

ANNUAL REPORT 2012-13



इंडियन स्ट्रेटेजिक पेट्रोलियम रिज़र्व्स लिमिटेड

(ओ.आई.डी.बी.की पूर्ण स्वामित्व की सहायक कम्पनी)
पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

Indian Strategic Petroleum Reserves Limited

(A wholly owned subsidiary of OI DB)
Ministry of Petroleum & Natural Gas, Govt. of India

निदेशक मंडल

Board of Directors



Shri Vivek Rae
Chairman



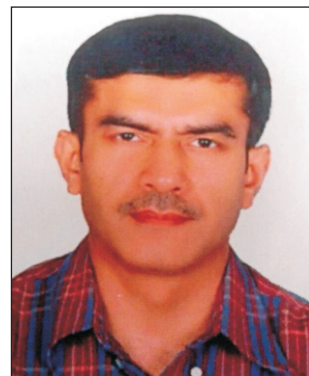
Shri Rajive Kumar
Director



Dr. Subhas Chandra Khuntia
Director



Shri L. N. Gupta
Director Incharge



Rajesh Kumar Singh
Director

Board of Directors

As on 18th November, 2013

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

CHIEF EXECUTIVE OFFICER

Shri Rajan K. Pillai

COMPANY SECRETARY

Smt. Bhavyaa Gupta

STATUTORY AUDITORS

M/s JDA & Company

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

BANKERS

Corporation Bank

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

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

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Visakhapatnam Project Office :

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

Mangalore Project Office :

Strategic Storage of Crude Oil Project
Chandras Nagar, Permude P.O., Mangalore - 574 509
Tel : 0824 - 3006100, Fax : 0824 - 3006111

Padur Project Office:

PO : Padur, Via Kaup, Distt. Udupi - 574 106
Karnataka
Phone : 0820-2576683, Fax : 0820-2576629

Directors' Report

To,

The Shareholders,

Indian Strategic Petroleum Reserves Limited

The Board of Directors of your Company is pleased to present the 9th Annual Report on the working of the Company for the Financial Year ended 31st March, 2013 together with the audited Statement of Accounts and Auditor's Report thereon.

THE COMPANY

Your Company, Indian Strategic Petroleum Reserves Limited (ISPRL) is operating as a Wholly Owned Subsidiary of Oil Industry Development Board (OIDB), a Statutory Body constituted by the Government of India. As on 31st March, 2013, the Authorized Share Capital of the Company was Rs. 2,397 Crore (Rupees Two Thousand Three Hundred Ninety Seven Crore Only) consisting of 2,39,70,00,000 (Two Hundred Thirty Nine Crore and Seventy Lakh) Equity Shares of Rs. 10 each and the Paid up Share Capital of the Company was Rs. 19,69,26,80,200 (Rupees One Thousand Nine Hundred Sixty Nine Crore Twenty Six Lakh Eighty Thousand Two Hundred Only) consisting of 1,96,92,68,020 (One Hundred Ninety Six Crore Ninety Two Lakh Sixty Eight Thousand Twenty) Equity Shares of Rs. 10 each [excluding advance against Equity Share Capital of Rs. 374.21 Crore (Rupees Three Hundred Seventy Four Crore Twenty One Lakh Only) pending allotment].

The main objectives of the Company are

- To own and control its crude oil inventories and to coordinate the release and replenishment of its crude oil stock, subject to and in compliance of the following:
 - a) The inventory procurement and replenishment will be done through an Empowered Committee constituted by the Government ;
 - b) The stocks from the storage will be drawn only under specific instructions of the Government except for the reasons of crude circulation on account of quality requirement and repair & maintenance. The crude oil would be released to the refineries at a price not less than the cost price.
- 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.

**FINANCIAL RESULTS**

The Highlights of the Financial Results of your Company for the Financial Year ended 31st March, 2013 are as under :

S.No.	Particulars	Figures in ₹		Reference to Balance Sheet
(A)	Opening Balance of Work In Progress as on 1 st April 2012		14,88,03,33,737	Note 9B(i) - Closing balance as of 31.03.2012
(B)	Pre-Operative Expenses during the year		8,03,23,06,067	Note 9B(i) - Difference between Closing balance as of 31.3.2013 and Closing Balance as of 31.3.2012
(C)	Increase in Fixed Assets		(21,15,558)	Note 9A -Net Additions during the year
(D)	Net Non-current Assets {(i)- (ii)}		(6,50,46,550)	
	(i) Non-Current assets (Long term Loans & Advances)	40,11,46,045		Note 10
	(ii) Non -Current Liabilities	46,61,92,595		Note 5
(E)	Net Current Assets {(i)- (ii)}		(96,93,66,649)	
	(I) Current Assets	52,95,54,843		Balance Sheet - Current Assets
	(ii) Current Liabilities	1,49,89,21,492		Balance Sheet - Current Liabilities
(F)	Accumulated Loss		(20,52,49,747)	Note 4 - Reserves & Surplus
Total Expenditure (A+B+C+D+E+F)		21,67,08,61,300		

