GUPTA RUSTAGI & AGGARWAL
CHARTERED ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of PRIZE PETROLEUM COMPANY LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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

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 including Other Comprehensive Income, cash flows and changes in equity of the Company 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 Standard) Rules, 2015. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Companies Act 2013, 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.

GUPTA RUSTAGI & AGGARWAL
FRN 008084N
New Delhi
Chartered Accountants

We conducted our audit on standalone financial statements 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 standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

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 including Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its loss, the changes in equity and its cash flows for the year ended on that date.

Other Matters

1. We did not audit the financial statements of 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. 14,14,26,199/- and net assets of Rs. 14,49,39,471/- as at 31st March, 2018, total revenues of Rs.90,83,890/- and net loss of Rs. 35,13,270/-,pertaining to company's share in these joint ventures, for the year ended on that date, are 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 on the standalone 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 the report of such auditors.

GUPTA RUSTAGI & AGGARWAL Chartered Accountants FRN 008084N New Delhi

2. We did not audit the financial statements of two Joint Ventures (Sanganpur and cluster-7) included in the standalone financial statements of the Company proportionate to respective participating interest (PI). 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/-, pertaining to company's share in these joint ventures, for the year ended on that date are considered in the standalone financial statements. The unaudited financial information have been provided to us by the management and our opinion on the standalone 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.

Report on other Legal and Regulatory Requirements

1. As required by The Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraph 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.

2. As required by the section 143(5) of the Act, we give in **"Annexure B"** a statement on the directions/sub-direction issued by the Comptroller and Auditor General of India.

3. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 Companies (Indian Accounting Standards) Rules, 2015.
   e) On the basis of the written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors 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 Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure-C"**.

GUPTA RUSTAGI & AGGARWAL Chartered Accountants FRN-008084N New Delhi

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.

h) The Company has disclosed the impact of pending litigation on its financial position in its financial statements, if any.

i) The Company has long-term contracts as at 31st March, 2018 for which there were no material foreseeable losses.

j) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2018.

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

GUPTA RUSTAGI & AGGARWAL
FRN. 008084N
New Delhi
Chartered Accountants

S. Gupta

Saurav Gupta
Partner
Membership No. 534240

Place: New Delhi
Date: 9th May, 2018

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

Referred to in paragraph 1 under the heading 'Report on Other Legal &Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2018

1) (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 is no immovable properties held in the name of the Company, hence this clause is not applicable.

2) (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.

3) 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 and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and l86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and securities.

5) 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 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act.

GUPTA RUSTAGI & AGGARWAL Chartered Accountants FRN 008084N New Delhi

7) a) According to information and explanations given to us and on the basis of records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of Provident Fund, Income-Tax, Service Tax, GST, cess and any 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, GST, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) 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 and financial institution. The Company has not issued any debentures.

9) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

10) According to the audit procedure performed and the information and explanations given by the management, we report that no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) In our opinion and according to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion and according to the information and explanations given, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

14) During the year 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.

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15) Based upon the audit procedures performed and the information and explanations given by the 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.

16) In our opinion and according to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

GUPTA RUSTAGI & AGGARWAL Chartered Accountants FRN: 008084N New Delhi

S. gupta

Saurav Gupta
Partner
Membership No. 534240

Place: New Delhi
Date: 9th May, 2018

Annexure-"B"

To the Independent Auditor's Report on the Standalone Financial Statements of PRIZE PETROLEUM COMPANY LIMITED.

Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2018:

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. N.	Areas to be examined - Directions	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 fare not available.	The Company does not have any freehold or leasehold land.
2.	Whether there are any case of waiver/write off of debts/loans/interest etc. if yes, the reasons there for and the amount involved.	According to the information and explanation 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	Proper records are maintained for inventories lying with third parties According to the information and explanation given to us, the Company has not received any assets as gift /grant(s) from the Govt. or other authorities.

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

Saurav Gupta
Partner
Membership No. 534240

Place: New Delhi
Date : 9th May, 2018

Annexure-"C"

To the Independent Auditor's Report on the Standalone Financial Statements of PRIZE PETROLEUM COMPANY LIMITED.

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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")

We have audited the internal financial controls over financial reporting of **PRIZE PETROLEUM COMPANY LIMITED**("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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.

GUPTA RUSTAGI & AGGARWAL * Chartered Accountants * FRN. 008084N New Delhi

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.

