

**Independent Auditor's Report**

**To the Members of PRIZE PETROLEUM COMPANY LIMITED**

**Report on the Standalone financial Statements**

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

**Management's Responsibility for the Standalone financial Statements**

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

**Auditor's Responsibility**

- 3) Our responsibility is to express an opinion on these Standalone financial statements based on our audit.
- 4) 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 thereunder.
- 5) We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



- 6) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 7) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

### **Opinion**

- 8) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its Cash Flow for the year ended on that date.

### **9) Emphasis of Matters**

We draw attention to the following matters in the Notes to the standalone financial statements:

- a) Note no 27 (III) (21) regarding diminution in the value of investment of Rs 51,46,51,250, in the wholly owned subsidiary Prize Petroleum International Pte. Ltd. Singapore and its provision thereof.
- b) Note no 27 (III) (15) regarding charge off of Deferred Tax Asset of Rs 1,37,42,000, consequent to diminution in the value of Investment in the wholly owned subsidiary.

Our opinion is not modified in respect of these matters

### **Other Matter**

- 10) We did not audit the financial statements of two Unincorporated Joint Ventures (Hirapur Field and South Rewa Block) included in the financial statements of the Company, which constitute total assets of Rs.13,19,52,549/- and net assets of Rs.13,07,91,125/- as at 31st March, 2016, total revenues of Rs.1,04,77,064/- and net loss of Rs.36,36,282/- for the year ended on that date, as considered in the standalone 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 in so far as it relates to the amounts and disclosures included in respect of these unincorporated joint venture, is based solely on the report of such other auditor.
- 11) We did not audit the financial statements of two Unincorporated Joint Ventures (Sanganpur and Cluster-7) included in the financial statements of the Company, which constitute total assets of Rs. 5,61,88,316/- and net assets of Rs.5,52,20,821/- as at 31st March, 2016, total revenues of Rs. 4,66,386/- and net loss of Rs. 2,85,951/- for the year ended on that date, as considered in the standalone financial statements. The unaudited financial information has been provided to us by the management, and our opinion on the standalone financial statements of the Company to the



extent they relate to these unincorporated Joint Ventures is based solely on such unaudited financial information furnished to us.

#### **Report on Other Legal and Regulatory Requirements**

- 12) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, for the unincorporated Joint Venture accounts we have relied on the opinion of the auditors of the respective Joint ventures.
- 13) As required by the section 143(5) of the Act, we give in "**Annexure B**" a statement on the directions/sub-directions issued by the Comptroller and Auditor-General of India.
- 14) As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**".



g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, if any.
- ii. The Company has long-term contracts as at 31<sup>st</sup> March 2016 for which there were no material foreseeable losses.
- iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March 2016.

**For BGJC & Associates**

Chartered Accountants

Firm's registration number: 003304N

  
**Darshan Chhabher**  
Partner

Membership number: 088308



Place: Mumbai

Date: 17/05/2016

**“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 12 of the Independent Auditors Report of even date to the members of Prize Petroleum Company Limited on the financial statements as of and for the year ended March 31, 2016:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable;  
  
(c) There are no immovable properties held in the name of the company, hence this clause is not applicable.
- ii. (a) The management has conducted the physical verification of inventory during the year;  
  
b) No material discrepancies have been noticed in physical verification of the inventory.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73,74, 75& 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. According to information and explanations given to us, maintenance of cost records is not applicable as specified by the Central Government under sub-section (1) of section 148 of the Act.
- vii. (a) According to information and explanations given to us and the records of the Company examined by us, in our opinion ,company is generally regular in depositing undisputed statutory dues in respect of Service Tax, provident fund, cess, Income Tax and other statutory dues, as applicable, with the appropriate authorities.  
  
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. The Company has not raised money by way of initial public offer or further public offer and any term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.




- x. According to the audit procedures performed and the information and explanations given to us by management, we have noticed no fraud by the Company, or its officers, or employees during the year.
- xi. According to the records of the company examined by us and the information and explanations given to us, the managerial remuneration has been paid as per the provisions of section 197 read with schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us by management, the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the financial statements as required by the applicable Accounting Standard.
- xiv. According to the information and explanations given to us by management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the audit procedures performed and the information and explanations given to us by management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- xvi. According to the audit procedures performed and the information and explanations given to us by management, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

**For BGJC & Associates**

Chartered Accountants

Firm's registration number: 003304N

  
**Darshan Chhajed**  
Partner  
Membership number: 088308



Place: Mumbai  
Date: 17/05/2016

**Annexure B referred to in Paragraph 12 under "Report on Other Legal Requirements" of our report of even date**


Based on the verification of records of the company and based on confirmation and explanations given to us, we give below a report on the directions issued by the Comptroller and Auditor-General of India in terms of Section 143(5) of the Act.

S. No.	Areas to be examined	Observations
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	The company does not have any freehold or leasehold land.
2.	Whether there are any cases of waiver/write off of debts /loans /interest etc., if yes, the reasons there for and the amount involved.	According to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest., etc.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities.	<ul style="list-style-type: none"><li>• Proper records are maintained for inventories lying with third parties</li><li>• According to the information and explanations given to us, the company has not received any assets as gift/grant(s) from the Government or other authorities.</li></ul>

**For BGJC & Associates**

Chartered Accountants

Firm's registration number: 003304N

  
**Darshan Chhajet**  
Partner  
Membership number: 088308



Place: Mumbai  
Date: 17/05/2016

**“Annexure C” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Prize Petroleum Company Limited**

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

- i. We have audited the internal financial controls over financial reporting of Prize Petroleum Company Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

- iii. 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 deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
- iv. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- v. 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**

- vi. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

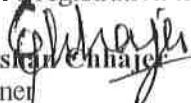
### **Opinion**

- viii. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For BGJC & Associates**

Chartered Accountants

Firm's registration number: 003304N

  
**Darshan Chhajer**

Partner

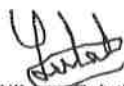





Membership number: 088308



Place: Mumbai

Date: 17/05/2016

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )  
**BALANCE SHEET AS AT 31ST MARCH 2016**

