provides assistance to educational institutes as well, for creating infrastructure for training and research such as Govt. of Rajasthan, Indian Institute of Petroleum, Dehradun, Rajiv Gandhi Institute of Petroleum Technology etc. for carrying out various R&D activities for the development of oil industry.

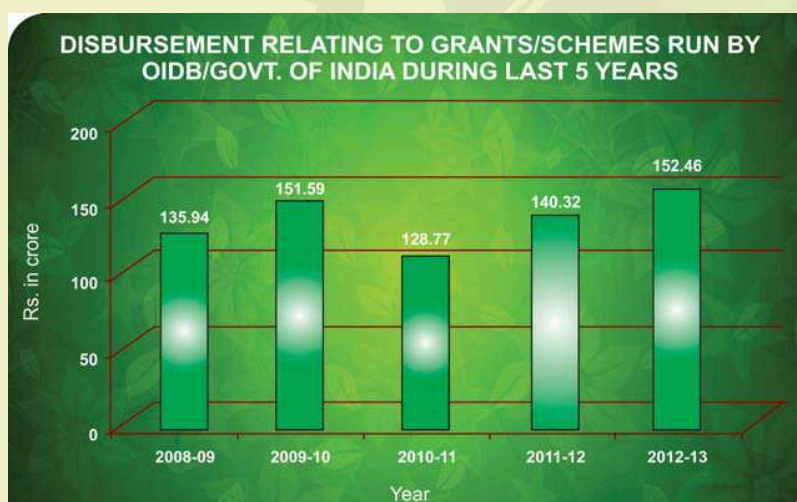


11. Expenses on Grants/Schemes sponsored by OIDB/Govt. of India

The OI DB incurred the following expenditure on grants/ schemes sponsored by Govt. of India/ OI DB during the year 2012-13:-

(Rs. in crore)

S. No.	Name of the Institutes	Amount
A Regular Grantee Institutes		
1	Directorate General of Hydrocarbons(DGH)	62.09
2.	Petroleum Conservation Research Association(PCRA)	46.96
3.	Centre for High Technology (CHT)	13.92
4.	Oil Industry Safety Directorate (OISD)	10.88
5.	Petroleum Planning & Analysis Cell (PPAC)	12.35
	Total (A)	146.20
B R &D Grants		
6.	National Gas Hydrate Programme (NGHP Phase-II)	0.62
7.	Government of Rajasthan	1.00
8.	Indian Institute of Petroleum, Dehradun	0.97
	Total (B)	2.59
C Schemes/Projects sponsored by Govt. of India/OI DB		
9.	Rajiv Gandhi Institute of Petroleum Technology (RGIPT), Rai Bareli	3.67
	Total (C)	3.67
	Grand total (A+B+C)	152.46





11 A Grants to Regular Grantee Institutes

11.1 Directorate General of Hydrocarbons (DGH) – Grant of Rs. 62.09 crores

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

DGH is fully funded by OIDB. During the year 2012-13, OIDB provided a grant of Rs.62.09 crore to DGH. Following major activities have been carried out by DGH during the year :

1) OPENING UP OF NEW AREAS FOR FUTURE EXPLORATION :

With a view to open up new areas for exploration, it is planned to carry out speculative surveys in poorly explored/unexplored basins, with the aim to upgrade geological information of the areas and carve-out new blocks for offer under future rounds of New Exploration Licensing Policy (NELP). The existing model for speculative survey has been revised and is currently under finalization.

2) IMPLEMENTATION OF NELP

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

Till date, nine rounds of NELP have been concluded and 254 Production Sharing Contracts (PSCs) for onland, shallow water and deepwater blocks have been signed. Under NELP, 121 oil and gas discoveries have been made in 40 blocks. Presently, oil and natural gas production is being made from 7 discoveries in 3 NELP blocks. PSCs have been signed for 6 blocks of NELP-IX Bidding Round during 2012-13 in addition to 13 PSCs signed during 2011-12. As on date, 76 blocks awarded under nine NELP bidding rounds have been relinquished by the operators and 178 blocks are operational.



3) MONITORING OF PRODUCTION SHARING CONTRACTS :

Government of India has signed 29 contracts for discovered fields, 33 CBM blocks, 28 exploration blocks under pre-NELP regime and 254 blocks under NELP regime. DGH monitors the execution of management of these Production Sharing Contracts on behalf of GOI through Management Committees set up for each block / field. This involves in depth review of annual work programme, project monitoring, estimation of reserves and production profile, making simulation model of the field, review and approval of development plan, budget and Safety Management System. During 2012-13, fields/blocks under PSC regime, produced 11.64 MMT of oil and 14.49 BCM of natural gas.

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

DGH reviewed the progress of exploration activities of 37 (29 ONGC + 8 OIL) Petroleum Exploration Licenses (PEL) held by NOCs (ONGC and OIL) on nomination basis, on a half yearly basis vis-a-vis committed work programme.

5) FIELD DEVELOPMENT, RESERVOIR AND PRODUCTION MONITORING

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

6) NATIONAL GAS HYDRATE PROGRAMME (NGHP):

Steered by the Ministry of Petroleum & Natural Gas and technically coordinated by Directorate General of Hydrocarbons (DGH), NGHP is a consortium of National E&P companies, namely ONGC, GAIL, OIL and national research institutions like National Institute of Oceanography (NIO), National Institute of Ocean Technology (NIOT) and National Geophysical Research Institute (NGRI).

NGHP EXPEDITION-02

The aims and objectives of the NGHP Expedition-02 are to identify gas hydrate bearing sands, identify the free gas below the gas hydrate stability zone and identify suitable location for carrying out pilot production testing in NGHP Expedition-03. 3D seismic data interpretation



is in progress to identify potential sand channel systems. The results of the studies will yield potential sites for NGHP Expedition-02. The NGHP Expedition-02 is likely to consist of an exclusive logging while drilling programme followed by selective coring.

IDENTIFICATION OF LOCATIONS:

Based on the geophysical studies carried out so far over 5000 km² in Krishna Godavari and Mahanadi offshore deepwater areas over 50 sites have been identified for NGHP Expedition-02. These locations are being prioritized in consultation with NGHP and US scientists. Geo-scientific studies are continuing to identify more locations in the area. Based on the prioritization of locations the plans for NGHP Expedition-02 will be submitted for approval of the Steering Committee.

7) COAL BED METHANE (CBM):

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

8) ESSENTIALITY CERTIFICATES:

During the year 2012-13, DGH issued a total 12954 Nos. of Essentiality Certificates having CIF value of Rs.3912.63 crore.

9) SHALE OIL AND SHALE GAS:

DGH has initiated steps to identify prospective areas for Shale Oil and Shale Gas exploration and formulation of Policy for Shale Oil and Shale Gas exploration with legislation charges and launch of First Shale Oil and Shale Gas round.

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

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



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

Studies have been awarded to ONGC and CMPDI to identify prospective areas in several basins. MOPNG/DGH is in discussion with other agencies to address environmental basins and issues related for social impact. Draft Policy for Shale Oil & Gas exploration was prepared and was put in public domain for comments. Finalisation of Policy for Shale Oil & Gas exploration is in progress.

11.2 Petroleum Conservation Research Association (PCRA): Grant of Rs.46.96 crore.

PCRA is a registered society set up in 1978 under the aegis of Ministry of Petroleum & Natural Gas. As a non-profit organization, PCRA is a national government agency engaged in promoting energy efficiency in various sectors of economy i.e. Industry, Agriculture, Transport, Domestic and Commercial. It helps the government in proposing policies and strategies for petroleum conservation, aimed at reducing excessive dependence of the country on oil requirement. Over the years, PCRA has enlarged its role in improving productivity in use of various sources of energy, for the purpose of achieving environment protection and sustainable development. During 2012-13, an amount of Rs.46.96 crore was released by OI&D to PCRA for performing its activities including administrative expenditure. A glimpse of activities carried out by PCRA during the year is given below:

PCRA's Activities – An overview

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

Field Activities :

Field Activities are one of the core areas of PCRA operations. Through Sectoral field activities, PCRA engineers and its empanelled experts reach the targeted groups with innovative energy conservation programmes. These activities are designed to cover a large spectrum of social-economic profile of our country in different sectors viz. Industry, Transport, Domestic,



Agriculture and Commercial. During 2012-13, a total of 7251 nos. of field activities were accomplished throughout the country.

INDUSTRIAL SECTOR:

- **Energy Audits**

During 2012-13, PCRA conducted 783 energy efficiency studies in the Industrial sector, which include Energy Audits (342), Fuel Oil Diagnostic Studies (221) and walk through audits (220) in Small-scale industries.

- **Technical Seminars**

Technical seminars are an effective tool for the dissemination of information relating to advancements made in technologies and for improvement in operational practices for improving energy efficiency. In this direction, PCRA during 2012-13, organized 150 nos. of Seminars / Technical Meets in different parts of the country for the benefit of specific industrial sectors. During these seminars, PCRA's experience of conducting energy efficiency studies were shared through case study presentations containing details of investment required and the benefits accrued through implementation of the energy conservation measures.

- **Institutional Training Programs**

PCRA's Institutional Training Programme (ITP) is an activity primarily meant to share the experience gained by PCRA during industry audits. These training programmes are targeted at raising the awareness level of the members of industry about the conservation opportunities that can be realized through the energy audit of their plant. In 2012-13, PCRA conducted 577 Industrial Training Programmes in various industries.

- **Industrial Workshops**

PCRA conducted 390 Workshops covering energy and fuel saving measures along with screening of clippings and films on the tips of fuel and energy saving in industries.

Transport Sector:

The Transport sector accounts for almost 50% of country's total petroleum products consumption. Studies in this area have indicated that a saving potential of around 20% exists. To realize this saving potential, PCRA conducts variety of programmes for State Transport



Undertakings (STUs), private fleet operators, organizations in the private and public sector to promote efficient use of petrol, diesel, lubricants and greases through better maintenance practices, better driving habits, model depot studies, emission awareness programmes, exhibitions, workshops, clinics etc. all over the country.

Agriculture Sector

PCRA's efforts in agriculture sector focuses on van publicity, workshops on Bio Diesel, *Kisan Melas* and exhibitions. During the year, PCRA participated in 60 *Kisan Melas* and conducted 610 workshops where clippings and films produced by PCRA about the tips on fuel saving and demonstration of ISI mark, foot valve, Bio-diesel were shown.

Domestic Sector

- **Workshops on LPG / Kerosene Savings**

The focus of PCRA activities during the year was on educating women on better cooking habits aimed at conservation of LPG and kerosene, use of fuel-efficient stoves and lighting appliances, use of alternative sources of energy such as solar, bio-gas etc. This was supplemented through screening of PCRA produced films. PCRA conducted 880 nos. of awareness workshops during 2012-13.

- **Youth Programmes**

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

NETWORKING

- **International Networking**

As part of Government of India's initiative for cooperation with Japan in the field of Oil & Gas, PCRA executed MoU with "Energy Conservation Center Japan (ECCJ)" on 28th June 2006 in New Delhi. The validity of the MoU continued for co-operation between PCRA and ECCJ during 2012-13 by duly renewal of same till June 2014.



- **Domestic Networking**

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

PCRA in association with BEE (Bureau of Energy Efficiency) has undertaken the activities leading to development and implementation of Standards and Labelling (S&L) Programme for the equipments consuming petroleum products as fuel viz. Domestic LPG stoves, Diesel Engine Driven Monoset Pumps for Agricultural purposes and Diesel Generator Sets (upto 1250 kVA). During the year, the meetings of Technical Committee were held to discuss the findings of market survey report and Star Rating programme. This unique initiative of PCRA highlights huge saving potential of petroleum products for the nation thus reducing oil import and burden on foreign exchange outgo.

Research & Development

Research & Development is a major important activity of PCRA. The R&D activities provide strong support to PCRA's energy conservation efforts aiming at the development of new products, processes and technologies which have the potential to contribute to energy saving, environmental quality, energy security and sustainable development.

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



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

S.No.	Particulars	No. of	Contribution by Projects	Contribution by PCRA (Rs in lakhs) Industry / Institution (Rs in lakhs)
1	Projects awarded during the year 2012-13	4	66.55	50.05
2	Projects completed during the year 2012-13	23	450.13	333.23

EDUCATION CAMPAIGN

It has been a constant endeavor at PCRA to spread the message of conservation of petroleum products, as it play a vital role in the country's economy, especially in view of increasing imports of petroleum products on account of the demand massively outstripping indigenous production.

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

There is a potential to save precious petroleum products to the extent of 20% by adoption of conservation techniques by the masses. However, bringing in behavioural changes is not a one-time exercise and it takes a long time to become a habit. Hence, in order to inculcate the habit of “Fuel-Saving” and to maintain a continuous communication to reinforce the learning, PCRA carried out the 4th phase of Mega Campaign “SAVE FUEL YAANI SAVE MONEY” with new creatives during the month of February to March 2013 on Television, Radio and Print in staggered manner with a view to enhance penetration and effectiveness of the campaign. The campaign was planned and executed PAN India and was well received by the stakeholders.

- **New & Innovative Media**

In pursuit of PCRA's objective of maximising penetration and propagation of conservation messages, new and innovative media were identified and executed the campaigns in Digital cinemas and web sites during the year 2012-13, besides release of advertisements in 443 magazines to reach out to the entire cross-section of the society.



- **Printed Literature :**

PCRA, over the years, has designed and developed a rich bank of conservation literatures in different languages for the users of petroleum products carrying useful information and tips for saving of petroleum products. These literatures are regularly distributed free of cost to consumers in various sectors of economy. Besides this, PCRA also publishes a quarterly bulletin titled “ACT (Active Conservation Technique)” carrying latest developments related to Energy Conservation and distributes free amongst various Industries, Policy makers and Corporate sectors.

- **Exhibition**

PCRA participated in PETROTECH 2012, show casing PCRA activities plus sharing the fuel saving tips particularly on domestic and transport sector with the participants. PCRA also participated in IITF 2012 at Pragati Maidan, New Delhi to show casing the PCRA’s efforts and successes stories in the field of Energy Conservation.

OILAND GAS CONSERVATION FORTNIGHT 2013

Oil & Gas Conservation Fortnight (OGCF) is a significant Annual event of the Ministry of Petroleum and Natural Gas, which is organized jointly by PCRA and Public Sector Oil & Gas Companies every year from 15th to 31st January. OGCF 2013 took off with impressive Inaugural Functions at the National Capital and all the State Capitals on 15th January 2013. The theme for this year was “**SAVE FUEL YAANI SAVE MONEY**”



Lighting of Lamp by Dr. M. Veerappa Moily, Hon'ble Minister for Petroleum & Natural Gas during Inaugural Function of OGCF 2013 in New Delhi



The event in New Delhi was inaugurated by Dr. M. Veerappa Moily, Hon'ble Minister for Petroleum & Natural Gas on 16th January 2013 at Dr. D. S. Kothari Auditorium, DRDO Bhawan in the distinguished presence of Smt. Panabaaka Lakshmi, Hon'ble Minister of State for Petroleum & Natural Gas and Shri G. C. Chaturvedi, Secretary MOP&NG.

