



वार्षिक रिपोर्ट ANNUAL REPORT 2015-16



इंडियन स्ट्रेटेजिक पेट्रोलियम रिजर्व्स लिमिटेड

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

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

(A wholly owned subsidiary of OIDB)

Ministry of Petroleum & Natural Gas, Govt. of India

Board of Directors

Shri Saurabh Chandra	Chairman	(till 30-04-2015)
Shri K.D. Tripathi	Chairman	(w.e.f.17-07-2015)
Dr. S.C. Khuntia	Director	(till 15-06-2015)
Shri Anant Kumar Singh	Director	(w.e.f. 08-10-2015)
Shri A.P. Sawhney	Director	(w.e.f. 28-03-2015)
Shri U.P. Singh	Director	(till 07-03-2016)
Shri L.N. Gupta	Director	(till 05-06-2015)
Shri Sanjiv Mittal	Director	(w.e.f. 29.03.2016)
Shri Sandeep Poundrik	Director	(w.e.f.12-01-2015)
Shri Rajan K. Pillai	Chief Executive Officer & Managing Director	(w.e.f. 25-02-2014)
Smt. Sangita Gairola	Independent Director	(w.e.f. 28-03-2015)
Shri S.B. Agnihotri	Independent Director	(w.e.f. 28-03-2015)

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Shri Rajan K. Pillai

COMPANY SECRETARY

Shri Arun Talwar

STATUTORY AUDITORS

M/s Purushothaman Bhutani & Co.
Chartered Accountants

BANKERS

Corporation Bank

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

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

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office

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

Mangalore Project Office

Strategic Storage of Crude Oil Project
Chandrabhas Nagar, Kalavar Post.,
Bajpe via, Mangaluru-574142,
Phone : 0824-6066100

Padur Project Office

PO : Padur, Via Kaup, Distt. Udupi - 574 106
Karnataka
Phone : 820-6560003

DIRECTORS' REPORT

To,

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

The Board of Directors of your Company is pleased to present the 12th Annual Report on the working of the Company for the Financial Year ended 31st March, 2016 together with the Audited Statement of Accounts and Auditor's Report thereon.

FINANCIAL RESULTS

The Highlights of the Financial Results of your Company for the Financial Year ended 31st March, 2016 are as under:

S.No.	Particulars	Figures in Lakhs		Reference to Balance Sheet
(A)	Opening Balance of Work in Progress as on 1 st April, 2015		322,626.54	Note 9B – Closing balance as of 31.03.2015
(B)	Pre-Operative Expenses during the year (Vizag Project capitalized during the F.Y. 2015-16)		(80,257.12)	Note 9B – Difference between Closing balance as of 31.03.2016 and Closing balance as of 31.03.2015
(C)	Increase in Fixed Assets		84,633.46	Note 9A - Net Additions during the year
(D)	Net Non-current Assets {(i)- (ii)}		1231.19	
	(i) Non-Current assets (Long term Loans & Advances)	2285.98		Note 10
	(ii) Non-Current Liabilities	1054.79		Note 5
(E)	Net Current Assets {(i)- (ii)}		(298.58)	
	(i) Current Assets	8141.97		Balance sheet - Current Assets
	(ii) Current Liabilities	8440.55		Balance sheet - Current Liabilities
(F)	Accumulated Loss		(6066.01)	Note 4 - Reserves & Surplus
Total (A+B+C+D+E+F)			3,21,869.48	

PERFORMANCE OVERVIEW

Your Company has been mandated to establish crude oil storages of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are, Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The capital cost for constructing the strategic storage facilities was originally estimated to be Rs. 2,397 Crore at September 2005 prices. The approval for the Revised Cost Estimate (RCE) of Visakhapatnam was obtained in June, 2011 and thereafter again in February 2015. The RCEs for Mangalore and Padur were approved in November, 2013. The RCE for the three locations are as follows: Visakhapatnam – Rs. 1,178.35 Crore; Mangalore – Rs. 1,227 Crore and Padur – Rs. 1,693

Crore. Thus the total revised cost of the projects stands at Rs 4098.35 crore. As per the decision taken by the Government of India, the capital cost would be met from the existing funds available with OIDB, except for the 0.3 MMT compartment at Visakhapatnam, which would be met by Hindustan Petroleum Corporation Limited on proportionate cost sharing basis. It was also decided that the operation and maintenance cost of the strategic storages shall be met by the Government of India. Government of India, has allocated Rs.4,948 Crore towards crude filling cost in the 12th Five Year Plan 2012-17.

Your company has taken various initiatives in furtherance of its objectives. Engineers India Limited is the PMC for all the projects. The status of the projects is as under:

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

Board is pleased to inform the members that Visakhapatnam Cavern has been commissioned. The Underground civil works were executed by HCC and the process facilities by IOTIESL. The facility has two compartments Cavern A (1.03 MMT) and Cavern B (0.3 MMT). Cavern A is for Strategic crude oil and is filled by funds made available by the Government of India. HPCL has been regularly using the Cavern B for its refinery operations at Visakhapatnam.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity: 1.5 MMT)

The Mangalore Cavern facility falls in the Mangalore SEZ area. For the project 104.73 acres of land was obtained from MSEZL. The Underground civil works were executed by a Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV) and the process facilities by M/s Punj Lloyd. The underground civil works have been completed and the process facilities has also been completed. The facility has two compartments of 0.75 MMT each. Cavern Acceptance Test

(CAT) has been completed. Pursuant to the same EIL has advised drilling of additional boreholes to improve the containment in the cavern compartments. The same has been completed. Inertization of the cavern in progress and pre commissioning checks have been undertaken. The overall physical progress is 99.72%. The progress does not include the progress of the pipeline. The final commissioning of the Project is dependent on the laying of the 48" pipeline from Land Fall Point near the Mangalore Port to the Mangalore cavern through an Intermediate Valve Station and the completion of the additional boreholes. Out of 12.725 km of the pipeline, 12.69 km has been completed and balance is scheduled to be completed by April 2016. The commissioning of the project is expected thereafter.



View of the aboveground facilities at Mangalore

3. Padur (Storage Capacity: 2.5 MMT)

For the Padur project 179.21 acres of land was acquired through Karnataka Industrial Area Development Board (KIADB) in Padur/Heruru villages of Udupi District. This is the largest project executed by ISPRL. The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC and Part B were awarded to M/s SKEC-KCT JV. The underground works were completed in 2014 and cavern acceptance tests have also been completed. The facility has four compartments of 0.625 MMT each. Inertization of caverns has been completed. The final completion of the Project is dependent on laying of a 10 km long 110KVA overhead electrical transmission line as well as the laying of a 42" diameter 36 kilometer pipeline from Intermediate Valve station to Padur. Out of 35.8 Kms, 8.49 Kms has been lowered. The laying of the electrical transmission line and the pipeline has been affected due to ROU issues. Out of the 56 towers to be erected for the 110 KV HT Line, 25 have been erected and foundations for 54 towers have been completed. Balance foundation are held up because of RoU issues filed in the high Court of

Karnataka. The commissioning of the project is dependent on completion of the power line and the pipeline. The commissioning of the project shall be done once the 110 KV HT line and the 42" diameter crude oil pipeline is completed. The overall progress of the project including the pipeline progress is 98.12%.