PERFORMANCE OVERVIEW

Your Company has been mandated to establish crude oil storage of 5.33 MMT (including 0.30 MMT to be shared with Hindustan Petroleum Corporation Limited). The locations selected for creating the strategic storages are Visakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The Capital cost for constructing the strategic storage facilities was originally estimated to be Rs. 2,397 Crore at September 2005 prices. The approval for the Revised Cost Estimate (RCE) of Visakhapatnam was obtained in June, 2011. The approval of the RCE for Mangalore and Padur has been obtained in November, 2013. The RCE for the three locations stands at : Visakhapatnam - Rs. 1,038 Crore; Mangalore - Rs. 1,227 Crore and Padur - Rs. 1,693 Crore. As per the decision taken by the Cabinet Committee on Economic Affairs (CCEA), the requisite capital cost would be met from the existing funds available with OI DB. The operation and maintenance cost of the strategic storages shall be met by OI DB from its own funds. Planning Commission of the 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 and the status of the projects are as under:

1. Visakhapatnam (Storage Capacity : 1.33 MMT)

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

The Underground works are being carried out by M/s Hindustan Construction Company. As of 31st March, 2013, 18.9 lakh cubic meters of excavation was completed. The above ground works are being carried out by M/s IOTIESL. As on 31.03.2013, major critical items like crude submersible pumps and seepage water pumps etc. were installed in the shaft of Cavern B. Administrative building has been completed and is occupied. Control room and electrical substation are in advanced stages of completion. Boilers & Nitrogen tanks have been erected. Pipe rack is under erection. The overall project progress as of 31.03.2013 was 92%. A rock slide incident inside Cavern A1 in April, 2011 has adversely impacted the completion schedule. The anticipated mechanical completion date for the project would depend on the completion of the excavation of Cavern A1. Cavern A1 would then be handed over to the aboveground contractor for completion of the process facilities. The anticipated date of mechanical completion and completion of pre - commissioning activities of the Project is expected to be June, 2014.



View of the aboveground facilities at Visakhapatnam

2. Mangalore (Storage Capacity : 1.5 MMT)

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

The Underground civil works are being carried out through Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV). Till 31st March, 2013, a total of 20.28 lakh cubic meters of excavation was completed out of 22.65 lakhs cubic meters. All 9.16 kilometers of tunneling was completed. All the shafts were completed and have combined length of 232.4 meters. The aboveground works were awarded to M/s Punj Lloyd at a total cost of Rs. 329.979 Crore. The completion of the Project would however depend on the completion of all excavation and paving of the cavern floor and the laying of the pipeline for which job is yet to be awarded. Site grading activities and construction of plant buildings are in progress. The overall project progress as of 31.03.2013 is 77.7%. The anticipated Mechanical completion of the Project is expected to be October, 2014.

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



View of one of the four cavern galleries at Mangalore

3. Padur (Storage Capacity : 2.5 MMT)

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

The underground civil works were split into two parts i.e. Part A & Part B. The Part A works were awarded to M/s HCC for Rs. 374.66 Crore and Part B were awarded to M/s SKEC-KCT JV for Rs. 375.92 Crore on 29.12.2009. As land was handed over by KIADB to ISPRL on 29.05.2010, the zero date for commencement of construction activities was 29.05.2010. Till 31st March, 2013, a total of 34.60 lakh cubic meters of excavation was completed out of 36.65 lakhs cubic meters and all 13.45 kilometers of tunneling was completed. The job for aboveground works has been awarded to M/s Linde Engineering on 11.11.2011 at a price of Rs. 354.25 Crore. The anticipated Mechanical completion of the Project is expected to be October, 2014. The completion of the Project would depend on the laying of the pipeline for filling and evacuation of the cavern, for which the job is yet to be awarded. The overall project progress as of 31.03.2012 is 77.1%.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, Special Land Acquisition Officer (SLAO) of KIADB has been notified as the land acquisition officer. ROU acquisition is being undertaken through KIADB and notification under Section 3(1) of the Petroleum and Minerals Pipelines (Acquisition of Right of User Inland) Act, 1962 has been issued in January, 2011. Declaration under Section 6(1) of Petroleum and Minerals Pipeline (Acquisition of Right of User Inland) Act, 1962 for ROU has been sent for issue, for the entire stretch (36 Kms.) except one village in Udupi district.



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

4. Phase II of Strategic Storage Program

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

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

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

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

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

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

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



DIVIDEND

Your Board of Directors does not recommend any Dividend for the Financial Year ended 31st March, 2013.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any Public Deposits under Section 58A of the Companies Act, 1956.

