KHANDELIA
&SHARMA
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of PRIZE PETROLEUM COMPANY LIMITED (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred as 'The Group'), which comprise the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, and Consolidated loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India,

KHANDELIA & SHARMA FRN. 510525C NEW DELHI Chartered Accountants including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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NEW DELHI
Chartered Accountants

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

1. We did not audit the Consolidated Financial Statements of two unincorporated Joint Ventures (ONGC Onshore Marginal Field – PI 50% (Hirapur Field) and NELP-VI Block SR-OWN-2004/1 – PI 10% (South Rewa)), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 15,80,52,059/- , net cash flows of Rs. 5,348/- as at 31st March, 2020. And total revenues of Rs. 83,42,385/- and net loss of Rs. 77,34,508/- for the period ending 31st Mar 2020, pertaining to Group's share in these joint ventures, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group 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.

2. We did not audit the Consolidated financial statements of three Joint Ventures (Sanganpur – PI 50%, Project DSF Kherem/2016- PI 20% and Cluster-7 – PI 10%) included in the Consolidated financial statements of the Group proportionate to respective participating interest (PI) The total assets of Rs. (83,35,880)/- , net cash flows of Rs. 12,214 as at 31st March, 2020, total revenues of Rs. 13,570/- and net profit of Rs. 8,570/-, pertaining to Group's share in these joint

ventures, for the year ended on that date are considered in the Consolidated financial statements. The unaudited financial information has been provided to us by the management and our opinion on the Consolidated financial statements of the Group 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.

3. We did not audit the Consolidated Financial Statements of Prize Petroleum International Pte. Limited (wholly owned subsidiary), included in the Financial Statements of the Group. The total assets of Rs. 195,76,10,285/-, net cash flows of Rs. (9,34,47,944/-) as at 31st March, 2020, total revenues of Rs. 58,23,80,633/- and net loss of Rs. 40,76,13,349/-, pertaining to Group's share, for the year ended on that date, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of such auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(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 Consolidated balance sheet as at 31st March 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

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

    i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position (Refer Note 30).

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ii. The Group has long-term contracts as at 31st March, 2020 for which there were no material foreseeable losses.

iii. There were no amounts which required to be transferred by the Group to the Investor Education and Protection Fund by the Group during the year ended 31st March, 2020.

For Khandelia & Sharma
Chartered Accountants
Firm's Regn. No. 510525C

Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : 6th June , 2020
UDIN : 20508528AAAAAS9701

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

Consolidated Balance Sheet as at 31st March 2020

PARTICULARS	Notes	As at 31st March 2020 INR	As at 31st March 2019 INR
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	1,504,836,971	1,727,229,110
(b) Capital work-in-progress	2	1,158,127	-
(c) Intangible assets under development	3	256,587,175	228,129,373
(d) Financial assets			
(i) Investments		-	-
(ii) Long-term loans and advances	4	216,321	199,364
(ii) Others	5	54,488	54,488
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets	6	8,129,665	8,575,894
2 Current assets			
(a) Inventories	7	36,240,494	36,575,624
(b) Financial assets			
i) Trade receivables	8	71,500,002	67,797,142
ii) Cash and cash equivalents	9	1,107,310,546	1,227,638,274
iii) Loans	10	84,997,459	76,066,966
iv) Others		-	-
(c) Current tax assets (net)	11	41,834,343	44,013,008
(d) Other current assets	12	8,727,556	11,536,680
Total Assets		**3,121,593,147**	**3,427,815,923**
II Equity and liabilities			
1 Equity			
(a) Equity share capital	13	2,450,000,000	2,450,000,000
(b) Other equity	14	(5,533,477,125)	(4,842,101,082)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	15	6,034,898,653	5,640,061,229
ii) Other financial liabilities		-	-
(a) Provisions	16	2,330,575	2,018,775
(b) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Trade payables - Micro & Small Enterprises		-	-
iii) Trade payables - Other than Micro & Small Enterprises	17	75,252,290	69,461,032
iv) Other financial liabilities	18	82,228,799	96,992,426
(b) Other current liabilities	19	10,044,680	11,105,135
(c) Provisions	20	315,275	278,408
Total Equity and Liabilities		**3,121,593,147**	**3,427,815,923**
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 KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

