

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PRIZE PETROLEUM COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. The respective Board of Directors of the companies included in the Group and its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements by the Directors of the Holding Companies, 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 consolidated 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 and the Order under section 143(11) of the Act.

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 consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidences obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters, paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2018, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

1. We did not audit the standalone financial statements of one subsidiary (Prize Petroleum International Pte. Ltd., Singapore) and two unincorporated Joint Ventures (ONGC



Onshore Marginal Field (Hirapur Field) and NELP-VI Block SR-OWN-2004/1- South Rewa, included in the financial statements of the Company proportionate to respective participating interest (PI). The total assets of Rs. 263,93,35,080/- and net assets of Rs. (300,61,34,732/-) as at 31st March, 2018, total revenues of Rs. 93,68,13,027/- and net loss of Rs. 11,73,76,301/- for the year ended on that date, are considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements of the Company to the extent it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such other auditors.

2. We did not audit the standalone financial statements of two Joint Ventures (Sanganpur and cluster-7) included in the consolidated financial statements of the Company, which constitutes the total assets of Rs. 5,70,55,606/- and net assets of Rs. 5,70,43,384/- as at 31st March, 2018, total revenues of Rs. 12,219/- and net profit of Rs. 12,219/- for the year ended on that date, as considered in the consolidated financial statements. The unaudited financial information have been provided to us by the management, and our opinion on the consolidated financial statements of the Company to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on such unaudited financial information furnished to us.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements certified by the Management.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statement.
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2018, taken on record by the Board of Directors of the Holding Company and the reports of statutory auditors of subsidiary company, none of the directors of the Group is disqualified as on 31 March, 2018, 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 Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure-A**".
- 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 explanation given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note 29 to the consolidated financial statements.
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

Place: Mumbai
Date : 9th May, 2018



For **GUPTA RUSTAGI & AGGARWAL**
Chartered Accountants
Firm's Regn. No. 008084N


Saurav Gupta
Partner
Membership No. 534240

Annexure "A" to the Independent Auditors' Report of even date on the Consolidated Financial Statements of PRIZE PETROLEUM COMPANY LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **PRIZE PETROLEUM COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its one subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its one subsidiary company are 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 Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and payments of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised 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 controls 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 Holding Company and its one subsidiary, which are companies incorporated in India, have maintained, 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, 2018, 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 **GUPTA RUSTAGI & AGGARWAL**

Chartered Accountants

Firm's Regn. No. 008084N




Saurav Gupta

Partner

Membership No. 534240

Place: Mumbai

Date : 9th May, 2018

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Balance Sheet as at 31st March 2018

PARTICULARS	Notes	As at 31st March 2018 INR	As at 31st March 2017 INR
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	2,050,966,311	1,992,827,749
(b) Intangible assets	2	-	-
(c) Intangible assets under development	3	215,057,965	729,444,841
(d) Financial assets			
(i) Investments		-	-
(ii) Long-term loans and advances	4	260,698	201,114
(ii) Others	5	54,488	54,488
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets		-	-
2 Current assets			
(a) Inventories	6	36,498,964	35,087,700
(b) Financial assets			
(i) Trade receivables	7	66,267,154	73,222,103
(ii) Cash and cash equivalents	8	1,109,762,668	1,026,233,690
(iii) Loans	9	80,773,799	102,259,627
(iv) Others		-	-
(c) Current tax assets (net)	10	21,978,311	48,225,579
(d) Other current assets	11	18,097,442	10,218,005
Total Assets		3,599,717,799	4,017,774,896
II Equity and liabilities			
1 Equity			
(a) Equity share capital	12	2,450,000,000	2,450,000,000
(b) Other equity	13	(4,513,656,654)	(4,368,266,969)
2 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	5,530,574,393	5,489,636,330
(ii) Other financial liabilities		-	-
(a) Provisions	15	1,711,755	2,112,550
(b) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables	16	52,279,401	130,422,552
(iii) Other financial liabilities	17	65,858,771	306,958,949
(b) Other current liabilities	18	12,768,087	6,463,475
(c) Provisions	19	182,046	448,009
Total Equity and Liabilities		3,599,717,799	4,017,774,896

See accompanying notes to the financial statements forming integral part of the financial statements

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This is the Balance Sheet referred in our report

As per our Report of even date

for GUPTA RUSTAGI & AGGARWAL

Chartered Accountants

Firm Regd. No.: 008084N

R. K. Mohal
Chief Executive Officer

M. Ananth Krishnan
Chief Financial Officer

Saurav Gupta
Partner
M.No.:534240

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

J. Ramaswamy
Director
DIN: 06627920

Place: Mumbai

Date: May 9, 2018



Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Statement of Profit and Loss for the year ended 31st March 2018

PARTICULARS		Notes	For the Year Ended 31st March 2018 INR	For the Year Ended 31st March 2017 INR
1	Revenue			
	a) Revenue from operations	20	873,178,895	783,227,463
	b) Other income	21	189,511,451	81,685,581
	Total Revenue		1,062,690,346	864,913,044
2	Expenses			
	a) Production, Transportation and other expenses	22	376,397,907	377,808,875
	b) Geological and Geophysical expenses	23	7,191,121	3,830,262
	c) Employee benefits expense	24	51,735,132	43,334,300
	d) General and Administrative expenses	25	50,317,219	58,301,059
	e) Finance costs	26	165,920,815	315,842,103
	f) Depreciation and amortisation expense	27	474,149,237	2,135,001,495
	g) Other expenses	28	66,549,606	-
	Total Expenses		1,192,261,037	2,934,118,094
3	Profit/(Loss) before exceptional items and tax		(129,570,691)	(2,069,205,050)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(129,570,691)	(2,069,205,050)
7	Profit/(Loss) before exceptional items and tax from Discontinued Operations		-	-
8	Exceptional Items		-	-
9	Tax Expense of Discontinued Operations		-	-
	- Current tax		-	-
	- Deferred tax		-	-
10	Profit (Loss) for the period from Discontinued Operations		-	-
11	Profit (Loss) for the period		(129,570,691)	(2,069,205,050)
12	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		(388,498)	3,009
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		(15,430,496)	42,369,980
	(ii) Income tax on above		-	-
13	Total other comprehensive income		(15,818,994)	42,372,989
14	Total comprehensive income for the period		(145,389,685)	(2,026,832,061)
15	Earnings per equity share (Rs.)			
	Basic		(0.53)	(8.45)
	Diluted		(0.53)	(8.45)

See accompanying notes to the financial statements forming integral part of the financial statements

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This is the Balance Sheet referred in our report
As per our Report of even date


for GUPTA RUSTAGI & AGGARWAL
Chartered Accountants
Firm Regd. No.: 008084N


R. K. Mohal
Chief Executive Officer


M. Ananth Krishnan
Chief Financial Officer


Saurav Gupta
Partner
M.No.:534240


Asheesh Garg
Company Secretary


Vinod S. Shenoy
Director
DIN: 07632981


J. Ramaswamy
Director
DIN: 06627920

Place: Mumbai
Date: May 9, 2018


Consolidated Statement of changes in equity

(All amounts in Indian Rupees)

A. Equity Share Capital

Balance at 1 Apr 2017	Issued during the period	Balance at 31 Mar 2018
2,450,000,000	-	2,450,000,000

Balance at 1 April 2016	Issued during the period	Balance at 31 March 2017
2,450,000,000	-	2,450,000,000