AUDIT COMMITTEE

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

- | | |
|--|-------------|
| 1. Shri Rajive Kumar, Additional Secretary, MoP&NG | -- Chairman |
| 2. Shri L. N. Gupta, Secretary, OIDB | -- Member |
| 3. Shri R. K. Singh, Joint Secretary (R), MoP&NG | -- Member |

All the Members of the Committee possess relevant experience. The constitution and terms of reference of Audit Committee meet all the requirements of Section 292A of the Companies Act, 1956.

AUDITOR'S REPORT

The Comptroller & Auditor General of India (C&AG) has appointed M/s J D A & Co, Chartered Accountants, New Delhi as the Statutory Auditors of the Company, who have submitted their report on the accounts of the Company for the Financial Year ended 31st March, 2013.

On the basis of supplementary audit conducted under Section 619(3)(b) of the Companies Act, 1956 of the Financial Statements of the Company for the Financial year ended 31st March, 2013, C&AG has not found anything significant to his knowledge which would have given rise to any comment upon or supplement to Statutory Auditor's Report under Section 619 (4) of the Companies Act, 1956.

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

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

The Company does not have any foreign exchange earnings during the year, however it has utilised foreign exchange for its business activities to the tune of Rs. 353.65 Lacs during the period under review.

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in preparation of the Annual Accounts for the Financial Year ended 31st March, 2013, the applicable Accounting Standards have been followed;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year;

3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Accounts for the Financial Year ended 31st March, 2013 on a 'going concern' basis.

BOARD OF DIRECTORS

Your Board of Directors presently comprises of 5 part-time Non-Executive Directors (ex-officio) as follows:

- 1) Shri Vivek Rae, Secretary, Ministry of Petroleum and Natural Gas (MoP&NG) - Chairman
- 2) Shri Rajive Kumar, Additional Secretary, MoP&NG - Director
- 3) Dr. S. C. Khuntia, Additional Secretary & Financial Advisor, MoP&NG - Director
- 4) Shri L. N. Gupta, Secretary, OI DB - Director - in - Charge
- 5) Shri Rajesh Kumar Singh, Joint Secretary (R), MoP&NG - Director

The following changes took place in the Board of Directors since 1st April, 2012:

- 1) Dr. S. C. Khuntia, Director (appointed w.e.f. 09.08.2012)
- 2) Shri Vivek Rae, Chairman (appointed w.e.f. 08.02.2013)
- 3) Shri L. N. Gupta, Director (appointed w.e.f. 17.06.2013)
- 4) Shri Rajive Kumar, Director (appointed w.e.f. 17.06.2013)
- 5) Shri Rajesh Kumar Singh, Director (appointed w.e.f. 15.07.2013)
- 6) Shri G. C. Chaturvedi, Chairman (ceased w.e.f. 31.01.2013)
- 7) Shri Arun Kumar, Director In charge (ceased w.e.f. 28.02.2013)
- 8) Shri Sudhir Bhargava, Director (ceased w.e.f. 03.06.2013)
- 9) Shri L. N. Gupta, Director (ceased w.e.f. 05.06.2013 by virtue of cessation of his office of Joint Secretary (R), MoP&NG)
- 10) Shri V.L.V.S.S. Rao, Director (appointed w.e.f. 07.03.2013 till 09.06.2013)

ACKNOWLEDGMENT

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

For and on behalf of the Board

Sd/-
(Dr. S. C. Khuntia)
Director
(DIN 05344972)

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

Date: 18.11.2013

Place: New Delhi

AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

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

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

We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in paragraph(1) above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; and proper returns adequate for the purpose of audit have been received from the branches not visited by us;
 - iii. The Balance Sheet and Profit and Loss dealt with by this report is in agreement with the books of account;
 - iv. In our opinion the Balance Sheet comply with the accounting standards as referred to in Section 211 (3C) of the Companies Act, 1956 except non provision of retirement benefits as required by Accounting Standard-15, in view of the fact that company's work is presently handled by deputationists, (Refer Note No. 14.13), the effect of non-provision, has not been ascertained.
 - v. Being a Government company, pursuant to the Notification no. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies & Notes thereon & subject to:
 - a. Note No. 2.5 (i) & 14.15(i) Interest earned on the "Sweep-in-Sweep-Out" account of Rs.56.78 Lacs and Temporary Advance of Rs.36.58 Lacs, which in our opinion is a non –operative income & should not be adjusted with the construction cost of work in progress, resulting into understatement of Capital WIP to that extent.

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

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

For J D A & Company
(Chartered Accountants)
FRN : 015377N

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

Place : New Delhi
Date : 18th September, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of Our Report of even date to the members of Indian Strategic Petroleum Reserves Limited on the accounts of the company for the year ended 31st March, 2013.