		Note No.	Amount in Rupees Figures as at	
			31st March 2016	31st March 2015
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
(a) Share Capital	1		2,450,000,000	1,200,000,000
(b) Reserves and surplus	2		(1,047,860,013)	(559,140,341)
(c) Money received against share warrants			-	-
<b>2 Share application money pending allotment</b>				
			-	-
<b>3 Non-current liabilities</b>				
(a) Long-term borrowings			-	-
(b) Deferred tax liabilities (Net)			-	-
(c) Other Long term liabilities	3		-	6,500
(d) Long-term provisions	4		1,624,150	1,243,599
<b>4 Current liabilities</b>				
(a) Short-term borrowings			-	-
(b) Trade payables	5		4,591,062	4,272,768
(c) Other current liabilities	6		1,627,040	1,530,936
(d) Short-term provisions	7		234,000	220,941
<b>TOTAL</b>			<b>1,410,216,239</b>	<b>648,134,403</b>
<b>II. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Fixed assets				
(i) Tangible assets	8		158,103,123	159,946,973
(ii) Intangible assets	9		-	6,528
(iii) Capital work-in-progress			-	-
(iv) Intangible assets under development	10		13,552,000	13,552,000
(b) Non-current investments	11		-	621,800
(c) Deferred tax assets (net)	12		-	13,742,000
(d) Long-term loans and advances	13		194,221	191,140
(e) Other non-current assets	14		146,556	2,118,287
<b>2 Current assets</b>				
(a) Current investments			-	-
(b) Inventories	15		7,121,149	7,125,698
(c) Trade receivables	16		3,026,525	11,583,482
(d) Cash and cash equivalent	17		1,164,311,575	381,242,919
(e) Short-term loans and advances	18		63,761,090	58,003,576
(f) Other current assets			-	-
<b>TOTAL</b>			<b>1,410,216,239</b>	<b>648,134,403</b>
<b>The accompanying Significant Accounting Policies and notes are integral part of the financial statements</b>		27		
This is the Balance Sheet referred in our report As per our Report of Even Date				
For BGJC & Associates Chartered Accountants Registration No. 003304N		 Vikram Gulati Chief Executive Officer	 U. C. Agrawal Chief Financial Officer	 Ashesh Garg Company Secretary
 Partner Darshan Chhajer M No: 088308		 P. V. Joshi Director		
		 J. Ramaswamy Director		
Place: Mumbai Date: 17th May 2016				

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )  
**STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31ST MARCH 2016**

		<u>Amount in Rupees</u> <u>Figures for the Period ended</u>	
		<u>31st March 2016</u>	<u>31st March 2015</u>
<b>A CONTINUING OPERATIONS</b>	<b>Note No.</b>		
I. Revenue from operations ( Gross)	19	90,092,317	89,503,220
Less : Excise Duty		-	-
Revenue from operations ( Net)		90,092,317	89,503,220
II. Other income	20	33,909,143	27,380,100
III. Total Revenue (I+II)		<b>124,001,460</b>	<b>116,883,320</b>
IV. Expenses :			
a) Production, Transportation & Other Expenses	21	7,408,989	7,233,909
b) Geological & Geophysical Expenses	22	1,636,443	3,680,762
c) Employee benefits expenses	23	34,123,388	35,072,875
d) General & Administrative Expenses	24	39,370,240	44,194,594
e) Finance Costs		-	-
f) Depreciation and amortization expense	25	1,788,822	3,369,464
g) Other Expenses	26	514,651,250	-
Total expenses		<b>598,979,132</b>	<b>93,551,604</b>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(474,977,672)	23,331,716
VI. Exceptional items	Refer 27 (III) (2.4)	-	3,059,990
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(474,977,672)	20,271,726
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		(474,977,672)	20,271,726
X Tax expenses			
(1) Current tax		-	-
(2) Deferred tax		13,742,000	(510,000)
XI Profit/(loss) for the year from continuing operations (IX-X)		<b>(488,719,672)</b>	<b>20,781,726</b>
<b>B DISCONTINUING OPERATIONS</b>			
XII Profit/(loss) from discontinuing operations (before tax)		-	-
XIII Tax expenses of discontinuing operations		-	-
XIV Profit/(loss) from discontinuing operations (after tax)(XII-XIII)		-	-
<b>C TOTAL OPERATIONS</b>			
XV Profit (loss) for the year (XI-XIV)		<b>(488,719,672)</b>	<b>20,781,726</b>
XVI Earnings per equity share of Rs. 10 each			
(1) Basic		(3.06)	0.28
(2) Diluted		(3.06)	0.28

The accompanying Significant Accounting Policies and notes are integral part of the financial