B. Other Equity




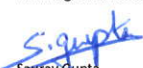

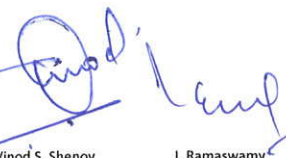
	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves	Retained earnings								
Balance at 1 Apr 2017						(4,368,266,969)								(4,368,266,969)
Total comprehensive income for the year						(129,959,189)					(15,430,496)			(145,350,685)
Dividends														
Transfer to retained earnings														
Any other change														
Balance at 31 Mar 2018						(4,498,226,158)					(15,430,496)			(4,513,656,654)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves	Retained earnings								
Balance at 1 April 2016						(2,341,434,907)								(2,341,434,907)
Changes in accounting policy or prior period errors														
Total comprehensive income for the year						(2,069,202,041)					42,369,980			(2,026,837,061)
Dividends														
Transfer to retained earnings														
Any other change														
Balance at 31 March 2017						(4,410,636,948)					42,369,980			(4,368,266,969)



Signature

Consolidated Cash Flow Statement for the year ended 31st March 2018

Particulars	As at 31st March 2018 INR	As at 31st March 2017 INR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(129,570,691)	(2,069,205,050)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
- Depreciation and impairment of property, plant and equipment	474,149,237	2,135,001,495
- (Gain)/loss on sale of property, plant and equipment	-	-
- Amortised Finance Cost	13,284,698	54,565,720
- Actuarial (Gain) / Loss from OCI	(388,498)	3,009
- Foreign Exchange Fluctuation (Unrealised)	(15,430,496)	42,369,980
- Provision for Diminution / Impairment in Value of Investments	-	-
- (Profit)/Loss on Sale of Current Investment	-	-
- Finance Costs	152,600,324	261,276,383
- Provision for Doubtful Debts & Receivables	-	-
- Provision for write off of Sanganpur Assets	66,549,606	-
- Interest Income	(61,193,970)	(80,488,491)
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	500,000,210	343,523,046
(Increase) / Decrease in Assets and Liabilities :		
- Trade Receivables	6,954,949	(1,385,606)
- Loans and Advances and Other Assets	42,439,283	(12,813,774)
- Inventories	(1,411,264)	(250,784)
- Liabilities and Other Payables	(316,250,682)	(47,932,841)
Sub Total - (ii)	(268,267,714)	(62,383,005)
Cash Generated from Operations (i) + (ii)	231,732,496	281,140,041
Less : Direct Taxes / FBT refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	231,732,496	281,140,041
B. Cash Flow From Investing Activities		
- Purchase of Property, Plant & Equipment	(84,450,529)	(160,205,142)
- Sale of Asset	-	-
- Investments	-	-
- Interest received	61,193,970	80,488,491
- Unamortised Expenses	-	-
Net Cash Flow generated from / (used in) Investing Activities (B)	(23,256,559)	(79,716,651)
C. Cash Flow From Financing Activities		
- Long term Loans raised	-	-
- Long term Loans repaid	27,653,365	(214,554,947)
- Short term Loans raised / (repaid)	-	-
- Finance Cost paid	(152,600,324)	(261,276,383)
- Increase in Share Capital	-	-
Net Cash Flow generated from / (used in) Financing Activities (C)	(124,946,959)	(475,831,330)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	83,528,978	(274,407,940)
Cash and cash equivalents at the beginning of the year	1,026,233,690	1,300,641,630
Cash and cash equivalents at the end of the year	1,109,762,668	1,026,233,690
D. Details of cash and cash equivalents at the end of the year (Refer Note B)		
Cash & Cheques in Hand	2,565	2,565
Current accounts & term Deposit in Scheduled Banks	1,109,760,103	1,026,231,125
Cash and cash equivalents at the end of the year	1,109,762,668	1,026,233,690
<div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  R. K. Mohal Chief Executive Officer </div> <div style="text-align: center;">  M. Ananth Krishnan Chief Financial Officer </div> <div style="text-align: center;">  Asheesh Garg Company Secretary </div> </div> <div style="margin-top: 20px;"> <p>As per our Report of even date for GUPTA RUSTAGI & AGGARWAL Chartered Accountants Firm Regd. No.: 008084N</p> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Saurav Gupta Partner M.No.:534240 </div> <div style="text-align: center;">  Vinod S. Shenoy Director DIN: 07632981 </div> <div style="text-align: center;">  J. Ramaswamy Director DIN: 06627920 </div> </div> <div style="margin-top: 20px;"> <p>Place: Mumbai Date: May 9, 2018</p> </div> </div>		



1 Property, plant and equipment

Particulars	Gross Block			Depreciation/Impairment			Net Block			
	As at 1 April 2017	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2018	As at 1 April 2017	for the year	Foreign Exchange Translation	Adjustment/Provision/ Trf. To Tangible or Intangible fixed asset	As at 31 March 2018	As at 31 March 2017
Office Equipments	333,329	-	-	383,329	175,703	85,030	-	-	260,733	175,703
Computer hardware	36,555	-	-	56,555	32,607	3,901	-	-	36,508	32,607
F & F Purchased under scheme	138,836	(61,110)	-	77,726	30,840	10,417	-	(33,190)	71,047	30,840
F & F Others	33,419	6,200	-	89,619	56,478	1,710	-	-	58,188	56,478
Vehicles Purchased under scheme	129,234	-	-	129,234	129,234	-	-	-	129,234	129,234
Vehicles Others	38,454	-	-	38,454	-	-	-	-	38,454	-
Hydrocarbon rights and Concessions (Sanganpur field)	13,743,774	-	-	13,743,774	7,464	-	-	13,736,310	13,743,774	7,464
ONGC on shore marginal field (50%)-Well cost	87,780,231	-	-	87,780,231	2,573,514	1,170,783	-	-	3,744,297	2,573,514
ONGC on shore marginal field (50%)-F & F	52,746	-	-	52,746	37,170	2,564	-	-	39,734	37,170
ONGC on shore marginal field (50%)-P&M	4,719,445	-	-	4,719,445	423,213	211,891	-	-	635,104	423,213
Project Sanganpur (50%)-Well cost	52,677,332	-	-	52,677,332	28,609	-	-	52,648,723	52,677,332	28,609
Project Sanganpur (50%)-P&M	34,568	-	-	34,568	4,826	404	-	79,338	84,568	4,826
Project Sanganpur (50%)-Office Equipments	2,922	-	-	2,922	-	-	-	2,922	2,922	-
Project Sanganpur (50%)-F&F	1,814	-	-	1,814	-	-	-	1,814	1,814	-
Project Sanganpur (50%)-Blog	39,911	-	-	39,911	8,686	726	-	80,499	89,911	8,686
Project SR-ONN (10%)-Computer	228	-	-	228	181	-	-	-	181	181
Project SR-ONN (10%)-Digital camera	490	-	-	490	322	85	-	-	407	322
Project SR-ONN (10%)-Global positioning system	130	-	-	130	-	-	-	-	-	-
Yolla Field Acquisition cost (license T/L1)	4,173,609,054	-	21,408,207	4,195,017,261	3,460,949,202	141,469,426	19,368,417	-	3,621,787,045	3,460,949,202
Yolla Stage 2 - Y5 & Y6 Drilling Cost	1,313,029,706	16,396,457	6,579,826	1,336,005,989	260,008,921	212,177,230	3,599,912	-	475,786,063	260,008,921
Compressor Installation (Capitalized)	-	525,470,229	-	525,470,229	-	103,088,006	1,115,996	-	104,204,002	-
Other Plant & Machinery	83,692,372	52,906,997	419,398	137,018,767	13,019,331	15,927,065	237,663	-	29,184,059	13,019,331
TOTAL	5,730,314,050	594,718,773	28,407,431	6,353,440,254	3,737,486,301	474,149,238	24,321,988	66,516,416	4,302,473,943	2,050,966,311
										1,992,827,745