KHANDELIA & SHARMA Chartered Accountants FRN. 510525C NEW DELHI

Nitin Kumar Lohia
Partner
Membership No.: 508528

Asheesh Garg
Company Secretary

Prabhakar Thakur
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Vinod S. Shenoy
Director
DIN: 07632981

R. Kesavan
Director
DIN: 08202118

Place: Mumbai
Date: June 06, 2020

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

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

	PARTICULARS	Notes	For the Year ended 31st March 2020 INR	For the Year ended 31st March 2019 INR
1	Revenue			
	a) Revenue from operations	21	661,433,799	924,191,146
	b) Other income	22	75,132,315	76,459,453
	Total Revenue		**736,566,114**	**1,000,650,599**
2	Expenses			
	a) Production, Transportation and other expenses	23	328,050,097	320,717,465
	b) Geological and Geophysical expenses	24	14,835,251	2,682,392
	c) Employee benefits expense	25	47,991,630	67,098,627
	d) General and Administrative expenses	26	67,791,370	53,337,178
	e) Finance costs	27	222,950,479	241,902,338
	f) Depreciation and amortisation expense	28	398,071,852	453,297,687
	g) Other expenses	29	-	-
	Total Expenses		**1,079,690,679**	**1,139,035,687**
3	Profit/(Loss) before exceptional items and tax		(343,124,565)	(138,385,088)
4	Exceptional Items		-	
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(343,124,565)	(138,385,088)
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**		**(343,124,565)**	**(138,385,088)**
12	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss		(85,465)	(16,141)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		(348,166,013)	(190,043,199)
	(ii) Income tax on above		-	-
13	**Total other comprehensive income**		**(348,251,478)**	**(190,059,340)**
14	**Total comprehensive income for the period**		**(691,376,043)**	**(328,444,428)**
15	Earnings per equity share (Rs.)			
	Basic		(1.40)	(0.56)
	Diluted		(1.40)	(0.56)

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

This is the Profit and Loss Statement referred to in our report
As per our Report of even date

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

KHANDELIA & SHARMA FRN. 510525C NEW DELHI Chartered Accountants

Nitin Kumar Lohia
Partner
Membership No.: 508528

Asheesh Garg
Company Secretary

Prabhakar Thakur
Chief Executive Officer

Vinod S. Shenoy
Director
DIN: 07632981

Rajalakshmy Ganesh
Chief Financial Officer

R. Kesavan
Director
DIN: 08202118

Place: Mumbai
Date: June 06, 2020

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

Consolidated Statement of changes in equity

(All amounts in Indian Rupees)

A. **Equity Share Capital**

Balance at 1 Apr 2019	Issued during the period	Balance at 31 Mar 2020
2,450,000,000	-	2,450,000,000

Balance at 1 April 2018	Issued during the period	Balance at 31 March 2019
2,450,000,000	-	2,450,000,000

B. **Other Equity**

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves	Retained earnings								
Balance at 1 Apr 2019						(4,675,210,172)					166,890,910.00			(4,842,101,082)
Changes in accounting policy or prior period errors						-								-
Total comprehensive income for the year						(343,210,030)					(348,166,013)			(691,376,043)
Dividends														-
Transfer to retained earnings														-
Any other change			-											-
Balance at 31 Mar 2020	-	-	-	-		(5,018,420,202)	-	-	-	-	(515,056,923)	-	-	(5,533,477,125)

	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 2018						(4,536,808,943)					23,152,289.00			(4,513,656,654)
Changes in accounting policy or prior period errors							-							-
Total comprehensive income for the year						(138,401,229)					(190,043,199)			(328,444,428)
Dividends														-
Transfer to retained earnings														-
Any other change			-											-
Balance at 31 March 2019					-	(4,675,210,172)	-	-	-	-	(166,890,910)	-	-	(4,842,101,082)