27

This is the Profit and Loss Account referred in  
As per our Report of Even Date

For BGJC & Associates  
Chartered Accountants  
Registration No. 003304N

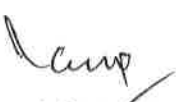
  
Vikram Gulati  
Chief Executive Officer

  
U. C. Agrawal  
Chief Financial Officer

  
Ashesh Garg  
Company Secretary

  
Partner Darshan Chhajjar  
M No: 088308

  
P. S. Joshi  
Director

  
J. Ramaswamy  
Director

Place: Mumbai  
Date : 17th May 2016

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE : 1**

		<u>Amount in Rupees</u> <u>Figures as at</u>	
		<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>SHARE CAPITAL</u></b>			
a) <b>Authorised :</b>			
620,000,000 Equity Shares of Rs. 10 each		6,200,000,000	6,200,000,000
100,000,000 Preference Shares of Rs.10 each		1,000,000,000	1,000,000,000
		<u>7,200,000,000</u>	<u>7,200,000,000</u>
b) <b>i) Issued :</b>			
120,000,000 Equity Shares of Rs.10 each		1,200,000,000	1,200,000,000
125,000,000 Equity Shares of Rs.10 each		1,250,000,000	-
		<u>2,450,000,000</u>	<u>1,200,000,000</u>
<b>ii) Subscribed and paid up :</b>			
120,000,000 Equity Shares of Rs.10 each fully paid up		1,200,000,000	1,200,000,000
125,000,000 Equity Shares of Rs.10 each fully paid up		1,250,000,000	-
		<u>2,450,000,000</u>	<u>1,200,000,000</u>
c) <b>Par Value per Share</b>			
i) Equity Shares :		Rs. 10/-	Rs. 10/-
ii) Preference Shares		Rs. 10/-	Rs. 10/-
d) <b>Reconciliation of No. of Shares Outstanding</b>		<u>in Nos.</u>	<u>in Nos.</u>
a) <b>Equity Shares</b>			
Opening Balance		120,000,000	120,000,000
Add : Issued/converted during the year		125,000,000	-
Less : Buy back during the year		-	-
Closing Balance		<u>245,000,000</u>	<u>120,000,000</u>
b) <b>Preference Shares</b>			
Opening Balance		-	-
Add : Issued during the year		-	-
Less : Buy back during the year/Converted during the year		-	-
Closing Balance		<u>-</u>	<u>-</u>
e) <b>The rights, preferences and restrictions attaching to each classes of Shares.</b> Refer to Note 27 (III) (8)			
f) <b>Shares held by holding Company - Hindustan Petroleum Corporation Ltd.</b>		<u>in Nos.</u>	<u>in Nos.</u>
Equity Shares of Rs.10 each fully paid up		245,000,000	120,000,000
g) <b>Shareholding pattern (In %)</b>			
Equity Shares :			
Hindustan Petroleum Corporation Ltd.		100%	100%
h) <b>Shares Reserved</b>		NIL	NIL
i) <b>Details of Shares Issued for other than cash consideration and bought back in last 5 year</b>		NIL	NIL
j) <b>Terms of any securities convertible into Equity/ Preference</b>		NIL	NIL
k) <b>Calls unpaid</b>		NIL	NIL

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**NOTE : 2**

	<u>Amount in Rupees</u>	
	<u>Figures as at</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>RESERVES AND SURPLUS</u></b>		
i) Capital Reserve	-	-
ii) Capital Redemption Reserve	-	-
iii) Securities Premium Reserve;	-	-
iv) Debenture Redemption Reserve	-	-
v) Revaluation Reserve	-	-
vi) Share Options Outstanding Account	-	-
vii) Surplus/(Deficit) in statement of Profit & Loss		
Opening Balance	(559,140,341)	(579,736,567)
Add : Profit/(Loss) for the year	(488,719,672)	20,781,726
Add : Depreciation Prior Period		(185,500)
Closing balance	<u>(1,047,860,013)</u>	<u>(559,140,341)</u>

**NOTE : 3**

**OTHER LONG TERM LIABILITIES**

Retention Money	-	6,500
		<u>6,500</u>

**NOTE : 4**

**LONG TERM PROVISIONS**

**Provisions for Employee Benefits**

Provision for Gratuity (*)	656,851	604,967
Provision towards compensated absences (*)	577,299	378,632
Provision for Abandonment cost	390,000	260,000
	<u>1,624,150</u>	<u>1,243,599</u>

(\*)Refer to Note 27 (III) (17)

**NOTE : 5**

**TRADE PAYABLES**

Trade payable - Micro Enterprises and Small Enterprises	-	-
Trade payable - Other than Micro Enterprises and Small Enterprises	4,577,994	4,221,157
Trade payable - Expenses Payable	13,068	51,611
	<u>4,591,062</u>	<u>4,272,768</u>

**NOTE : 6**

**OTHER CURRENT LIABILITIES**

Statutory Liabilities	1,326,059	1,176,034
Other Liabilities	300,981	354,902
	<u>1,627,040</u>	<u>1,530,936</u>

**NOTE : 7**

**SHORT TERM PROVISIONS**

**Provisions for Employee Benefits**

Provision for Gratuity	3,124	2,371
Provision towards compensated absences	230,876	218,570
	<u>234,000</u>	<u>220,941</u>

**PRIZE PETROLEUM COMPANY LIMITED**  
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

**NOTES FORMING PART OF FINANCIAL STATEMENT**

**TANGIBLE FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION/DEPLETION					NET BLOCK		figures in Rupees As at 31-Mar-15
	As at 1-Apr-15	Additions 2015-16	Deletion	As at 31-Mar-16	Upto 1-Apr-15	Adjustment	For the year 2015-16	Written back on deletion	Upto 31-Mar-16	As at 31-Mar-16	
Office Equipment	600,881	-	-	600,881	217,552	-	89,014	-	306,566	294,315	383,329
Computers Hardware	3,878,410	12,320	-	3,890,730	3,834,175	-	20,921	-	3,855,096	35,634	44,235
Furniture & Fixtures	180,000	-	-	180,000	41,164	-	15,420	-	56,584	123,416	138,836
-Procured under the Scheme	373,928	-	-	373,928	290,509	-	28,312	-	318,821	55,107	83,419
- Others											
Vehicles	300,000	-	300,000	-	170,766	-	31,734	202,500	-	-	129,234
-Procured under the Scheme	769,104	-	-	769,104	730,650	-	-	-	730,650	38,454	38,454
- Others											
Share of Fixed Assets in Joint Ventures											
- ONGC Onshore Marginal Fields ( PI 50%) Gandhi Nagar Project Office	98,549,038	-	-	98,549,038	10,768,807	-	1,323,339	-	12,092,146	86,456,892	87,780,231
Wells Cost	66,725	-	-	66,725	66,725	-	-	-	66,725	-	-
Computers	10,516	-	-	10,516	10,516	-	-	-	10,516	-	-
Office Equipments	239,611	-	-	239,611	187,365	-	19,062	-	206,427	33,184	52,246
Furniture & Fixtures	12,988,195	23,625	-	13,011,820	8,292,375	-	211,322	-	8,503,697	4,508,123	4,695,820
Plant & Machinery											
- Project Sangapur ( PI 50%)	53,528,455	-	-	53,528,455	851,123	-	28,609	-	879,732	52,648,723	52,677,332
Wells Cost	5,574,174	-	-	5,574,174	5,489,606	-	2,413	-	5,492,019	82,155	84,568
Plant & Machinery	58,447	-	-	58,447	55,525	-	-	-	55,525	2,922	2,922
Office Equipments	36,265	-	-	36,265	34,451	-	-	-	34,451	1,814	1,814
Furniture & Fixtures	111,698	-	-	111,698	21,787	-	4,343	-	26,130	85,568	89,911
Buildings											
- Project SR-ONN ( PI 10%)	5,590	-	-	5,590	5,362	-	181	-	5,543	47	228
Computer	1,668	-	-	1,668	1,178	-	161	-	1,339	329	490
Digital Camera	420	-	-	420	420	-	-	-	420	-	-
Mobile Phone	2,602	-	-	2,602	2,472	-	-	-	2,472	130	130
Global Positioning System											
Hydrocarbon Rights & Concessions (Sangapur Field)	14,045,662	-	-	14,045,662	301,888	-	7,464	-	309,352	13,736,310	13,743,774
Total	191,321,389	35,945	300,000	191,057,334	31,374,416	-	1,782,295	202,500	32,954,211	158,103,123	159,946,973
Previous Year 2014-15	190,839,319	621,964	(139,894)	191,321,389	29,280,861	148,315	2,060,260	115,020	31,374,416	159,946,973	161,558,458