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2017	Addition/(Deletion)	Foreign Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2018
Office Equipment	210,595	-	-	(85,030)	2,922	128,487
Plant & Equipment	75,073,261	52,906,997	181,735	(16,143,346)	(79,338)	111,939,309
Building	81,225	-	-	(726)	80,499	160,998
Furniture & Fixtures	151,827	(54,910)	-	(14,691)	31,376	113,602
Vehicles	76,941	6,200	-	1,710	-	34,851
Others - well Cost	1,190,876,225	16,396,457	2,979,914	(213,348,013)	(52,648,723)	944,235,860
Others - Acquisition Cost	726,407,675	525,464,029	923,794	(244,559,142)	(13,903,152)	994,333,204
TOTAL	1,992,827,749	594,718,773	4,085,443	(474,149,238)	(66,516,416)	2,050,966,311

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2 Intangible assets

Particulars	Gross Block			Depreciation/Impairment			Net Block	
	As at 1 April 2017	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2018	As at 1 April 2017	for the year	As at 31 March 2018	As at 31 March 2017
Computer software	6,528	-	-	6,528	6,528	-	6,528	-
TOTAL	6,528	-	-	6,528	6,528	-	6,528	-

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2017	Addition/(Deletion)	Foreign Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2018
Computer Software	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

3 Intangible assets under development

Particulars	As at 1 April 2017	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2018	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31 March 2018
Intangible assets under development - Acquisition Cost	13,552,000	-	-	13,552,000	-	-	13,552,000
ONGC onshore Marginal fields							
Tangible Assets	184,310,685	-	926,119	185,736,804	-	-	185,736,804
Discovered field (permit T/18P)	472,393,524	-	2,369,754	525,470,229	-	-	-
Yolla Field (license T/L 1) Compressor installation	-	50,206,951	-	-	-	-	-
Yolla Field (license T/L 1) Yolla Stage 2-Y5 & Y6 Drilling	-	(42,711,066)	-	-	-	-	-
Yolla Field (license T/L 1) Other P&M	58,188,632	-	291,594	15,769,160	-	-	15,769,160
TOTAL	729,444,841	7,495,885	3,587,467	740,528,194	525,470,229	-	215,057,965

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Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

4 Long-term loans and advances

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Security Deposit- MP state govt	15,000	15,000
Deposit - Asstt. Labor Commissioner	60,084	-
Security Deposit- Rent	26,250	26,250
Security Deposit- Elec, gas, water	143,114	143,114
Telephone deposit	1,250	1,750
Other Deposits	15,000	15,000
Total	260,698	201,114

5 Other non-current financial assets

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Other deposits	54,488	54,488
Total	54,488	54,488

6 Inventories

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Inventory (License: T/L1)	29,386,599	27,975,335
Casing & Tubing	5,410,378	5,410,378
Cementing Chemicals	2,405	2,405
Pumps & Spares	205,629	205,629
Bridge Plug 5 1/2"	23,413	23,413
Retrievable Mechanical Packer	417,500	417,500
X-Mas Tree	90,000	90,000
Electrical Submersible Pump	22,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	282,042	282,042
Wellheads	525,370	525,370
Total	36,498,964	35,087,700

7 Trade receivables

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Unsecured, considered good	66,267,154	73,222,103
Total	66,267,154	73,222,103

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Notes forming part of Consolidated Financial Statements

8 Cash and cash equivalents

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
a. Cash in hand	2,565	2,565
b. Balance with banks		
Current accounts	190,280,497	46,052,599
Fixed deposit accounts (including accrued interest) (I)	917,233,504	979,121,947
Less: Amount disclosed under other non-current assets (*)	-	-
c. Other bank balances		
Fixed deposits (kept as margin money)	2,246,102	1,056,579
(I) Includes interest accrued and reinvested in short term deposits Rs. 412.38 Lakhs (FY 16-17 Rs. 298.91 Lakhs)		
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 16-17: Rs. NIL Lakhs)		
Total	1,109,762,668	1,026,233,690

9 Short-term loans and advances

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Receivables from Joint Venture Projects	38,193,204	31,816,476
Advance Cash Calls (Yolla - T/L1)	42,247,069	70,126,729
Security Deposit (TMF)	248,271	232,001
Other Deposits (Yolla - T/L1)	85,255	84,421
Total	80,773,799	102,259,627

10 Current tax assets (net)

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Tax Deducted at Source	21,978,311	48,225,579
Total	21,978,311	48,225,579

11 Other current assets

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Prepaid expenses	11,758,285	9,736,060
Service Tax Credit Receivable	-	337,693
GST Recoverable - PPCL	4,544,747	-
GST Recoverable - PPIPL	1,768,544	22,360
Advance to Employees/Other advances	25,866	121,892
Total	18,097,442	10,218,005



Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

12 Equity share capital

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
A. Authorised :		
620000000 Equity Shares of Rs. 10 each	6,200,000,000	6,200,000,000
100000000 Preference Shares of Rs.10 each	1,000,000,000	1,000,000,000
	7,200,000,000	7,200,000,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each fully paid up	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
C. Par Value per Share		
i) Equity Shares :	Rs. 10/-	Rs. 10/-
ii) Preference Shares	Rs. 10/-	Rs. 10/-
D. Reconciliation of No. of Shares Outstanding		
a) Equity Shares		
Opening Balance	245,000,000	245,000,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	245,000,000	245,000,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

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Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

13 Reserves and Surplus

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Foreign Currency Translation Reserve		
Opening Balance	38,582,785	(3,787,195)
Effect of Foreign Exchange rate variation during the period	(15,430,496)	42,369,980
Closing Balance	23,152,289	38,582,785
Retained earnings		
Opening Balance	(4,406,849,754)	(2,337,647,713)
Profit (Loss) for the year	(129,959,189)	(2,069,202,041)
Closing Balance	(4,536,808,943)	(4,406,849,754)
Total	(4,513,656,654)	(4,368,266,969)

14 Long-term borrowings

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Sumitomo Mitsui Banking Corporation-Singapore	5,605,480,000	5,577,530,000
Unamortised upfront fees	(74,905,607)	(87,893,670)
Total	5,530,574,393	5,489,636,330

15 Non-Current Liabilities - Provisions

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Provision for Gratuity (#)	805,487	764,314
Provision towards compensated absences (#)	190,358	668,119
Provision for Abandonment cost (#) Refer Note 29	715,910	680,117
Total	1,711,755	2,112,550

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Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

16 Trade payables

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Trade payable - Micro Enterprises and Small Enterprises	-	-
Trade payable - Other than Micro Enterprises and Small Enterprises	12,795,050	3,996,655
Trade payables-Expenses payables	18,257,229	105,592,328
Expenses Payable	8,034,297	5,124,026
Accounts payable	12,345,901	15,709,543
Other Liabilities	846,924	-
Total	52,279,401	130,422,552

17 Other current financial liabilities

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
AWE Petroleum Pty Ltd, Australia	-	247,859,596
Interest Payable	65,858,771	59,099,353
Total	65,858,771	306,958,949

18 Other current liabilities

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Statutory liabilities	12,768,087	6,463,475
Total	12,768,087	6,463,475

19 Provisions

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Provision for Gratuity	3,230	4,033
Provision towards compensated absences	178,816	443,976
Total	182,046	448,009

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Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

20 Revenue from operations

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Income from Hydrocarbons	807,838,895	696,107,463
Income from Management fee	65,340,000	87,120,000
Total	873,178,895	783,227,463

21 Other income

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Interest on Fixed Deposit	55,701,882	77,758,132
Bank Interest - PPIPL	656,601	1,440,249
Others	133,152,968	2,487,200
Total	189,511,451	81,685,581