GUPTA RUSTAGI & AGGARWAL
FRN 008084N
New Delhi
Chartered Accountants

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 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

GUPTA RUSTAGI & AGGARWAL
FRN: 008084N
New Delhi
Chartered Accountants

S. gupta

Saurav Gupta
Partner
Membership No. 534240

Place: New Delhi
Date: 9th May, 2018

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

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	88,415,234	156,474,071
(b) Intangible assets	2	-	-
(c) Intangible assets under development	3	13,552,000	13,552,000
(d) Financial assets			
(i) Investments	4	148,863,625	-
(ii) Long-term loans and advances	5	260,698	201,114
(ii) Others	6	54,488	54,488
(e) Deferred tax assets (net)	7	-	-
(f) Other non-current assets	8	4,544,747	337,693
2 Current assets			
(a) Inventories	9	7,112,365	7,112,365
(b) Financial assets			
i) Trade receivables	10	3,526,699	8,553,848
ii) Cash and cash equivalents	11	923,613,668	984,706,715
iii) Loans	12	43,676,454	39,933,602
iv) Others		-	-
(c) Current tax assets (net)	13	21,978,311	48,225,579
(d) Other current assets	14	557,504	543,927
Total Assets		**1,256,155,793**	**1,259,695,402**
II Equity and liabilities			
1 Equity			
(a) Equity share capital	15	2,450,000,000	2,450,000,000
(b) Other equity	16	(1,213,707,502)	(1,197,611,344)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Other financial liabilities		-	-
(a) Provisions	17	1,711,755	2,112,550
(b) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Trade payables	18	13,619,689	3,631,446
iii) Other financial liabilities		-	-
(b) Other current liabilities	19	4,349,805	1,114,741
(c) Provisions	20	182,046	448,009
Total Equity and Liabilities		**1,256,155,793**	**1,259,695,402**

See accompanying notes to the financial statements forming integral part of the financial statements — 30

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

GUPTA RUSTAGI & AGGARWAL
FRN 008084N
New Delhi
Chartered Accountants

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

Statement of Profit and Loss for the year ended 31 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	21	74,423,840	98,206,310
	b) Other income	22	60,537,369	79,048,242
	Total Revenue		134,961,209	177,254,552
2	**Expenses**			
	a) Production, Transportation and other expenses	23	6,499,971	7,204,674
	b) Geological and Geophysical expenses	24	1,656,249	1,534,272
	c) Employee benefits expense	25	45,299,641	39,706,693
	d) General and Administrative expenses	26	29,140,099	32,605,086
	e) Finance costs	27	35,793	56,156
	f) Depreciation and amortisation expense	28	1,487,510	1,629,052
	g) Other expenses	29	66,549,606	244,039,000
	Total Expenses		**150,668,869**	**326,774,933**
3	Profit/(Loss) before exceptional items and tax		(15,707,660)	(149,520,381)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(15,707,660)	(149,520,381)
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**		**(15,707,660)**	**(149,520,381)**
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		-	-
	(ii) Income tax on above		-	-
13	**Total other comprehensive income**		**(388,498)**	**3,009**
14	**Total comprehensive income for the period**		**(16,096,158)**	**(149,517,372)**
15	Earnings per equity share (Rs.)			
	Basic		(0.07)	(0.61)
	Diluted		(0.07)	(0.61)
	See accompanying notes to the financial statements forming integral part of the financial statements	30		

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

Saurav Gupta
Partner
M.No.:534240

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

Place: Mumbai
Date: May 9, 2018

GUPTA RUSTAGI & AGGARWAL
FRN 008084N
New Delhi
Chartered Accountants

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

Statement of changes in equity

(All amounts in Indian Rupees)

A. **Equity Share Capital**

Balance at 1 April 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 April 2017						(1,197,611,344)					-			(1,197,611,344)
Changes in accounting policy or prior period errors						-								
Total comprehensive income for the year						(16,096,158)					-			(16,096,158)
Dividends														
Transfer to retained earnings														
Any other change			-											
Balance at 31 Mar 2018	-	-	-	-	-	(1,213,707,502)	-	-	-	-	-	-	-	(1,213,707,502)