View of the aboveground facilities at Padur

4. Phase II of Strategic Storage Program

The Integrated Energy Policy (IEP), approved by Cabinet in December 2008, recommends that a reserve equivalent to 90 days of oil imports should be maintained for strategic cum buffer stock purposes. An Approach paper prepared by MoP&NG in December 2009, indicated the requirement of a total storage of 44.14 Million Metric Tons of crude and petroleum products by the year 2019-20.

Based on direction from MoP&NG, ISPRL was entrusted the responsibility of preparation of Detailed Feasibility Reports (DFRs) for 12.5 MMT of Strategic Storage of Crude oil in Phase-II in four States. The locations chosen are Bikaner in Rajasthan, Chandikhol in Odisha, Rajkot in Gujarat and Padur in Karnataka. Engineers' India Limited (EIL) was awarded the job of preparing the DFRs. The DFR's have been prepared by EIL in which the revised capacities are as follows:-

- i. Padur 2.5 MMT,
- ii. Chandikhol 3.75 MMT,
- iii. Rajkot 2.5 MMT and
- iv. Bikaner 3.75 MMT.

Subsequently MOP&NG advised ISPRL to engage SBI caps interalia to recommend the manner of implementation of phase II programme. Investor meet was held on 8-9th June 2015 wherein various oil and infrastructure companies participated. Recommendations of SBI caps were received and comments of ISPRL were conveyed to MoP&NG.

DIVIDEND

Your Board of Directors do not recommended any Dividend for the Financial Year ended 31st March 2016.

PUBLIC DEPOSITS

Your Company has not invited, accepted or renewed any fixed deposit from the public as at 31st March 2016 and accordingly there is no principal or interest outstanding in respect thereof.

AUDIT COMMITTEE

The Board has constituted the Audit Committee as per Section 177 of the companies Act, 2013. The Audit Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (i) | Shri A.P. Sawhney, Additional Secretary,
MoP&NG / Director, ISPRL | : | Chairman |
| (ii) | Smt. Sangita Gairola, Independent Director | : | Member |
| (iii) | Shri S.B. Agnihotri, Independent Director | : | Member |

NOMINATION AND REMUNERATION COMMITTEE

As per Section 178 of the Companies Act, 2013, the Board of Directors have constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (i) | Shri Sandeep Poundrik, Joint Secretary (R),
MoP&NG | : | Chairman |
| (ii) | Smt. Sangita Gairola, Independent Director | : | Member |
| (iii) | Shri S.B. Agnihotri, Independent Director | : | Member |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprised of the following Directors as on 31st March 2016:

- | | | | |
|-------|--|---|----------|
| (I) | Shri A.P. Sawhney, Additional Secretary,
MOP&NG / Director, ISPRL | : | Chairman |
| (ii) | Shri Sandeep Poundrik, Joint Secretary (R),
MOP&NG | : | Member |
| (iii) | Smt. Sangita Gairola, Independent Director | : | Member |

The Company has not spent any money on CSR activities as the Company has not made any profit during the preceding three financial years.

EXTRACT OF ANNUAL RETURN

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

MEETING OF THE BOARD

The Board of Directors of the Company met 4 (four) times in the financial year 2015-16 as per the following details :

- (i) 23rd July 2015
- (ii) 24th September 2015
- (iii) 14th December 2015
- (iv) 28th March 2016

CHANGE IN THE NATURE OF BUSINESS

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

TRANSFER TO RESERVES

There has been no transfer of amounts to the reserves of the Company.

PARTICULARS OF EMPLOYEES

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

DECLARATION BY THE INDEPENDENT DIRECTORS

All the Independent Directors have given declarations that they meet all the requirements specified under sub section 6 of Section 149 of Companies Act, 2013.

PERFORMANCE EVALUATION OF THE BOARD

The Chairman and majority of the directors of ISPRL are already evaluated by the Government under All India Services Act. ISPRL is also subject to Comptroller and Audit General (C&AG) audit, like any other Government Company. ISPRL has requested to Ministry of Corporate Affairs to exempt performance appraisal of directors of ISPRL as in the case of Government Companies.

RISK MANAGEMENT

During the year 2015-16, the Mangalore and Padur projects implemented by ISPRL were in the construction phase. The projects were being executed through contractors on turn key basis. As per contract, the contractors are expected to cover risks of their equipments and manpower etc. including third party risk on account of their activities. In addition, for erection related work, ISPRL has taken insurance cover from National Insurance Company.

For Visakhapatnam facilities, the risks are covered under Mega Risk Policy of HPCL. Sovereign crude oil stored in covered under Standard Fire and all peril policy with National Insurance Company.

KEY MANAGERIAL PERSONNEL

The following were designated as Whole-time Key Managerial Personnel by the Board of Directors during the year under review:

- a) CEO & Managing Director – Shri Rajan K. Pillai
- b) Chief Financial Officer – Shri S.R. Hasyagar
- c) Company Secretary – Shri Arun Talwar

REMUNERATION OF DIRECTORS

All Directors on the Board of ISPRL are ex-officio directors nominated by Ministry of Petroleum and Natural Gas except CEO & MD and independent directors. Other officers of the Company including KMP are on deputation from oil sector PSUs. On the recommendations of the Nomination and Remuneration Committee, Board has approved the remuneration and other terms of appointment of CEO & MD. The Remuneration given to CEO & MD, ISPRL and independent directors are given in the Annexure-I attached to the report.

MATERIAL CHANGES AND COMMITMENTS

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

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

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

SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

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

AUDITORS**STATUTORY AUDIT:**

The Comptroller & Auditor General of India (C&AG) has appointed M/s Purushothaman Bhutani & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company, who have submitted their report on the accounts of the Company for the Financial Year ended 31st March, 2016 (**Annexure B**). The Auditors Report to the Shareholders does not contain any qualification.

Supplementary audit conducted by Comptroller and Auditor General of India (C&AG) under Section 143 (6) of the Companies Act, 2013 of the Financial Statements of the Company for the Financial Year ended 31st March 2016. There is no significant observations of C&AG on the Financial Statements.

SECRETARIAL AUDIT :

During the year, the Board of the Company had appointed M/s PG & Associates, Company Secretaries in Whole-time Practice (C.P.No. 6065), as Secretarial Auditors of the Company to carry out Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 and the Rules

framed thereunder, for the financial year 2015-16. The Report given by Secretarial Auditors is annexed to this report as **Annexure C**. The Auditors Report to the Shareholders does not contain any qualification.

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

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

The Company does not have any foreign exchange earnings during the year. However it has utilized foreign exchange for its business activities aggregating to Rs. 5.85 Lakh during the period under review.