22 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Operating Cost- PPIPL, Singapore	369,897,936	370,604,201
Insurance	123,736	177,231
Electricity & Utilities	562,556	556,546
Consultancy Fees	103,875	110,360
Well Maintenance Charges	270,814	304,766
Security Charges	1,099,797	1,214,023
Processing & Handling of Crude Oil	1,113,094	1,286,274
Manpower Charges	1,856,918	2,110,274
Land Rent	343,880	337,557
Crude Oil Transportation	1,025,301	1,057,515
Royalty	-	18,535
Cess	-	31,593
Total	376,397,907	377,808,875

23 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Pre Bidding Exp - Discovered Small Field	-	1,138,191
G&G Expenses - OALP	1,257,047	-
G&G Expenses - South Rewa (SR-ONN Block)	399,202	396,081
G & G Studies (Permit 18/P)	5,534,872	2,295,990
Total	7,191,121	3,830,262

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Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements**24 Employee benefits expense**

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Salaries and wages	36,030,904	29,520,486
Contribution towards Provident Fund	3,161,755	2,880,022
Pension, Gratuity and Other Employee Benefit	3,766,021	3,282,996
Employee Welfare Expenses	8,776,452	7,650,796
Total	51,735,132	43,334,300

25 General and administrative expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Repairs & Maintenance	113,813	1,308,930
Auditor's Remuneration	2,439,262	1,440,176
Electricity & Utilities	1,467,513	1,428,251
Traveling & Conveyance	1,713,807	3,073,685
Legal Expenses	1,179,597	817,426
Consultancy Charges	10,962,144	13,950,542
Insurance	7,019	14,591
Rent	18,653,201	19,868,704
Advertisement & Business Relation Expenses	320,600	368,391
Telephone Charges	429,870	521,407
Bank Charges	164,103	473,694
Postage & Courier	45,398	88,450
Printing & Stationery	197,299	263,664
Foreign Exchange Fluctuations	7,235,273	7,412,170
Contract Labour	3,718,043	2,883,411
Training & Seminar Expenses	60,350	63,650
Membership & Subscription	215,829	54,837
HO Overheads	421,578	501,434
General Expenses	75,827	33,240
G & A Expenses (PPIPL)	1,739,851	4,606,465
TOTAL	51,160,377	59,173,118
Allocated to Projects	(843,158)	(872,059)
Total	50,317,219	58,301,059



Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements**26 Finance costs**

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Financial Fee	22,948	65,882
Agency Fee	1,379,914	1,094,722
Security Trustee Fee	828,013	936,085
Bank loan fee	13,284,698	54,565,720
Interest on Long Term Loan	150,369,449	211,243,286
Interest Withholding Tax	-	47,880,252
Others - Unwinding of Provision for Abandonment	35,793	56,156
Total	165,920,815	315,842,103

27 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Depreciation	316,727	378,877
Depletion	473,832,510	643,965,465
Impairment	-	1,490,657,153
Total	474,149,237	2,135,001,495

28 Other Expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Provision for write off Sanganpur Assets	66,549,606	-
Total	66,549,606	-



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Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31 March, 2018

Name of the Entity	Net Assets (Total Assets reduced by Total Liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated Net Assets	Amount (in Rupees)	As a % of Consolidated profit or loss	Amount (in Rupees)	As a % of Consolidated OCI	Amount (in Rupees)	As a % of Consolidated TCI	Amount (in Rupees)
Prize Petroleum Company Limited	52.69%	1,087,417,549	-12.12%	(15,707,662)	2.46%	(388,498)	-11.07%	(16,096,160)
Subsidiaries Prize Petroleum International Pte. Ltd	-152.69%	(3,151,074,203)	-87.88%	(113,863,031)	97.54%	(15,430,496)	-88.93%	(129,293,527)
Total		(2,063,656,654)		(129,570,693)		(15,818,994)		(145,389,637)

for GUPTA RUSTAGI & AGGARWAL
Chartered Accountants
Firm Regd. No.: 008084N

S. Gupta
Saurav Gupta
Partner
M.No.:534240

Place: Mumbai
Date: May 9, 2018

R. K. Mohal
R. K. Mohal
Chief Executive Officer

Vinod S. Shenoy
Vinod S. Shenoy
Director
DIN: 07632981

M. Ananth Krishnan
M. Ananth Krishnan
Chief Financial Officer

J. Ramaswamy
J. Ramaswamy
Director
DIN: 06627920

Asheesh Garg
Asheesh Garg
Company Secretary



PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

Note 29**NOTE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018****I. DESCRIPTION OF BUSINESS**

Prize Petroleum Company Limited ('the Holding Company') is a Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited (HPCL) and engaged in the Exploration and Production of hydrocarbon and related activities thereto. The Holding Company and its subsidiaries are, hereinafter collectively, referred to as 'the Group'.

II. PRINCIPLES OF CONSOLIDATION

a) The Consolidated Financial Statements comprise the financial statements of the Company (Prize Petroleum Company Limited) and its' subsidiary. Subsidiary is the company over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

b) The subsidiary considered in the consolidated financial statements are given below:

Sr. No.	Name of the Group	Relationship	Country of Incorporation	Percentage of Group holding as at March 31, 2018
1	Prize Petroleum International Pte. Ltd.	Wholly owned subsidiary	Singapore	100%

c) The Financial Statements of the Company and its' subsidiary are combined on a line by line basis by adding together the like items of assets, liabilities, equity, incomes and expenditures. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

d) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the manner as the Company's separate Financial Statements.

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III. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

- 1.1 The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant Provisions of Companies Act, 2013 and Rules thereunder.
- 1.2 The Financial Statements have been prepared under historical cost convention basis except for certain assets and liabilities measured at fair value.
- 1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 1.4 The Company generally conforms to the internationally accepted "Successful Efforts Method" (SEM) of accounting read with the revised guidance note on "Accounting for Oil & Gas Producing Activities" issued by The Institute of Chartered Accountants of India (ICAI).
- 1.5 The group's presentation and functional currency is Indian Rupees.

2. Use of Estimates:

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Useful lives of property, plant and equipment and intangible assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Assets and obligations relating to employee benefits;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies

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3. Revenue Recognition:

- 3.1 Revenue from Crude Oil and Natural Gas is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in progress is deducted from expenditures on such wells. Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.
- 3.2 Income from consultancy/ management income being recognized when services are rendered and no significant uncertainty is attached to realization.
- 3.3 Dividend income is recognized when the right to receive the dividend is established.
- 3.4 Income from sale of scarp is accounted for on realization.
- 3.5 Interest income is recognised using effective interest rate (EIR) method.

4. Geological and Geophysical Expenditures:

Expenditures other than on tangible assets and equipment & facilities deployed in relation thereto on which usual depreciation allowance is admissible, are expensed in the year of incidence.

5. General and Administrative Expenses:

General and Administrative expenses are allocated to "Acquisition of Assets" in case of successful bids / efforts, based on the deployment of resources in pursuing those efforts and the balance are charged to Statement of Profit and Loss.

6. Property, Plant and Equipment:

Property, Plant and Equipment are stated at historical cost less depreciation. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

Producing properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area /field is ready to commence commercial production. Producing properties are reflected as Property, Plant and Equipment.

Cost of development wells, cost of related equipment, facilities, cost of hydrocarbon rights and concessions are capitalized and reflected as Property, Plant and Equipment.

Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use.

7. Pre-producing Properties:

- 7.1 All acquisition costs (including Pre-acquisition cost, Acquisition Cost during Exploration stage, Development stage and Production stage), exploration costs involved in drilling and

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equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells (including cost incurred toward prospecting activities of exploratory wells) are initially capitalized as Exploratory under Pre-producing Properties till the time these are either transferred to Producing Properties on completion of commencement of commercial production or expensed in the year when determined to be dry or of no further use, as the case may be.