	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						(1,048,093,972)					-			(1,048,093,972)
Changes in accounting policy or prior period errors						-								
Total comprehensive income for the year						(149,517,372)								(149,517,372)
Dividends														
Transfer to retained earnings														
Any other change			-											
Balance at 31 March 2017	-	-	-	-		(1,197,611,344)	-	-	-	-	-	-	-	(1,197,611,344)

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PRIZE PETROLEUM COMPANY LIMITED

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

		Year Ending 31st March 2018		Year Ending 31st March 2017	
(A)	**Cash flow from Operating activities:-**				
	Profit before tax		(15,707,660)		(149,520,381)
	Adjustment for:-				
	- Depreciation / Depletion / Impairment	1,487,510		1,629,052	
	- Other Comprehensive Income (Items not to be reclassified in Profit or Loss	(388,498)		3,009	
	- Impact of Accounting policy changed to Ind AS	-		-	
	- Provision for write off of Sanganpur Assets	66,549,606		244,039,000	
	- Interest received	(60,537,369)		(79,046,069)	
	Operating profit before working capital changes		7,111,249		166,624,992
	Adjustment For (Increase) / Decrease		(8,596,411)		17,104,611
	- Trade Receivables	5,027,149		(5,527,323)	
	- Loans & Advances	18,224,202		(25,194,538)	
	- Inventories	-		8,788	
	- Trade Payables & Other Current liabilities	12,556,549		(1,003,467)	
	Cash generated from operation		35,807,900		(31,716,540)
	- Direct Taxes paid (Net of Refund)		27,211,489		(14,611,929)
	Cash Flow before prior period		-		-
	- Prior Period Item		27,211,489		(14,611,929)
			-		-
	Net Cash Flow from operating activities ' A '		**27,211,489**		(14,611,929)
(B)	**Cash Flow from investing activities :**				
	- Sale/(Purchase) of fixed assets (Net)		21,720		-
	- Sale of Assets		-		-
	- Addition to Pre-Producing Properties / Misc Expenditure		-		-
	- Interest received		60,537,369		79,046,069
	- Investment in Prize Petroleum International Pte. Ltd., Singapore		(148,863,625)		(244,039,000)
	Net cash flow from investing activities ' B '		**(88,304,536)**		(164,992,931)
(C)	**Cash flow from financing activities :**				
	- Increase in Share Capital		-		-
	- Decrease in loan		-		-
	Net Cash flow from financing activities ' C '		-		-
	Net increase in cash and cash equivalents (A+B+C)		(61,093,047)		(179,604,860)
	Cash and Cash equivalent at the beginning of the period		984,706,715		1,164,311,575
	Cash and Cash equivalent at the end of the period		923,613,668		984,706,715
Notes :					
a	Cash & Cash equivalents - Note: 11				
i)	*Cash & Cheques in hand*		2,565		2,565
ii)	*Current accounts & term Deposit in Scheduled Banks*		923,611,103		984,704,150
			923,613,668		984,706,715

Figures in brackets represent cash outflows.