NOTE : 8

figures in Rupees

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**NOTES FORMING PART OF FINANCIAL STATEMENT**

**INTANGIBLE FIXED ASSETS**

NOTE : 9

Particulars	GROSS BLOCK			DEPRECIATION/DEPLETION					NET BLOCK		figures in Rupees
	As on 1-Apr-15	Additions 2015-16	Deletion	As on 31-Mar-16	Upto 1-Apr-15	Adjustments For the year 2015-16	Written back on deletion	Upto 31-Mar-16	As on 31-Mar-16	As on 31-Mar-15	
Computers Softwares	12,741,969	-	-	12,741,969	12,735,441	-	6,528	12,741,969	-	6,528	
Total	12,741,969	-	-	12,741,969	12,735,441	-	6,528	12,741,969	-	6,528	
Previous Year 2014-15	12,741,969	-	-	12,741,969	12,698,257	37,184	-	12,735,441	6,528	43,712	

figures in Rupees

**PRIZE PETROLEUM COMPANY LIMITED**  
**( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )**  
**NOTES FORMING PART OF FINANCIAL STATEMENT**

**NOTE : 10**  
**figures in Rupees**

**INTANGIBLE ASSETS UNDER DEVELOPMENT**

AREA / FIELD	As at 01-Apr-15	Expenditure during the year	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31-Mar-16
ONGC Onshore Marginal Fields	13,552,000	-	-	-	13,552,000
<b>Total</b>	<b>13,552,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,552,000</b>
<b>Previous Year 2014-15</b>	<b>13,873,953</b>	<b>987,252</b>	<b>-</b>	<b>1,309,205</b>	<b>13,552,000</b>



**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**BALANCE SHEET AS AT 31ST MARCH 2016**

	<b>Amount in Rupees</b>		<b>NOTE : 11</b>
	<b>Figures as at</b>		
	<b>31st March 2016</b>	<b>31st March 2015</b>	
<b><u>NON CURRENT INVESTMENTS (UNQUOTED)</u></b>			
Prize Petroleum International Pte. Ltd., Singapore (A Wholly Owned Subsidiary)	514,651,250	621,800	
Ordinary Shares of issue price of US\$1 each fully paid up at US\$ = Rs.62.18			
Ordinary Shares of issue price US\$1 each fully paid up at US\$63.5550			
Ordinary Shares of issue price of US\$1 each fully paid up at US\$ = Rs.65.63			
Less : Provision for Diminution in value of Non-Current Investment	514,651,250		
		<b>621,800</b>	
			<b>NOTE : 12</b>
<b><u>DEFERRED TAXATION ASSETS (NET)</u></b>			
<b><u>Deferred Tax Asset</u></b>			
Opening Balance	13,742,000	13,232,000	
Add : Unabsorbed Depreciation	(60,593,000)	490,000	
<b><u>Deferred Tax Liability</u></b>			
Less: Depreciation Differential	(46,851,000)	(20,000)	
<b>Net Deferred Tax Asset</b>		<b>13,742,000</b>	
Refer to Note 27 (III) (15)			<b>NOTE : 13</b>
<b><u>LONG TERM LOAN &amp; ADVANCE</u></b>			
Security Deposit (Considered Good)			
M.P. State Govt.	15,000	15,000	
Rent	26,250	26,250	
Electricity Gas & Water	136,221	133,140	
Telephone	1,750	1,750	
Shri Umiya Trading	15,000	15,000	
	<b>194,221</b>	<b>191,140</b>	
			<b>NOTE : 14</b>
<b><u>OTHER NON CURRENT ASSETS</u></b>			
Service Tax Credit Receivable	92,068	2,033,418	
Fixed deposits in Bank	-	30,381	
Other Deposits	54,488	54,488	
	<b>146,556</b>	<b>2,118,287</b>	
			<b>NOTE : 15</b>
<b><u>INVENTORIES</u></b>			
<b><u>Stores &amp; Spares</u></b>			
Casing & Tubing	5,418,525	5,418,525	
Casing Accessories	27,000	27,000	
Chemicals	-	2,660	
Cementing Chemicals	5,499	5,499	
Tanker Seal	637	2,527	
Gear Oil	5,053	5,053	
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	525,369	
	<b>7,121,149</b>	<b>7,125,698</b>	

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	<u>Amount in Rupees</u> <u>Figures as at</u>	<u>NOTE : 16</u>
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>TRADE RECEIVABLE (Unsecured)</u></b>		
Over Six months		
Considered Good	-	8,206,212
Others		
Considered Good	3,026,525	3,377,270
	<b>3,026,525</b>	<b>11,583,482</b>