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

1. a) The company has maintained proper records showing full particulars including quantitative details & situation of fixed assets, which have been updated on the register.
b) As explained to us the fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company & the nature of its fixed assets. No material discrepancies were noticed on such verification.
c) During the year, the company has not disposed off substantial part of fixed assets.
2. Para (ii) is not applicable to the company.
3. a) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not granted any loans, secured or unsecured to the companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
b) According to the information & explanation given to us and on the basis of our examination of books of accounts, the company had not taken any loans from companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. Further, on the basis of our examinations of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations provided by the management, there are no transaction that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 in pursuance of the said section.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system which needs to be strengthened to make the same commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
9. a) According to the information and explanation given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, tax deducted at source, service tax, cess and other statutory dues applicable to it. TDS in respect of year end estimates is deposited on actual payment in the subsequent months.
b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.

10. In our opinion the accumulated losses of the Company are less than fifty percent of the Net Worth as at 31st March, 2013. The company has incurred cash losses during the Financial Year ended on that date & in the immediately preceding financial year.
11. The company had not taken any loan from Financial institution or Banks and further no Debentures have been issued by the company.
12. Based on our examination of documents and records and the information and explanations given to us, we are of the opinion that the company has granted loans and advances in the form of Temporary & Mobilization advance to the contractor on the basis of security other than shares & debentures.
13. Para (xiii) is not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on our audit procedures and on the information given by the management, we report that the company had not raised any term loans during the year.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company as at 31st March, 2013, we report that the funds raised on short-term basis have not been used for long-term investments.
18. We are informed that the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The company is 100% subsidiary of Oil Industry Development Board (OIDB).
19. The company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.
20. The company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For J D A & Company
(Chartered Accountants)
FRN : 015377N

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

Place : New Delhi
Date : 18th September, 2013

ANNUAL ACCOUNTS

2012-13

Balance Sheet as at 31 March, 2013			
Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	19,692,680,200	14,509,975,830
(b) Reserves and surplus	4	(205,249,747)	(116,749,848)
		19,487,430,453	14,393,225,982
Share application money pending allotment	3.3	3,742,100,000	811,204,370
Non-current liabilities			
(a) Other long - term liabilities	5	466,192,595	314,446,870
Current liabilities			
(a) Trade Payables	6	1,302,198,745	921,672,095
(b) Other current liabilities	7	195,288,018	728,879,133
(c) Short Term Provisions	8	1,434,729	18,542,070
		1,498,921,492	1,669,093,297
TOTAL		25,194,644,540	17,187,970,519
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9A	1,351,303,848	1,435,085,035
(ii) Capital work-in-progress	9B	22,912,693,804	14,880,333,737
(b) Long-term loans and advances	10	401,146,045	391,254,415
		24,665,089,697	16,706,673,187
Current assets			
(a) Cash and cash equivalents	11	89,613,439	85,953,418
(b) Short-term loans and advances	12	439,941,405	395,343,914
		529,554,843	481,297,332
TOTAL		25,194,644,540	17,187,970,519
Additional information to the Financial Statements	1 to 15		

In terms of our report attached.

For JDA & Co.Chartered Accountants
FRN. 015377N**Sd/-**
(Nitin Agarwal)
Partner
M.No.506909Place : New Delhi
Date : 18.09.2013**For and on behalf of the Board of Directors****Sd/-**
(R.K.Singh)
Director**Sd/-**
(S.R.Hasyagar)
Chief Finance OfficerPlace : New Delhi
Date : 18.09.2013**Sd/-**
(Dr. S.C. Khuntia)
Director**Sd/-**
(Rajan K.Pillai)
Chief Executive Officer

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

In term of our report attached.

For and on behalf of the Board of Directors

For JDA & Co.

Chartered Accountants
FRN. 015377N

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

Sd/-
(R.K.Singh)
Director

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

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

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

Place : New Delhi
Date : 18.09.2013

Place : New Delhi
Date : 18.09.2013

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 OIDB and its nominees on 9th May, 2006.</p> <p>The main objects of the Company are to own and control its crude oil inventories and to coordinate the release and replacement its Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.</p>
2.	<p><u>Significant Accounting Policies</u></p>
2.1	<p>Basis of Accounting</p> <p>The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act 1956.</p>
2.2	<p>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, <li style="padding-left: 20px;">and - The cost /fair value of the assets can be measured reliably.

2.4	Depreciation and Amortisation
	<p>Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act 1956.</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	Revenue Recognition; Construction Work in Progress & Allocation and Apportionment of expenses
(i)	<p>The project for Strategic Oil Reserves is under implementation and the Company has not started commercial operations. The Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Statement of Profit & Loss account.</p>
(ii)	<p>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>
(iii)	<p>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>
(iv)	<p>Insurance Claims are accounted on settlement of the claim.</p>
2.6	Provisions and Contingencies
	<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 the year-end. These are reviewed at each balance sheet date and adjusted to reflect management's best estimates.</p> <p>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.</p> <p>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.</p>
2.7	Impairment of Assets
	<p>Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying</p>

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

Notes forming part of the Financial Statements

Note 3 Share Capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of Shares	₹	Number of Shares	₹
(a) Authorised Equity shares of Rs. 10 each	2,39,70,00,000	23,97,00,00,000	2,39,70,00,000	23,97,00,00,000
(b) Issued/Subscribed and fully Paid Up Equity shares of Rs. 10 each	1,96,92,68,020	19,69,26,80,200	1,45,09,97,583	14,50,99,75,830
Total	1,96,92,68,020	19,69,26,80,200	1,45,09,97,583	14,50,99,75,830