7.2 All costs relating to development wells are initially capitalized as Development Wells under Pre-Producing Properties and transferred to producing properties on commencement of commercial production.

7.3 In respect of the wells pending completion of commencement of commercial production, all the expenses incurred net of the billing raised on test production supplied are classified as Pre-producing Properties.

8. Producing Properties:

Producing properties are created in respect of fields/blocks having proved developed Oil and Gas reserves, when the well in the fields/blocks is ready to commence commercial production.

Cost of successful exploratory wells, development wells, related equipment, facilities, hydrocarbon rights, concessions and applicable acquisition costs (Pre-acquisition cost and Intangible Assets (Intangible assets acquired separately and Intangible Assets under Development-Exploratory Well in Progress)) are capitalized and reflected as producing properties.

9. Depreciation/ Amortization:

Property, Plant and Equipment

9.1 Depreciation on Property, Plant and Equipment owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.

9.2 In the case of vehicles provided to employees under approved schemes of the Company, the depreciation is charged at the rate of 13.5% under the Straight Line Method as per the provision of the Scheme.

9.3 Individual items of Fixed Assets, the acquisition cost of which is up to Rs. 5,000/- is depreciated in full in the year of acquisition.

9.4 The Company amortizes the expenses on office renovation over the unexpired lease tenor.

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- 9.5 In Line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

Intangible Assets

- 9.6 Cost of G&G Software licenses are being amortized over useful life.

10. Depletion of Producing Properties:

- 10.1 Producing properties including acquisition cost are depleted using the "Unit of Production method" (UOP) based on the related Proved Developed Reserves in accordance with guidance note on "Accounting for Oil & Gas producing activities".
- 10.2 Interest capitalized on producing properties including acquisition cost, as required under Ind AS-23 (Borrowing Costs), are also depleted using the Unit of Production Method.
- 10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

11. Earnings Per Share:

- 11.1 Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.
- 11.2 For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12. Segment Reporting:

The Company is primarily and solely engaged in exploration and production of crude oil and natural gas. Consultancy/Management fee incomes are isolated transactions for which no segment assets / liabilities or expenses attributable directly on reasonable basis. In view of this management considers the Company is in single segment i.e. Exploration and production of crude oil and natural gas.

13. Abandonment Cost:

- 13.1 The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks is provided at the present value of the expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset.

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- 13.2 The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.
- 13.3 The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.
- 13.4 The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated filed/ block ceases to produce.

14. Joint Ventures:

- 14.1 In respect of PSCs and Service Contracts (SCs) executed by the Company under Joint Ventures with Govt. of India and/or other parties; the financial statements reflect the Company's assets and liabilities as also the income and expenditure of the Joint Venture operations (to the extent of available details) in proportion to the participating interest (PI) of the Company as per the terms of the PSCs/SCs, on a line by line basis, in alignment with Company's policy.
- 14.2 Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.
- 14.3 Interests capitalized on loan funds utilized in Joint venture projects, as required under Ind AS-23 (Borrowing Costs), are included in the value of respective joint venture assets and are depreciated/ amortized on the same basis on which the original asset is depreciated/ amortized.

15. Retirement and Other Employees Benefits:

- 15.1 Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method.
- 15.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.
- 15.3 Gratuity liability and leave salary to employees is not funded.

16. Foreign Currency Transactions:

Monetary items:

- 16.1 Transactions in foreign currencies are initially recorded at their respective spot rates at the date the transaction first qualifies for recognition.
- 16.2 Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

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- 16.3 Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items:

- 16.4 Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- 16.5 Exchange difference, if any, depending on the nature of the expenditure are either allocated to respective projects or are directly treated as income/ expenses in the period they accrue.
- 16.6 The financial statements of subsidiary are prepared in USD and are translated into Indian rupees as follows:
- i. assets and liabilities, both monetary and non-monetary, are translated using the closing rate,
 - ii. items of income and expenditures are translated at the average rate prevailing during the period,
 - iii. The resulting net exchange difference is credited or debited to a foreign currency translation reserve in other comprehensive income.

17. Impairment of Assets:

- 17.1 At each Balance Sheet date, an assessment of assets is made to ascertain whether there is any event and/or circumstances which indicate impairment.
- 17.2 An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

18. Inventory:

- 18.1 Closing stock of Crude Oil in unfinished condition in storage tank is not valued.
- 18.2 Stores and spares are valued at weighted average cost or net realizable value, whichever is lower.

19. Taxes on Income:

- 19.1 Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting.

Current Tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the statement of Profit or Loss (either in other comprehensive income or in equity).

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Current Tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity

19.2 Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

20. Contingent Liabilities / Assets and Provisions

20.1 Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

20.2 The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.

20.3 If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

20.4 Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

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20.5 Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

20.6 Contingent assets are neither recognized nor disclosed in the financial statements.

20.7 The Company has made provision for all known liabilities.

21. Financial instruments

Financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i. Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

ii. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

iii. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

v. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b. Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Financial Liabilities

i. Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

ii. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

iii. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

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iv. **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

IV. **NOTES FORMING PART OF FINANCIAL STATEMENTS**

1. **Contingent Liabilities and commitment:**

- 1.1 The Company along with Consortium members, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI-60%) and M/s M3nergy (PI-30%) was awarded a service contract in March, 2006 for development of ONGC's offshore marginal oilfields of Cluster-7. The service contract was signed in September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

HPCL submitted a bank guarantee of Rs.59.44 crores on behalf of the Consortium as per the provisions of the service contract. Company and M3nergy provided a back to- back bank guarantee of Rs.5.94 crores and Rs.17.83 crores respectively for their share to HPCL. After execution of service contract M3nergy did not co-operate and raised various issues as a result of which petroleum operations could not begin within 6 months from the date of award as stipulated in service contract.

ONGC terminated the service contract in January, 2009 and forfeited the bank guarantees submitted by the Consortium.

Company and HPCL initiated arbitration proceedings against M3nergy in May, 2009 and have filed a claim of Rs. 1021.37 crores (US\$ 156.7 million at exchange rate of 1US\$ = Rs. 65.18).

M3nergy filed counter-claim in August, 2010 for Rs. 277.67 crores (US\$ 42.60 million at exchange rate of 1US\$ = Rs. 65.18). Share of HPCL in the same is 6/7th i.e. Rs.237.97 crores and share of Company is 1/7th i.e. Rs. 39.70 crores (PY: Rs. 39.47 crores).

Partial Award was passed by the Tribunal in January, 2014 dismissing the Counter Claim of M3nergy. Tribunal held that M3nergy is responsible for the termination of service contract by ONGC and liable to pay damages to HPCL and PPCL. The said Partial Award has been challenged by M3nergy before High Court of Bombay wherein Court refused the request of M3nergy to stay arbitration proceedings.

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Further Partial Award-II was passed by Tribunal on 27th September 2017 wherein the Presiding Arbitrator has held, as follows:

- i) Claimants (HPCL and PPCL) are entitled to USD 91.30 Million, which when converted into Indian Currency taking into account exchange rate of Rs. 48.68 for a US Dollar prevailing on January 6, 2009, amounts to Rs. 444.45 crores (HPCL's Share Rs. 380.96 crores) be paid by the Respondent along with interest at the rate of 9% p.a. with effect from January 6, 2009 i.e. the date on which communication of ONGC was issued to the parties terminating the contract, within 10 weeks from the date of this award, failing which rate of interest would climb to 12% p.a. from the 11th week;
- ii) Respondent is liable for the sum of Rs. 41.6 Crores (HPCL's share Rs. 35.67 crores), being the costs of then cashed bank guarantee with interest at the rate of 9% p.a. from the date of encashment of bank guarantee (April 24, 2009) till the date of payment to the Claimants. If not paid within 10 weeks, then rate of interest shall rise to 12% p.a. from 11th week till full payment of the sums due.