		<u>NOTE : 17</u>
<b><u>CASH AND CASH EQUIVALENT</u></b>		
(a) Cash and Cash Equivalents		
(i) Cash in hand	35,065	3,287
(ii) Balances with Banks		
Current Accounts	3,092,492	13,839,302
Fixed Deposits (*)	1,159,227,533	365,615,126
	<b>1,162,320,025</b>	<b>379,454,428</b>
Less : Amount disclosed under other non current assets (**)	-	(30,381)
(b) Other Bank Balances		
Fixed Deposits ( Kept as Margin Money )	1,956,485	1,815,585
(**) Refer to Note 14	<b>1,164,311,575</b>	<b>381,242,919</b>

- \* - Includes interest accrued but not due and reinvested in short term deposits Rs. 222.67 Lacs (Previous Year-Rs.30.33 Lacs)  
 \*\* - Bank deposits having more then 12 months maturity is Rs.0 Lacs (previous year Rs.0.30 Lacs)

		<u>NOTE : 18</u>
<b><u>SHORT TERM LOANS AND ADVANCES</u></b>		
Balance with Govt. Authorities - Unsecured and Considered Good		
Tax Deducted at Source	31,246,213	26,530,988
Others - Unsecured and Considered Good		
Receivables from Joint Venture Projects	27,962,451	14,582,320
Prepaid Expenses	493,400	1,210,085
Receivables from Subsidiary - Prize Petroleum International Pte. Ltd.	4,059,026	15,680,183
	<b>63,761,090</b>	<b>58,003,576</b>

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE : 19**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>REVENUE FROM OPERATION</u></b>		
Income from Hydrocarbons	10,892,317	11,095,220
Income from Management fee	79,200,000	78,408,000
	<u>90,092,317</u>	<u>89,503,220</u>

**NOTE : 20**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>OTHER INCOME</u></b>		
Interest on Fixed Deposit	31,431,831	26,175,167
Others	2,477,312	1,204,933
	<u>33,909,143</u>	<u>27,380,100</u>

**NOTE : 21**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>PRODUCTION, TRANSPORTATION &amp; OTHER EXPENSES</u></b>		
Insurance	155,488	223,670
Electricity & Utilities	405,046	313,446
Consultancy Fees	101,400	36,458
Well Maintenance Charges	279,469	356,604
Security Charges	1,172,901	1,114,710
Processing & Handling of Crude Oil	1,277,640	1,295,520
Manpower Charges	2,485,606	2,406,114
Land Rent	381,680	323,263
Crude Oil Transportation	998,639	980,804
Royalty	7,664	19,350
Cess	13,456	33,970
Abandonment cost	130,000	130,000
	<u>7,408,989</u>	<u>7,233,909</u>

**NOTE : 22**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>GEOLOGICAL &amp; GEOPHYSICAL EXPENSES</u></b>		
Exploration Phase Expenses (SR-ONN Block)	1,636,443	3,680,762
	<u>1,636,443</u>	<u>3,680,762</u>

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE : 23**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>EMPLOYEE BENEFITS EXPENSES</u></b>		
Manpower Cost	24,624,391	26,224,031
Contribution towards Provident Fund	222,301	219,589
Managerial Remuneration	8,228,109	7,718,973
Other Welfare Expenses	1,048,587	910,282
	<b>34,123,388</b>	<b>35,072,875</b>

**NOTE : 24**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES</u></b>		
Repairs & Maintenance	2,285,328	3,449,272
Auditor's Remuneration:	219,340	201,153
Electricity & Utilities	1,281,097	1,485,273
Traveling & Conveyance	2,944,922	1,995,733
Legal Expenses	1,353,130	662,663
Consultancy Charges	5,993,642	17,195,166
Corporate Social Responsibility Expenses	450,000	-
Insurance	28,442	37,984
Rent	20,271,405	19,650,609
Advertisement & Business Relation Expenses	421,793	266,638
Telephone Charges	536,734	510,274
Bank Charges	365,035	259,526
Postage & Courier	62,083	83,061
Printing & Stationery	388,433	252,191
Meeting & Conference	88,971	38,282
Office Maintenance	2,843,604	1,926,685
Training & Seminar Expenses	85,900	-
Membership & Subscription	63,028	60,200
HO Overheads	486,647	499,767
General Expenses	50,740	70,201
	<b>40,220,274</b>	<b>48,644,678</b>
Less: Allocated to Projects	<b>850,034</b>	<b>4,450,084</b>
	<b>39,370,240</b>	<b>44,194,594</b>

**NOTE : 25**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>DEPRECIATION, DEPLETION, AMORTISATION &amp; IMPAIRMENT</u></b>		
Depreciation	422,882	663,647
Depletion	1,359,412	1,396,612
Amortisation	6,528	-
Impairment	-	1,309,205
Exploratory dry Well written off	-	-
	<b>1,788,822</b>	<b>3,369,464</b>

**NOTE : 26**

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2016</u>	<u>31st March 2015</u>
<b><u>OTHER EXPENSES</u></b>		
Provision for Diminution in value of Non-Current Investment	514,651,250	-
	<b>514,651,250</b>	<b>-</b>