During the function, the “Best Performance Awards” were distributed to State Level Coordinators (SLCs), Regional Level Coordinator (RLC), State Governments and Upstream Sector for their best performance during last OGCF 2012, besides various other awards to winner students of National Level Essay Competition & National Level Painting Competition.

During OGCF'13, large number of activities like mass rallies, cycle rallies, marathons, human chain, technical seminars, symposiums, essays, quiz and painting competitions, LPG/ PNG saving workshops, workshops for industrial workers / drivers etc. were arranged all over the country by PCRA and Public Sector Oil & Gas Companies, for propagation of Oil & Gas conservation messages amongst the major consuming sectors namely, Transport, Industry, Agricultural, Household and Commercial.

11.3 Centre for High Technology (CHT) : Grant in aid of Rs. 13.92 crore

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

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

OIDB is funding the activities of CHT since its inception. During the year 2012-13, an amount of Rs.13.92 crore was released as grant to CHT, which includes an amount of Rs.5.58 crore for R&D projects.



Major activities of CHT during the year 2012-13 are as under :-

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

The IRBIP Phase-II, initiated in February 2012 and spanning over 36 months, is currently being executed by CHT through M/s Shell Global Solutions International (SGSI) at 3 PSU Refineries viz. BPCL Mumbai, HPCL Mumbai and MRPL. The Site Assessment has successfully been carried out at all the three sites by experts of Shell GSI. The total potential savings is estimated to be around US \$ 40 million per year.

2. Energy Efficiency Improvement Studies (EEIS)

The Energy Efficiency Improvement Study (EEIS), jointly undertaken by CHT & EIL at Numaligarh Refinery Ltd. (NRL), was completed in December 2012. The study has identified number of ENCON schemes in the areas of steam/power optimisation, crude pre-heat improvement, steam and DM water reduction, hydrogen management, flare gas recovery etc. with potential cumulative saving of about 34,000 SRFT/year.

3. 17th Refinery Technology Meet (RTM)

The 17th edition of Refinery Technology meet (RTM) was successfully organized by CHT in association with Hindustan Petroleum Corporation Ltd. (HPCL) from 18 – 20 July,



Release of the 17th RTM Compendium



2012 at Vivanta By Taj, Bangalore. The theme of the Meet was “Mission Excellence – Innovations in Hydrocarbon Sector”. The Meet was inaugurated by Hon’ble Minister of State for Petroleum & Natural Gas and Corporate Affairs Shri R.P.N. Singh. Shri G.C. Chaturvedi, IAS, Secretary, MOP&NG presided over the Inaugural Session.

3. Joint Energy Audits (JEAs)

CHT has been regularly undertaking Joint Energy Audits (JEAs) at PSU refineries to augment refineries’ efforts and to identify gaps for improvements. JEAs are carried out through teams constituted by CHT with experts from the industry. The JEA provides for lateral exchange of rich operational experience gained over the years at different refineries. The 3rd JEA of all the 15 PSU refineries was undertaken by CHT along with multi-disciplinary industry experts.

5. Scientific Advisory Committee (SAC)

CHT coordinates the activities of SAC on hydrocarbons of MOP&NG in identifying and funding of research projects for hydrocarbon sector. During the year, 71st SAC meeting was held on 28-29th June 2012 at IIP, Dehradun and 72nd Meeting on 30th March, 2013 at Kerala. The following new/revised project proposals were reviewed and approved by SAC for funding by CHT/OIDB:



71st Meeting of SAC in progress at IIP, Dehradun.

L – R : Shri R.K. Ghosh, Director (R), IOCL; Shri L.N. Gupta, IAS, Joint Secretary (R), MoP&NG; Shri Arun Balakrishnana, Chairman, SAC; Shri B.D. Ghosh, ED, CHT



- “Experimental and Simulation Studies on Coke Mitigation in Petroleum Refinery Systems” by BITS-Pilani, Goa
- “Development of Process Know-how for indigenous production of Bi-phenyl for Thermic Fluids and other applications” by BPCL-R&D

The SAC also reviewed the following on-going R&D/HCF projects :

- Coal to Liquid (CTL) Fuels Technology Development by EIL-R&D and BPCL-R&D
- Design and Construction of Metal-Organic framework materials for storage of Hydrogen by HPCL & GITAM University
- An integrated approach for Bio-hydrogen production through combined dark and photo-fermentative process by HPCL and TERI
- Hybrid-sorption enhanced Steam Reforming for the production of Hydrogen from Natural Gas by BPCL-R&D
- Development of Large scale Photo-catalytic process using Modular reactors for Hydrogen production by Dissociation of Water utilizing Solar Energy by IOCL-R&D and ITBHU
- Desulfurization of FO using Solvent Extraction route by CPCL and IIP, Dehradun

The following R&D project was completed during the year :

- Developing a Mathematical Model and simulation package for gasification of a mixture of Indian coal and Petroleum coke by BPCL(R&D) & IIT Madras.

(6) Other Activities

- CHT prepared a Report on “Roadmap for Innovations in the Downstream Sector” and made a presentation to MoP&NG. CHT was also actively associated with the preparation of the consolidated “Report of Sectoral Innovation Council of Ministry of Petroleum & Natural Gas”.
- CHT reviewed and examined applications for issuance of essentiality certificates for import of various project items and submitted its analysis/recommendations to MOP&NG.



- CHT prepared the consolidated report on the analysis of refineries' performance and submitted to MOP&NG for QPR meetings
- CHT reviewed and examined various technical proposals forwarded by MOP&NG and submitted its analysis and recommendations

(7) Projects under Hydrogen Corpus Fund

The following projects, approved by the Steering Committee for funding under the Hydrogen Corpus Fund (HCF), are in progress :

- Demonstration project on use of Hydrogen CNG blends in Automotive Vehicles by IOC (R&D)
- Hydrogen Generation by Thermo-Chemical Process by ONGC
- Hydrogen Production from Natural Gas (Methane) by Catalytic Decomposition by HPCL and IIT-Delhi
- Development of Large Scale Photo-catalytic Process using Modular Reactors for Hydrogen Production by Dissociation of Water / H₂S utilising Solar Energy – IOCL (R&D)/IT-BHU
- Hybrid-sorption Enhanced Steam Reforming for the Production of Hydrogen from Natural Gas – BPCL (R&D)
- Design and Construction of Metal-Organic Framework Materials with Tuneable Physical Properties for Storage of Hydrogen – HPCL/Gitam University
- An integrated approach for bio hydrogen production through combined dark and photo fermentative process – HPCL/TERI

11.4 Oil Industry Safety Directorate – Grant of Rs. 10.88 crore

Oil Industry Safety Directorate (OISD), an ISO 9001-2008 certified organization and the only OIBD grantee organization till date to have successfully obtained this certification, assists the Safety Council of the Ministry of Petroleum & Natural Gas headed by Secretary, P&NG as Chairman. OISD is a technical directorate under the Ministry of Petroleum and Natural Gas and has been entrusted with the responsibility of formulating standards, overseeing its implementation through safety audits in petroleum industry to enhance safety levels and reduce risk inherent with this industry.



Development of Safety Standards

OISD develops Standards/Guidelines/Recommended Practices for the oil and gas sector through a participative process involving all the stakeholders, drawing inputs from international standards and adapting them to Indian conditions by leveraging the experience of the constituents. These standards cover inbuilt design safety, asset integrity and best operating practices in the field of production, processing, storage and transport of petroleum. OISD standards are reviewed periodically to ascertain needs of developing new standards, updating/amending existing standards to incorporate the latest technological developments as well as current experiences on the ground. As on date, OISD has developed 111 technical safety standards for the oil industry. 11 of these standards had also been included in statutory provisions of Petroleum Rules and Gas Cylinder Rules. Further, 32 OISD standards are in the process of being included in Petroleum (Amendment) Rules, 2011.

During 2012-13, 08 existing standards have been revised/amended and revision/amendment of 06 more standards are under advanced stage of completion. Development of 03 new standards is in advanced stage of completion and the process of developing further 03 new standards had been initiated this year.

Safety Audits

OISD is carrying out safety audits of oil & gas installations to monitor compliance to OISD standards. E&P installations of PSU as well as private sector companies in on-land as well as in offshore areas are audited periodically. During 2012-13, Safety Audits of 24 refineries and gas processing plants; 79 marketing locations (POL terminals/ Depots / LPG plants); 73 E&P installations and 3943 kms of cross-country pipelines has been carried out. In addition, construction safety audits of 01 refinery and 01 Petro-chemical Plant had been carried out during this year.

OISD, by virtue of its being designated as the competent authority under The Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008, has given consent to operate to 33 Offshore E&P Installations in 2012-13.

Safety Performance Evaluation of Industry

Annual evaluation of Safety Performance of the Industry Members is done by a specially developed methodology, which takes cognizance of hazards associated, incident recorded during



the year and safety management system of the installation. Safety awards for 2009-10 and 2010-11 had been handed over to the recipients by Hon'ble Minister of Petroleum & Natural Gas and Hon'ble Minister of State for Petroleum & Natural Gas in a glittering function at Delhi.

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

Knowledge sharing collaborations

OISD is the safety regulator for upstream offshore operations in India. OISD has a MOU with Bureau of Safety and Environmental Enforcement (BSEE) of the Department of the Interior, Govt. of USA for knowledge sharing and capacity building the area of offshore safety. Under this MOU, a three day Regulators Interaction on Offshore Structures with BSEE experts has been conducted by OISD in January 2012.

OISD has entered into an MOU with Centre for Chemical Process Safety (CCPS), AIChE, USA for technical collaboration in the area of Process Safety Management of Chemical Process Plants – an event which got editorial mention in the prestigious “Hydrocarbon Processing” Journal.

Technical Seminar / Workshops

Technical conferences/workshops covering the entire oil industry are conducted by OISD to discuss the latest technological developments, sharing of incident experiences etc. A seminar on “Safety in Hydrocarbon Sector – Drilling to Dispensing” was organized jointly with Petrofed on 27.9.2012. OISD annual seminar was organized in Kolkata during Feb. 2013 on the theme – “Enhancing Safety Culture through Inspired Leadership”.

Incident Investigation & Analysis

OISD investigates as well as participates in investigation of major incidents to analyze the cause of the incident. A databank of incidents of the oil industry is maintained and analyzed to assess trends, areas of concern and required corrective action. These are then disseminated to the industry through safety alerts, advisory notes, workshops, training programmes, website links etc. During the year, 14 major incident investigations were carried out by OISD.



Other significant activities

Significant activities undertaken by OISD during this year are as follows :-

- i) During the year 2012-13, OISD took over the onerous job of monitoring implementation of recommendations of M.B. Lal Committee (formed after the catastrophic fire incident at IOCL, Jaipur terminal during October 2009) in July 2012 under advice from MOP&NG.
- ii) Under instructions from MOP&NG, OISD has started working towards transfer of statutory functions in the downstream petroleum sector related to Petroleum Act 1934 from The Petroleum & Explosives Safety Organization (PESO) to OISD.
- iii) In the context of OISD STD 116 & 117, a technical committee had been constituted by MOP&NG (consisting of technical experts from IIT, IIP, CBRI & PESO in addition to OISD functionaries) to ascertain equivalence in performance factors among different Rim-Seal Fire Detection & Extinguishing Systems for Class A Floating roof Tanks. Technical offers from vendors, obtained through Global press notice, had been evaluated.
- iv) After dissolution of Joint Implementation Committee, further monitoring of OMCs' implementation of M.B. Lal Committee recommendations by MOP&NG directly is being facilitated by OISD. Three review meetings held in this context with the last such meeting in December 2012 being chaired by Additional Secretary, MOP&NG. It has enhanced the pace of implementation significantly.

11.5 Petroleum Planning and Analysis Cell (PPAC) : Grant in aid of Rs.12.35 crore

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector with effect from 1st April, 2002, the Oil Coordination Committee (OCC) was abolished and a new cell, PPAC was created w.e.f. 1st April, 2002 under the Ministry of Petroleum & Natural Gas, to assist the Government in (a) Administration of subsidy on PDS Kerosene and domestic LPG and freight subsidy for far-flung areas; (b) Maintenance of information data bank and communication system to deal with emergencies and unforeseen situations; (c) Analysing the trends in the international oil market and domestic prices; (d) Forecasting and evaluation of petroleum import and export trends; and (e) Operationalizing the sector specific surcharge schemes, if any.



During the year, OIIB released a grant of Rs.12.35 crore for meeting the expenditure of PPAC. Major activities completed during 2012-13 are :-

a) Settlement of Subsidy claims of OMCs

During the year 2012-13, Rs.2730 crore and Rs.23 crore were paid as subsidy on PDS Kerosene and Domestic LPG and Freight subsidy for far-flung areas respectively by the MOP&NG on the subsidy claims processed by PPAC. In the year 2012-13, Rs.626.81 crore was also paid as Subsidy on North Eastern Natural Gas by the MOP&NG on the claims processed by PPAC.

b) Settlement of Under recovery claims of OMCs

During the year 2012-13, total under recovery claims of Rs.1,61,029 crore on HSD, Domestic LPG and PDS Kerosene were scrutinized and compensation mechanism thereof was prepared. Under the burden sharing mechanism, Rs.60,000 crore was contributed by the PSU upstream companies in the form of discounts and Rs.1,00,000 crore was provided as cash assistance by the Government.

c) Study on Data Management System

PPAC had entered into an MOU with Indian Statistical Institute (ISI) Kolkata on 22.09.2009 to study the Data Management System for Oil and Gas Sector and for formulation of Data Quality Guidelines and Manuals by ISI. The cost of this project is Rs.50 lakhs. The scope of the project includes assessment of the current data system and identification of areas of improvement and preparation of guidelines and manuals for the officials of PPAC for effective collection and dissemination of data. ISI has submitted a preliminary draft Data Quality System Manual, which was shared with ministry and industry in a Data Quality Workshop held on July, 2011. A software developer has since been appointed by ISI for developing programme for data management system. The software has in-built Statistical checks suggested by ISI. ISI, Kolkata submitted the draft Data Quality Manual and PPAC had provided comments to ISI. The revised Data Quality Manual incorporating the comments is yet to be received. The software provided by ISI is under testing and efforts are on to debug the system.