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

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

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

Note 3.3 Share Application Money Pending Allotment

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

Notes forming part of the Financial Statements

Note 4 Reserves and Surplus

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

Note 5 Other Long-Term Liabilities

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

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

Note 6 Trade Payables

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

Note 7 Other Current Liabilities

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

Note 8 Short-Term Provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
Provision for ENC Land rentals	6	5
Creditors for Expenses	14,34,723	1,85,42,065
Total	14,34,729	1,85,42,070

Notes forming part of the Financial Statements

Note 9 Fixed Assets

A. Tangible Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April, 2012	Additions During the Year	Deletions During the Year	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation/ Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Leasehold Land	1,50,63,84,931	6,770	35,87,744	1,50,28,03,957	7,24,92,075	8,12,66,185	-	15,37,58,260	1,34,90,45,697	1,43,38,92,856
(b) Furniture and Fixtures	96,980	8,92,693	-	9,89,673	52,592	60,604	-	1,13,196	8,76,477	44,388
(c) Office equipment	8,92,616	5,21,137	17,924	13,95,829	2,70,896	1,10,910	9,083	3,72,723	10,23,106	6,21,720
(d) Computer	17,69,444	69,510	-	18,38,954	12,43,374	2,37,013	-	14,80,387	3,58,567	5,26,070
Total	1,50,91,43,971	14,90,110	36,05,668	1,50,70,28,413	7,40,58,937	8,16,74,712	9,083	15,57,24,566	1,35,13,03,848	1,43,50,85,035
As at 31 March, 2012	89,85,56,903	61,78,78,449	72,91,380	1,50,91,43,971	4,04,49,128	3,36,95,276	85,467	7,40,58,937	1,43,50,85,035	85,81,07,775

B. Capital Work In Progress (Refer Note No. 9B (i))	Balance as at 31 March, 2013		Balance as at 31 March, 2012	
	₹		₹	
Phase-I				
- Visakhapatnam Cavern Project	8,44,95,01,703		7,30,80,74,797	
- Padur Cavern Storage Project @	9,18,65,04,765		4,52,91,44,085	
- Mangalore Cavern Project @	5,15,96,93,232		3,00,13,28,487	
Phase II DFR	11,69,40,104		4,17,86,368	
Total	22,91,26,39,804		14,88,03,33,737	

@ includes apportioned Head Office expenses

Notes forming part of the Financial Statements

Note 9.B(i) Capital Work in Progress

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
Construction Work in Progress (including unallocated capital expenditure, material at site)		
Storage Phase-I		
<u>Vishakhapatnam Cavern Storage project</u>		
Underground Civil Works	4,31,63,34,906	4,22,11,57,918
Above ground Process Facilities	3,12,92,09,034	2,11,41,91,653
Project Management Consultancy	86,80,23,977	84,84,20,785
Study & Survey	1,63,16,780	1,63,16,780
Other Project Expenses	2,41,66,208	1,80,65,098
Head office Expenses	9,54,50,798	8,99,22,563
TOTAL	8,44,95,01,703	7,30,80,74,797
<u>Padur Cavern Storage project</u>		
Underground Civil Works	5,95,83,83,006	3,57,81,31,572
Aboveground Process Facilities	1,13,66,39,733	2,50,00,000
Project Management Consultancy	1,06,28,57,423	86,83,51,518
Study & Survey Padur	1,22,65,256	1,22,65,256
Other Project Expenses*	96,28,58,206	1,44,51,440
Head office Expenses	5,35,01,141	3,09,44,298
TOTAL	9,18,65,04,765	4,52,91,44,085
<u>Mangalore Cavern Storage project</u>		
Underground Civil Works	3,41,78,18,899	2,19,40,89,996
Aboveground Process Facilities	86,26,73,448	6,93,23,883
Project Management Consultancy	82,17,15,371	69,40,57,258
Study & Survey	1,35,58,986	1,35,58,986
Other Project Expenses	94,77,271	63,02,645
Head office Expenses	3,44,49,257	2,39,95,719
TOTAL	5,15,96,93,232	3,00,13,28,487
Storage Phase-II		
Project Management Consultancy	10,33,38,545	3,11,72,400
Study & Survey	83,67,795	60,85,487
Other Project Expenses	52,33,764	45,28,481
TOTAL	11,69,40,104	4,17,86,368
TOTAL CONSTRUCTION WORK IN PROGRESS	22,91,26,39,804	14,88,03,33,737
*Note:- Includes Expenditure on Pipelines Rs.89.68 crs.		