INTERNAL CONTROLS

The Company has Internal Audit system which is responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as regulatory and legal requirements.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a policy on Prohibition and Prevention of Sexual Harassment of Women at workplace and matters connected therewith or incidental covering thereto all the aspects as contained in "The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year, the Company did not receive any complaint under the said Act.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013 during the year.

RELATED PARTY TRANSACTIONS

All related party transactions were limited to Equity capital participation & temporary advance by OADB and payment of managerial remuneration to CEO & MD, ISPRL.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. That Directors have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2016 and of the Profit and Loss of the Company for that year;

3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2016 on a 'going concern' basis.
5. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS

Your Board of Directors presently comprises of 7 part-time Non-Executive Directors (ex-officio) and one full-time CEO & MD, details are given below :

- (i) Shri K.D. Tripathi, Secretary, Ministry of Petroleum and Natural Gas (MoP&NG) – Chairman (DIN 07239755)
- (ii) Shri Anant Kumar Singh, Additional Secretary & Financial Advisor, MoP&NG – Additional Director (DIN 07302904)
- (iii) Shri A.P. Sawhney, Additional Secretary, MoP&NG - Director (DIN 03359323)
- (iv) Shri Sanjiv Mittal, Secretary, OI DB – Director (DIN 07479317)
- (v) Shri Sandeep Poundrik, Joint Secretary (R), MoP&NG – Director (DIN 01865958)
- (vi) Shri Rajan K. Pillai, Chief Executive Officer & Managing Director (DIN 06799503)
- (vii) Smt. Sangita Gairola, Independent Director (DIN 07172316)
- (viii) Shri S.B. Agnihotri, Independent Director (DIN 03390553)

The following changes took place in the Board of Directors since 1st April, 2015:

- (i) Shri Saurabh Chandra, Chairman (ceased w.e.f. 30.04.2015)
- (ii) Shri L.N. Gupta, Director (ceased w.e.f. 05.06.2015)
- (iii) Dr. S.C. Khuntia, Director (ceased w.e.f. 15.06.2015)
- (iv) Shri U.P. Singh, Director (ceased w.e.f. 07.03.2016)
- (v) Shri K.D. Tripathi (appointed w.e.f. 17.07.2015)
- (vi) Shri Anant Kumar Singh (appointed w.e.f. 08.10.2015)
- (vii) Shri Sanjiv Mittal, Director (appointed w.e.f. 29.03.2016)

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-
(Sandeep Poundrik)
Director
(DIN 01865958)

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

Date: 26th September 2016

Place: New Delhi

Annexure – A
FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Construction, Operation and Maintenance of Crude oil caverns facilities	43900 52109	
2.	--	--	--
3.	--	--	--

III. PARTICULARS OF HOLDING COMPANY

Sl.No.	Name and Address of the Company	PAN No.	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	Oil Industry Development Board	AAAJOO032A	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
k) Banks/FI									
l) Any Other..									
Sub-total (A) (1):-	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total share holding of Promoter (A) = (A)(1)+(A)(2)	NIL	312.73	312.73	100	NIL	341.88	341.88	100	9.32
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									

Category of Share Holders	No. of Shares held at the beginning of the year (Number in Crore)				No. of Shares held at the end of the year (Number in Crore)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FII's h) Foreign Venture Capital Funds i) Others (specify) Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	312.73	312.73	100%	NIL	341.88	341.88	100%	9.32



ISPRL

INDIAN STRATEGIC PATROLEUM RESERVES LIMITED

ANNUAL REPORT - 2015-16

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/en cumbered to total shares	No. of Shares (In crore)	% of Total Shares of the company	% of Shares Pledged/en cumbered to total shares	
1	Oil Industry Development Board *							
	Total	312.73	100	NIL	341.88	100	NIL	9.32

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

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

(iii) Change in Promoter's Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares (Number in Crore)	% of total shares of the company	No. of shares (Number in Crore)	% of total shares of the company
	At the beginning of the year	312.73	100	341.88	100
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	<u>Allotment of Shares</u> i) 22.05.2015 7.60 Cr. Shares ii) 23.07.2015 7.25 Cr. Share iii) 14.12.2015 2.10 Cr. Shares iv) 28.03.2015 12.20 Cr. Shares			
	At the end of the year	312.73	100	341.88	100

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

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

(v) Shareholding of Directors and Key Managerial Personnel :

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

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

Sl No.	Particulars of Remuneration	Name of MD/WTM/ Manager	Total Amount
		Shri Rajan K. Pillai, CEO & Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.15,71,904/-	Rs.15,71,904/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.10,77,450/-	Rs.10,92,300/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify...		
5.	Others, please specify		
	Total (A)	Rs.26,49,354/-	
	Ceiling as per the Act	Rs.91,68,800/-	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration of other directors:

Sl No.	Particulars of Remuneration	Name of Directors		Total Amount
	3. Independent Directors	Smt. Sangita Gairola	Shri S.B. Agnihotri	
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	Total (1)	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	4. Other Non-Executive Directors			
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B) = (1 + 2)	Rs.1,60,000/-	Rs.1,20,000/-	Rs.2,80,000/-
	Total Managerial Remuneration	Rs.29,29,354/-		
	Overall Ceiling as per the Act	Rs.91,68,800/-		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

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

*CFO & Company Secretary are not employees of ISPRL and are on deputation to ISPRL from other oil PSUs.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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

This revised Independent Auditor's Report is being issued in supersession of our earlier Independent Auditor's Report dated August 09, 2016 & September 14, 2016. Revised report is being issued in view of the certain deficiency as pointed out by C & AG of India in our earlier report. Further, we confirm that there is no change in the opinion as expressed earlier and also none of the figures have undergone any change in the standalone financial statements of the Company as at 31 March, 2016.

Report on the Financial Statements

We have audited the accompanying financial statements of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its Loss and its Cash Flows for the year ended on that date.

Emphasis of Matter

According to the information and explanation given to us the main objects of the Company are to own and control its crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of its Crude Oil stock as per the specific instruction of the Government. In this regard, approval of the members to suitably amend the memorandum of association is pending. During the year the company has received critical sovereign crude oil in Vishakhapatnam, therefore accounting of crude oil's strategic reserve stored in caverns is not accounted for in books of accounts, the same has been disclosed in the financial statements – Refer Note No.- 14.4 (iv) . Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
 - (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14.1 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- C) As required by sub directions under section 143(5) of Companies Act 2013, refer to our separate report in “**Annexure C**”

For PURUSHOTHAMAN BHUTANI & CO.