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

PPAC, has commissioned, in association with Oil Marketing Companies (OMCs), an All



India Study on Sectoral Demand of Diesel & Petrol to find out sector-wise & segment-wise share of diesel sold through retail outlets. M/s A.C. Nielsen ORG MARG (Pvt) Ltd. have been appointed as consultants for the study through a public tender. The study would cover 16 major states of all the four regions, covering 150 districts from these 16 states and 2000 retail outlets apart from household user's survey with sample size of 1000 in each round. Three rounds of the survey have been completed and 4th round of field survey is in progress which is expected to be completed by end June, 2013. The final survey report is expected by mid September, 2013.

e) India-IEA Joint Emergency Response Exercise (ERE)

PPAC, on behalf of the Ministry of Petroleum & Natural Gas, organized a joint Emergency Response Exercise (ERE), in collaboration with the International Energy Agency (IEA) at the OADB Bhawan, Noida on 30-31 May 2012. The Programme was inaugurated by Shri G.C. Chaturvedi, Secretary, Ministry of Petroleum & Natural Gas. IEA was represented by Mr. Didier Houssin, Director of Energy Markets and Security, IEA and Mr. Ad van Bohemen, Head of Emergency Policy Division, IEA among others.

11-B R & D Grants

11.6 National Gas Hydrate Programme - II (NGHP-II) – Grant of Rs. 0.62 crore

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

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



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

11.7 Government of Rajasthan - Grant of Rs.1.00 crore.

Crude Oil, Natural Gas and CBM Exploration & Development

In order to harness CBM potential in the country and in accordance to CBM Policy, 1997, OI&D is providing financial support for exploration and commercial usage of CBM by national agencies. The State Government of Rajasthan has sanctioned Petroleum Exploration Licenses for 21 blocks and Petroleum Mining Lease for 10 block (covering approximately an area of 4000 sq km) for exploration and exploration for crude oil, heavy oil and natural gas with the Directorate of Petroleum, Government of Rajasthan being the nodal monitoring agency. For the development of CBM as an alternate energy source, the Directorate of Petroleum has undertaken R &D projects in Barmer- Sacnchore Basin and Bikaner-Nagpur Basin. It is expected that approximately 950 Mega tonne of CBM reserves area in Bikaner area and exploration of these reserves can sustain upto 5500 Megawatt power plant in this area. Based on the presence of lignite occurrence at depth of 500 to 1600 mtrs, the Government of Rajasthan had undertaken R&D project for CBM and completed successfully in the districts of Barmer and Bikaner under Phase –I for which financial assistance of Rs. 5.31 crore was provided by OI&D on the recommendations of Directorate General of Hydrocarbons (DGH). As per the outcome of High Resolution Shallow Seismic Survey (HRSSS) conducted under Phase-I, lignite reflectors are required to be confirmed by drilling of 4 coreholes under Phase-II for which OI&D has approved financial assistance of Rs. 3.72 crore on the recommendation of DGH and approval of Central Government. This R&D project would help in confirmation of seismic reflector, investigation for the occurrence and thickness of deep seated lignite seams and assess the content of the CBM in 4 selected locations. After completion of Phase-II, data packages shall be prepared for carving of CBM blocks for exploration and aims to identify 15 blocks in about



11000 sq KM area. These blocks will be offered to the Central Government for upcoming CBM bidding so that the exploration can be undertaken to test the presence and quantum of growth under the pilot scale operation, which if successful, will pave path for commercial exploration of methane gas.

11.8 Indian Institute of Petroleum (IIP), Dehradun- Grant of Rs.0.97 crore.

Setting up Modernized Emission Facility at IIP, Dehradun

Under the above project sponsored by OIDB, Indian Institute of Petroleum, Dehradun has commissioned a modernized mass emission measurement facility for heavy-duty diesel engines. The facility can be used to measure emissions of CO, HC, NO_x, smoke and particulates from diesel engines as per Euro-III and Euro-IV emission norms. Mass emission evaluation of diesel engines upto 440 kw power can be conducted. The facility would be highly useful for the oil industry. The test cell is acoustically insulated and centrally air conditioned. The facility can also be used for CNG and LPG operated vehicles. For this project, OI DB has released a grant of Rs.0.97 crore during the year 2012-13.

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

11.9 Rajiv Gandhi Institute of Petroleum Technology, Rai Bareilly – Grant of Rs.3.67 crore

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

(i) Construction of Jais Campus, Rai Bareilly

The major contract for civil structure work, awarded to M/s Punj Lloyd (PLL) in June 2010 faced hurdles in completion of the campus in scheduled time. This was mainly due to failure of PLL to mobilize adequate resources and despite submission of revised schedule.



The timelines could not be adhered to according to which the campus construction work was to be partially completed by April 2013. As on 31.03.2013, the overall progress of the project was 36.2% as against the revised scheduled progress of 36.5% and the progress of civil structural work by the contractor, M/s PLL was 42.4% vis-à-vis the scheduled progress of 100%. Considering the dismal performance of PLL, it was decided to offload work of 13 buildings out of total 19 and float a composite tender including civil, structural and infrastructure work. The composite tender was floated by EIL on 15.3.2013. However, PLL has resorted to invoking arbitration process and litigation in Rai Bareli District Court.

(ii) Construction of Assam Centre Campus

As on 31.03.2013, the overall progress of Assam Centre Campus project being set up in Sivasagar was 22.2% against the scheduled progress of 24.0%. The Site Grading and earth filling work is in progress and till 31.3.2013, about 1,85,000 cum of earth filling has been completed out of total 3,25,000 cum. The project has suffered setback due to non-availability of borrow land and prolonged rain. Further, the project site being prone to flooding a substantial amount of piling will be required. The piling work has been awarded in January 2013. With regard to award of civil work, finishing and infrastructure work, a composite tender is being prepared by EIL.

CHAPTER - III

OTHER ACTIVITIES

ANNUAL REPORT 2012-2013



12. OTHER ACTIVITIES DURING THE YEAR

(i) OADB Relief Trust (OADB RT)

During the period April to June 2000 unprecedented drought had hit some States viz. Andhra Pradesh, Rajasthan and Gujarat. In response to appeal made by the then Hon'ble Prime Minister, the Ministry of Petroleum & Natural Gas, during May 2000 decided to reimburse the cost of diesel for transportation of drinking water to the drought affected villages in these states. For this purpose, with the approval of the then Hon'ble Minister of Petroleum & Natural Gas, a Trust named OADB Drought Relief Trust was formed on 01.06.2000 as a Charitable Trust. The President of the Trust is Secretary (PNG) ex-officio, Managing Trustee of the Trust is Additional Secretary (PNG) ex officio and Secretary (OADB) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. As directed by the Ministry, Oil PSUs has contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2013, an amount of Rs19.26 crore approximately has been released to various State Govts./ Prime Minister Relief Fund and other Welfare Organizations. As on 31.03.2013, the balance funds (including interest) in OADB Relief Trust stood at Rs14.08 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act from A.Y.2011-12 onwards till it is rescinded. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the name of the Trust was changed from OADB Drought Relief Trust to OADB Relief Trust on 09.07.2010

(ii) Implementation of Government's Official Language Policy

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

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

During the year 2012-13, a number of steps were taken to maximize the use of Hindi such as:

- On the occasion of Hindi Diwas, Hindi Pakhwara was organized in OADB from 01.09.2012 to 14.09.2012.



- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included news writing, essay writing, competition related to knowledge of official language, debate, quiz competition etc. Winner Participants were rewarded with cash prizes.
- Instructions were issued to all officers/employees of OADB who are proficient in Hindi to submit their work in Hindi only.
- Quarterly, Half yearly and Annual Progress Reports on progressive use of Hindi were sent to Department of Official Language regularly.
- Substantial number of books, magazines and newspaper published in Hindi were purchased and are available in OADB Library. Help books such as technical terminology in Hindi/English dictionaries etc were provided to the officers and staff.
- Regular Hindi Workshops were organized in OADB quarterly basis on various development topics to effectively propagate the use of Hindi.
- OADB continued to publish its annual in-house Hindi Magazine titled “Anubhuti” in 2012-13 also. The magazine provided topics related to literature, poetry, religious issues, and social experiences. This magazine aims to disseminate interest towards Hindi besides writing in the official language.
- **Implementation of OADB by Parliamentary Committee on Official language -**
The Central Government has constituted Parliamentary Committee to carry out inspection of various Government offices on the progress of implementation of official language. The first Sub-Committee of above Committee carried out inspection of OADB’s work relating to progressive use of official language on 07.06.2012. The meeting of the Committee was presided by Shri Rajendra Aggarwal, M.P., Lok Sabha. The Samiti discussed the matter relating to progressive use of Rajbhasha Hindi in detail with Chairman, Official Language Implementation Committee, OADB and other officials of OADB. The Committee appreciated the work done by OADB and also made some suggestions for further improvement. The suggestions made by the Committee are being implemented in OADB. The OADB was also entrusted with the responsibility of coordinating the inspection, which was efficiently managed by OADB.

Apart from above, the Regional Implementation Committee also inspected the work relating to progressive use of official language on 12.09.2012.



(iii) Right to Information Act

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

As per provisions of Section 5 and 19 of the Right to Information Act, 2005 and in supersession of all the earlier orders issued, FA&CAO, DCF&AO, Manager (P&A) and Section Officer are designated as Transparency Officer, Appellate Authority, Public Information Officer and Assistant Public Information Officer respectively.

During 2012-13, 5 applications/receipts have been received under RTI Act, 2005 in the OIDB. Out of 5 applications/receipts, 5 Applications/receipts have been disposed off.

13. Accretions to the fund from Internal Resources

The OIDB generates internal resources by way of interest receipts on loans and short-term investments. During 2012-13, an amount of Rs.267.36 crore accrued to the Fund as compared to Rs.323.36 crore during 2011-12. The position regarding similar accretions to the Fund during the last 38 years is shown in the graphic picture.





14. Annual Accounts and Audit

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



Annexure

Detailed Statement of cess collection by the Central Government and its allocation to the OIBD.

(Rs./crore)

Sl. No.	Year	*Collection of cess on crude oil by Govt.	Payment made to OIBD by the Govt.
1.	1974-75	30.82	16.01
2.	1975-76	50.05	62.27
3.	1976-77	52.88	48.19
4.	1977-78	63.72	50.10
5.	1978-79	68.89	20.00
6.	1979-80	69.70	140.00
7.	1980-81	60.40	25.01
8.	1981-82	138.97	142.92
9.	1982-83	268.83	100.00
10.	1983-84	812.80	-
11.	1984-85	850.12	-
12.	1985-86	897.66	-
13.	1986-87	981.50	-
14.	1987-88	1806.60	-
15.	1988-89	2013.64	63.09
16.	1989-90	2914.57	50.00
17.	1990-91	2785.15	89.81
18.	1991-92	2500.64	95.00
19.	1992-93	2207.61	-
20.	1993-94	2175.46	-
21.	1994-95	2566.16	-
22.	1995-96	2819.52	-
23.	1996-97	2558.03	-
24.	1997-98	2528.74	-
25.	1998-99	2448.18	-
26.	1999-00	2589.44	-
27.	2000-01	2582.21	-
28.	2001-02	2722.79	-
29.	2002-03	4873.17	-
30.	2003-04	4919.49	-
31.	2004-05	5033.97	-
32.	2005-06	4857.58	-
33.	2006-07	6875.53	-
34.	2007-08	6854.00	-
35.	2008-09	6680.94	-
36.	2009-10	6637.13	-
37.	2010-11	7671.44	-
38.	2011-12	8065.46	-
39.	2012-13	14473.16	-
	Total	118506.95	902.40

* The figures of collection of cess on crude oil by Govt. as provided to OIBD by ONGC, OIL & DGH. (Provisional)

CHAPTER - IV

OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE

ANNUAL REPORT 2012-2013



OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE

(Rs. in crore)

S.No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
I.	Cess collection by the Govt. of India	6680.94	6637.13	7671.44	8065.46	14473.16
II.	Resources	-	-			
	a Allocation out of cess collected by the Govt.	-	-		-	-
	b Loans repayment receipt	1290.33	2601.71	1429.18	2088.24	3246.18
	c Interest and other receipts	789.36	863.81	741.55	690.19	704.32
	d Closing Balance	170.75	96.41	26.03	10.96	508.68
	e Investment in equity	-	-	-	-	-
	f Surplus transferred to OID Fund Account	367.68	349.39	329.83	323.36	267.36
III.	Financing Operations					
	i) Assistance for plan projects					
	a Sanctioned	3043.00	2779.00	1388.41	1862.59	2307.00
	b Disbursed	3043.00	2779.00	1388.41	1862.59	2307.00
	ii) Other assistance including assistance for non-plan projects					
	a Sanctioned	-	-	-	-	-
	b Disbursed	-	-	-	-	-
	iii) Assistance for R&D projects including schemes run by GOI/OIDB					
	a Sanctioned	141.08	151.65	128.77	140.32	152.46
	b Disbursed	135.94	151.63	128.77	140.32	152.46
	c Investment in the equity of ISPRL	179.29	67.65	0.00	1109.76	518.27
	d Royalty Payment to State Govt.	16.00	8.30	54.89	33.86	157.78
	e OIDB's expenses including cap. Exp & Contract Cell expenses	62.53	100.89	100.92	81.90	164.93
	f Income tax payment	273.37	161.76	147.58	144.62	119.57
IV.	Total funds sanctioned during the year	3776.61	2930.65	1517.18	2002.91	2459.46
V.	Actual receipts during the year	3895.07	3465.53	2170.73	2778.43	3950.50
VI.	Total funds utilized including investments in equity/income tax	3724.32	3269.25	1820.57	2263.29	3420.01
VII.	Loans outstanding at the end of the year (PSUs)	8753.79	8931.08	8890.31	8664.66	7725.48

CHAPTER - V

ANNUAL ACCOUNTS

ANNUAL REPORT 2012-2013



**OIL INDUSTRY DEVELOPMENT BOARD
BALANCE SHEET AS AT 31.03.2013**

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year
Corpus/Capital Fund	1	90240	90240
Reserves and Surplus	2	982415	959537
Earmakred/Endowment Funds	3	0	0
Secured Loans and Borrowings	4	0	0
Unsecured Loans and Borrowings	5	0	0
Deferred Credit liabilities	6	0	0
Current Liabilities and Provisions	7	38929	78736
TOTAL		1111584	1128513
ASSETS			
Fixed Assets (Net Block)	8	14558	15956
Work in Progress	8	7	133
Investments-Earmarked/Endowment Funds	9	0	0
Investments -Others	10	201961	150134
Current Assets, loans, Advances etc.	11	895058	962290
Miscellaneous Expenditure (to the extent not written off or adjusted)		0	0
TOTAL		1111584	1128513
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-