The issue of costs has been reserved for a later date. Further Partial Award-II has also been challenged before Bombay High Court under Section 34 of Arbitration and Conciliation Act, 1996 in January 2018 and is yet to come up for hearing. HPCL and PPCL are in process of filing the application for enforcement of award before the Court at Malaysia.

1.2 The Company is Operator in exploration block; SR-ONN-2004/1, awarded under NELP round -VI with 10% PI along with Consortium Partner M/s Jaiprakash Limited. The Consortium has completed all minimum work program except drilling of one (1) well for which environmental clearance (EC) was not granted from Ministry of Environment and Forests due to drilling location falling within the radius of 10km from a wildlife sanctuary. Further as per recent Policy Framework Guidelines issued by MoP&NG dated 10th November, 2014, consortium has requested DGH to allow to exit from the block without paying any Liquidity Damages (LD) towards non-drilling of 3rd well. DGH vide its letter dated Feb. 5, 2018 has communicated that the block stands relinquished with effect from 23.10.2014 subject to the compliance of PSC and the P&NG rules.

1.3 Company was awarded an Exploration block AA ONN 2010/1 in Tripura under NELP IX in consortium with ABG Energy Ltd (ABG). The Product Sharing Contract (PSC) was signed with Government of India (GOI) by the consortium on August 30, 2012. Company has 20% PI (Participating Interest) and ABG 80% PI. As per the Joint Bidding agreement, ABG will carry Company during the exploration phase i.e. Company's share of 20% expenditure during exploration phase shall be borne by ABG. In case of any discovery, 10% of Company's share paid by ABG will be recovered by them out of profit petroleum and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is

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USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

In view of non-submission, GOI terminated this PSC dated August 30, 2012 vide letter dated 15th Oct 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6th Feb 2015 as per Article 5.6 of PSC. Company has kept ABG on notice that it is their responsibility to pay the entire quantum of liquidated damages, including the share of Company, If Company is compelled to pay its share of liquidated damages by the GOI, and if such payment is made, then company will have to claim this money from ABG.

Prize has invoked arbitration against ABG energy in the matter on 10th October 2016 and after appointing of arbitrator on behalf of ABG Energy by Court, three-member tribunal has been constituted. Company, as directed by Honorable Tribunal, has filed statement of claim on 4th May 2018.

A Petition is also filed in the matter under section 9 of Arbitration and Conciliation Act, 1996 against ABG Energy in which as per order of Court ABG Energy as filed its list of assets in the Court and has also informed that ABG International (Parent company of ABG Energy) is under liquidation. Next date of hearing in the matter is 3rd August 2018.

- 1.4 M/s. Seadrill Australia Pte. Ltd. (Seadrill) was awarded Offshore Drilling Contract in February-2014 by M/s. Origin Energy Resources Limited (Origin), on behalf of JV partners of permit T/L1 (Yolla Field), for drilling of offshore wells. After completion of drilling activities on July 22, 2015, several attempts were made by Seadrill to jack down the rig for demobilization, however, same were unsuccessful until October 15, 2015 when rig was successfully demobilized.

Origin raised concern over the delay in demobilization of rig and requested Seadrill for commercial discussion for rig rate relief. Seadrill was not willing to enter into commercial discussion and claimed that failure to demobilize its rig was due to metocean and environmental conditions experienced over the two and half months' period (Wait-on-Weather Period). However, Origin contended that, as per the contract Seadrill was to provide a rig that would work under the expected metocean and environmental conditions in the area of operations and Seadrill has breached this representation. Thus, Origin has raised dispute over the charges claimed by the Seadrill for the period of Wait-on-Weather amounting to USD 11,242,846 (PPIPL Share – USD 1,264,820) as Seadrill was in breach of representation under governing terms of the contract.

As both the parties were unable to resolve the dispute through negotiations, in December 2015, Seadrill served notice for submission of dispute to arbitration. Seadrill has invoked

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arbitration clause and arbitrator has been appointed to adjudicate the disputes between the parties. As at 31 March 2017, the arbitration proceedings had commenced was in progress.

On 27th September 2017, the arbitration proceedings concluded with an award in favor of Seadrill and Origin was ordered to pay the sum of US\$11,275,803 (PPIPL Share – US\$1.27 million) within 14 days from the date of award. The Tribunal has also ordered Origin to pay the costs of Seadrill and costs of arbitration. Subsequently, Origin has discharged all the costs as per Tribunal Order and recovered the same from the JVP through Cash Calls.

2. In compliance of Indian Accounting Standard 112 on “Disclosure of Interest in Other Entities”, a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the Company are given below:

Name of the Block	Country	Participating Interest as on 31st March, 2017
South Rewa – PSC	India	10%
Sanganpur – PSC	India	50%
Hirapur – SC	India	50%
Yolla Field - Acquisition	Australia	11.25%
Trefoil Field – Acquisition	Australia	9.75%

2.1 ONGC Onshore Marginal Fields

The Company was awarded Service Contracts dated 28th April, 2004, for development of ONGC’s Hirapur, Khambel and West Bechraji onshore marginal oil fields.

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently. The Company’s share of assets and liabilities as at 31st March 2018 and the Income and expenditure for the year in respect of above joint venture is as follows:

	Particulars	FY 2017-18 (INR)	FY 2016-17 (INR)
A	Property, Plant & Equipment (Gross)	9,98,55,655	9,98,55,655
B	Intangible asset under development	1,35,52,000	1,35,52,000
C	Other Net Non-Current Assets	2,79,785	(2,22,834)
D	Net Current Assets (*)	1,57,91,953	1,39,34,601
E	Income	90,83,841	1,02,19,022
F	Expenditure	1,21,97,872	1,27,03,223

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(*) Includes receivable from joint venture amounting to Rs. 1,05,98,082/- (for FY 16-17 – Rs. 82,16,030/-).

2.2 Sanganpur Field

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1st September, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18,17,034/- have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on estimated un-Audited accounts as at 31st March, 2017.

Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 has passed order for appointment of liquidator for assets and business of Company M/s HDCPL. This petition was filed by ETA Star Golding limited for non-payment of its invoices by M/s HDCPL. Said order of Bombay High Court was challenged before its Division Bench and is still pending before the Court.

MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Accordingly, Company has created a 'Provision for Write-off of Sanganpur Assets' of Rs. 6,65,49,606/-.

The Company's share of assets and liabilities as at 31st March 2018 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2017-18	FY 2016-17
A	Property, Plant & Equipment (Gross)	5,62,66,993	5,62,66,993
B	Other Net Non-Current Assets	(2,16,681)	(2,16,681)
C	Net Current Assets (*)	(10,20,785)	(10,20,785)
D	Income	-	8,67,289
E	Expenditure	-	9,08,402

(*) Includes payable to joint venture amounting to Rs. 4,47,260/- (for FY 16-17 – Rs. 4,47,260/-)

2.3 ONGC Offshore Marginal Fields (Cluster-7)

The Company along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI – 60%) and M/s M3nergy (PI – 30%) was awarded a Contract vide letter of award dated 31st March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration proceedings against M3nergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department- HPCL.

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2.4 SR – ONN – 2004 / 1 (South Rewa Block):

The Company along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) was awarded PSC for the SR-ONN-2004/1 block vide letter dated 12th February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2nd March, 2007.

Consortium has proposed to relinquish the block effective from 23rd October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH). DGH vide its letter dated Feb. 5, 2018 has communicated that the Block stands relinquished with effect from 23.10.2014 subject to the compliance of PSC and the P&NG rules.