Notes forming part of the Financial Statements

Note 10 Long-term Loans and Advances

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

Note 11 Cash and Cash Equivalents

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

Note 12 Short-term Loans and Advances

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

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

Notes forming part of the Financial Statements

Note 13 Other Expenses

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

Note 13 (i) : Details of payments to Auditors

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹	₹
Payments to the auditors comprises		
As auditors - statutory audit	1,68,540	1,68,540
For other services	84,270	1,26,845
Total	2,52,810	2,95,385

Note 13A Details of Stamp Duty Expenses

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

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, 2013	As at 31 March, 2012
	₹ in Lakhs	₹ in Lakhs
(i) Contingent liabilities * Includes Liability towards development of Green Belt and CST Reimbursement	611	611
(ii) Capital Commitments Estimated amount of all major running contracts remaining to be executed on capital account and not provided for	85,626	1,49,397

- (iii) In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs.1,03,800 Lakhs for Visakhapatnam project, as against the estimated cost of Rs.67,183 Lakhs (at September 2005 prices). The revision in the cost is on account of cost escalation, exchange rate variations, enhancement in capacity, additions/deletions made to take care of site conditions and technological improvements, increase in statutory levies, owners cost etc. but it excludes costs for security arrangements at Vishakhapatnam site.

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

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹ in Lakhs	₹ in Lakhs
Other matters (Foreign Travelling)	3.60	11.04
Other matters (Payments released in USD and Euro to contractor at Mangalore & Ph-II)	350.05	NIL

14.3 Earnings in foreign exchange

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹ in Lakhs	₹ in Lakhs
Earnings	NIL	NIL

14.4 Estimated cost of construction

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

14.5 (i) Department of Mines & Geology of Government of Karnataka had permitted the Company to dispose off the excavated material to the suitable buyers after the payment of Seigniorage fee/Royalty to the department as per the rules for Padur & Mangalore Projects.

- (ii) During the year, company was informed that quarrying license from Department of Mines & Geology is required for removal of rock debris. Accordingly, company has obtained the quarrying license from Department of Mines & Geology, Government of Karnataka. Based on awarded job, disposal of rocks from the 2 sites of Padur has commenced during the year.

- (iii) At Mangalore, an interim stay had been granted by the Hon'ble Karnataka High Court on writ petition filed by one of the bidder contending that it has been permitted by Mangalore Special Economic Zone to dispose off the rock from the Company's Mangalore site. Company had filed an appeal in Hon'ble Karnataka High Court against the Order, which was pending. In the meantime, Company has reached an agreement with MSEZ regarding sharing of the rock debris equally. Consequently, Company has withdrawn the appeal filed in the Hon'ble Karnataka High Court on 30th August, 2012.

14.6 The targeted date for completion of Visakhapatnam project has been extended to October 2013. There was a rock slide incidence at Visakhapatnam cavern A1 on 7th April, 2011, additional amounts of Rs. 1036 Lakhs has been already spent towards repair / restoration and strengthening activities at the site.

Insurance Claim has been lodged for the estimated amount of Rs. 1277 Lakhs and an adhoc amount of Rs. 450 Lakhs has been received from the insurance companies against the claim. Receipts from insurance company would be recognised in the accounts in the year of such receipt. The amount spent during the year for the repair and restoration work has been included in the CWIP and the work is in progress. Suspended works recommenced during the period.

- 14.7** (i) At Visakhapatnam, out of the committed 38 acres of land, the Company vide letter dated 23.05.2011 has surrendered 1 Acre of unusable leasehold land taken from Vishakhapatnam Port Trust (VPT). The VPT has accepted the land returned by the company. Company has accounted receivable of Rs. 70.79 lakhs towards proportionate lease premium for the 1 acre land taken over by VPT.
- (ii) Land required for Mangalore Project has been acquired from Mangalore Special Economic Zone Limited (MSEZL). Till 31.3.2013, entire cost of land including amount for diversion of road Rs. 350 Lakhs had been paid to MSEZL and capitalised, amortised for the balance period of lease.
- (iii) The Company had deposited Rs. 3,252.11 Lakhs with Karnataka Industrial Areas Development Board (KIADB) for acquisition of acres of land for Padur project, which was accounted as advance in the previous year. KIADB has already handed over possession of 138.57 acres of land, which has been capitalized at a cost of Rs. 2909 Lakhs at the rate of Rs.21 Lakhs per acre indicated by KIADB including the Relief & Rehabilitation assistance paid to the project displaced families. Balance available of Rs. 342 Lakhs including stamp duty of Rs. 34 Lakhs continues to be treated as advance against remaining land still to be acquired through KIADB, which is considered to be sufficient for the purpose.
- 14.8** Based on the management decision to pay stamp duty on share certificates, stamp duty totaling to Rs.239 lakhs have been paid during 2011-12 on the entire authorised share capital. Rs. 43 lakhs, being stamp duty on shares pending to be issued/allotted, is accordingly shown as stamp duty paid in advance.
- 14.9** The share capital as on 31.3.2012 includes Rs. 17801 lakhs allotted in May 2010 and Rs. 47930 lakhs allotted in May 2011. The Share Certificate for the above allotment should be issued within 90 Days from the date of allotment. Since the decision to pay stamp duty was taken by the board after 31st March, 2011. Pursuant to Board approval, the stamp duty on the entire authorised Capital was paid in October 2011 and the share certificate for both the above allotments has been issued in November 2011. A voluntary petition for compounding of the delay in issue of the share certificate beyond 90 Days of allotment has been filed with Company Law Board in April 2012, which is still pending.
- 14.10** The Company shall provide Warehousing services for Crude Oil in facilities being developed at different locations in India. The Company registered with Service Tax Authorities in January 2011 and is therefore eligible for CENVAT credit. Based on the opinion of a leading consultant during the year the Company had credited CENVAT credit amounting to Rs. 4,694 lakhs (including Rs. 2499 Lakhs upto 31st March, 2010). During the year, Company has recalculated and accounted eligible CENVAT credit amounting to Rs. 3807 Lakhs as on 31.3.2012 and has reversed CENVAT Credit amounting to Rs. 839 Lakhs. Service Tax Returns are yet to be revised to match with the Books of Accounts. Subsequent to the notification No.3/2011 dated 1.3.2011, Company has discontinued claiming CENVAT credit for the construction activities for setting up of the projects from April 2011.
- 14.11** Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. All approvals have been received for Mangalore. At Padur, application for becoming FTWZ has been accepted "in-principle" by Board of Approvals, Ministry of Commerce.