(M.C. Singh)
FA&CAO

Sd/-

(L.N. Gupta)
Secretary

DATE :
PLACE : New Delhi



OIL INDUSTRY DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2013

(Rs.in lakh)

INCOME	Sch	Current Year	Previous Year
Income from Sales / Services	12	0	0
Grants / Subsidies	13	0	0
Fees / Subscriptions	14	0	0
Income from Investments	15	0	0
Income from Royalty, Publication, Sale of Data by DGH etc.	16	509	372
Interest Earned	17	69696	68576
Other Income	18	227	71
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		70432	69019
EXPENDITURE			
Establishment Expenses	20	416	498
Other Administrative Expenses etc.	21	635	414
Expenditure on Grants, Subsidies etc.	22	15246	14032
Interest paid	23	0	0
Royalty to State Governments	24	13735	6346
Provision for doubtful debts		0	0
Fringe Benefit Tax		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)		1707	931
TOTAL (B)		31739	22221
Balance being excess of Income over Expenditure (A-B)		38693	46798
Provision for Income Tax		11957	14462
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		26736	32336
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

Sd/-

(M.C. Singh)
FA&CAO

Sd/-

(L.N. Gupta)
Secretary

DATE :
PLACE : New Delhi



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 1 – CORPUS / CAPITAL FUND :				
Balance as at the beginning of the year		90240		90240
Add: Contributions towards Corpus / Capital Fund	-		-	
Add / (Deduct) : Balance of net income / (expenditure) transferred from the Income & Expenditure Account	-		-	
BALANCE AS AT THE YEAR-END		90240		90240

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 2 - RESERVES AND SURPLUS:				
1. Capital Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
2. Revaluation Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
3. Special Reserves:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
4. General Reserve:				
As per last Account	959537		927226	
Addition during the year				
(i) Excess of income over expenditure	26736			
(ii) Income Tax Refund (Earlier Year)	1005			
(iii) Adjustment of Excess provision of Audit Fee	1	27742	32335	
Less : Adjustment of Tax paid in excess of earlier years		4864	24	
TOTAL:	982415	-	959537	



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013**

(Rs.in lakh)

SCHEDULE 3 – EARMARKED / ENDOWMENT FUNDS	FUND-WISE BREAK UP					TOTALS	
	Fund	Fund	Fund	Fund	Fund	Current Year	Previous Year
a) Opening balance of the funds							
b) Additions to the Funds:							
(i) Donations / grants							
(ii) Income from Investments made on account of funds							
(iii) Other additions (specify nature)							
TOTAL (a+b)							
c) Utilisation / Expenditure towards objectives of funds							
(i) Capital Expenditure							
- Fixed Assets							
- Others							
Total:							
(ii) Revenue Expenditure							
- Salaries, Wages and allowances etc.							
- Rent							
- Other Administrative expenses							
Total:							
TOTAL (c)	-	-	-	-	-	-	-
NET BALANCE AS AT THE YEAR- END (a + b - c)	-	-	-	-	-	-	-



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013**

(Rs.in lakh)

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

Note: Amounts due within one year.



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 5 – UNSECURED LOANS AND BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
4. Banks:		
a) Term Loans		
b) Other Loans (specify)		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Fixed Deposit		
8. Others (Specify)		
TOTAL:		

NIL

Note: Amounts due within one year.

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 6 – DEFERRED CREDIT LIABILITIES		
a) Acceptance secured by hypothecation of capital equipment and other assets.		
b) Others		
TOTAL		

NIL

Note: Amounts due within one year.



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Acceptances		-		-
2. Sundry Creditors:				
a) For Goods	-		-	
b) Others	-	-	-	-
3. Advances Received		-		-
4. Interest accrued but not due on:				
a) Secured Loans / borrowings	-		-	
b) Unsecured Loans / borrowings	-		-	
5. Statutory Liabilities:				
a) Overdue	-		-	
b) Others	-		-	
6. Other current liabilities				
a) Royalty payable to State Government(s) & others	11425		13468	
b) I.Tax/TDS/Works Contract Tax payable	26		39	
c) payment due to Contractors	413		640	
d) Others	236		244	
e) Security Deposits including EMD	115		222	
f) Amount withheld include labour Cess (due to contractors)	236	12451	352	14965
TOTAL (A) :		12451		14965
B. PROVISIONS				
1. For Taxation		26418		63704
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		57		64
5. Trade Warranties / Claims		-		-
6. Others -Provision for Auditors Remuneration		3		3
TOTAL (B) :		26478		63771
TOTAL (A + B) :		38929		78736

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013

(Rs.in lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost / Valuation As at beginning of the year 01.04.12	Additions during the year	Deductions during the year	Cost/Valuation at the year end 31.03.13	As at the beginning of the year 01.04.12	Additions during the year	Deductions during the year	Total up to the year-end 31.03.13	As the Current year-end 31.03.13	As at the Previous year-end 31.03.12
A. FIXED ASSETS										
1. LAND:										
a) Freehold	0	0	0	0	0	0	0	0	0	0
b) Leasehold	969	5	0	974	0	0	0	0	974	969
2. BUILDING:										
a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	10219	13	0	10232	573	1025	0	1598	8633	9646
c) Ownership Flats / Premises	0	0	0	0	0	0	0	0	0	0
d) Superstructures on Land not belonging to the entity	32	0	0	32	16	1	0	17	15	16
3. PLANT MACHINERY & EQUIPMENT	2692	245	1	2936	202	392	0	594	2342	2490
4. VEHICLES	7	0	0	7	5	0	0	5	2	2
5. FURNITURE, FIXTURES	2961	46	0	3007	166	282	0	448	2559	2795
6. OFFICE EQUIPMENT	46	2	1	47	33	2	0	35	12	13
7. COMPUTER / PERIPHERALS	42	1	0	43	38	2	0	40	3	4
8. ELECTRIC INSTALLATIONS	0	0	0	0	0	0	0	0	0	0
9. LIBRARY BOOKS	0	0	0	0	0	0	0	0	0	0
10. TUBEWELLS & WATER SUPPLY	0	0	0	0	0	0	0	0	0	0
11. OTHER FIXED ASSETS	23	0	0	23	2	3	0	5	18	21
TOTAL OF CURRENT YEAR:	16991	312	2	17301	1035	1707	0	2742	14558	15956
PREVIOUS YEAR:	2065	15879	953	16991	110	931	6	1035	15956	1955
B. CAPITAL WORK-IN-PROGRESS:	133	275	401	7	0	0	0	0	7	133



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013**

(Rs.in lakh)

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

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 10 – INVESTMENTS – OTHERS		
1. In Government Securities	-	-
2. Other approved Securities	-	-
3. Shares Biecco Lawrie Limited	5034	5034
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures ISPRL	196927	145100
6. Others (to be Specified)	-	-
TOTAL:	201961	150134



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2013

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 11 – CURRENT ASSETS, LOANS, ADVANCES ETC.				
A. CURRENT ASSETS				
1. Inventories				
a) Stores and Spares	-		-	
b) Loose Tools	-		-	
c) Stock-in-trade				
Finished Goods	-		-	
Work-in-progress	-		-	
Raw Materials	-		-	
2. Sundry Debtors:				
a) Debts Outstanding for a period exceeding six months	-		-	
b) Others	-	-	-	-
3. Cash balances in hand (including cheques / drafts and imprest)		1		1
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	46700		0	
- On Saving Accounts	4168	50868	1096	1096
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts		-		-
TOTAL (A) :		50869		1097



(Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	35		47	
b) Oil PSUs (Annexure-II)	772548		866466	
c) Others (specify)		772583		866513
2. Advances and other amounts recoverable in cash or in kind or for value to be received				
a) On Capital Account (Advance to ISPRL)	37440		8112	
b) Advance Rent	0		0	
c) Others (including Advance Tax, TDS, MM Cell, Security Deposits & Advance to CHT for projects)	30144	67584	65407	73519
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	13		3	
c) On Loans and Advances -	4299		2731	
Less: provision for doubtful debts made in earlier years	2714		2714	
d) Others (Data sale Proceeds from DGH)	6	1604	6	26
4. Claims Receivable				
(i) Tax Paid Under Protest	2363		18786	
(ii) Accounts Recievable	55	2418	2349	21135
TOTAL (B) :		844189		961193
TOTAL (A + B) :		895058		962290



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 12 – INCOME FROM SALES/SERVICES		
1. Income from Sales		
a) Sales of Finished Goods		
b) Sale of Raw Material		
c) Sale of Scraps		
2. Income from Services		NIL
a) Labour and Processing Charges		
b) Professional / Consultancy Services		
c) Agency Commission and Brokerage		
d) Maintenance Services (Equipment / Property)		
e) Others (Specify)		
TOTAL :		

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 13 – GRANTS / SUBSIDIES		
(Irrevocable Grants & Subsidies Received)		
1) Central Government		
2) State Government(s)		
3) Government Agencies		
4) Institutions / Welfare Bodies		NIL
5) International Organization		
6) Others (Specify)		
TOTAL :		



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 14 – FEES / SUBSCRIPTIONS		
1. Entrance Fees	NIL	
2. Annual Fees / Subscriptions		
3. Seminar / Program Fees		
4. Consultancy Fees		
5. Others (Specify)		
TOTAL :		

	Investment from Earmarked Fund		Investment – Others	
	Current Year	Previous Year	Current Year	Previous Year
SCHEDULE 15 – INCOME FROM INVESTMENTS (Income on Investment from Earmarked / Endowment Funds)	NIL			
1. Interest				
a) On Govt. Securities				
b) Other Bonds / Debentures				
2. Dividends:				
a) On Shares				
b) On Mutual Fund Securities				
3. Rents				
4. Others - Capital gain on sale of NRL's Equity				
TOTAL :				
TRANSFERRED TO EARMARKED / ENDOWMENT FUNDS				



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION, SALE OF DATA BY DGH ETC.		
1. Income from Royalty	-	-
2. Income from Publications	-	-
3. Others – Sale of data by DGH	509	372
- Receipt from IOC (R&D)	0	0
TOTAL :	509	372
	Current Year	Previous Year
SCHEDULE 17 –INTEREST EARNED		
1. On Term Deposits :		
a) With Scheduled Banks (FDRs)	522	192
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	114	199
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	2	3
b) Oil Companies	68068	67218
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation Advance	0	0
b) Interest on Income Tax Refund	990	964
TOTAL:	69696	68576
Note - Tax deducted at source.	6860	6747



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 18 – OTHER INCOME		
1. Profit on Sales / Disposal of Assets:		
a) Owned assets	-	-
b) Assets acquired out of grants, or received free of cost	-	-
2. Exports Incentives realised	-	-
3. Fees for Miscellaneous	-	-
4. Miscellaneous Income	227	71
TOTAL:	227	71
	Current Year	Previous Year
SCHEDULE 19 - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS		
a) Closing Stock		
- Finished Goods	NIL	NIL
- Work-in-progress		
b) Less: Opening Stock		
- Finished Goods		
- Work-in-progress		
NET INCREASE (DECREASE) (a+b)	-	-
	Current Year	Previous Year
SCHEDULE 20 - ESTABLISHMENT EXPENSES		
a) Salaries and Wages	178	158
b) Allowances and Bonus	28	36
c) Contribution to Provident Fund	0	0
d) Contribution to OIIB Employees Group Gratuity and Pension Funds.	14	107
e) Staff Welfare Expenses including medical expenses	13	14
f) Expenses on Employees' Retirement and Terminal Benefits	4	4
d) Others(Includes Contract Cell)	179	179
TOTAL:	416	498



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 21 – OTHER ADMINISTRATIVE EXPENSES ETC.		
a) Purchases	0	0
b) Labour and processing expenses	0	0
c) Cartage and Carriage Inwards	0	0
d) Electricity and power	227	189
e) Water Charges	1	3
f) Insurance	3	3
g) Repairs and maintenance	110	53
h) Excise Duty	0	0
i) Rent, Rates and Taxes	88	20
j) Vehicles Running and Maintenance	5	4
k) Postage, Telephone and Communication Charges	7	7
l) Printing and Stationery	6	5
m) Misc. expenses	5	5
n) Expenses on Seminar / Workshops	3	1
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	3	3
r) Hospitality Expenses	1	1
s) Professional Charges	43	21
t) Provision for Bad and Doubtful Debts / Advances	0	0
u) Irrecoverable Balances Written-off	0	0
v) Packing Charges	0	0
w) Freight and Forwarding Expenses	0	0
x) Distribution Expenses	0	0
y) Advertisement and Publicity	4	1
z) Others - FMS Work Expenses & Maintance of OIIB Bhawan	129	98
TOTAL:	635	414



**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2013**

(Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations(Annexure-III-a)	14879	11686
b) Assistance for Govt./ OI DB sponsored Schemes & Projects (Annexure-III-b)	367	2346
TOTAL:	15246	14032
Note - Name of the Entities along with the amount of Grants / Subsidies are disclosed in Annexure- III (a) & (b).		
	Current Year	Previous Year
SCHEDULE 23 - INTEREST PAID		
a) On Fixed Loans	0	0
b) On Other Loans (including Bank Charges)	0	0
c) Others	0	0
Total	0	0
	Current Year	Previous Year
SCHEDULE 24- PAYMENT OF ROYALTY TO STATE GOVERNMENTS		
Govt. of Arunachal Pradesh	7468	2972
Govt. of Gujarat	6267	3018
Govt. of Assam	0	356
Total	13735	6346



OIL INDUSTRY DEVELOPMENT BOARD

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED March 2013

SCHEDULE 25 – SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared on the basis of accrual method except for the grant in aid that are deemed to be incurred in the year in which they are paid and accordingly charged to revenue.

2. INVESTMENTS

Long-term Investments are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investments.

3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses form part of the value of the assets capitalized.

4. DEPRECIATION

Depreciation is provided on Written down value method as per rates specified in the Income Tax Act, 1961. In respect of additions to / deductions from fixed assets during the year, depreciation is considered as per Income tax Rules. Assets costing Rs.5,000/- or less each are fully provided.

5. GOVERNMENT GRANTS / SUBSIDIES

Grants are accounted on cash basis except for the Royalty payable to the various States Government(s)/Operators, which is paid as per directions of Government.



6. INCOME

Interest and other income are accrued in the case of performing assets on due basis and in case of non-performing assets, on realization basis. Performing assets are those on which the income that became due is not unpaid for more than 90 days.

7. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of the transaction.

8. LEASE

Lease rentals are expensed with reference to lease terms.