Chartered Accountants

Firm Registration No: 005484N

Sd/-

CA BINAY KUMAR JHA

Partner

M.No.509220

Place : New Delhi

Date : 20th September, 2016

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 5A of the Auditors' Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the financial statements for the year ended 31st March, 2016, we report that:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of its fixed assets.
(b) All fixed assets have been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. In respect of Mangalore the lease agreement is in process.
- II. As per the information furnished, the crude oil inventories being critical sovereign reserves of government of India have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.
- III. (a) As per the information furnished, the Company has not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under sec 189 of the Companies Act. Thus, paragraph 3(III) of the order is not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations given to us, the company has, in respect of investments, guarantees, and security provisions, complied with section 185 and 186 of the Companies Act, 2013.
- V. The Company has not accepted any deposits from the public and hence the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act & Companies (Acceptance of Deposits) Rule, 2015 with regard to the deposits accepted from the public are not applicable. Thus, paragraph 3(V) of the order is not applicable to the Company and hence not commented upon.
- VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company. Thus, paragraph 3(VI) of the order is not applicable to the Company and hence not commented upon.

- VII. (a) According to the information and explanations given to us and on the basis of our examination of books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Value Added Tax, Work Contract Tax, Service Tax, Cess and any other Statutory dues with the appropriate authorities
- (b) According to the information and explanations given to us and as certified by the management, the following dues of income-tax, sales-tax and royalties have not been deposited by the Company on account of dispute.

Name of the statute	Nature of dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	27	2012-13	CIT (A), Delhi
Income Tax Act, 1961	Income Tax	255	2013-14	CIT (A), Delhi
Sales Tax	Entry Tax	38	2010-11	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	121	2011-12	Sales Tax Appellate Tribunal, Bangalore
Sales Tax	Entry Tax	55	2012-13	Dy Comm. Department of Commercial taxes, Bangalore
Sales Tax	Entry Tax	67	2013-14	Dy Comm. Department of Commercial taxes, Bangalore
Andhra Pradesh Minor Mineral Concession Rules 1996	Royalty	10493	2013-14	Directorate of Mines and Geology, Andhra Pradesh

- VIII. According to the information and explanations given to us, the Company has not taken any loans either from the financial institutions, banks or from the government and has not issued any debentures. Thus, paragraph 3(VIII) of the Order is not applicable to the Company and has not commented upon.
- IX. The Company did not raise any money by way of initial public offer or further public offer including debt instruments and term loans during the year. Thus, paragraph 3(IX) of the Order is not applicable to the Company and has not commented upon.
- X. Based upon the audit procedures performed and according to the information and

explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

- XI. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Companies Act.
- XII. The company is not a NIDHI Company. Accordingly, paragraph 3(XII) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year. Accordingly, paragraph 3(XIV) is not applicable to the Company and hence not commented upon.
- XV. According to the information and explanations given to us and as certified by the management the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(XV) is not applicable to the Company and hence not commented upon.
- XVI. In our opinion the company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph (XVI) is not applicable to the Company and hence not commented upon.

For PURUSHOTHAMAN BHUTANI & CO

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

ANNEXURE - B TO THE AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 “the Act”****TO THE MEMBERS OF****INDIAN STRATEGIC PETROLEUM RESERVES LIMITED (ISPRL)**

We have audited the internal financial controls over financial reporting of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** “the Company” as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting the “Guidance Note” and the standards on auditing as specified under Section 143 (10) of the companies act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and

evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in

the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PURUSHOTHAMAN BHUTANI & CO

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

ANNEXURE - C TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 5C of the Auditors' Report of even date to the members of **INDIAN STRATEGIC PETROLEUM RESERVES LIMITED** on the financial statements for the year ended 31st March, 2016, we report that:

1. According to the information and explanation given to us the main objects of the Company are to own and control its crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of its Crude Oil stock as per the specific instruction of the Government. During the year the company has received critical sovereign crude oil in Vishakhapatnam, therefore accounting of crude oil's strategic reserve stored in caverns is not accounted for in books of accounts, the same has been disclosed in the financial statements – Refer Note No - 14.4 (iv).
2. Verification of information furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the actuary regarding discount rate, future cost increase etc for arriving at the provisions for retirement benefits are not applicable as all the employees are on deputation & the same has been disclosed in the notes to the financial statements – Refer note 2.9 to the financial statements.
3. According to the information and explanation given to us the Company has facility at three locations Vizag, Mangalore & Padur. Possession of the land at all three locations has been handed over to the company for undertaking construction activities. In Vizag & Padur location, lease deeds have already been registered. In respect of Mangalore the lease agreement is in process.
4. As per information and explanation given to us reporting on waiver/ write off of debts/loans/interest etc, matter is not relevant to the company.
5. As per information and explanation given to us there is no inventory lying with third party and no assets have been received as gift/grants from government and other authorities, matter is not relevant to the company.

For PURUSHOTHAMAN BHUTANI & CO

Chartered Accountants

Firm Registration No: 005484N

BINAY KUMAR JHA

Partner

Membership No 509220

Place: New Delhi

Date: 20th September 2016.

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.3.2016

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indian Strategic Petroleum Reserves Limited ("the Company") for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; N.A
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; N.A
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ; N.A
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ; N.A

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

The Environmental Laws :

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

Misc Acts :

- i) Income tax Act 1961, Service tax Act.
- ii) Sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act 2013

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

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

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

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

FOR PG & ASSOCIATES

Sd/-
(PREET GROVER)
Company Secretary
FCS No.5862
C.P. No.:6065

Place : Noida

Date : 30.08.2016



COMPANY SECRETARIES

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

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

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

FOR PG & ASSOCIATES

Sd/-

(PREET GROVER)

Company Secretary

FCS No.5862

C.P. No.:6065

Place : Noida

Date : 30.08.2016

List of documents verified

1. Revised Memorandum and Articles of Association
2. Annual Report for the financial year ending on 31st March, 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee of the Board , Nomination and Remuneration Committee, CSR Committee along with their respective attendance registers, held during the financial year under audit.
4. Minutes of General Body Meeting held during the financial year under the audit.
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of transfers
 - Register of members
6. Agenda papers submitted to all the directors/members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. All e-forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under audit.
9. Half yearly Service tax returns filed for the year under Audit.
10. Renewal of licence to import and store petroleum Class A and Class B for facility at Padur.
11. Renewal of licence to store liquid nitrogen valid till 31.3.2018 for facility at Padur.
12. Licence to store compressed gas in pressure vessels valid upto 31.3.2016 for Padur location.
13. Licence to store petroleum class A and class B at Mangalore.
14. Licence to store compressed gas valid till 31.3.2018 for facility at Mangalore.
15. Licence to store petroleum valid till 31.12.2024 for the facility at Vishakhapatnam .
16. Approval for laying of pipeline to underground rock cavern at Vishakhapatnam by Petroleum and Explosives Safety Organisation, Nagpur
17. Renewal of licence to store liquid nitrogen valid till 31.3.2018 for the facility at Vishakhapatnam
18. Grant of factory Licence under Factories Act, 1948 for the Vishakhapatnam facility dated 25.8.2015 .