As per our Report of Even Date

R. K. Mohal
Chief Executive Officer

M. Ananth Krishnan
Chief Financial Officer

Asheesh Garg
Company Secretary

for **GUPTA RUSTAGI & AGGARWAL**
Chartered Accountants
Registration No. 003304N

Vinod S. Shenoy
Director
DIN: 07632981

J. Ramaswamy
Director
DIN: 06627920

Saurav Gupta
Partner
M.No.:534240

Place: Mumbai
Date: May 9, 2018

GUPTA RUSTAGI & AGGARWAL
FRN 008084N
New Delhi
Chartered Accountants

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

1 Property, plant and equipment

Particulars	Gross block as on 1 April 2017	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2018	Depreciation upto 1 April 2017	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2018	Net block as on 31st March 2018	Net block as on 31st March 2017
Office equipments	383,329	-	-	-	383,329	175,703	-	85,030	-	260,733	122,596	207,626
Computer Hardware	56,555	-	-	-	56,555	32,607	-	3,901	-	36,508	20,047	23,948
Furniture & Fixtures					-							
-Procured under the Scheme	138,836	18,890	-	80,000	77,726	30,840	-	10,417	(33,190)	8,067	69,659	107,996
- Others	83,419	6,200	-	-	89,619	56,478	-	1,710	-	58,188	31,431	26,941
Vehicles												
-Procured under the Scheme	-	-	-	-	-	-	-	-	-	-	-	-
- Others	38,454	-	-	-	38,454	-	-	-	-		38,454	38,454
Hydrocarbon Rights & Concessions (Sanganpur Field)	13,743,774	-	-	-	13,743,774	7,464	-	-	13,736,310	13,743,774	-	13,736,310
Share of Fixed Assets in Joint Ventures												
- ONGC Onshore Marginal Fields (PI 50%)												
Wells Cost	87,780,231	-	-	-	87,780,231	2,573,514	-	1,170,783	-	3,744,297	84,035,934	85,206,717
Computers	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	52,246	-	-	-	52,246	37,170	-	2,564	-	39,734	12,512	15,076
Plant & Machinery	4,719,445	-	-	-	4,719,445	423,213	-	211,891	-	635,104	4,084,341	4,296,232
- Project Sanganpur (PI 50%)												
Wells Cost	52,677,332	-	-	-	52,677,332	28,609	-	-	52,648,723	52,677,332	-	52,648,723
Plant & Machinery	84,568	-	-	-	84,568	4,826	-	404	79,338	84,568	-	79,742
Office Equipments	2,922	-	-	-	2,922	-	-	-	2,922	2,922	-	2,922
Furniture & Fixtures	1,814	-	-	-	1,814	-	-	-	1,814	1,814	-	1,814
Buildings	89,911	-	-	-	89,911	8,686	-	726	80,499	89,911	-	81,225
- Project SR-ONN (PI 10%)												
Computer	228	-	-	-	228	181	-	-	-	181	47	47
Digital Camera	490	-	-	-	490	322	-	85	-	407	83	168
Mobile Phone	-	-	-	-	-	-	-	-	-	-	-	-
Global Positioning System	130	-	-	-	130	-	-	-	-	-	130	130
Total	**159,853,684**	**25,090**	-	**80,000**	**159,798,774**	**3,379,613**	-	**1,487,511**	**66,516,416**	**71,383,540**	**88,415,234**	**156,474,071**

2 Intangible assets

Particulars	Gross block as on 1 April 2017	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2018	Depreciation upto 1 April 2017	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2018	Net block as on 31st March 2018	Net block as on 31st March 2017
Computer software	-	-	-	-	-	-	-	-	-			
Total	-	-	-	-	-	-	-	-	-			

3 Intangible assets under development

Particulars	Balance as on 1st April 2017	Adjustments	Expenditure during the year	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	Balance as on 31st March 2018
ONGC Onshore Marginal Fields (OMF)	13,552,000	-	-	-	-	13,552,000
Total	**13,552,000**	-	-	-	-	**13,552,000**

4 Non-current investments

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Investment in subsidiary - Prize Petroleum International Pte. Ltd. (unquoted)		
i) 10,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.62.18 per US$)		
ii) 49,90,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.63.56 per US$)		
iii) 30,00,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.65.63 per US$)		
iv) 36,50,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.66.86 per US$)		
v) 5,00,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.64.15 per US$)		
vi) 13,50,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.64.41 per US$)		
vii) 4,60,000 Ordinary Shares of issue price of US$1 each fully paid up (Exchange rate of Rs.64.85per US$)	907,553,875	758,690,250
Less: Provision for Diminution in the Value of Investment	(758,690,250)	(758,690,250)
Total	**148,863,625**	**-**

5 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**

6 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**

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Prize Petroleum Company Limited
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7 Deferred Tax Asset (net)

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Deferred tax asset		
Opening Balance	-	-
Unabsorbed Depreciation	-	-
Deferred tax liability		
Depreciation Differential	-	-
Impact on DTA towards Ind AS transition	-	-
Total	-	-

8 Other non-current assets

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Service Tax Credit Receivable	-	326,050
Krishi Kalyan Cess Recoverable	-	11,643
CGST Input Credit	1,396,426	-
SGST - Input Credit	917,600	-
IGST - Input Credit	2,226,221	-
Reverse Charge CGST - Input Credit	2,250	-
Reverse Charge SGST - Input Credit	2,250	-
Total	**4,544,747**	**337,693**

9 Inventories

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Casing & Tubing	5,418,525	5,418,525
Casing Accessories	27,000	27,000
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	**7,112,365**	**7,112,365**

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

10 Trade receivables

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Unsecured, considered good (Over 6 months)	1,123,591	-
Unsecured, considered good	2,403,108	8,553,848
Total	**3,526,699**	**8,553,848**