9. RETIREMENT BENEFITS

9.1 OADB has established two trusts namely “OADB employees Group Gratuity Scheme” & “OADB employee’s superannuation Scheme” covering the liability of OADB towards its existing employees for the past service rendered. The funding to the schemes is being made through the trusts as per the actuarial valuation.

9.2 Provision for accumulated leave encashment benefit to the employees is accrued and computed on the assumption that employees are entitled to receive the benefit as at each year end.



OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED March 2013

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. Contingent liabilities

- (a) Claims of Rs.36.58 lakh (previous year Rs. 36.28 lakhs) on account of TDS and interest thereon (Rs. 1.42 lakh for 2007-08, Rs.30.10 lakh for 2008-09, Rs. 0.05 lakh for 2009-10, Rs. 3.55 lakh for 2010-11 and Rs. 1.46 lakh for 2011-12) have not been provided for in the accounts as the appeals are pending with AO(TDS). As per advise of CIT(A), a rectification petitions u/s 154 of the I.T.Act before AO(TDS) has been filed and IT officials are in the process of making corrections and issue fresh orders.
- (b) There is an Arbitration case between OI DB and M/s Godrej & Boyce Mfg. Co. Ltd. arising out of execution of Interior work for G+3 block of OI DB Bhawan. The Arbitrator delivered the judgment in favour of M/s Godrej & Boyce Mfg. Co. Ltd for release of an amount of Rs.62.78 lakhs against Rs.180.41 lakh as claimed. The OI DB has filed a petition before the Hon'ble High Court, Delhi against the judgment of arbitrator. In view of this, the provision for the same has not been made in the accounts.
- (c) The other Arbitration case is between OI DB and M/s Engineering Projects (India) Ltd. arising out of execution of Civil & Structural work for Construction of OI DB Bhawan wherein EPIL has claimed an amount of Rs.4471.78 lakh from OI DB in respect of various claim as preferred by them. The case is pending with the sole Arbitrator appointed under permanent machinery for Arbitration. In view of this, the provision for the same has not been made in the accounts.
- (c) The Commercial Tax Department (U.P.) has raised demand of Rs.198.02 lakhs towards Works Contract Tax for the year 2008-09. OI DB plans to take up the matter with the concerned department for relief. In view of this, the provision for the same has not been made.



2. COMMITMENTS

Capital

- A) The value of the final bills amounting to Rs.793 lakhs (approx.) has not been considered for want of clarifications from PMC and contractors.
- B) (i) Rs.276300 lakh is the revised estimated cost (previous estimated cost Rs. 239700 lakh) for construction of “Strategic Crude Oil Storages” by Indian Strategic Petroleum Reserves Ltd (ISPRL), a wholly owned subsidiary of OIIB. As per the directions of the Government, Rs.252900 lakh is to be funded by OIIB and remaining is to be provided by HPCL as its share of proportionate cost. The project is expected to be completed by April 2014.
- (ii) OIIB has paid Rs. 234367 lakh (Previous Year Rs.153212 lakh) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment in the equity of the Company up to end of March 2013. Company has already allotted and issued share certificates to the extent of Rs.196927 lakh. The remaining amount of Rs. 37440 lakh is pending for allotment of shares as on 31.03.2013.

3. CAPITAL COST OF OIIB BHAWAN

The construction of OIIB Bhawan was completed in November,2011. The total cost of OIIB Bhawan worked out to Rs 16275 lakh (previous year Rs.15874) including land cost, PMC and Architect fee. Recoveries made from the contractors on various accounts have been adjusted against the value of the respective work/ security deposits.

4. CURRENT ASSETS, LOANS & ADVANCES

- a) Loan Amounting to Rs 32.76 Cr. given to Biecco Lawrie Ltd has been converted into equity of OIIB in the company on the directions of government. The Share certificate has also been received. After conversion of this loan into equity, the total equity of OIIB in Biecco Lawrie Ltd has been enhanced from Rs.17.58 crore to Rs.50.34



Crore which is 67.33% of the total equity of the company. Thus, OIBD has become a major share holder of the company and BLL has become a subsidiary of OIBD.

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

The matter relating to writing off of OIBD losses due to reduction in equity capital of BLL will be taken up to the OIBD Board/Central Government for approval after BLL has complied with requirement of Company Act. After getting Central Government approval, the loss will be provided in the books of Accounts of OIBD as per Accounting Standard-13 of ICAI.

- b) Income includes Rs.509 lakh as sale of Data by DGH and Rs.180 lakh rent received from NTPC in respect of office space occupied in OIBD Bhawan.
- c) Rs.2446 lakh from Canfina and Rs.268 lakh from Bieeco Lawrie towards interest are recoverable. Canfina has agreed to pay OIBD the net realized value of the securities purchased in the name of OIBD as and when realized. The matter is under litigation. As the recovery of these amounts remains doubtful, the same has already been provided in the accounts as 'doubtful debt' earlier.
- d) The OIBD has decided not to charge any rent and maintenance charge from its grantee institute. Therefore, neither any recovery has been made from the grantee institutions nor did any recoverable amount provide in the accounts towards rent and maintenance charges from grantee institutions.



5. TAXATION

- (a) As OIDA is a tax paying entity under Income – Tax Act 1961, provision for Income Tax has been considered necessary. The attached Profit & Loss Account (**Annexure- I**) has been prepared for arriving at the amount of income tax payable to Income Tax Department after being notified as an eligible institute for deduction under Section 36(1) (xii) of Income Tax Act.
- (b) i) The Income tax Department in its revised assessment orders for the assessment Year 2006-07 & 2007-08, refunded amount of Rs.48.62 crore and Rs.121.84 crore respectively including interest during the financial year.
- ii) During the year the Income Tax Department raised penalty u/s 271 of Income Tax Act, 1961 for the Assessment Years 2005-06 (Rs.1.76 crore), 2006-07 (Rs.1.85 crore) and 2007-08 (Rs.1.40 crore). Additionally, the Income Tax Department passed an order u/s 143 (3) for the assessment year 2010-11 and raised demand of Rs.28.98 crore. The net amount Rs.29.54 crore including penalty u/s 271 and demand u/s143(3) of Income Tax Act,1961 has been recovered by the Income Tax Department after adjustment of refund of Rs.4.45 crore payable to OIDA for the Assessments Year 2011-12.
6. As per directions of the Central Government, differential royalty is being paid to State Governments by OIDA. This expenditure is treated as expenditure of OIDA.
7. Proportionate cost of telephone, internet, Facility Management, Electricity and diesel charges as incurred by OIDA during the year have been debited to the ISPRL.
8. (i) In terms of the provisions of the AS-15, issued by the ICAI for creation of Superannuation and Gratuity Fund for retirement benefits of its existing employees, the Board has created two separate trusts Viz. ‘OIDA Employees Superannuation Scheme’ and “OIDA employees Gratuity Scheme”
- (ii) OIDA has applied for the exemption to Income Tax Department under Part ‘B’ and part ‘C’ of the fourth schedule of Income Tax Act, 1961 for its contribution to the “OIDA employees Gratuity Scheme” and “OIDA employees Superannuation Scheme”, respectively. Same is awaited.



9. Accounting standards as issued by the Institute of Chartered Accountants of India have been followed, wherever applicable.
10. Schedules 1 to 26 are annexed and form an integral part of the Income & Expenditure Account & Balance Sheet as at 31st March 2013.
11. Figures in Balance Sheet, Income & Expenditure Account, Profit & Loss Account and Schedules have been rounded off to nearest lakh of Rupees. Corresponding figures for the previous years have been regrouped /rearranged wherever necessary.

Sd/-
(M. C. Singh)
FA&CAO

Sd/-
(L.N. Gupta)
Secretary

Date :

Place : New Delhi



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

OIL INDUSTRY DEVELOPMENT BOARD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2013

(Rs. in lakh)

Particulars	Sch No.	2012-13	2011-12
Income			
Interest Income	17	69696	68576
Income from Investment	15	0	0
Gain on sale of equity	15	0	0
Other income	16 & 18	736	443
Total		70432	69019
Expenditure			
Expenses on direct operation	22 & 24	28981	20378
Salaries and amenties to staff	20	416	498
Administrative expenses	21	635	414
Depreciation on Fixed Assets	8	1707	931
Total		31739	22221
Profit for the year		38693	46798
Profit before tax		38693	46798
Less : Provision for taxation		11957	14462
Net Profit after tax carried to balance sheet		26736	32336
Significant Accounting Policies & Notes on Accounts	25 & 26		

Sd/-
(M.C. Singh)
FA&CAO

Sd/-
(L.N. Gupta)
Secretary

DATE :
PLACE : New Delhi



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

Details of outstanding balance of loan as on 31st March,2013 from Oil PSUs

(Rs. in lakh)

S.No.	Name of the Company	Opening Balance as on 01.04.2012	Loan Disbursed during 2012-13	Loan received back during 2012-13	Closing balance As on 31.03.2013
1	OIL	875	0	875	0
2	GAIL	150850	49000	23750	176100
3	IOCL	386048	105000	224773	266275
4	BPCL	74375	9700	24725	59350
5	HPCL	112100	0	23075	89025
6	CPCL	42525	0	18862	23663
7	NRL	8893	0	2423	6470
8	BCPL	32700	25000	0	57700
9	DNP Ltd.	6300	0	4275	2025
10	MRPL	40000	40000	0	80000
11	GAIL Gas Ltd.	11800	2000	1860	11940
	Total	866466	230700	324618	772548



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

Statement Showing payments of grants during 2012-13

(Rs. in lakh)

Sl. No.	Name of the Institutes	2012-13	2011-12
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	6209	5514
2	Petroleum Conservation Research Association	4696	2500
3	Centre for High Technology	1392	1204
4	Petroleum Planning & Analysis Cell	1235	1221
5	Oil Industry Safety Directorate	1088	996
	Total (A)	14620	11435
B.	R & D Grants		
6	NGHP-II	62	23
7	IIP, Dehradun	97	0
8	Govt. of Rajasthan, Deptt. Of Petroleum	100	50
9	Bharathidasan University	0	32
10	Central Institute of Plastics Engineering and Technology	0	44
11	Indian Oil Corporation Limited	0	102
	Total (B)	259	251
	Total (A+B)	14879	11686



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

Expenditure on Schemes / Projects sponsored by Govt. of India/OIDB during 2012-13

(Rs. in Lakh)

S.No.	Name of the Institutes	2012-13	2011-12
1	Hydrogen Corpus Fund	0	2000
2	Rajiv Gandhi Institute of Petroleum Technology, Rai Bareli	367	295
3	Economics Analysis for SPR by TERI, Phase-II of ISPRL	0	38
4	Pre-Feasibility Study by EIL, Phase-II of ISPRL	0	13
	Total (C)	367	2346

CHAPTER - VI

AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

ANNUAL REPORT 2012-2013



AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD FOR THE YEAR ENDED 31 MARCH 2013

We have audited the attached Balance Sheet of the **Oil Industry Development Board (OIDB)** as at 31 March 2013 and the Income and Expenditure Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Condition of Services) Act, 1971 read with Section 20(2) of the Oil Industry (Development) Act, 1974 (OID Act, 1974). These financial statements are the responsibility of the Management of OIDB. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. Based on our audit, **we report that:**

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts and other relevant records have been maintained by OIDB in so far as it appears from our examination of such books except that:

Balance Sheet

(a) Investments (Schedule-10) Others:

Rs.2,019.61 crore

This includes Rs. 50.34 crore being the value of investment in equity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to negative net worth. Government of India decided (May 2011) to convert OIDB loan of Rs. 32.76 crore into equity thereby enhancing BLL's equity capital from existing Rs. 42 crore to Rs. 74.76 crore and reduction of equity capital from Rs. 74.76 crore to Rs. 15.16 crore by setting off accumulated losses to the extent of Rs. 59.60 crore. As per Accounting Standard 13, diminution in the value of investment of Rs. 50.34 crore, being other than temporary, should have been



provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs. 40.13 Crore.

(b) Contingent liabilities & Notes on Accounts (Schedule-26)

- A reference is invited to Note 1(d) wherein demand of Rs. 1.98 crore was raised on 31 March 2012 by the Commercial Tax Department, UP towards Works Contract Tax for the year 2008-09, OIIB has not appealed against the demand notice. A provision for Rs. 1.98 crore, however, has not been made in the accounts.
- A reference is invite to Note 5(b)(i) wherein it was stated that the Income Tax Department in its revised assessment orders for the assessment year 2006-07 & 2007-08, refunded Rs. 48.62 crore and Rs. 121.84 crore respectively including interest during the financial year. The Note is deficient to the extent that the Income Tax Department also refunded Rs. 22.82 crore, for the Assessment years 2005-06 during the financial year.

(iii) Attention is also drawn to the significant matters stated in **Annexure** to this Report.

(iv) **Subject to our observation in the preceding paragraphs, we report** that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.

(v) **In our opinion** and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraph 3(ii) and (iii) above, give a true and fair view in conformity with accounting principles generally accepted in India;

- (a) In so far as it relates to the Balance Sheet, of the state of affairs of OIIB as on 31 March 2013.
- (b) In so far as it relates to the Income and Expenditure Account, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.

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

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

Place: Mumbai
Date: 16 December 2013



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

1. Internal Audit System

Internal Audit of the Oil Industry Development Board (OIDB) has been outsourced to external Chartered Accountants firms. However, the scope of Internal Auditors does not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting. Further, the Internal Auditor has not submitted any Report to OIDB for rectification during the year.

2. Internal Control System

- a) Internal control system needs to be strengthened by OIDB for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out to the grants released by OIDB.
- b) After release of grants OIDB receive utilization certificate from the grantee institutions on an annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OIDB. Also, OIDB has not evolved any effective mechanism to monitor the manner of proper utilization of grants.

3. Grant-in-aid for Research & Development activities

Section 6 of Oil Industry (Development) Act 1974, inter-alia, provides that the Board may render assistance for scientific, technological, economic research which could be directly or indirectly useful to oil industry. However

- (i) Grants released by OIDB, over the last three years, to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) to enable them to meet their regular expenditure constituted 96 percent (approx.) of the total grants disbursed by OIDB during this period. Grants released for R&D activities to other institutions over the same period were 4 per cent.
- (ii) The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell (PPAC) on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control and consequently keeps them out of the purview of government audit. Further, funding of the two directorate viz. DGH and PPAC by way of grants out of OI D Fund is an unusual feature, which needs to be addressed urgently by Ministry.



4. Non-allotment of Funds to OIDB by the Government of India out of the excise duty collected under the provisions of OID Act, 1974.