- 14.12** Retention money of Rs. 4,662 lakhs specified in Note No. 5 Withholding from contractors is towards 5% of the value of work done for variable items, payment of which would be released after successful completion of the contracts. The retention money has been provided for as payable in the accounts.
- 14.13** As on 31st March, 2013, the Company's day to day work was handled by 12 personnel taken on deputation HPCL (8), ONGC (2), IOCL (1) & GAIL (1) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
- 14.14** Advance recoverable in cash or kind or kind for value to be received including amount due from other companies in which any director is a director or member is Rs. NIL (Previous Year-Rs. NIL).
- 14.15** i) The Company has earned Rs. 56.78 lakhs interest from the balances available in "Sweep-in-Sweep-Out" account during 2012-13 as against Rs. 65.42 lakhs during the year 2011-12.
- ii) Depreciation amounting to Rs. 450.33 Lakhs (which includes amortization on leased land for all three projects) has also been charged to Profit & Loss account during 2012-13 as against Rs. 336.95 Lakhs during the year 2011-12.
- iii) After registration of lease deed amortisation during the year has been recomputing for all three projects for the actual period of lease accordingly, Rs. 386.63 lakhs additional amortisation upto 31.03.2012 has been charged to Statement of Profit and Loss account during 2012-13.
- 14.16 Deferred Tax**
- In the absence of Taxable Income no provision for income tax has been considered necessary. Further, Deferred Tax Asset has also not been recognized as there is no virtual certainty with convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Asset can be adjusted.
- 14.17** Dues to Micro and Small Enterprises have been determined as NIL to the extent such parties have been identified in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. The Company had written to such enterprises/ suppliers and has so far not received any confirmation from its suppliers of being a Micro or a Small or Medium Enterprise. Liability in this case is NIL / insignificant in view of suppliers' profile of the company.
- 14.18** There are no dues payable to Small Scale Industrial Undertakings. Contractors/service providers accounts, in debit/credit, are subject to confirmation, reconciliation and consequential adjustments thereof, if any.
- 14.19** The Company has a constituted Audit Committee under section 292A of the Companies Act, 1956 with the following composition:
- | | | |
|---|-----|----------|
| Shri Rajive Kumar, Additional Secretary, MoP&NG | --- | Chairman |
| Shri L.N. Gupta , Secretary, OIDB | --- | Member |
| Shri R.K. Singh, Joint Secretary (R), MOP&NG | --- | Member |
- 14.20** Balances of the Contractors are subject to confirmation.
- 14.21** The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the Financial Statements. Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with current years' figures.