ANNUAL ACCOUNTS

2015-16

Indian Strategic Petroleum Reserves Limited

Balance Sheet as at 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	341,882.47	312,732.46
(b) Reserves and surplus	4	(6,066.01)	(3,144.38)
		335,816.46	309,588.08
Share application money pending allotment	3.3	2,500.00	7,600.00
Non-current liabilities			
a) Other long - term liabilities	5	1,054.79	17,945.50
Current liabilities			
(a) Trade Payables	6	5,371.99	2,724.83
(b) Other current liabilities	7	2,881.03	3,370.34
c) Short Term Loans	8	187.54	0.00
		8,440.55	6,095.17
TOTAL		347,811.81	341,228.75
ASSETS			
Non-Current assests			
a) Fixed assets			
(i) Tangible assets	9A	95,014.44	13,122.16
(ii) Capital work-in-progress	9B	242,369.42	322,626.54
b) Long-term loans and advances	10	2,285.98	2,248.56
		339,669.84	337,997.26
Current assets			
(a) Cash and cash equivalents	11	350.37	2,069.22
(b) Short-term loans and advances	12	7,791.60	1,162.27
		8,141.97	3,231.49
TOTAL		347,811.81	341,228.75
Additional information to the Financial Statements		1 to 15	

In terms of our report attached.

For Purushothaman Bhutani & Company
Chartered Accountants
FRN.005484N

(CA Binay Kumar Jha)
Partner
M.No.509220

Place : New Delhi
Date :

For and on behalf of the Board of Directors

Sd/-
(Sandeep Poundrik)
Director
(DIN.01865958)

Sd/-
(Arun Talwar)
Company Secretary

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

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

Indian Strategic Petroleum Reserves Limited
Statement of Profit and Loss for the year ended 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
Expenses			
(a) Depreciation and amortization expenses	9A	2,741.17	449.86
(b) Other expenses	13	147.23	36.83
(c) Stamp duty	13A	33.23	73.03
Total expenses		2,921.63	559.72
(Loss) before exceptional extraordinary items and tax		(2,921.63)	(559.72)
Exceptional items :			
Excess provision of stamp duty reversed		-	(0.01)
		(2,921.63)	(559.71)
Prior Period Expenses			
Amortization and Depreciation Expense		-	30.33
Tax expense :			
Current tax expense for current year		-	-
(Loss) from continuing operations		(2,921.63)	(590.03)
(Loss) for the year		(2,921.63)	(590.03)
(Loss) per share (of '10/- each)	15.2		
(a) Basic	15.2.a	(0.0900)	(0.0217)
(b) Diluted	15.2.b	(0.0893)	(0.0217)
Additional information to the Financial Statements		1 to 15	

In terms of our report attached.

For Purushothaman Bhutani & Company
Chartered Accountants
FRN.005484N

(CA Binay Kumar Jha)
Partner
M.No.509220

Place : New Delhi
Date :

For and on behalf of the Board of Directors

Sd/-
(Sandeep Poundrik)
Director
(DIN.01865958)

Sd/-
(Arun Talwar)
Company Secretary

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

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

Indian Strategic Petroleum Reserves Limited

Notes forming part of the Financial Statements

Note	Particulars
1	<p><u>Corporate Information</u></p> <p>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 OI DB and its nominees on 9th May 2006.</p> <p>The main objects of the Company are to own and control crude oil inventories and act as custodian of critical sovereign crude oil, and to coordinate the release and replacement of Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.</p>
2	<p><u>Significant Accounting Policies</u></p>
2.1	<p>Basic of Accounting</p> <p>The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 2013, 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 129 of the Companies Act 2013.</p>
2.2	<p>Use of Estimates</p> <p>The Financial Statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.</p>
2.3	<p>Fixed Assets / Intangible Assets</p> <p><u>Fixed Assets</u></p> <p>All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.</p> <p>Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land. Land acquired on lease for 99 years or less is treated as leasehold land.</p>

	<p><u>Intangible Assets</u></p> <p>Intangible assets are recognized if:</p> <ul style="list-style-type: none"> - 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	<p>Depreciation and Amortisation</p> <p>Depreciation is provided on Straight Line Method as per the useful life specified in Schedule II to the Companies Act, 2013 except for, underground cavern the useful life of which is considered as 60 years based on certification by Engineers India Limited.</p> <p>The Company has adopted Straight Line Method of depreciation.</p> <p>The land cost is amortized over the remaining period of lease in terms of number of years or part thereof.</p>
2.5	<p>Revenue Recognition; Construction Work in Progress & Allocation and Apportionment of expenses</p> <p>(i) The project for Strategic Oil Reserves is under implementation at Mangalore and Padur where the company has not started commercial operations. Visakhapatnam facility has been commissioned during the year. Operation & maintenance cost of visakhapatnam facility are payable by government of India. Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Statement of Profit & Loss account.</p> <p>(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".</p> <p>(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.</p> <p>(iv) Insurance Claims are accounted on settlement of the claim.</p>
2.6	<p>Provisions and Contingencies</p> <p>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</p>

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	<p>Taxes on Income</p> <p>Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. As a prudent measure the Company has not recognized Deferred Tax Asset.</p>
2.12	<p>Earnings Per Share</p> <p>Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity share outstanding during the period.</p> <p>For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period will be adjusted for the effects of all dilutive potential equity shares.</p>
2.13	<p>Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.</p>

Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	₹ In Lakhs	Number of Shares	₹ In Lakhs
(a) Authorised Equity shares of Rs. 10 each	38,325.60	383,256.00	37,240.00	372,400.00
(b) Issued/Subscribed and fully Paid Up Equity shares of Rs. 10 each	34,188.25	341,882.47	31,273.25	312,732.47
Total	34,188.25	341,882.47	31,273.25	312,732.47

Particulars			
Particulars	Opening Balance	Fresh Issue during the Year	Closing Balance
Equity shares	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Year ended 31 March, 2016			
- Number of shares	31,273.25	2,915.00	34,188.25
- Amount (Rs.)	312,732.47	29,150.00	341,882.47
Year ended 31 March, 2015			
- Number of shares	23,970.00	7,303.25	31,273.25
- Amount (Rs.)	239,700.00	73,032.47	312,732.47

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

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	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	34,188	100%	31,273	100%

Note 3.3 Share Application Money Pending Allotment

As at 31 March 2016, out of amounts received from OI DB till 31.3.2016, Equity Shares were yet to be allotted for an amount of Rs. 25,00,00,007 and has been shown under "Share Application Money Pending Allotment". The Company has sufficient authorised capital to cover the allotment of these shares.