**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

	Year Ending 31st March 2016	Year Ending 31st March 2015
<b>(A) Cash flow from Operating activities:-</b>		
Profit before tax	(474,977,672)	20,271,726
Adjustment for:-		
- Depreciation / Depletion / Impairment	1,788,822	2,060,259
- Expenses Written off	-	4,369,195
- Provision for Diminution of Investment	514,651,250	-
- Interest Paid	-	-
- Interest received	(33,772,657)	(27,150,811)
	<u>482,667,415</u>	<u>(20,721,357)</u>
<b>Operating profit before working capital changes</b>	<b>7,689,743</b>	<b>(449,631)</b>
Adjustment For (Increase) / Decrease		
- Trade Receivables	8,556,957	(3,002,555)
- Loans & Advances	926,361	22,471,551
- Inventories	4,549	459,550
- Trade Payables & Other Current liabilities	801,508	(46,501,175)
	<u>10,289,375</u>	<u>(26,572,629)</u>
<b>Cash generated from operation</b>	<b>17,979,118</b>	<b>(27,022,260)</b>
- Direct Taxes paid ( Net of Refund )	(4,715,225)	(10,546,403)
<b>Cash Flow before prior period</b>	<b>13,263,893</b>	<b>(37,568,663)</b>
- Prior Period Item	-	-
<b>Net Cash Flow from operating activities ' A '</b>	<b>13,263,893</b>	<b>(37,568,663)</b>
<b>(B) Cash Flow from investing activities :</b>		
- Purchase of fixed assets ( Net )	(35,945)	(621,962)
- Sale of Assets	97,500	24,874
- Addition to Pre-Producing Properties / Misc Expenditure	-	(987,252)
- Interest received	33,772,657	27,150,811
- Investment in Prize Petroleum International Pte. Ltd., Singapore	(514,029,450)	-
<b>Net cash flow from investing activities ' B '</b>	<b>(480,195,238)</b>	<b>25,566,471</b>
<b>(C) Cash flow from financing activities :</b>		
- Increase in Share Capital	1,250,000,000	-
- Decrease in loan	-	-
- Interest paid	-	-
<b>Net Cash flow from financing activities ' C '</b>	<b>1,250,000,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents ( A+B+C)</b>	<b>783,068,655</b>	<b>(12,002,194)</b>
Cash and Cash equivalent at the beginning of the period	381,242,919	393,245,113
Cash and Cash equivalent at the end of the period	1,164,311,575	381,242,919
<b>Notes :</b>		
a Cash & Cash equivalents ( Note - 17 ) :		
i Cash & Cheques in hand	35,065	3,287
i Current accounts & term Deposit in Scheduled Banks	1,164,276,510	381,239,632
	<u>1,164,311,575</u>	<u>381,242,919</u>
b The above cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard - 3, 'Cash Flow Statements' issued by The Institute of Chartered Accountants of India.		
c Figures in brackets represent cash outflows.		

As per our Report of Even Date


  
**Vikram Gulati**  
Chief Executive Officer

  
**U. C. Agrawal**  
Chief Financial Officer

  
**Ashresh Garg**  
Company Secretary

**For BGJC & Associates**  
Chartered Accountants  
Registration No. 003304N

  
**P. S. Joshi**  
Director

  
**J. Ramaswamy**  
Director

  
Partner : Darshan Chhajjer  
M No: 088308

**Place: Mumbai**  
**Date : 17th May 2016**

**PRIZE PETROLEUM COMPANY LIMITED**

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS**

**I. Company Background:**

The Company is engaged in the exploration and production of crude oil and natural gas and related activities. The Company is Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited.

**II. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting:**

- 1.1 The financial statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 & the Companies Act, 2013.
- 1.2 Financial statements are based on historical cost basis and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- 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).

**2. Use of Estimates:**

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**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 is being recognized when services are rendered and no significant uncertainty 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 being recognized on time proportion basis.

#### **4. Geological and Geophysical Expenditures:**

Expenditures other than on tangible assets and equipments & 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. Tangible Fixed Assets:**

The fixed assets 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 Tangible Fixed Assets.

Cost of development wells, cost of related equipment, facilities, cost of hydrocarbon rights and concessions are capitalized and reflected as Tangible Fixed Assets.

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 relates to the period till such assets are ready to be put to use.

#### **7. Pre-producing Properties:**

7.1 All acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells 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 are capitalized and reflected as producing properties.

#### **9. Depreciation/ Amortization:**

##### **Tangible Assets**

9.1 Depreciation on tangible fixed assets 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.

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 AS-16 (borrowing cost), 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 are recognized as cost based on the technical assessment available.
- 13.2 The abandonment cost on exploratory dry well is charged as expense when incurred.
- 13.3 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 field/ 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 AS-16 (borrowing cost), 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:**

- 16.1 Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction.
- 16.2 The Foreign Currency Assets and Liabilities are translated at the exchange rate prevailing on the balance sheet date.
- 16.3 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.

**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 Provision for current tax is made in accordance with the provisions of Income tax Act, 1961.
- 19.2 Deferred tax liability/asset on account of timing difference between taxable and accounting income is recognized using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits:

**20. Contingent Liabilities / Assets and Provisions**

- 20.1 Liabilities contingent upon happening of future events are disclosed by the way of note to the accounts.
- 20.2 Contingent assets are neither recognized nor disclosed in the financial statements.
- 20.3 The Company has made provision for all known liabilities.

## **21. Investments**

- 21.1 Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investment.

## **III. 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.59,44,00,000/- 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.5,94,40,000/-and Rs.17,83,20,000/- 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. 10,38,17,66,750/-(US\$ 156.7 million at exchange rate of 1US\$ = Rs. 66.2525 ). The same is pending adjudication before Hon'ble Arbitral Tribunal.

M3nergy filed counter-claim in August, 2010 for Rs. 282,23,56,500/- (US\$ 42.60 million at exchange rate of 1US\$ = Rs. 66.2525 ). Share of HPCL in the same is 6/7<sup>th</sup> i.e. Rs.241,91,62,715 and share of Company is 1/7<sup>th</sup> i.e. Rs. 40,31,93,785/-(PY: Rs.38,03,87,571/-).

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. The matter is pending for further arguments.

Next set of hearing before the Hon'ble Arbitral Tribunal dealing with nature and extent of relief to be granted to the Company and HPCL as well as question of costs is in progress. Final arguments by both the parties are scheduled to be held from June 13-17, 2016.

- 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 10<sup>th</sup> November, 2014, consortium has requested DGH to allow to

exit from the block without paying any Liquidity Damages (LD) towards non-drilling of 3<sup>rd</sup> well. The proposal is under review with DGH.

- 1.3 The Company is Executive Contractor in Service Contract signed with ONGC for development of Hirapur Marginal Field along with Associate Contractor M/s Valdel Oil & Gas Private Limited. The Company has to drill wells under development phase as per the Contract and Development Plan is being submitted to ONGC for their review.

In view of the legal opinion taken by the management, Service tax has not been charged while billing to ONGC in continuation of previous years practice.

- 1.4 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 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 15<sup>th</sup> Oct 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6<sup>th</sup> 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.