Notes forming part of the Financial Statements

Note 15 Disclosures under Accounting Standards

Note	Particulars			
15.1	Related party transactions			
15.1 a	Details of related parties:			
	Description of relationship	Names of related parties		
	Holding Organisation	Oil Industry Development Board (OIDB) holding 100% equity in the Company		
	Key Management Personnel (KMP)	Shri Rajan K Pillai, CEO. CEO is entrusted under the Articles of Association of the Company with the day to day management of the affairs of ISPRL. He is on deputation from Hindustan Petroleum Corporation Ltd. CEO is not a Board Member. Board of Directors (Ex-Officio) Shri G.C. Chaturvedi, Chairman (Till 31.01.2013) Shri Vivek Rae , Chairman (w.e.f. 08.02.2013) Shri Sudhir Bhargava, Director Shri Subhash Khuntia, Director (w.e.f. 8.9.2012) Shri L.N. Gupta, Director-In-Charge Shri Arun Kumar ,Director Incharge (Till 28.02.2013)		
15.1 b	Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:			
	Particulars	Holding Organisation (OIDB)	KMP (CEO)	Total
		₹	₹	₹
	Finance (including loans and equity contributions in cash or in kind)	3,74,39,04,367 - 81,30,08,737		3,74,39,04,367 - 81,30,08,737
	Management contracts including for deputation of employees		32,37,609 -35,59,252	32,37,609 -35,59,252
	Note: Figures in bracket relates to the previous year			
15.1.c	Board of Directors are appointed by Ministry of Petroleum & Natural Gas, 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 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2013 Year ended 31.03.2012
		₹	₹	₹ ₹
	(i) Transaction during the year Expenses incurred on behalf of the Company	18,04,367	18,04,367	1,55,95,808 1,27,72,143
	(ii) Balances at the year end	3,74,21,00,000	81,12,04,370	33,17,092 73,15,248
	Total	3,74,39,04,367	81,30,08,737	1,89,12,900 2,00,87,391
	* To be reimbursed to HPCL for salaries of KMP(CEO) & others on deputation from HPCL.			



Note 15 Disclosures under Accounting Standards (Contd.)

Note	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
		₹	₹
15.2	Earnings per share		
15.2.a	Basic		
	(Loss) for the year attributable to the equity shareholders	(8,84,99,899)	(24,724,220)
	Number of equity shares Outstanding	1,96,92,68,020	1,45,09,97,583
	Par value per share	10	10
	Loss per share from continuing operations - Basic	(0.04)	(0.02)
15.2.b	Diluted		
	(Loss) for the year attributable to the equity shareholders	(8,84,99,899)	(2,47,24,220)
	Number of equity shares Outstanding - For Diluted	2,34,34,78,020	1,53,21,18,020
	Par value per share	10	10
	Loss per share, from continuing operations - Diluted	(0.04)	(0.02)

Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	₹	₹	₹	₹
A. Cash flow from operating activities				
(Loss) before extraordinary items and tax	(88,499,899)		(24,724,220)	
<i>Adjustments for :</i>				
Depreciation and amortisation	81,665,629		33,609,809	
Fixed Assets W/o during the year	3,605,668		7,291,380	
Increase in current liabilities	(18,426,080)		992,421,285	
Operating (Loss) before working capital changes		(21,654,682)		1,008,598,254
Net cash (used in) operating activities (A)		(21,654,682)		1,008,598,254
B. Cash flow from investing activities				
Increase in fixed assets	(1,490,110)		(617,878,449)	
Increase in Capital Work In Progress	(8,032,306,068)		(5,839,373,870)	
Advances / Loans made to third parties	(54,489,120)		(174,066,595)	
Net cash (used in) investing activities (B)		(8,088,285,297)		(6,631,318,913)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	8,113,600,000		5,701,204,367	
Net Cash Flow from financing activities (c)		8,113,600,000		5,701,204,367
Net increase in Cash and cash equivalents (A+B+C)		3,660,021		78,483,708
Cash and cash equivalents at the beginning of the year		85,953,418		7,469,710
Cash and cash equivalents at the end of the year		89,613,439		85,953,418

In terms of our report attached.

For JDA & Co.Chartered Accountants
FRN. 015377NSd/-
(Nitin Agarwal)
Partner
M.No.506909Place : New Delhi
Date : 18.09.2013**For and on behalf of the Board of Directors**Sd/-
(R.K.Singh)
DirectorSd/-
(S.R.Hasyagar)
Chief Finance OfficerPlace : New Delhi
Date : 18.09.2013Sd/-
(Dr. S.C. Khuntia)
DirectorSd/-
(Rajan K.Pillai)
Chief Executive Officer

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

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

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

**For and on behalf of the
Comptroller and Auditor General of India
Sd/-
(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex - officio Member, Audit Board - II,
New Delhi**

**Place : New Delhi
Date : 13.11.2013**



Dr. M. Veerappa Moily,
Hon'ble Minister for Petroleum & Natural Gas
visited Mangalore Project



Smt. Panabaka Lakshmi,
Hon'ble Minister of State for Petroleum & Natural Gas
visited Vizag Project



Shri Vivek Rae, Secretary-MoP&NG
alongwith
Shri L. N. Gupta, Secretary OIDB
inspecting progress of Vizag Site



Dr. S. C. Khuntia, AS&FA-MoP&NG
inaugurating the Public Road Diversion at Padur



Shri Sudhir Vasudeva, Chairman-ONGC
at ISPRL's Padur site office



9th AGM of ISPRL



इंडियन स्ट्रेटेजिक पेट्रोलियम रिज़र्व्स लिमिटेड

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

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय, भारत सरकार

Indian Strategic Petroleum Reserves Limited

(A wholly owned subsidiary of OIDB)

Ministry of Petroleum & Natural Gas, Govt. of India

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

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