The Company's share of assets and liabilities as at 31st March, 2018 in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2017-18	FY 2016-17
A	Property, Plant and Equipment (Gross)	10,280	10,280
B	Intangible asset under development	-	-
C	Other Net Non-Current Assets	15,000	15,000
D	Net Current Assets (*)	3,21,08,760	2,81,11,217
E	Expenditure (**)	3,99,287	3,96,242

(*) Includes receivables from joint venture amounting to Rs. 2,81,85,204 (for FY 16-17 - Rs. 2,41,79,529/-)

(**) Includes Rs. NIL written off towards dry wells cost (for FY 16-17 - Rs. Nil. Also includes Inventory written off amounting to Rs. Nil (for FY 16-17 – NIL)

3. Estimated Hydrocarbon Proven Reserves as on 31st March, 2018 in the Oil fields as follows:

a) Domestic Operations (Hirapur and Sangapur (On-shore Marginal Fields))

Particulars (*)	FY 2017-18		FY 2016-17	
	MM BBLS	MMT	MM BBLS	MMT
Recoverable Reserves	2.43	0.328	3.01	0.403

(*) The Company Share is 50% of total

(+) MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Therefore, the above mentioned recoverable reserves does not include recoverable reserves of Sangapur Field.

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b) International Operations (Yolla Field, Australia – License T/L 1 – Offshore Filed)

Particulars	FY 2017-18	FY 2016-17
	MM BoE	MM BoE
Recoverable Reserves (*)	1.903	2.049

(*) For respective share of the company

4. Quantitative Particulars of Petroleum:

Total Dry Crude Production	FY 2017-18 (BoE)	FY 2016-17 (BoE)
Hirapur Field (*)	33,752	36,503
Sanganpur Field (+) (*)	-	555
Yolla Field (T/L1) Australia	4,59,269	4,29,582
TOTAL	4,93,021	4,66,640

(*) For total share in Field.

(+) MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Therefore, no production of Sanganpur Field during the FY 17-18.

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	FY 2017-18	FY 2016-17
Foreign Travel	-	5,27,226
Consultancy Fees/Reimbursements etc.	-	10,65,767
Capital Equipment, Spares etc.	-	-
Equity Contribution	14,88,63,625	24,40,39,000

6. The limit of non-funded credit facilities of Bank Guarantees/Letter of Credit is Rs.10,00,00,000/- with Corporation Bank, New Delhi.
7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23rd January, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'. PPIPL has availed loan facility of USD 86 Million as of 31st March, 2018 against which shares of the Company in PPIPL, Singapore have been pledged in favour of the lender.
8. Rights of Shareholders Rights, Preferences & Restrictions attached to each class of shares. The Company has classified its share capital into Equity & Preference Capital.

8.1 Equity Shares

Equity shares of the Company has a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of

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equity shares will be entitled to receive remaining assets (if any) after distribution of all preferential accounts.

The distribution will be in pro-rata to the equity shares held by the shareholder.

8.2 Preference Shares

No Voting rights are attached to the holder of the Cumulative Convertible Preference Shares except to vote only on resolution(s) placed before the Company which directly affect the rights attached to the Cumulative Convertible Preference Shares.

9. Information as per Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures":

9.1 Related Party relationships:

	Name of the related party	Relationship
1.	Hindustan Petroleum Corporation Limited	Holding Company
2.	Prize Petroleum International Pte. Ltd. Singapore	Wholly Owned Subsidiary Company

9.2 Key Management Personnel:

a) Mr. R. K. Mohal	Chief Executive Officer (wef 01.09.2017)
b) Mr. Vikram Gulati	Chief Executive Officer (up to 31.08.2017)
c) Mr. M. Ananth Krishnan	Chief Financial Officer
d) Mr. Asheesh Garg	Company Secretary

9.3 Transactions during the period with related parties are:

Figure in Rupees

Particulars	FY 2017-18			FY 2016-17		
	Holding Company	Subsidiary Company	Total	Holding Company	Subsidiary Company	Total
Services rendered to	7,71,01,200	56,70,481	8,27,71,681	9,55,99,350	40,58,101	9,96,57,451
Expenses recovered from company by	8,74,05,236	-	8,74,05,236	7,48,29,527	-	7,48,29,527
Expenses recovered by company from	55,12,285	-	55,12,285	15,41,374	-	15,41,374
Share Capital Received from	-	-	-	-	-	-
Shares Subscribed of	-	14,88,63,625	14,88,63,625	-	24,40,39,000	24,40,39,000
Closing Balance of Investment in	-	90,75,53,875	90,75,53,875	-	76,24,80,117	76,24,80,117



Note: The Expenses recovered by Holding Company also includes Remuneration paid to the Managing Personnel amounting to Rs. 1,30,62,876/- (PY- Rs. 95,82,985 /-)

9.4 Balance Outstanding

Figures in Rupees

Heads	FY 2017-18		FY 2016-17	
	Holding Company	Subsidiary Company	Holding Company	Subsidiary Company
Payable by Company	93,89,014	-	-	-
Receivable by Company	-	56,37,481	55,81,138	40,59,026

10. Auditors Remuneration includes: (*)

Figures in Rupees

Particulars	FY 2017-18	FY 2016-17
Statutory Audit fees	1,50,000	1,00,000
Tax Audit fees	25,000	25,000
Reimbursement towards out of pocket expenses (#)	-	3,000
TOTAL	1,75,000	1,44,618

(*) Corporate audit fee only (excludes Consolidation audit fee, Secretarial audit fee and amount paid to JVs auditors)

(#) Bill are yet to be raised.

11. Disclosures as required by Accounting Standards 19, "Leases": Where the Company is a lessee, Lease payments are recognized in the Statement of Profit & Loss under "Rent".
12. As the Company has no book profit as per income tax during the financial year, there was no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation was required.
13. **Deferred Tax Assets / Liability:**

13.1 The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

13.2 In assessing whether the deferred income tax assets will be realized, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

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Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will not be able to realize the benefits of those recognized deductible differences and tax loss carry forwards.

Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

13.3 Movement in Deferred Tax Balances

Heads	April 1, 2017	Recognized in Profit & Loss	Recognized In OCI	Recognized in Equity	Acquired in business combination	March 31, 2018		
	Net balance					Net	DTA	DTL
Deferred tax asset								
Property, plant and equipment	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-
Tax assets (Liabilities)	-	-	-	-	-	-	-	-
Set off tax	-	-	-	-	-	-	-	-
Net tax assets / (liabilities)	-	-	-	-	-	-	-	-

- a) DTA : Deferred tax asset
- b) DTL: Deferred tax liability
- c) OCI : Other Comprehensive Income

13.4 Details of losses brought forward and the basis for not recognising deferred tax assets on losses has been provided below:

Tax Losses Carried Forward (Last assessed till AY 2016-17 – as per CPC, Bengaluru - Assessment orders and scrutiny assessment upto AY 2015-16. Unassessed figures for FY 16-17 and FY 17-18).

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Heads	As on Mar. 31, 2018	Expiry date	As on Mar. 31, 2017	Expiry date
Expire	21,85,66,828	31.03.2025	27,18,80,268	31.03.2024
Never Expire	19,92,56,298	N/A	19,83,65,173	N/A

14. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2018.

15. Employee Benefits:

15.1 Defined Contribution Plans:

The Company's contribution to provident fund of Rs. 1,27,335/- (PY Rs. 2,17,512/-) and the same is recognized and included in "Salaries and Wages" in Employee Benefits cost under Statement of Profit & Loss.

15.2 Defined Benefit Plans:

The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. The amount recognized is included in Note 19 to the Balance Sheet.