OIDB was established for the development of oil industry. For that purpose duty of excise on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OID Act, 1974. As per section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIDB from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purpose of the OI Act, 1974. Though the Central Government has been increasing the rate of excise duty from time to time and had collected a substantial amount of Rs.1,18,506.95 crore till 31 March 2013 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.76 per cent of the aggregate amount of collection) to OIDB till 1991-92 and did not remit any fund to OIDB thereafter. This is not in conformity with the objective of establishment of OIDB and levy of the excise duty under the provisions of the OID Act, 1974.

5. Corpus Fund created without giving it statutory status

On the directions (October, 2004) of MOPNG, a separate fund called “Hydrogen Corpus Fund” (HCF) was established for carrying out various R&D activities in the year 2004. MOPNG had, however, stated that there was no necessity of creating any separate Trust or *organization or society to handle this fund*. OIDB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OIDB norms.

As on 31st March, 2013, an amount of Rs.129.32 crore has accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OIDB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable accounts involved, a formal oversight mechanism over the finances of the fund is essential.

6. Physical Verification of Fixed Assets

Physical verification of assets with reference to books (Fixed Assets Register) is being conducted on perpetual basis; however, no report was being prepared on the ground that no discrepancies were identified during physical verification.

7. Regularity in payment of Statutory Dues

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

8. Adequacy of IT systems

OIDB deals with loans and grants for monitoring, for which software has been installed. However, OIDB needs to strength its IT system to have better internal control.



CAG Audit para on the accounts of OIBD for the FY 2012-13 and OIBD's reply.

Audir Para	Comments of OIBD
<p>Balance Sheet</p> <p>(a) Investments (Schedule-10) Others: Rs.2,019.61 crore</p> <p>This includes Rs. 50.34 crore being the value of investment in equity share of Biecco Lawrie Limited (BLL). BLL is a loss making company and its accumulated losses had exceeded the Capital Funds and Reserve Funds, leading to negative net worth. Government of India decided (May 2011) to convert OIBD loan of Rs. 32.76 crore into equity thereby enhancing BLL's equity capital from existing Rs. 42 crore to Rs. 74.76 crore and reduction of equity capital from Rs. 74.76 crore to Rs. 15.16 crore by setting off accumulated losses to the extent of Rs. 59.60 crore. As per Accounting Standard 13, diminution in the value of investment of Rs. 50.34 crore, being other than temporary, should have been provided for. As estimated by Management, the provision for diminution in the value of investment works out to Rs. 40.13 Crore.</p> <p>(b) Contingent liabilities & Notes on Accounts (Schedule-26)</p> <ul style="list-style-type: none"> A reference is invited to Note 1(d) wherein demand of Rs. 1.98 crore was raised on 31 March 2012 by the Commercial Tax Department, UP towards Works Contract 	<p>M/s Biecco Lawrie Limited (BLL) has to obtain necessary statutory approvals and comply with procedural requirements as required under the relevant provisions of the Companies Act 1956 (u/s 100-104 of the Act). BLL vide letter dated 27th May, 2013 informed that petition before the Hon'ble High Court at Kolkata has to be filed. OIBD is following up the matter with BLL.</p> <p>In order to ensure appropriate monitoring and follow up, OIB Board in its 86th Board meeting held on 04.09.2013 approved the proposal for nomination of FA & CAO, OIBD as OIBD representative on BLL Board which was approved by MoP&NG vide letter No:C-31033/1/2012-CA dated 29th November 2013. Accordingly, Shri M.C. Singh, FA&CAO, OIBD has joined as Government Director on BLL Board.</p> <p>OIBD in consultation with internal auditors is of the opinion that demand raised by the Commercial Tax Department, Govt. of U.P is not tenable and therefore reflected it as 'contingent liability'.</p>



Audir Para	Comments of OIDB
<p>Tax for the year 2008-09; OIDB has not appealed against the demand notice. A provision for Rs. 1.98 crore, however, has not been made in the accounts.</p> <ul style="list-style-type: none">• A reference is invited to Note 5(b)(i) wherein it was stated that the Income Tax Department in its revised assessment orders for the assessment year 2006-07 & 2007-08, refunded Rs. 48.62 crore and Rs. 121.84 crore respectively including interest during the financial year. The Note is deficient to the extent that the Income Tax Department also refunded Rs. 22.82 crore, for the Assessment years 2005-06 during the financial year.	<p>Further, OIDB has appointed Sales Tax Consultant to file appeal and follow up the case on behalf of OIDB.</p> <p>The disclosure regarding refund of Rs 22.82 crore for the Assessment year 2005-06 has been noted for guidance.</p>



**CAG Observation on the accounts of OIBD for the FY 2012-13
(para 3 (iii) of the Audit Report) and OIBD Comments**

Observation of Audit	Replies of OIBD
<p>1. Internal Audit System</p> <p>Internal Audit of the Oil Industry Development Board (OIBD) has been outsourced to external Chartered Accountants firms. However, the scope of Internal Auditors does not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting. Further, the Internal Auditor has not submitted any Report to OIBD for rectification during the ensuing year.</p>	<p>The work of internal audit has been entrusted to M/s H.C. Srivastava & Co. (Chartered Accountant) vide letter no 8/1/2002-OIBD (Vol. XII) dated 26.04.2012. OIBD is preparing a detailed scope of work for the selection of new internal auditor for 2014-15 & onwards incorporating all the suggestions highlighted in the audit observations of CAG. OIBD has already floated Expression of Interest (EOI) for selection of separate Tax Consultant for tax related advisory to the Board.</p>
<p>2. Internal Control System</p> <p>a) Internal control system needs to be strengthened by OIBD for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out to the grants released by OIBD.</p> <p>b) After release of grants OIBD receive utilization certificate from the grantee institutions on annual basis along with the physical progress of the projects undertaken by grantee institutions. However, the physical progress of the works carried out was not verified by the OIBD. Also, OIBD has not evolved any effective mechanism to monitor the manner of proper utilization of grants.</p>	<p>(a) and (b)</p> <p>OIBD has strengthened its internal control system over the years and takes into account the audit observations as one of the measure for guidance. Recently, two DCF&AOs have also joined on deputation basis who have been involved in effective monitoring of various activities of the Board. The Board has taken following measures to strengthen its internal control system and proper utilization of grants:-</p> <ul style="list-style-type: none"> · The grants to the grantee institutions are being released on receipt of detailed budget estimates approved by the respective Governing Body/ Administrative Council of the organization, submission of 'Monthly Expenditure Statement and Grant Request Proforma' along with the bank reconciliation statement duly certified by their Competent Authority. This has been communicated to all Grantee Institutions vide letter no. 4/3/2012-OIBD dt. 26.11.2012 to ensure non-idling of funds and budget control.



Observation of Audit	Replies of OIDB
	<ul style="list-style-type: none"> · OIDB has already issued letters for recovery of unspent grants and penal interest (if any) as per MoU/ Written Undertaking with the Organization and Institutes to whom grant/ loans has been released. · The physical progress of loans disbursed by OIDB is being monitored by Ministry Monitoring Cell of MoP&NG whose monthly report is submitted to Ministry and OIDB. · The dedicated grants such as National Gas Hydrate Programme (NGHP) and other upstream projects are being monitored under technical supervision of Directorate General of Hydrocarbons (DGH). Similarly, Hydrogen Corpus Fund (HCF) and other downstream projects are being monitored by Centre for High Technology (CHT). In addition, Joint Project Team (JPT) which has OIDB representatives also review the progress of grants released for R & D projects. All these projects are being monitored by Scientific Advisory Committee (SAC) and respective Steering Committee set up by MoP&NG. · OIDB receives utilization certificates from all institutions at the end of each financial year as per prescribed format.
<p>3. Grant-in-aid for Research & Development activities</p> <p>Section 6 of Oil Industry (Development) Act 1974, inter-alia, provides that the Board may render assistance for scientific, technological, economic research which could be directly or indirectly useful to oil industry. However</p>	<p>(i) & (ii)</p> <p>These audit observations (annual account 2011-12) were communicated to MoP&NG vide letter no 5/2/2012-OIDB dated 12.03.2013 for necessary direction as the funding of all these</p>



Observation of Audit	Replies of OI DB
<p>(i) Grants released by OI DB, over the last three years, to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) to enable them to meet their regular expenditure constituted 96 per cent of the total grants disbursed by OI DB during this period. Grants released for R&D activities to other institutions over the same period were 4 per cent.</p> <p>(ii) The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell (PPAC) on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control and consequently keeps them out of the purview of government audit. Further, funding of the two directorate viz. DGH and PPAC by way of grants out of OI D Fund is an unusual feature, which needs to be addressed urgently by Ministry.</p>	<p>institutions are based on the directives of the Govt. In addition, separate notes and letters regarding funding of DGH through MoP&NG budget has also been submitted for consideration to the Govt. OI DB in its 86th Board meeting held on 04.09.2013 informed the status of release of grants to these institutions for the period 01.04.2013 to 31.07.2013. The MoP&NG may like to issue necessary instruction in this regard.</p>
<p>4. Non-allotment of Funds to OI DB by the Government of India out of the excise duty collected under the provisions of OI D Act, 1974.</p> <p>OI DB was established for the development of oil industry. For that purpose duty of excise on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OI D Act, 1974.</p>	<p>OI DB referred the matter to the Ministry for transfer of funds to OI DB out of cess collection. Further, MoP & NG has also taken up the matter with Ministry of Finance both at the level of respective Secretary and Hon'ble Minister. The Ministry of Finance vide its letter No.22(01)/PF.II/</p>



Observation of Audit	Replies of OIDB
<p>As per section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIDB from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purpose of the OI D Act, 1974. Though the Central Government has been increasing the rate of excise duty from time to time and had collected a substantial amount of Rs.1,18,506.95 crore till 31 March 2013 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.76 per cent of the aggregate amount of collection) to OI DB till 1991-92 and did not remit any fund to OI DB thereafter. This is not in conformity with the objective of establishment of OI DB and levy of the excise duty under the provisions of the OI D Act, 1974.</p>	<p>2008 dated May 24, 2013 regretted that the Government finds it difficult to transfer 75% of the cess collected under the Act to the OI DB.</p>
<p>5. Corpus Fund created without giving it statutory status</p> <p>On the directions (October, 2004) of MOPNG, a separate fund called “Hydrogen Corpus Fund” (HCF) was established for carrying out various R&D activities in the year 2004. MOPNG had, however, stated that there was no necessity of creating any separate Trust or <i>organization or society to handle this fund</i>. OI DB was asked to maintain the accounts of the corpus fund. It was decided that the fund would be subject to financial auditing as per OI DB norms.</p>	<p>The matter has been referred to MoP & NG vide letter no 5/2/2012-OI DB dated 12/3/2013 for necessary directions. OI DB has requested MoP&NG vide letter no 4/17/2013-OI DB dated 11.07.2013 to consider transfer of the entire work relating to HCF (including maintenance of accounts) to the Centre for High Technology (CHT), which is nodal agency for this project. OI DB will take necessary action as per directives of Government.</p>



Observation of Audit	Replies of OADB
<p><i>As on 31st March, 2013, an amount of Rs.129.32 crore has accumulated in the Corpus Fund which is being kept in various banks, outside the accounts of OADB. No formal audit and accountability mechanism have been created for the fund. In view of the considerable accounts involved, a formal oversight mechanism over the financial of the fund is essential.</i></p>	
<p>6. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Assets Register) is being conducted on perpetual basis; however, no report was being prepared on the ground that no discrepancies were identified during physical verification.</p>	<p>OADB had started preparation of assets register by outsourcing a person and the work is nearing completion. OADB has already initiated action for physical verification of assets and simultaneously for numbering of assets under rule 192 (1) & (2) of GFR.</p>
<p>7. Regularity in payment of Statutory Dues</p> <p>As informed and reported to Audit by OADB, all taxes and statutory dues were paid in time by OADB.</p>	<p>No comments.</p>
<p>8. Adequacy of IT systems</p> <p>OADB deals with loans and grants for which software has been installed. However, OADB needs to strengthen its IT system to have better internal control.</p>	<p>New software has been developed for OADB with assistance of PCRA. The trial run of the software is under progress to ensure its robustness before complete implementation.</p>

CHAPTER - VII

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

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

ANNUAL REPORT 2012-2013



Board of Directors

Shri Vivek Rae	Chairman	(w.e.f. 8 th February, 2013)
Shri Rajive Kumar	Director	(w.e.f. 17 th June, 2013)
Dr. Subhash Chandra Khuntia	Director	(w.e.f. 9 th August, 2012)
Shri L. N. Gupta	Director	(w.e.f. 17 th June, 2013)
Shri R. K. Singh	Director	(w.e.f. 15 th July, 2013)



CHIEF EXECUTIVE OFFICER

Shri Rajan K. Pillai

COMPANY SECRETARY

Smt. Bhavyaa Gupta

STATUTORY AUDITORS

M/s JDA & Company

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

BANKERS

Corporation Bank

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

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

Website : www.isprlindia.com Email : isprl@isprlindia.com

Visakhapatnam Project Office :

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

Mangalore Project Office :

Strategic Storage of Crude Oil Project
Chandrasahas Nagar, Permude P.O.,
Mangalore - 574 509

Tel : 0824 - 3006100, Fax : 0824 - 3006111

Padur Project Office:

P0: Padur, Via Kaup, Distt. Udupi -74 106

Karnataka

Phone : 0820-2576683, Fax : 0820-2576629



AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

We have audited the attached Balance Sheet of INDIAN STRATEGIC PETROLEUM RESERVES LIMITED as at 31st March, 2013, the Statement of Profit and Loss account and also the Cash Flow Statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we annex a statement on the matters specified in paragraphs 4 & 5 of the Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; and proper returns adequate for the purpose of audit have been received from the branches not visited by us;



- iii. The Balance Sheet and Profit and Loss dealt with by this report is in agreement with the books of account;
- iv. In our opinion the Balance Sheet comply with the accounting standards as referred to in Section 211 (3C) of the Companies Act, 1956 *except non provision of retirement benefits as required by Accounting Standard-15, in view of the fact that company's work is presently handled by deputationists, (Refer Note No.14.13), the effect of non-provision, has not been ascertained.*
- v. Being a Government company, pursuant to the Notification GSR 829(E) dated 21st October 2003 issued by the Govt. of India, provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the Company.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon and subject to:
 - a) Note No. 2.5 (i) & 14.15(i) Interest earned on the "Sweep-in-Sweep-Out" account of Rs.56.78 Lacs and Temporary Advance of Rs.36.58 Lacs, which in our opinion is a non —operative income & should not be adjusted with the construction cost of work in progress, resulting into understatement of Capital WIP to that extent.

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

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. In case of the statement of Profit and Loss account, of the Loss for the year ended on that date; and
- c. In case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.