2. In compliance of Accounting Standard 27 on "Financial reporting of Interests in Joint Ventures", a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the Company are given below:

#### 2.1 ONGC Onshore Marginal Fields

The Company was awarded Service Contracts dated 28<sup>th</sup> 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 31<sup>st</sup> March 2016 and the Income and expenditure for the year in respect of above joint venture is as follows:

		<b>Figures in Rupees</b>	
	<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
A	Gross Tangible Assets	9,98,55,655	9,98,32,030
B	Pre-Producing Properties (CWIP)	1,35,52,000	1,35,52,000
C	Other Net Non-Current Assets	(72,029)	(1,610)
D	Net Current Assets (*)	1,24,96,046	1,03,30,954
E	Income	1,04,77,064	97,76,712
F	Expenditure	1,24,76,561	1,21,84,645

(\*) Includes receivable from joint venture amounting to Rs.78,48,157/-, (Previous year Rs.59,65,571/-).

## **2.2 Sanganpur Field**

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1<sup>st</sup> 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 available un-Audited accounts as at 31<sup>st</sup> March, 2016 as made available by the Operator.

Bombay High Court vide order dated 14<sup>th</sup> 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. Presently the Operation in Sanganpur field is continued by HDCPL as before. Product dispatch is also continuing.

The Company's share of assets and liabilities as at 31<sup>st</sup> March 2016 and the Income, expenditure for the year in respect of above joint venture is as follows:

		<b>Figures in Rupees</b>	
	<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
A	Gross Tangible Assets	5,62,66,993	5,62,66,993
B	Other Net Non-Current Assets	(84,262)	(34,262)
C	Net Current Assets (*)	(10,02,990)	(7,53,648)
D	Income	4,52,996	13,18,939
E	Expenditure	7,52,337	22,41,158

(\*) Includes payable to joint venture amounting to Rs. 4,47,260/- (Previous year Rs. 7,55,710/-).

## **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 Tenergy (PI - 30%) was awarded a Contract vide letter of award dated 31<sup>st</sup> 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 27<sup>th</sup> 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 Trenergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department-HPCL.

#### 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 12<sup>th</sup> 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 2<sup>nd</sup> March, 2007.

Consortium has proposed to relinquish the block effective from 23<sup>rd</sup> October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH).

The Company's share of assets and liabilities as at 31<sup>st</sup> March, 2016 in respect of above joint venture is as follows:

Figures in Rupees			
	Particulars	2015-16	2014-15
A	Gross Tangible Assets	10,280	10,280
B	Pre-producing Properties (CWIP)	-	-
C	Other Net Non-Current Assets	15,000	15,000
D	Net Current Assets (*)	2,46,21,110	1,34,41,434
E	Expenditure (**)	16,36,785	80,50,387

(\*) Includes receivables from joint venture amounting to Rs.2,06,81,960/- (Previous year Rs.94,80,814/-).

(\*\*) Includes Rs. Nil (Previous year Rs.13,09,206/-) written off towards dry wells cost. Also includes Inventory written off amounting to Rs. Nil in the F.Y. 2015-16 (Previous year Rs.30,59,990).

3. Estimated Hydrocarbon Proven Reserves as on 31<sup>st</sup> March, 2016 in the Oil fields are as follows:

#### **Hirapur and Sanganpur (On-shore Marginal Fields):**

Particulars (*)	2015-16		2014-15	
	MM BBLS	MMT	MM BBLS	MMT
Recoverable Reserves	3.04	0.409	3.08	0.414

(\*) The Company Share is 50% of total

4. Quantitative Particulars of Petroleum:-

Particulars (*)	2015-16		2014-15	
	BBLS	TMT	BBLS	TMT
Total Dry Crude Production				
Hirapur Field	38,221	5.14	38,326	5.15
Sanganpur Field	296	0.04	572	0.07
<b>TOTAL</b>	<b>38,517</b>	<b>5.18</b>	<b>38,898</b>	<b>5.22</b>

(\*) The Company Share is 50% of total

5. Remittance in Foreign Currencies (\*):

Particulars #	Figures in Rupees	
	2015-16	2014-15
Foreign Travel	4,97,524	-
Consultancy Fees/Reimbursements etc.	10,08,117	6,23,34,629
Capital Equipments, Spares etc.	-	42,642
Equity Contribution	51,40,29,450	-

(\*) Represent the total value of foreign exchange outflow. Includes share of its consortium partner(s) Rs. Nil/- (Previous Year -Rs.5,63,77,622/-)

# As certified by the management

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. Against the said limit bank guarantees totaling to Rs.95,14,830/- have been issued by the banker. (Previous Year Rs.1,81,55,850/-).

7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23<sup>rd</sup> 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 31<sup>st</sup> March, 2016 against which share of the Company in PPIPL has been pledged in favour of the lenders.

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 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. During the year, the Company has received Rs.1,25,00,00,000/- (Previous Year: Rs. Nil) from HPCL towards Equity Share Capital.

10. Current liabilities include Rs. Nil towards recoveries from employees covered under the vehicle policy as per the scheme of the Company. (Previous Year Rs.84,500/-).

11. Information as per Accounting Standard (AS) 18 "Related Party Disclosures":

11.1 **Related Party relationships:**

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

11.2 **Key Management Personnel:**

a) Mr. M. K. Surana	Chief Executive Officer (upto 31.03.2016)
b) Mr. Vikram Gulati	Chief Executive Officer (w.e.f. 01.04.2016)
c) Mr. U. C. Agrawal	Company Secretary (upto 28.04.2016)
d) Mr. U. C. Agrawal	Chief Financial Officer (w.e.f. 29.04.2016)
e) Mr. Asheesh Garg	Company Secretary (w.e.f. 29.04.2016)