- 15.3 The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

a. Present Value of projected benefit obligation

Particulars	FY 2017-18	FY 2016-17
Present value of Benefit Obligation at the beginning of the period	7,68,347	6,59,975
Interest Cost	56,049	52,138
Current Service Cost	1,640	59,243
Past Service Cost	3,75,871	-
Benefit Paid	(7,81,688)	-
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(40,935)	55,218
Actuarial (gains)/ losses on obligations - due to experience	4,29,433	(58,227)
Present value of Benefit Obligation at the end of the period	8,08,717	7,68,347

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b. Included in Profit & Loss Account

Particulars	FY 2017-18	FY 2016-17
Current Service Cost	1,640	59,243
Net Interest Cost	56,049	52,138
Past Service Cost	3,75,871	-
Total Amount recognised in Profit and loss account	4,33,560	1,11,381

c. Re-Measurements – Other Comprehensive Income (OCI)

Particulars	FY 2017-18	FY 2016-17
Return on plan assets, excluding interest income	-	-
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	(40,935)	55,218
Experience (gains)/losses	4,29,433	(58,227)
Change in asset ceiling, excluding amounts included in interest expense	-	-
Total amount recognised in other comprehensive income	3,88,498	(3,009)

d. Amount recognised in Balance Sheet

Particulars	FY 2017-18	FY 2016-17
Present value of benefit obligation	8,08,717	7,68,347
Fair value of plan assets	-	-
Net Liability / (Asset) recognised in the balance sheet	8,08,717	7,68,347

15.4 Significant estimates: Actuarial assumptions and sensitivity analysis

a) Significant actuarial assumptions were as follows:

i. Financial Assumptions

- Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yields at the balance sheet date on government bonds

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2. Salary increase: Salary increase takes into account inflation, seniority and promotion and other relevant factors such as supply and demand in the employment market.

ii. Demographic assumptions

Particulars	FY 2017-18	FY 2016-17
Retirement age	60 years	60 years

b) Sensitivity Analysis

The sensitivity analysis presented herein under may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the said sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Particulars	FY 2017-18	FY 2016-17
Delta effect of +/-1% Change in Rate of Discounting	1,60,888	1,86,301
Delta effect of +/-1% Change in Rate of Salary Increase	1,37,053	1,493
Delta effect of +/- 50% of Attrition Rate	-	-
Delta effect of +/- 10% of Mortality Rate	1,614	-

The expected maturity analysis of undiscounted benefits is as under:

Particulars	FY 2017-18
Less than a year	3,230
Between 2 - 5 year	21,638
Between 6 - 10 year	61,289
Over 10 years	17,28,004
Total	18,14,161

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Particulars	FY 2016-17
Less than a year	4,177
Between 1 - 2 year	5,114
Between 2 - 5 year	21,945
Over 5 years	19,59,009
Total	19,90,245

16. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company does not have any externally imposed capital requirements for the financial period ended 31 March 2018. (PY - Nil such requirements)

17. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management has determined that the carrying amounts of bank balances, trade and other receivables, trade and other payables are a reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Particulars	FY 2017-18 (INR)	FY 2016-17 (INR)
Financial assets		
Trade receivables	6,62,67,154	7,32,22,103
Cash and cash equivalents	110,97,62,668	102,62,33,690
Short-term loans and advances	8,07,73,799	10,22,59,627
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	553,05,74,393	548,96,36,330
Trade payables	5,22,79,401	13,04,22,552
Other current financial liabilities	6,58,58,771	30,69,58,949

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Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from bank balances and trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flow

Status as on 31-Mar-18					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	6,58,58,781	-	-	560,54,80,000	567,13,38,785
Trade payables	5,22,79,401				5,22,79,401
Other financial liabilities	-				-
Total undiscounted financial liabilities	11,81,38,182	-	-	560,54,80,000	572,36,18,186

Status as on 31-Mar-17					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	5,90,99,378	-	-	5,57,75,30,000	5,63,66,29,378
Trade payables	13,04,22,552				13,04,22,552
Other financial liabilities	30,69,58,949				30,69,58,949
Total undiscounted financial liabilities	49,64,80,879	-	-	5,57,75,30,000	607,40,10,879

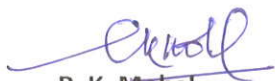
18. In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to that at which they are stated in the Balance sheet.
19. Allocated Overheads recovered from Joint Ventures are shown as deduction from General and Administrative expenses in the Statement of Profit and Loss.
20. There are no dues outstanding to vendors who are "Micro, Small and Medium Enterprises"
21. During the year there was NIL (FY 16-17: NIL) expenditure incurred towards Corporate Social Responsibility.

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22. Other additional information are either nil or not applicable.

23. Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with current year figures.



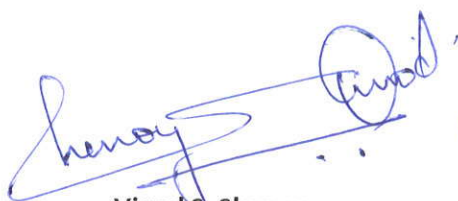
R. K. Mohal
Chief Executive Officer



M. Ananth Krishnan
Chief Financial Officer



Asheesh Garg
Company Secretary




Vinod S. Shenoy
Director
DIN: 07632981



J. Ramaswamy
Director
DIN: 06627920

for **Gupta Rustagi & Aggarwal**
Chartered Accountants
Registration No.:008084N



Saurav Gupta
Partner
M No.:534240

Place : Mumbai

Date : May 9, 2018



Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule-5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part- "A" : Subsidiaries

Sr. No.	Particulars	Rs./Crs	US \$
1	Serial No.	1	
2	Name of Subsidiary	Prize Petroleum International Pte. Ltd., Singapore	
3	Financial Year ending on	31-03-2018	31-03-2018
4	Reporting Currency	Rs. In Crores	US \$
4A	Exchange Rate	65.18	65.18
5	Share Capital	90.76	1,39,60,000
6	Reserves & Surplus	(405.86)	(6,23,04,187)
7	Total Assets	249.79	3,83,23,242
8	Total Liabilities	564.90	8,66,67,430
9	Investment	-	-
10	Turnover	79.88	1,23,87,268
11	Profit (Loss) before Taxation	(11.39)	(17,65,813)
12	Provision for Taxation	-	-
13	Profit (Loss) after Taxation	(11.39)	(17,65,813)
14	Proposed Dividend	-	-
15	% of Shareholding	100%	100%
Note:			
1	Names of subsidiaries which are yet to commence operations	NA	NA
2	Names of subsidiaries which have been liquidated or sold during the year	NA	NA

Part- "B" : Associates and Joint Ventures

Part- "B" : Associates and Joint Ventures			
	Name of Associate/ Joint Venture	NA	
1	Latest Audited Balance Sheet date	31-03-2018	31-03-2018
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No.	NA	
	Amount of Investment in Associates/Joint Venture	NA	
	Extend of Holding %	NA	
3	Description of how there is significant influence	NA	
4	Reason why the associate/joint venture is not consolidated	NA	
6	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	
7	Profit / Loss for the year		
	Considered in Consolidation	NA	
	Not Considered in Consolidation	NA	
	Note:		
1	Names of associates/ joint ventures which are yet to commence operations	NA	NA
2	Names of associates/ joint ventures which have been liquidated or sold during the year	NA	NA

For and on behalf of the Board of Directors

Vinod S. Shenoy
Director
DIN: 07632981

R. K. Mohal
Chief Executive Officer

J. Ramaswamy
Director
DIN: 06627920

M. Ananth Krishnan
Chief Financial Officer

Asheesh Garg
Company Secretary

Place: Mumbai
Date: May 9, 2018