For J D A & Company
(Chartered Accountants)

FRN : 015377N

Sd/-

CA Nitin Aggarwal

(Partner)

M.No.506909

Place : New Delhi

Date : 18th September, 2013



ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of Our report of even date to the members of Indian Strategic Petroleum Reserves Limited on the Accounts of the Company for the year ended 31st March 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1.
 - a) The company has maintained proper records showing full particulars including quantitative details & situation of fixed assets, which have been updated on the register.
 - b) As explained to us the fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company & the nature of its fixed assets. No material discrepancies were noticed on such verification.
 - c) During the year, the company has not disposed off substantial part of fixed assets.
2. Para (ii) is not applicable to the company.
3.
 - a) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not granted any loans, secured or unsecured to the companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act,1956.
 - b) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not taken any loans from companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act,1956
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. Further, on the basis of our examinations of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations provided by the management, there are no transaction that need to be entered in the Register maintained under section 301 of the Companies Act,1956 in pursuance of the said section.



6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system which needs to be strengthened to make the same commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
9.
 - a) According to the information and explanation given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, tax deducted at source, service tax, cess and other statutory dues applicable to it. TDS in respect of year end estimates is deposited on actual payment in the subsequent months.
 - b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. In our opinion the accumulated losses of the Company are less than fifty percent of the Net Worth as at 31st March, 2013. The company has incurred cash losses during the Financial Year ended on that date & in the immediately preceding financial year.
11. The company had not taken any loan from Financial institution or Banks and further no Debentures have been issued by the company.
12. Based on our examination of documents and records and the information and explanations given to us, we are of the opinion that the company has granted loans and advances in the form of Temporary & Mobilization advance to the contractor on the basis of security other than shares & debentures.
13. Para (xiii) is not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our audit procedures and on the information given by the management, we report that the company had not raised any term loans during the year.



17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company as on 31st March, 2013, we report that the funds raised on short-term basis have not been used for long-term investments.
18. We are informed that the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The company is 100% subsidiary of Oil Industry Development Board (OIDB).
19. The company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.
20. The company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For JDA & Company
(Chartered Accountants)

FRN : 015377N

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

Place : New Delhi

Date : 18th September, 2013



Indian Strategic Petroleum Reserves Limited

Balance Sheet as on 31st March 2013

PARTICULARS	Note No.	As on 31 March 2013 Rupees	As on 31 March 2012 Rupees
EQUITY AND LIABILITIES			
Shareholders Funds :			
(a) Share Capital	3	19,692,680,200	14,509,975,830
(b) Reserves and surplus	4	(205,249,747)	(116,749,848)
		19,487,430,453	14,393,225,982
Share application money pending allotment	3.3	3,742,100,000	811,204,370
Non-current liabilities			
(a) Other long - term liabilities	5	466,192,595	314,446,870
Current liabilities			
(a) Trade Payables	6	1,302,198,745	921,672,095
(b) Other current liabilities	7	195,288,018	728,879,133
(c) Short Term Provisions	8	1,434,729	18,542,070
		1,498,921,492	1,669,093,297
TOTAL		25,194,644,540	17,187,970,519
ASSETS			
Non- Current Assets			
(a) Fixed assets			
(i) Tangible assets	9A	1,351,303,848	1,435,085,035
(ii) Capital work-in-progress	9B	22,912,639,804	14,880,333,737
(b) Long-term loans and advances	10	401,146,045	391,254,415
		24,665,089,697	16,706,673,187
Current Assets			
(a) Cash and Cash equivalents	11	89,613,439	85,953,418
(b) Short-term loans and advances	12	439,941,405	395,343,914
		529,554,843	481,297,332
TOTAL		25,194,644,540	17,187,970,519

In terms of our report attached.

For JDA & Co.

Chartered Accountants

FRN. 015377N

Sd/-

(Nitin Agarwal)

Partner

M.No.506909

Place : New Delhi

Date : 18.09.2013

For and on behalf of the Board of Directors

Sd/-

(R.K.Singh)

Director

Sd/-

(S.R.Hasyagar)

Chief Finance Officer

Place : New Delhi

Date : 18.09.2013

Sd/-

(Dr. S.C. Khuntia)

Director

Sd/-

(Rajan K.Pillai)

Chief Executive Officer



Indian Strategic Petroleum Reserves Limited

Profit & Loss Account for the Year Ended 31 March 2013

Particulars	Note No.	for the year ended 31 March, 2013 Rupees	for the year ended 31 March, 2012 Rupees
Expenses			
(a) Depreciation and amortisation expenses	9A	81,674,712	33,695,276
(b) Other expenses	13	1,642,483	2,728,202
(c) Stamp duty	13A	5,182,704	9,317,435
Total expenses		88,499,899	45,740,913
(Loss) before exceptional and extraordinary items and tax		(88,499,899)	(45,740,913)
Exceptional items-Stamp duty [(refer note no. 14.7 (iv))]		-	21,016,693
Tax Expenses			
Current tax expense relating to prior years			
(Loss) from continuing operations		(88,499,899)	(24,724,220)
(Loss) for the year		(88,499,899)	(24,724,220)
(Loss) per share (of Rs.10/- each)	15.3		
(a) Basic	15.3a	(0.04)	(0.02)
(b) Diluted	15.3b	(0.04)	(0.02)
Additional information to the Financial Statements	1 to 15		

In terms of our report attached.

For JDA & Co. Chartered
Accountants
FRN. 015377N

Sd/-

(Nitin Agarwal)
Partner
M.No.506909

Place : New Delhi
Date : 18.09.2013

For and on behalf of the Board of Directors

Sd/-
(R.K.Singh)
Director

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

Place : New Delhi
Date : 18.09.2013

Sd/-
(Dr. S.C. Khuntia)
Director

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



Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Notes Particulars

1. *Corporate Information*

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

The main objects of the Company are to own and control its crude oil inventories and to coordinate the release and replacement its Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.

2. *Significant Accounting Policies*

2.1 **Basis of Accounting**

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

2.2 **Use of Estimates**

The Financial Statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.



2.3 Fixed Assets / Intangible Assets

Fixed Assets

All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

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

Intangible Assets

Intangible assets are recognized if :

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

2.4 Depreciation and Amortisation

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

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

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

- (i) The project for Strategic Oil Reserves is under implementation and the Company has not started commercial operations. The Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Profit & Loss account.
- (ii) The expenses incurred for project development, feasibility studies, fees to pollution control Boards, Project Management Consultancy charges, Land acquisition expenses, payments made to the contractors (underground/aboveground), Advertisement expenses, Insurance premia, cost of diesel supplied for underground works etc. have been shown as "Construction Work In Progress".



- (iii) The indirect/incidental expenses (including Head Office expenses) are apportioned to all the three projects i.e. Vishakhapatnam, Mangalore and Padur in proportion to the direct expenditure incurred as on the close of the financial year.
- (iv) Insurance Claims are accounted on settlement of the claim.

2.6 Provisions and Contingencies

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

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

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

2.7 Impairment of Assets

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



2.8 Leases

Operating leases

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

2.9 Employee Benefits

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

2.10 Foreign Currency Transactions and Translations

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

2.11 Taxes on Income

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. As a prudent measure the Company has not recognized Deferred Tax Asset.

2.12 Earnings Per Share

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

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



Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As on 31 st March, 2013		As on 31 st March, 2012	
	Number of shares	Rs.	Number of Shares	Rs.
(a) Authorised Equity shares of Rs.10 each	2,397,000,000	23,970,000,000	2,397,000,000	23,970,000,000
(b) Issued/ Subscribed and fully Paid up Equity shares of Rs.10 each	1,96,92,68,020	19,69,26,80,200	1,450,997,583	14,509,975,830
Total	1,96,92,68,020	19,69,26,80,200	1,450,997,583	14,509,975,830

Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
Equity Shares			
Year ended 31 st March, 2013			
- Number of Shares	1,45,09,97,583	51,82,70,437	1,96,92,68,020
- Amount(Rs.)	14,50,99,75,830	5,18,27,04,370	19,69,26,80,200
Year ended 31 st March, 2012			
- Number of Shares	51,92,54,076	93,17,43,507	1,45,09,97,583
- Amount(Rs.)	5,19,25,40,760	9,31,74,35,070	14,50,99,75,830

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

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity Shares				
Oil Industry Development Board, New Delhi and its nominees	1,96,92,68,020	100%	1,45,09,97,583	100%

Note 3.3 Share Application Money Pending Allotment

As at 31st March 2013, out of amounts received from OIIB till 31.3.2013, Equity Shares were yet to be allotted for an amount of Rs.3,742,100,000 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.



Notes forming part of the Financial Statements

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
(Dificit) in Statement of Profit and Loss		
Opening Balance	(11,67,49,848)	(9,20,25,628)
Add : (Loss) for the year	(8,84,99,899)	(2,47,24,220)
Total	(20,52,49,747)	(11,67,49,848)

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Withholding from Contractors *	46,61,92,595	31,44,46,870
Total	46,61,92,595	31,44,46,870

* Final Settelement of Contractors Bills for all three sites is not expected before 31-03-2014 and accordingly classified as Long Term Laibility.

Note 6 Trade Payables

Particulars	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Trade payables	1,30,21,98,745	92,16,72,095
Total	1,30,21,98,745	92,16,72,095



Notes forming part of the Financial Statements

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Other Payables		
(i) Statutory remittances (withholding Taxes Labour Cess, TDS and Work Contract)	4,83,95,152	8,00,79,824
(ii) Others (Amount Adjustable against Rock Disposal)	1,55,16,422	2,00,00,000
(iii) Security deposit / EMD	14,84,564	25,68,637
(iv) Withholding from Contractors	12,98,91,880	10,77,88,172
(v) Payment for MSEZL land	-	51,84,42,500
Total	19,52,88,018	72,88,79,133

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2013 Rupees	As at 31 March, 2011 Rupees
Provision for ENC Land rentals	6	5
Creditors for Expenses	14,34,723	1,85,42,065
Total	14,34,729	1,85,42,070

Notes forming part of the Financial Statements

NOTE 9 - FIXED ASSETS

A.	Tangible Assets	Gross Block				Accumulated Depreciation			Net Block	
		Balance as at 1 April, 2012	Additions	Deletions during the year	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / Amortization expenses for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	(a) Land Leasehold *	1,50,63,84,931	6,770	35,87,744	1,50,28,03,957	8,12,66,185	-	15,37,58,260	1,34,90,45,697	1,43,38,92,856
	(b) Furniture and Fixture Owned	96,980	8,92,693	-	9,89,673	60,604	-	1,13,196	8,76,477	44,388
	(c) Office equipment Owned	8,92,616	5,21,137	17,924	13,95,829	2,70,896	9,083	3,72,723	10,23,106	6,21,720
	(d) Computer Owned	17,69,444	69,510	-	18,38,954	12,43,374	-	14,80,387	3,58,567	5,26,070
	Total	1,50,91,43,971	14,90,110	36,05,668	1,50,70,28,413	8,16,74,712	9,083	15,57,24,566	1,35,13,03,848	1,43,50,85,035
	As at 31 March, 2011	89,85,56,983	61,78,78,449	72,91,380	4,04,49,128	3,36,95,276	85,467	7,40,58,937	1,43,50,85,035	85,81,07,775
B.	Capital Work in Progress (Refer Note no.9 B(i))								Balance as at 31 March, 2013	Balance as at 31 March, 2012
	Phase-I								Rs.	Rs.
	- Visakhapatnam Cavern Project @								8,44,95,01,703	7,308,074,797
	- Padur Cavern Project @								9,18,65,04,765	4,529,144,085
	- Mangalore Cavern Project @								5,15,96,93,232	3,001,328,487
	Phase II DFR								11,69,40,104	41,786,368
	Total								22,91,26,39,804	14,880,333,737

@ includes apportioned Head Office expenses



Notes forming part of the Financial Statements

Note 9B (i) Capital Work in Progress

Particulars	As on 31 st March, 2013 Rupees	As on 31 st March, 2012 Rupees
Construction Work in Progress (Including unallocated capital expenditure, material at site)		
Storage Phase - I		
Vishakhapatnam Cavern Storage project		
Underground Civil Works	4,31,63,34,906	4,22,11,57,918
Aboveground Process Facilities	3,12,92,09,034	2,11,41,91,653
Project Management Consultancy	86,80,23,977	84,84,20,785
Study & Survey	1,63,16,780	1,63,16,780
Other Project Expenses	2,41,66,208	1,80,65,098
Head Office Expenses	9,54,50,798	8,99,22,563
TOTAL	8,44,95,01,703	7,30,80,74,797
Padur Cavern Storage Project		
Underground Civil Works	5,95,83,83,006	3,57,81,31,572
Aboveground Process Facilities	1,13,66,39,733	2,50,00,000
Project Management Consultancy	1,06,28,57,423	86,83,51,518
Study & Survey Padur	1,22,65,256	1,22,65,256
Other Project Expenses *	96,28,58,206	1,44,51,440
Head Office Expenses	5,35,01,141	3,09,44,298
TOTAL	9,18,65,04,765	4,52,91,44,085
Mangalore Cavern Storage Project		
Underground Civil Works	3,41,78,18,899	2,19,40,89,996
Aboveground Process Facilities	86,26,73,448	6,93,23,883
Project Management Consultancy	82,17,15,371	69,40,57,258
Study & Survey	1,35,58,986	1,35,58,986
Other Project Expenses	94,77,271	63,02,645
Head Office Expenses	3,44,49,257	2,39,95,719
TOTAL	5,15,96,93,232	3,00,13,28,487
Storage Phase-II		
Project Management Consultancy	10,33,38,545	3,11,72,400
Study & Survey	83,67,795	60,85,487
Other Project Expenses	52,33,764	45,28,481
TOTAL	11,69,40,104	4,17,86,368
TOTAL CONSTRUCTION WORK IN PROGRESS	22,91,26,39,804	14,88,03,33,737

* Note :- Includes Expenditure on Pipelines Rs.89.68 crs.