11 Cash and cash equivalents

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
a. Cash on hand	2,565	2,565
b. Balance with banks		
Current accounts	4,131,497	4,525,624
Fixed deposit accounts *(including accrued interest)*	917,233,504	979,121,947
Less: Amount disclosed under other non-current assets (*)	-	-
c. Fixed deposits (kept as margin money)	2,246,102	1,056,579
(!) 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	**923,613,668**	**984,706,715**

12 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
Receivables from Subsidiary - Prize Petroleum International Pte. Ltd.	5,483,250	8,117,126
Total	**43,676,454**	**39,933,602**

13 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**

14 Other current assets

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Prepaid expenses	531,638	422,035
Advance to Employees/Other advances	25,866	121,892
Total	**557,504**	**543,927**

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15 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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16 Reserves and Surplus

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
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		
Retained earnings	(1,197,611,344)	(1,048,093,972)
Profit/(Loss) for the year	(16,096,158)	(149,517,372)
Depreciation Prior Period/Other Adjustment	-	-
Total	**(1,213,707,502)**	**(1,197,611,344)**

17 Non-Current Liabilites - 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	715,910	680,117
(#) Refer Note 30		
Total	**1,711,755**	**2,112,550**

18 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	13,590,189	3,585,847
Trade payables-Expenses payables	29,500	45,599
Total	**13,619,689**	**3,631,446**

19 Other current liabilities

Particulars	As at 31st March 2018 (INR)	As at 31st March 2017 (INR)
Statutory liabilities	4,349,805	1,114,741
Total	**4,349,805**	**1,114,741**

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

20 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.)

21 Revenue from operations

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Income from Hydrocarbons	9,083,840	11,086,310
Income from Management fee	65,340,000	87,120,000
Total	**74,423,840**	**98,206,310**

22 Other income

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Interest on fixed deposits	55,636,945	77,758,132
Others	4,900,424	1,290,110
Total	**60,537,369**	**79,048,242**

23 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
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	**6,499,971**	**7,204,674**

24 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Geological and Geophysical Expenses (SR-ONN Block)	399,202	396,081
G&G Expenses - OALP	1,257,047	-
Pre Bidding Exp - Discovered Small Field	-	1,138,191
Total	**1,656,249**	**1,534,272**

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

25 Employee benefits expense

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Salaries and wages	29,595,413	25,892,879
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	**45,299,641**	**39,706,693**

26 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	276,100	228,072
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	988,760	1,721,084
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	46,059	237,918
Postage & Courier	45,398	88,450
Printing & Stationery	197,299	263,664
Foreign Exchange Fluctuations	52,594	-
Office maintenance	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
TOTAL	29,983,257	33,477,145
Allocated to Projects	(843,158)	(872,059)
Total	**29,140,099**	**32,605,086**

27 Finance costs

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Others - Unwinding of Provision for Abandonment	35,793	56,156
Total	**35,793**	**56,156**

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

28 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Depreciation	316,727.00	378,877
Depletion	1,170,783.00	1,250,175
Total	**1,487,510**	**1,629,052**

29 Other expenses

Particulars	For the Year ended 31st March 2018 (INR)	For the Year ended 31st March 2017 (INR)
Provision for write off of Sanganpur Assets	66,549,606	-
Provision for Diminution in value of Non-Current Investment	-	244,039,000
Total	**66,549,606**	**244,039,000**

PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

NOTE 30

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. Authorization of financial statements:

The Financial Statements were authorized for issue in accordance with a resolution of the directors on May 9, 2018.

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 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).

1.4 The company's presentation and functional currency is Indian Rupee.

2. Use of Estimates:

While preparing financial statements in conformity with Ind AS, management makes 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

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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 would be 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 mentioned herein under:

- 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

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.

3.2 Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.

3.3 Income from consultancy/ management income is being recognized when services are rendered and no significant uncertainty attached to realization.

3.4 Dividend income is recognized when the right to receive the dividend is established.

3.5 Income from sale of scarp is accounted for on realization.

3.6 Interest income is recognized using effective interest rate (EIR) method.

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4. <u>Geological and Geophysical Expenditures:</u>

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. <u>General and Administrative Expenses:</u>

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 accumulated depreciation and accumulated impairment losses, if any. 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 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.

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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 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.