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
(Deficit) in Statement of Profit and Loss		
Opening balance	(3,144.38)	(2,554.35)
Add: (Loss) for the year	(2,921.63)	(590.03)
Total	(6,066.01)	(3,144.38)

Notes forming part of the Financial Statements

Note 5 Other Long-Term Liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Withholding from Contractors - Contractual	1,054.79	4,445.50
Advance from HPCL	0.00	13,500.00
Total	1,054.79	17,945.50

Note 6 Trade Payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Trade payables	5,371.99	2,724.83
Total	5,371.99	2,724.83

Note 7 Other Current Liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Other Payables		
(i) Statutory remittances (Withholding Taxes, Labour Cess, TDS & Work Contract Tax)	256.15	211.94
(ii) Others (Amount Adjustable against Rock Disposal)	69.90	85.42
(iii) Security deposit / EMD	68.57	16.43
(iv) Withholding from Contractors - Supply	2,486.41	3,056.55
Total	2,881.03	3,370.34

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
OIDB	187.54	0
Total	187.54	0

Notes forming part of the Financial Statements

Note 9 Fixed Assets

Rs. in Lakhs

A.	Tangible Assets	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 1 April, 2015	Additions During the Year	Deletions During the Year	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation/ Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2015
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
	(a) Leasehold Land	15,477.25	1,979.31	1,371.86	16,084.70	2,432.02	463.03	-	2,895.04	13,189.65	13,045.23
	(b) Building	-	3,195.16	-	3,195.16	-	309.93	-	309.93	2,885.23	-
	(c) Roads & culverts	-	968.33	-	968.33	-	144.54	-	144.54	823.79	-
	(d) Plants & Machinery	4.32	29,574.87	-	29,579.20	0.00	1,030.19	-	1,030.20	28,549.00	4.32
	(e) Caverns	-	49,517.40	-	49,517.40	-	652.31	-	652.31	48,865.09	-
	(f) furniture & Fixtures	23.60	576.75	-	600.35	3.28	114.50	-	117.78	482.57	20.32
	(g) Transport Vehicles	-	37.72	-	37.72	-	3.53	-	3.53	34.19	-
	(h) Office equipment	44.58	149.73	-	194.32	10.38	15.43	-	25.81	168.50	34.20
	(i) Computer	41.29	6.03	-	47.32	23.20	7.70	-	30.90	16.42	18.09
		15,591.04	86,005.32	1,371.86	100,224.50	2,468.88	2,741.17	-	5,210.05	95,014.44	13,122.16
	31 March, 2015	15,077.97	513.07	-	15,591.04	1,988.70	480.19	-	2,468.88	13,122.16	13,089.27

B.	Capital Work In Progress (Refer Note No. 9B)	Balance as at 31 March, 2016	Balance as at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
	Phase-I		
	- Visakhapatnam Cavern	98.30	103,612.63
	- Padur Cavern Storage Project @	141,958.53	135,356.92
	- Mangalore Cavern Project @	100,312.59	83,656.99
	Total	242,369.42	322,626.54

@ includes apportioned Head Office expenses

Notes forming part of the Financial Statements

Note 9.B Capital Work in Progress

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Construction Work in Progress (Including unallocated capital expenditure, material at site)		
<u>Storage Phase - I</u>		
<u>Vishakhapatnam Cavern Storage project</u>		
Aboveground Civil Works	98.30	49,548.30
Aboveground Process Facilities	-	41,280.29
Project Management Consultancy	-	10,906.93
Study & Survey	-	172.68
Pre-commissioning/Commssioning-Vizag.	-	186.75
Other Project Expenses	-	324.35
Head Office Expenses	-	1,193.33
TOTAL	98.30	103612.63
<u>Padur Cavern Storage Project</u>		
Underground Civil Works	82,940.69	82,884.98
Aboveground Process Facilities	32,649.69	27,706.82
Project Management Consultancy	14,305.63	13,619.19
Study & Survey Padur	121.68	121.68
Pre-commissioning/Commssioning-Padur	653.61	114.65
Other Project Expenses	1,052.16	919.58
Pipeline	9,068.78	8,959.71
Head Office Expenses	1,166.29	1,030.31
TOTAL	141,958.53	135,356.92
<u>Mangalore Cavern Storage Project</u>		
Underground Civil Works	43,706.64	41,215.03
Aboveground Process Facilities	29,388.06	24,855.41
Project Management Consultancy	10,268.26	10,119.64
Study & Survey	135.59	135.59
Pre-commissioning/Commssioning-Mangalore	595.81	128.81
Other Project Expenses	282.84	179.61
Pipeline	15,103.56	6,383.38
Head Office Expenses	831.83	639.52
TOTAL	100,312.59	83,656.99
TOTAL CONSTRUCTION WORK IN PROGRESS	242,369.42	322,626.54

Note 10 Long-term Loans and Advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Security deposits	502.99	465.57
Balances with Government - CENVAT credit receivable	1,440.84	1,440.84
Advance against - Padur	342.15	342.15
Total	2,285.98	2,248.56

Note 11 Cash and Cash Equivalents

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Cash in hand	0.20	0.03
Balances with banks - Autosweep Current A/c	350.17	2,069.19
Total	350.37	2,069.22

Note 12 Short-term Loans and Advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Prepaid expenses - Unsecured, considered good	80.47	54.77
Other loans and advances - Unsecured considered good		
HPCL proportionate shares of fixed assets	4,517.90	
O&M Expenses Vizag Receivable from GOI	778.70	-
TDS Receivable *	97.20	128.24
Advances recoverable in cash or kind	194.09	117.67
Advances towards ROU Acquisition & Diesel Supply	1,755.14	72.54
Mobilisation Advance	340.18	744.19
Advance against Stamp Duty on Shares	27.92	44.87
Total	7,791.60	1,162.27

* TDS receivable of Rs.38.10 Lakhs is towards excess TDS paid. The Refund has been forwarded to TDS CPC.

Note 13 Other Expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Legal and Professional Fee	0.00	0.01
Payments to auditors (Refer Note (i) below)	2.94	2.73
Office Expenses	144.29	34.10
Total	147.23	36.84

Notes forming part of the Financial Statements
Note 13 (i) : Details of payments to Auditors

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Payments to the auditors comprises :-		
'As auditors - Statuary audit-	2.57	1.69
'Reimbursement of expenses -	0.05	0.16
'For Company law matters -	0.00	0.00
Internal Auditor's Remuneration	0.32	0.88
Total	2.94	2.73

Note 13A Details of Stamp Duty Expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Stamp duty on share issued	33.23	73.03
Total	33.23	73.03

Note 14 Additional information to the Financial Statements**14.1 Contingent liabilities and commitments (to the extent not provided for)**