for and on behalf of the Board

Prabhakar Thakur
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

R. Kesavan
Director
DIN: 08202118

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No : 508528

Place: Mumbai
Date: June 06, 2020

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

Consolidated Cash Flow Statement for the year ended 31st March 2020

Particulars	For the Year ended 31st March 2020 INR	For the Year ended 31st March 2019 INR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(343,124,565)	(138,385,088)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
- Depreciation and impairment of property, plant and equipment	398,071,852	453,297,687
- (Gain)/loss on sale of property, plant and equipment	-	-
- Amortised Finance Cost	14,649,022	14,408,973
- Acturial (Gain) / Loss from OCI	(85,466)	(16,141)
- Foreign Exchange Fluctuation (Unrealised)	(348,166,157)	(190,043,199)
- Provision for Diminution / Impairment in Value of Investments	-	-
- (Profit)/Loss on Sale of Current Investment	-	-
- Finance Costs	208,258,932	227,454,350
- Provision for Doubtful Debts & Receivables	-	-
- Provision for write off of Assets	-	-
- Interest Income	(71,977,862)	(71,336,594)
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	(142,374,244)	295,379,988
(Increase) / Decrease in Assets and Liabilities :		
- Trade Receivables	(3,702,860)	(1,541,312)
- Loans and Advances and Other Assets	(3,131,103)	(16,004,457)
- Inventories	335,130	(76,659)
- Liabilites and Other Payables	(10,066,344)	43,789,835
Sub Total - (ii)	(16,565,177)	26,167,407
Cash Generated from Operations (i) + (ii)	(158,939,420)	321,547,395
Less : Direct Taxes / FBT refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	**(158,939,420)**	321,547,395
B. Cash Flow From Investing Activities		
- Purchase of Property, Plant & Equipment	(204,081,827)	(142,631,896)
- Sale of Asset	(55,686)	
- Investments	-	
- Interest received	71,977,862	71,336,594
- Addition to Pre-Producing Properties	(1,158,127)	-
Net Cash Flow generated from / (used in) Investing Activities (B)	(133,317,778)	(71,295,302)
C. Cash Flow From Financing Activities		
- Long term Loans raised	-	-
- Long term Loans repaid	380,188,402	95,077,863
- Short term Loans raised / (repaid)	-	-
- Finance Cost paid	(208,258,932)	(227,454,350)
- Increase in Share Capital		-
Net Cash Flow generated from / (used in) Financing Activities (C)	171,929,470	(132,376,487)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(120,327,728)	117,875,606
Cash and cash equivalents at the beginning of the year	1,227,638,274	1,109,762,668
Cash and cash equivalents at the end of the year	1,107,310,546	1,227,638,274
D. Details of cash and cash equivalents at the end of the year *(Refer Note 9)*		
Cash & Cheques in Hand	2,565	2,565
Current accounts & term Deposit in Scheduled Banks	1,107,307,981	1,227,635,709
Cash and cash equivalents at the end of the year	1,107,310,546	1,227,638,274

As per our Report of even date
for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: June 06, 2020