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

9.4 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

9.5 Cost of G&G Software licenses are being amortized over its 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.

10.2 Interest capitalized on producing properties including acquisition cost, as required under Ind AS-23 (Borrowing Costs), is 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.

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.

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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 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 Ind AS-23 (Borrowing Costs), is 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 the exchange rates prevailing at the date of transaction qualifying for recognition

16.2 Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the reporting date.

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16.3 Exchange differences arising on settlement or translation of monetary items are recognized 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.

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 recognized outside the Statement of Profit or Loss is recognized outside the statement of Profit or Loss (either in other comprehensive income or in equity). Current Tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

19.2 Deferred tax liability is recognized for all taxable temporary differences.

19.3 Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized. 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 utilized, is not recognized. Unrecognized deferred tax assets are re-assessed at each

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reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

19.6 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.

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.

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21. Financial instruments

21.1 Financial Asset

21.1.1 Classification

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

21.1.2 Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognized 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 recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

21.1.3 Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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.

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21.1.4 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 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.

21.1.5 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 derecognized (i.e. removed from the Company's balance sheet) when:

a) The rights to receive cash flows from the asset have expired, or

b) 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:

   i. the Company has transferred substantially all the risks and rewards of the asset, or

   ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

21.1.6 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:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.

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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 recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

21.2 Financial Liabilities

21.2.1 Classification

The Company classifies all financial liabilities as subsequently measured at amortized 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

21.2.2 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 recognized 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.

21.2.3 Loans and borrowings

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

Amortized 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 amortization is included as finance costs in the Consolidated Statement of Profit and Loss.

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

21.2.4 De-recognition

A financial liability is derecognized 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 recognized in the Consolidated Statement of Profit and Loss.

IV. Notes forming part of financial statements

1. <u>Contingent Liabilities and commitment:</u>

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 $6/7^{th}$ 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

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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 05.02.2018 has intimated that the block stands relinquished with effect from 10.11.2014 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 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.

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, 2018**
South Rewa – PSC	India	10%
Sanganpur – PSC (*)	India	50%
Hirapur – SC	India	50%

* MoP&NG vide its letter dated June 2, 2017 has terminated the PSC.

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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:

Figures in Rupees

	Particulars	FY 2017-18	FY 2016-17
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

(*) 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.

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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.

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.

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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, 2017 in the Oil fields as follows:

Hirapur and Sanganpur (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 Sanganpur Field.

4. Quantitative Particulars of Petroleum:-

Particulars (*)	FY 2017-18		FY 2016-17	
Total Dry Crude Production	**BBLS**	**TMT**	**BBLS**	**TMT**
Hirapur Field	33,752	4.56	36,503	4.93
Sanganpur Field	-	-	555	0.07
TOTAL	**33,752**	**4.56**	**37,058**	**5.00**

(*) The Company Share is 50% of total

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

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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, 2017 against which shares of the Company in PPIPL 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 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

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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:**

Figures 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:

1. 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 to	93,89,014	-	-	-
Receivable by Company from	-	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. Disclosure as required by Accounting Standard 19, "Leases": where the company is 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 and there is no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation is envisaged.

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. 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 recognizing 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).*

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

Provision for diminution in value of investment for PPIPL, Singapore and Provision for Write off Sangapur Assets not considered in aforementioned amounts.

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

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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 17 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**

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

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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 as on 1 April 2018	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

1. 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
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

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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**

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.

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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	35,26,699	85,53,848
Cash and cash equivalents	92,36,13,668	98,47,06,715
Short-term loans and advances	4,36,76,454	3,99,79,636
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	-	-
Trade payables	1,36,19,689	36,28,811
Other current financial liabilities	-	-

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 5 years**	**Over 5 years**	**Total**
Trade payables	1,36,19,689	-	-	1,36,19,689
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	**1,36,19,689**	-	-	**1,36,19,689**

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Status as on 31-Mar-17				
Particulars	1 year or less	1 to 5 years	Over 5 years	Total
Trade payables	36,28,811	-	-	36,28,811
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	**36,28,811**	-	-	**36,28,811**

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.

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

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

Vinod S. Shenoy
Director
DIN:07632981

J. Ramaswamy
Director
DIN: 06627920

Saurav Gupta
Partner
M No.:534240

Place : Mumbai
Date : May 9, 2018

GUPTA RUSTAGI & AGGARWAL Chartered Accountants FRN. 008084N New Delhi