	Particulars	As at 31 March, 2016	As at 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
	Contingent liabilities		
A	Claims against the company not acknowledged as debt		
	Liability towards development of Green Belt and CST Reimbursement	611	611
B	No provision has been made in accounts in respect of the following disputed demands since they are subject to appeals filed by the company		
	Demand of Entry Tax including interest and penalty on Diesel purchased from MRPL		
i	F.Y. 2010-11	38	38
ii	F.Y. 2011-12	121	121
iii	F.Y. 2012-13	55	-
iv	F.Y. 2013-14	67	-
v	Demand of Income Tax including interest for Assessment Year 2012-13	27	27
vi	Demand of Income Tax including interest for Assessment Year 2013-14	255	-
vii	Demand of Department of Mines & Geology of Government of Andhra Pradesh for royalty on sale of excavated material at visakhapatnam site as per the department rules		
	F.Y. 2014-15	10,493.00	10,493.00
C	Indemnity and Guarantees		
i	Managlore Special Economic Zone Limited has been issued an Indemnity, the Indemnity so issue is covered by Insurance policy	2,500.00	2,500.00
D	Capital Commitments		
i	Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	20,599	439,570
ii	Uncalled liability on shares and other investments partly paid	NIL	NIL
iii	Other commitments	NIL	NIL
vii	<p>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). During the year 2013-14 revised cost estimates for Mangalore for Rs.12,27,00 Lakhs, as against the originally estimated cost of Rs.7,31,72 Lakhs & for Padur project Rs.16,93,00 Lakhs, as against original estimated cost of Rs.9,93,28 Lakhs were approved. In August 2014, the Government approved revised cost estimates of Rs.1,17,835 Lakhs for Visakhapatnam (excluding Rs.9,100 Lakhs as income tax liability on account of joint ownership with HPCL). The proportionate capital contribution by HPCL is on the basis of storage capacity (HPCL share 0.30 MMT, total cavern capacity 1.33 MMT), relative to the cost of project.</p>		

Notes forming part of the Financial Statements

14.2 Expenditure in Foreign Currency (Equivalent INR)

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Other matters (Foreign Travel)	4.49	5.50
Other matters (Payment released 1600 euros towards charges for technical supervisory service during pumps repairs.)	1.36	37.87

14.3 Earnings in foreign exchange

Particulars	As at 31 March, 2016	As at 31 March, 2015
	₹ In Lakhs	₹ In Lakhs
Earnings	NIL	NIL

14.4 Estimated cost of construction

- (i) Estimated costs of construction is determined based on contracts signed for underground civil works, above ground process facilities, pipeline works etc. are expected to be incurred over period of time on the project, till the final completion and include cost of land, materials, services and other related overheads.
- (ii) As on the date of Balance Sheet i.e. 31st March 2016, the construction activities for Phase I was completed for Visakhapatnam and were in progress Mangalore and Padur. Direct Costs and allocable costs incurred upto balance sheet date are shown under Construction Work In Progress. Expenses incurred during the year 2015-16, which are not directly attributable to the projects, have been charged to the Statement of Profit & Loss.
- (iii) Visakhapatnam facility has been commissioned during the year. Unloading of first parcel of crude oil was completed on 17th June 2015. Capitalization and depreciation in the books of accounts is reckoned from this date. Depreciation charge on the assets is on the basis of NESD.
- (iv) Crude oil received in Visakhapatnam are critical sovereign reserves. As on date, filling of the strategic cavern has been completed. 1007721.55 MT of critical sovereign crude oil is in custody of ISPRL. Difference in the quantity billed and quantity received will be reviewed by committee of experts and reported to Board/Govt.
- (v) Board in its 44th meeting approved joint ownership of Visakhapatnam facility with HPCL. Proportionate cost of fixed assets of Visakhapatnam has been transferred to HPCL. HPCL has paid Rs.21000 lakhs till March 2016. Balance amount of Rs.4517 lakhs is receivable from HPCL. Joint ownership agreement with HPCL is under process.
- (vi) Detailed Feasibility Report for Phase II projects for 12.5 MMT capacity at 4 places at Rajkot (2.5 MMT), Padur (2.5 MMT), Chandikhol (3.75 MMT) and Bikaner (3.75 MMT) has been completed.

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

- 14.6**
- (i) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Entire cost of land including amount of Rs.350 Lakhs for diversion of road had been paid to MSEZL and capitalised, amortised for the balance period of lease. Final one time compensation of Rs.158.40 lakhs has been paid to the 44 PDFs at Mangalore during the Year. Lease agreement with MSEZL is in process.
 - (ii) The Company had deposited Rs.3,252.11 Lakhs with Karnataka Industrial Areas Development Board

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

- 14.7** Based on the management decision to pay stamp duty on share certificates, stamp duty totalling to Rs.357.60 lakhs has been paid till 31st March 2016 on Rs.3,57,600 Lakhs share capital. During the year, shares have been issued for Rs. 29150 Lakhs.
- 14.8** Share capital as on 31.3.2012 includes Rs.17,801 lakhs allotted in May 2010 and Rs.47,930 lakhs allotted in May 2011. Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. The decision to pay stamp duty was taken by the Board after 31st March 2011 and pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment was filed with Company Law Board (CLB) in April 2012. The Board in 47th Board Meeting approved withdrawal of the CLB petition. Application for withdrawal of the petition has been disposed off by CLB.
- 14.9** The Company is exploring option to provide Warehousing services for Crude Oil in facilities being developed. The Company has registered with Service Tax Authorities in January 2011 and is eligible for CENVAT credit. During 2013-14 Company had recalculated and accounted eligible CENVAT credit amounting to Rs.3807 Lakhs as on 31.3.2012. Service Tax Return has been filed accordingly. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit from April 2011 for the construction activities for setting up of the projects.
- 14.10** During the Financial Year 2014-15, Government approved total budgetary support of Rs. 4,94,800 lakhs for filling of crude oil. HPCL and IOCL were directed to procure 2 VLCCs each for filling Visakhapatnam cavern with strategic crude oil. Accordingly, CENVAT receivable of Rs.2,366.92 Lakhs related to Visakhapatnam facility has been reversed in FY 2014-15.
- 14.11** Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. All approvals have been received for Mangalore. In respect of Padur, application for becoming FTWZ has been accepted "in-principle" by Board of Approvals, Ministry of Commerce.
- 14.12** Retention money of Rs.1054.81 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 2016, the Company's day to day work was handled by 14 personnel taken on deputation HPCL (3), ONGC (2), IOCL (4), BPCL (2) & MRPL(1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
- 14.14** Advance recoverable in cash or kind or kind for value to be received including amount due from other companies in which any director is a director or member is Rs. NIL (Previous Year-Rs. NIL).
- 14.15** (i) The Company has earned Rs.104 Lakhs interest from the balances available in "Sweep-in-Sweep-Out" account during 2015-16 as against Rs.82.85 lakhs during the year 2014-15.
- (ii) Other expenses in note no. 13 includes an amount of Rs.95.24 lakhs amortized during the year being expenditure incurred on approach road and street light poles outside the boundary of Visakhapatnam facility on which the company does not have any control.
- 14.16** Pipes purchased for Padur and Manglore have been identified for each project and the applicable costs of Rs. 8,959.71 Lakhs for Padur & Rs.6,383.38 Lakhs for Manglore have been classified under respective project.
- 14.17** (i) As per Accounting Standard -10, Company has consistently followed the policy of reducing the revenue received on account of interest and sale proceeds of rock disposal from the capital work in progress. During the year the amount of interest received was Rs.104 lakhs and receipts from sale of rocks was Rs. 50 Lakhs.