Notes forming part of the Financial Statements

Note 10 Long-term Loans and Advances

Particulars	As on 31 st March, 2013 Rupees	As on 31 st March, 2012 Rupees
Security deposits	2,03,69,274	1,04,77,644
Balances with Government authorities- CENVAT credit receivable #	38,07,76,771	38,07,76,771
Total	40,11,46,045	39,12,54,415

Note 11 Cash and Cash Equivalents

Particulars	As on 31 st March, 2013 Rupees	As on 31 st March, 2012 Rupees
Cash on hand	19,960	19,926
Balances with banks - Autosweep Current A/c	8,95,93,479	8,59,33,492
Total	8,96,13,439	8,59,53,418

Note 12 Short-term Loans and Advances

Particulars	As on 31 st March, 2013 Rupees	As on 31 st March, 2012 Rupees
Prepaid Expenses - Unsecured, considered good	14,98,243	43,70,327
Other loans and advances -Unsecured, considered good		
TDS Receivable *	1,05,41,883	44,78,134
Advances recoverable in cash or kind	10,24,66,690	1,77,953
Advance towards ROU Acquisition and Diesel supply	34,40,129	2,07,86,367
Mobilisation Advance	28,35,02,640	32,18,49,840
Advance against land-Padur	3,42,14,500	3,42,21,270
Advance against Stamp Duty on Shares	42,77,320	94,60,024
Total	43,99,41,405	39,53,43,914

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



Notes forming part of the Financial Statements

Note 13 Other Expenses

Particulars	For the year ended 31 st March, 2013 Rupees	For the year ended 31 st March, 2012 Rupees
Legal and Professional Fee	63,963	3,41,583
Payment to auditors (Refer Note (i) below)	2,52,810	2,95,385
Fixed assets written off	8,841	80,785
Office Expenses	13,16,869	20,10,449
Total	16,42,483	27,28,202

Note 13 (i) Details of payments to Auditors

Particulars	For the year ended 31 st March, 2012 Rupees	For the year ended 31 st March, 2012 Rupees
Payment to the auditors comprises	-	-
As auditors - statutory audit	1,68,540	1,68,540
For other services	84,270	1,26,845
Total	2,52,810	2,95,385

Note 13A Details of Stamp Duty Expenses

Particulars	For the year ended 31 st March, 2013 Rupees	For the year ended 31 st March, 2012 Rupees
Stamp duty on share issued	51,82,704	93,17,435
Total	51,82,704	93,17,435



Notes forming part of the Financial Statements

Note 14 Additional Information to the Financial Statements

14.1 Contingent liabilities and commitments (to the extent not provided for)			
Particulars		As on 31st March, 2013	As on 31st March, 2012
		Rs. in Lakhs	Rs. in Lakhs
(i)	Contingent liabilities * Includes Liability towards development of Green Belt and CST Reimbursement	611	611
(ii)	Capital Commitments Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	85,626	1,49,397
(iii)	In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs.1,03,800 lakhs for Visakhapatnam project, as against the estimated cost of Rs.67,183 Lakhs (at September 2005 prices). The revision in the cost is on account of cost escalation, exchange rate variations, enhancement in capacity, additions/deletions made to take care of site conditions and technological improvements, increase in statutory levies, owners cost etc. but it excludes costs for security arrangements at Vishakhapatnam site.		
14.2 Expenditure in Foreign Currency (Equivalent INR)			
Particulars		For the year ended	For the year ended
		31st March, 2013	As at 31st March, 2012
		Rs. in Lakhs	Rs. in Lakhs
	Other matters (Foreign Travelling)	3.60	11.04
	Other Matter (Payment released in USD and Euro to contractor at Mangalore & Ph-II)	350.05	NIL



14.3 Earnings in foreign exchange

Particulars	For the year ended	For the year ended
	As on 31 st March, 2013	As on 31 st March, 2012
	Rs.in Lakhs	Rs.in Lakhs
Earnings	NIL	NIL

14.4 Estimated cost of construction

- (i) The estimated cost of construction as determined are based on contract signed for underground civil works, above ground process facilities, pipeline works etc. expected to be incurred over the period of time, on the project, till the final completion and includes cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31st March 2013, the construction activities for Phase I were in progress at Visakhapatnam, Mangalore and Padur projects. Direct Costs and allocable costs incurred upto balance sheet date is shown under Construction Work In Progress. Expenses incurred during the year 2012-13, which are not attributable to the projects, have been charged to the Profit & Loss account.
- (iii) As on the date of Balance Sheet i.e. 31st March 2013, preparation of Detailed Feasibility Report for Phase II projects for 12.5 MMT capacity at 4 places at Rajkot (2.5 MMT), Padur (5 MMT), Chandikhol (2.5 MMT) and Bikaner (2.5 MMT) was completed

- 14.5** (i) Department of Mines & Geology of Government of Karnataka had permitted the Company to dispose off the excavated material to the suitable buyers after the payment of Seigniorage fee/ Royalty to the department as per the rules for Padur & Mangalore Projects.
- (ii) During the year, company was informed that quarrying license from Department of Mines & Geology is required for removal of rock debris. Accordingly, company has obtained the quarrying license from Department of Mines & Geology, Government of Karnataka. Based on awarded job, disposal of rocks from the 2 sites of Padur has commenced during the year.
 - (iii) At Mangalore, an interim stay had been granted by the Hon'ble Karnataka High Court on writ petition filed by one of the bidder contending that it has been permitted by Mangalore Special Economic Zone to dispose off the rock from the Company's Mangalore site. Company had filed an appeal in Hon'ble Karnataka High Court against the Order, which was pending. In the meantime, Company has reached an agreement with MSEZ regarding sharing of the rock debris equally. Consequently, Company has withdrawn the appeal filed in the Hon'ble Karnataka High Court on 30th August, 2012.



- 14.6** The targeted date for completion of Visakhapatnam project has been extended to October 2013. There was a rock slide incidence at Visakhapatnam cavern A1 on 7th April, 2011, additional amounts of Rs. 1036 Lakhs has been already spent towards repair / restoration and strengthening activities at the site. Insurance Claim has been lodged for the estimated amount of Rs. 1277 Lakhs and an adhoc amount of Rs. 450 Lakhs has been received from the insurance companies against the claim. Receipts from insurance company would be recognised in the accounts in the year of such receipt. The amount spent during the year for the repair and restoration work has been included in the CWIP and the work is in progress. Suspended works recommenced during the period.
- 14.7** (i) At Visakhapatnam, out of the committed 38 acres of land, the Company vide letter dated 23.05.2011 has surrendered 1 Acre of unusable leasehold land taken from Vishakhapatnam Port Trust (VPT). The VPT has accepted the land returned by the company. Company has accounted receivable of Rs. 70.79 lakhs towards proportionate lease premium for the 1 acre land taken over by VPT.
- (ii) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Till 31.3.2013, entire cost of land including amount for diversion of road Rs. 350 Lakhs had been paid to MSEZL and capitalised, amortised for the balance period of lease.
- (iii) The Company had deposited Rs. 3,252.11 Lakhs with Karnataka Industrial Areas Development Board (KIADB) for acquisition of acres of land for Padur project, which was accounted as advance in the previous year. KIADB has already handed over possession of 138.57 acres of land, which has been capitalized at a cost of Rs. 2909 Lakhs at the rate of Rs.21 Lakhs per acre indicated by KIADB including the Relief & Rehabilitation assistance paid to the project displaced families. Balance available of Rs. 342 Lakhs including stamp duty of Rs. 34 Lakhs continues to be treated as advance against remaining land still to be acquired through KIADB, which is considered to be sufficient for the purpose.
- 14.8** Based on the management decision to pay stamp duty on share certificates, stamp duty totaling to Rs.239 lakhs have been paid during 2011-12 on the entire authorised share capital. Rs. 43 lakhs, being stamp duty on shares pending to be issued/allotted, is accordingly shown as stamp duty paid in advance.
- 14.9** The share capital as on 31.3.2012 includes Rs. 17801 lakhs allotted in May 2010 and Rs. 47930 lakhs allotted in May 2011. The Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. Since the decision to pay stamp duty was taken by the board after 31st March, 2011. Pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment has been filed with Company Law Board in April 2012, which is still pending.



- 14.10** The Company shall provide Warehousing services for Crude Oil in facilities being developed at different locations in India. The Company registered with Service Tax Authorities in January 2011 and is therefore eligible for CENVAT credit. Based on the opinion of a leading consultant during the year the Company had credited CENVAT credit amounting to Rs. 4,694 lakhs (including Rs. 2499 Lakhs upto 31st March, 2010). During the year, Company has recalculated and accounted eligible CENVAT credit amounting to Rs. 3807 Lakhs as on 31.3.2012 and has reversed CENVAT Credit amounting to Rs. 839 Lakhs. Service Tax Returns are yet to be revised to match with the Books of Accounts. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit for the construction activities for setting up of the projects from April 2011.
- 14.11** Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. All approvals have been received for Mangalore. At Padur, application for becoming FTWZ has been accepted “in-principle” by Board of Approvals, Ministry of Commerce.
- 14.12** Retention money of Rs. 4,662 lakhs specified in Note No. 5 Withholding from contractors is towards 5% of the value of work done for variable items, payment of which would be released after successful completion of the contracts. The retention money has been provided for as payable in the accounts.
- 14.13** As on 31st March, 2013, the Company’s day to day work was handled by 12 personnel taken on deputation HPCL (8), ONGC (2), IOCL (1) & GAIL (1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
- 14.14** 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).
- 14.15(i)** The Company has earned Rs. 56.78 lakhs interest from the balances available in “Sweep-in Sweep-Out” account during 2012-13 as against Rs. 65.42 lakhs during the year 2011-12.
- (ii) Depreciation amounting to Rs. 450.33 Lakhs (which includes amortization on leased land for all three projects) has also been charged to Profit & Loss account during 2012-13 as against Rs. 336.95 Lakhs during the year 2011-12.
- (ii) After registration of lease deed amortisation during the year has been recomputing for all three projects for the actual period of lease accordingly, Rs. 386.63 lakhs additional amortisation upto 31.03.2012 has been charged to Statement of Profit and Loss account during 2012-13.



14.16 Deferred Tax

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

14.17 Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. The Company had written to such enterprises/suppliers and has so far not received any confirmation from its suppliers of being a Micro or a Small or Medium Enterprise. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.

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

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

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

14.20 Balances of the Contractors are subject to confirmation.

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



Notes forming part of the Financial Statements

Note 15 Disclosures under Accounting Standards

Note	Particulars		
15.1	Related party transactions		
15.1a	Details of related parties :		
	Description of relationship	Name of related parties	
	Holding Organisation	Oil Industry Development Board (OIDB) 100% equity in the Company	
	Key Management Personnel (KMP)	<p>Shri Rajan K Pillai, CEO. CEO is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRL. He is on deputation from Hindustan Petroleum Corporation Ltd. CEO is not a Board Member.</p> <p>Board of Directors (Ex-Officio) Shri G.C. Chaturvedi Chairman (Till 31.01.2013) Shri Vivek Rae, Chairmen (w.e.f. 08.02.2013) Shri Sudhir Bhargava, Director Dr. S.C. Khuntia, Director (w.e.f. 8.9.2012) Shri. L.N. Gupta, Director-in-Charge Shri Arun Kumar, Director-in-Charge (till 28/02/2013)</p>	
15.1.b	Details of related party transactions during the year ended 31 March 2013 and balances outstanding as at 31 March 2013		
	Particulars	Holding Organisation (OIDB)	KMP (CEO)
		Rs.	Rs.
	Finance (including loans and equity contributions in cash or in kind)	3,74,39,04,367 -81,30,08,737	3,74,39,04,367 -81,30,08,737
	Management contracts including for deputation of employees		32,37,609 -35,59,252
	Note : Figures In bracket relates to the previous year		



15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Govt. of India. Remuneration to Board of Directors is NIL (Previous Year-NIL)			
15.1.d	Balances outstanding/transactions with related parties :			
	Particulars	Oil Industry Development Board		Hindustan Petroleum Corporation Limited*
		Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2013
		Rs.	Rs.	Rs.
	(i) Transaction during the year Expenses incurred on behalf of the company	18,04,367	18,04,367	1,55,95,808
	(ii) Balances at the year end	3,74,21,00,000	81,12,04,370	33,17,092
	Total	3,74,39,04,367	81,30,08,737	1,89,12,900
	*To be reimbursed to HPCL for salaries of KMP(CEO) & others on deputation from HPCL.			

Note	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
		Rs.	Rs.
15.2	Earnings per Share		
15.2.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(8,84,99,899)	(2,47,24,220)
	Number of equity shares Outstanding	1,96,92,68,020	1,45,09,97,583
	Per value per share	10	10
	Loss per share from continuing operations-Basic	(0.04)	(0.02)
15.2.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(8,84,99,899)	(2,47,24,220)
	Number of equity shares Outstanding- For Diluted	2,34,34,78,020	1,53,21,18,020
	Per value per share	10	10
	Loss per share from continuing operations-Diluted	(0.04)	(0.02)



Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from operating activities				
(Loss) before extraordinary items and tax	(88,499,899)		(24,724,220)	
Adjustment for :				
Depreciation and amortisation	81,665,629		33,609,809	
Fixed Assets W/o during the year	3,605,668		7,291,380	
Increase in current Liabilities	(18,426,080)		992,421,285	
Operating (Loss) before working capital changes		(21,654,682)		1,008,598,254
Net cash (used in) operation activities (A)		(21,654,682)		1,008,598,254
B. Cash flow from investing activities				
Increase in fixed assets	(1,490,110)		(61,787,449)	
Increase in Capital Work in Progress	(8,032,306,068)		(58,393,738,70)	
Advances/Loans made to third parties	(54,489,120)		(17,406,659,5)	
Net Cash (used in) investing activities (B)		(8,088,285,297)		(6,631,318,913)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	8,113,600,000	8,113,600,000	5,701,204,367	5,701,204,367
Net Cash Flow from financing activities (C)		8,113,600,000		5,701,204,367
Net Increase in Cash and cash equivalents (A+B+C)		3,660,021		78,483,708
Cash and cash equivalents at the beginning of the year		85,953,418		7,469,710
Cash and cash equivalents at the end of the year		89,613,439		85,953,418

In terms of our report attached.

For JDA & Co.
Chartered Accountants
FRN. 015377N

Sd/-
(Nitin Agarwal)
Partner
M.No.506909

Place : New Delhi
Date : 18.09.2013

For and on behalf of the Board of Directors

Sd/-
(R.K.Singh)
Director

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

Place : New Delhi
Date : 18.09.2013

Sd/-
(Dr. S.C. Khuntia)
Director

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



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED FOR THE YEAR ENDED 31ST MARCH 2013.

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31st March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the standards on auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18th September, 2013.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3)(b) of the Companies Act, 1956 of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31.03.2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to the inquiries of the statutory auditor and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under section 619 (4) of the Companies Act, 1956.

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

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

**Place : New Delhi
Date : 13-11-2013**

CHAPTER - VIII

APPENDICES

ANNUAL REPORT 2012-2013



Appendix - I

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

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

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

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



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

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

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

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

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

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



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



Appendix-II

Finance, Accounts and Audit

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

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

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

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

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

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

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



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

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

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

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

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

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

(2) The Fund shall be applied-

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