11.3 **Transactions during the period with related parties are:**

Particulars	2015-16			2014-15		
	Holding Company	Subsidiary Company	Total	Holding Company	Subsidiary Company	Total
Services rendered	8,61,34,860	-	8,61,34,860	8,44,28,424	-	8,44,28,424
Expenses recovered from company	7,66,97,266	-	7,66,97,266	7,22,30,491	-	7,22,30,491
Expenses recovered by company	64,67,515	57,13,971	1,21,81,486	2,60,135	1,44,48,708	1,47,08,843
Share Capital Received	125,00,00,000	-	125,00,00,000	-	-	-
Shares Subscribed	-	51,40,29,450	51,40,29,450	-	-	-
Amount outstanding	8,35,746 (Dr.)	40,59,026 (Dr.)	48,94,772 (Dr.)	24,93,927 (Cr.)	1,56,80,183 (Dr.)	1,31,86,256 (Dr.)
Closing Balance of Investment	-	51,46,51,250	51,46,51,250	-	6,21,800	6,21,800

Note: The Expenses recovered by Holding Company also includes Remuneration paid to the Managing Personnel amounting to Rs.82,28,109/- (PY-Rs.77,18,973/-)



**12. Auditors Remuneration includes: (\*)**

Particulars	Figures in Rupees	
	2015-16	2014-15
Statutory Audit fees	1,15,000	1,00,000
Tax Audit fees	25,000	22,000
Reimbursement towards out of pocket expenses	4,618	9,490
<b>TOTAL</b>	<b>1,44,618</b>	<b>131,490</b>

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

**13.** 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".

**14.** 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.

**15. Deferred Tax Assets:**

As at 31.03.2015, Company had recognized deferred tax assets amounting to Rs.1,37,42,000. In view of the fall in international prices of crude oil and the consequential impairment in its subsidiary, M/s Prize Petroleum International Pte. Ltd., the company has decided to charge off these deferred tax assets during the current year.

**16.** In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2016 (AS-28).

**17. Employee Benefits:**

Effective 1<sup>st</sup> April, 2008, the Company has adopted AS-15 (Revised 2005) for employee's benefits. Consequent to the adoption, the following disclosure related to accounting, etc., are made as far as practicable under AS-15 (revised 2005) requirement.

**1.1. Defined Contribution Plans:**

The Company's contribution to provident fund of Rs.2,00,562/- (PY Rs.1,83,948/-) and the same is recognized and included in "Manpower Cost" in Note-23 to Statement of Profit & Loss.

**1.2 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-4 & 7 to the Balance Sheet.

**Certified Actuarial Data:**

A. The amount recognized in Balance Sheet for post-employment benefits: (Rupees)

Particulars	Gratuity	Leave Encashment
Present value of obligation at the end of the year	6,59,975 (6,07,338)	8,08,175 (5,97,202)
Fair value of Plan Assets at the end of the year	-	-
<b>Fund Status at the end of the year (Net Assets/Net liability)</b>	<b>6,59,975 (6,07,338)</b>	<b>8,08,175 (5,97,202)</b>

B. Reconciliation of opening and closing balances of defined benefits obligations:

Particulars	Gratuity	Leave Encashment
Present value of obligation at the beginning of the year	6,07,338 (8,32,537)	5,97,202 (4,00,021)
Interest Cost	47,980 (72,431)	47,179 (34,802)
Current Service Cost	55,542 (56,040)	1,68,764 (21,784)
Benefits Paid	- (-)	- (-92,519)
Actuarial (Gains)/ Loss on obligations	-50,885 (-3,53,670)	-4,970 (2,33,114)
<b>Present value of obligation at the end of the year</b>	<b>6,59,975 (6,07,338)</b>	<b>8,08,175 (5,97,202)</b>

C. Reconciliation of opening and closing balances of Fair value of Plan assets:

Particulars	Gratuity	Leave Encashment
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial (Gains)/ Loss on plan assets	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

D. Expenses recognized in Statement of Profit & Loss:

Particulars	Gratuity	Leave Encashment
Current Service Cost	55,542 (56,040)	1,68,764 (21,784)
Interest Cost	47,980 (72,431)	47,179 (34,802)
Expected return on plan assets	-	-
Actuarial (Gains)/ Loss	-55,885 (-3,53,670)	-4,970 (2,33,114)
<b>Expenses recognized in Statement of Profit &amp; Loss</b>	<b>52,637 (-2,25,199)</b>	<b>2,10,973 (2,89,700)</b>

E. Actuarial assumptions:

Particulars	Gratuity	Leave Encashment
Mortality Table	2006-08 (2006-08)	2006-08 (2006-08)
Superannuation age	60 (60)	60 (60)
Withdrawal rate (all ages)	Nil (Nil)	Nil (Nil)
Discount rate	7.90% (7.90%)	7.90% (7.90%)
Rate of increase in compensation levels	9.00% (8.27%)	9.00% (8.27%)
<b>Expected rate of return on plan assets</b>	-	-

F. Current /Non-Current classification of employee benefits:

Particulars	Gratuity	Leave Encashment
Current liability	3,124 (2,371)	2,30,876 (2,18,570)
Non-current liability	6,56,851 (6,04,967)	5,77,299 (3,78,632)
<b>Total</b>	<b>6,59,975 (6,07,338)</b>	<b>8,08,175 (5,97,202)</b>

Figures in brackets represent corresponding previous year's figure.

**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.** During the year, the company has incurred Rs.4,50,000/- towards its CSR activities. This amount has been given to NGO "CanKids....KidsCan" to support children suffering from cancer.

**21.** During the year, PPIPL, subsidiary of the company, has taken an impairment charge of Rs.117,26,69,250/- in view of the fall in international prices of crude oil, consequent to which its net worth stands eroded. Accordingly, a provision for diminution in value of investment in PPIPL amounting to Rs.51,46,51,250/- has been made.

**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.

  
**Vikram Gulati**  
Chief Executive Officer

  
**U. C. Agrawal**  
Chief Financial Officer

  
**Asheesh Garg**  
Company Secretary

**For BGJC & Associates**  
Chartered Accountants  
**Registration No.003304N**

  
**P. R. Joshi**  
Director

  
**J. Ramaswamy**  
Director

  
**CA Darshan Chhajer**  
Partner  
M No.:088308

**Place: Mumbai**  
**Date : 17<sup>th</sup> May, 2016**