- (ii) The total interest and receipts from rock sale reduced from Capital Work in Progress from year 2008-09 to 2015-16 is Rs.1917 lakhs.

14.18 Deferred Tax

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

14.19 Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.

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

14.21 The Company has constituted an Audit Committee under section 177 of the Companies Act, 2013 with the following composition:

Shri A.P. Sawhney, Additional Secretary, MoP&NG	--	Chairman
Shri S.B. Agnohotri Independent Director	--	Member
Smt. Sangita Gairola, Independent Director	--	Member

14.22 Balances of the Contractors are subject to confirmation.

Notes forming part of the Financial Statements

Note 15 Disclosures under Accounting Standards

Note	Particulars				
15.1	Related party transactions				
15.1 a	Details of related parties:				
	Description of relationship	Names of related parties			
	Holding Organisation	Oil Industry Development Board (OIDB) holding 100% equity in the Company			
	Key Management Personnel (KMP)	(1)Shri Rajan K Pillai, CEO & MD is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRL. He superannuated from Hindustan Petroleum Corporation Ltd on 30.11.2013. He has been inducted as MD w.e.f. 25.02.2014. (2) Mr S.R. Hasyagar, CFO on deputation from HPCL (3) Mr Arun Talwar, Company secretary on deputation from IOCL. Board of Directors (Ex-Officio) Shri Saurabh Chandra, Chairman (w.e.f. 07.03.2014 to 30.04.2015) Shri K.D. Tripathi, Chairman (w.e.f. 17.07.15) Shri Subhash Khuntia, Director (w.e.f. 09.08.12 to 15.06.15) Shri Anant Kumar Singh, Additional Director (w.e.f. 08.10.15) Shri Ajay Prakash Sawhney, Director (w.e.f. 28.03.2015) Shri U.P. Singh, (w.e.f.28.08.15 to 07.03.16) Shri Sanjeev Mittal, (w.e.f. 29.03.16) Shri L.N. Gupta , Director (w.e.f.17.06.2013 to 05.06.2015) Shri Sandeep Poundrik, Director (w.e.f. 12.01.15) Independent Directors Smt.Sangita Gairola, Director (w.e.f. 28.03.2015) Shri Satish Balram Agnihotri , Director (w.e.f. 28.03.2015)			
15.1 b	Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:				
	Particulars	Holding Organisation (OIDB)	KMP (CEO & MD)	Total	
		₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	
	Finance (including loans and equity contributions in cash or in kind)	2,714.69 (7,621.04)		2,714.69 (7,621.04)	
	*Management contracts including for deputation of employees		21.11 (21.11)	21.11 (21.11)	
	Note: Figures in bracket relates to the previous year				
15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, Government of India. Remuneration to Board of Directors is NIL (Previous Year-NIL)				
15.1.d	Balances outstanding / transactions with related parties:				
	Particulars	Oil Industry Development Board		Hindustan Petroleum Corporation Ltd.*	
		Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
		₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
	(i) Transaction during the year Expenses incurred on behalf of the Company	27.15	21.04	290.04	141.89
	(ii) Balances at the year end	2,687.54	7,600.00	-	15.71
	Total	2,714.69	7,621.04	290.04	157.60
	* To be reimbursed to HPCL for salaries of KMP(CEO) on deputation from HPCL.				

Note 15 Disclosures under Accounting Standards (Contd.)

Note	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
		₹ In Lakhs	₹ In Lakhs
15.2	Earnings per share		
15.2.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(2,922)	(590)
	Weighted number of equity shares outstanding	32,456	27,189
	Par value per share	10	10
	Loss per share from continuing operations - Basic	(0.0900)	(0.0217)
15.2.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(2,922)	(590)
	Weighted number of equity shares outstanding - Diluted	37,725	27,189
	Par value per share	10	10
	Loss per share, from continuing operations - Diluted	(0.0893)	(0.0217)

Cash Flow Statement for the year ended 31 March, 2016

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
A. Cash flow from operating activities				
Net Loss before extraordinary items and tax		(2,921.63)		(590.03)
Add:				
Depreciation and amortisation for the year	2,741.17		480.19	
		2,741.17		480.19
Operating (Loss) before working capital changes		(180.46)		(109.85)
Adjustments for :				
Short term loans & advances	(6,629.33)		770.00	
Trade Payables	2,647.17		49.54	
Other Current Liabilities	(489.31)		2,235.63	
Short term provisions	187.54		(0.01)	
		(4,283.94)		3,055.15
Cash generated from operation (before extraordinary items)		(4,464.40)		2,945.30
Net cash from / (used in) operating activities (A)		(4,464.40)		2,945.30
B. Cash flow from investing activities				
Long-term loans and advances	(37.42)		3,262.90	
Advance made to third party	0.00		0.00	
Purchase of fixed assets	(84,633.45)		(513.07)	
Capital Work In Progress	80,257.12		(36,986.19)	
		(4,413.75)		(37,499.26)
Net Cash from / (used in) investing activities (B)		(4,413.75)		(37,499.26)
C. Cash flow from financing activities				
Repayment of long term borrowings	(16,890.70)		(2,954.72)	
Proceeds from long term borrowings	0.00		0.00	
Proceeds from issue of equity shares	24,050.01		33,875.00	
		7,159.31		30,920.28
Net Cash from / (used in) financing activities (c)		7,159.31		30,920.28
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		(1,718.85)		(370.77)
Cash and cash equivalents at the beginning of the year		2,069.22		2,439.99
Cash and cash equivalents at the end of the year		350.37		2,069.22

In terms of our report attached.

For Purushothaman Bhutani & Company

Chartered Accountants

FRN.005484N

(CA Binay Kumar Jha)**Partner**

M.No.509220

Place : New Delhi

Date :

For and on behalf of the Board of Directors**Sd/-****(Sandeep Poundrik)****Director****(DIN.01865958)****Sd/-****(Rajan K. Pillai)****CEO & MD****(DIN.06799503)****Sd/-****(Arun Talwar)****Company Secretary****Sd/-****(S.R. Hasyagar)****Chief Finance Officer**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN STRATEGIC PETROLEUM RESERVE LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 20 September 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the act of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-
(Nandana Munshi)
Director General of Commercial Audit &
Ex-officio Member, Audit Board - II,
New Delhi

Place: New Delhi
Date: 22.09.2016



इंडियन स्ट्रेटेजिक पेट्रोलियम रिजर्व्स लिमिटेड

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

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

प्रधान कार्यालय : ओ.आई.डी.बी. भवन, तीसरी मंजिल, प्लॉट न. 2, सेक्टर-73, नौएडा- 201 301, उ.प्र., भारत

पंजीकृत कार्यालय : 301 वर्ल्ड ट्रेड सेन्टर, तीसरी मंजिल, बाबर रोड, नई दिल्ली - 110 001

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

(A wholly owned subsidiary of OIDB)

Ministry of Petroleum & Natural Gas, Govt. of India

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

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