Prabhakar Thakur
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

R. Kesavan
Director
DIN: 08202118

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

1 Property, plant and equipment

Particulars	Gross Block				Depreciation/Impairment					Net Block	
	As at 1 April 2019	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2020	As at 1 April 2019	for the year	Foregin Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
F & F Purchased under scheme	111,026	(3,978)	-	107,048	20,307	12,104	-	(40,920)	(8,509)	115,557	90,719
F & F Others	89,619	-	-	89,619	60,669	2,468	-	-	63,137	26,481	28,950
Vehicles Purchased under scheme	129,234	-	-	129,234	129,234	-	-	-	129,234	-	-
Vehicles Others	38,454	-	-	38,454	-	-	-	-	-	38,454	38,454
Office Equipments	383,329	(5,111)	-	378,218	345,763	14,279	-	(23,855)	336,187	42,031	37,566
Others - Computer hardware	56,555	-	-	56,555	39,352	-	-	-	39,352	17,203	17,203
ONGC on shore marginal field (50%)-Well cost	87,780,231	-	-	87,780,231	4,830,734	981,624	-	-	5,812,358	81,967,873	82,949,497
ONGC on shore marginal field (50%)-F &F	52,246	-	-	52,246	40,541	807	-	-	41,348	10,898	11,705
ONGC on shore marginal field (50%)-P&M	4,719,445	-	-	4,719,445	846,995	211,891	-	-	1,058,886	3,660,560	3,872,450
Project Sanganpur (50%)-Well cost	52,677,332	-	-	52,677,332	52,677,332	-	-	-	52,677,332	-	-
Project Sanganpur (50%)-P&M	84,568	-	-	84,568	84,568	-	-	-	84,568	-	-
Project Sanganpur (50%)-Office Equipments	2,922	-	-	2,922	2,922	-	-	-	2,922	-	-
Project Sanganpur (50%)-F&F	1,814	-	-	1,814	1,814	-	-	-	1,814	-	-
Project Sanganpur (50%)-Bldg	89,911	-	-	89,911	89,911	-	-	-	89,911	-	-
Project SR-ONN (10%)-Computer	228	-	-	228	181	-	-	-	181	47	47
Project SR-ONN (10%)-Digital camera	490	-	-	490	407	-	-	-	407	83	83
Project SR-ONN (10%)-Global positioning system	130	-	-	130	-	-	-	-	-	130	130
Yolla Field Acquisition cost (license T/L1)	4,456,856,096	-	428,493,490	4,885,349,586	3,978,955,144	91,409,196	389,663,762	23,476,335	4,483,504,437	401,845,148	477,900,952
Yolla Stage 2 - Y5 & Y6 Drilling Cost	1,417,482,267	-	133,334,136	1,550,816,403	700,318,518	137,173,505	75,064,171	35,229,837	947,786,031	603,030,372	717,163,749
Compressor Installation(Capitalized)	559,061,823	4,328,348	52,587,624	615,977,795	206,555,832	67,654,526	23,961,713	17,541,818	315,713,889	300,263,906	352,505,991
Other Plant & Manchinery	148,604,459	38,045,328	13,978,339	200,628,126	55,992,843	17,714,044	6,453,593	6,649,418	86,809,898	113,818,228	92,611,616
TOTAL	6,728,222,179	42,364,587	628,393,589	7,398,980,355	5,000,993,067	315,174,444	495,143,239	82,832,633	5,894,143,383	1,504,836,971	1,727,229,110
For Previous Year 2018-19	6,339,696,480	4,808,719	383,716,980	6,728,222,179	4,288,730,169	453,297,687	258,965,211	-	5,000,993,067	1,727,229,110	2,050,966,311

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2019	Addition/(Deletion)	Foregin Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2020
Office Equipment	37,613	(5,111)	-	(14,279)	(23,855)	(5,632)
Plant & Equipment	96,501,482	38,045,328	7,524,746	(17,925,935)	(6,649,418)	117,496,204
Building	-	-	-	-	-	-
Furniture & Fixtures	131,374	(3,978)	-	(15,379)	40,920	152,937
Vehicles	28,950	-	-	2,468	-	31,418
Others - well Cost	800,113,246	-	58,269,965	(138,155,129)	(35,229,837)	684,998,246
Others - Acquisition Cost	830,416,445	4,328,348	67,455,639	(159,066,190)	(40,970,443)	702,163,799
TOTAL	1,727,229,110	42,364,587	133,250,350	(315,174,444)	(82,832,633)	1,504,836,971

KHANDELIA & SHARMA ★ Chartered Accountants FRN. 510525C NEW DELHI

प्राईज पेट्रोलियम कं० लि० ★ PRIZE PETROLEUM CO. LTD. नई दिल्ली NEW DELHI

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

2 Capital work-in-progress

Particulars	Gross Block				Depreciation/Impairment					Net Block	
	As at 1 April 2019	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2020	As at 1 April 2019	for the year	Foregin Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
AA/ONNDSF/KHEREM/2016 Block	-	1,158,127	-	1,158,127	-	-	-	-	-	1,158,127	-
TOTAL	-	1,158,127	-	1,158,127	-	-	-	-	-	1,158,127	-
For Previous Year 2018-19	-	-	-	-	-	-	-	-	-	-	-

3 Intangible assets under development

Particulars	As at 1 April 2019	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2020	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31 March 2020
Intangible assets under development - Acquisition Cost							
ONGC onshore Marginal fields	13,552,000	-	-	13,552,000	-	-	13,552,000
Tangible Assets							
Discovered field (permit T/18P)	197,063,957	-	18,536,635	215,600,592	-	-	215,600,592
Yolla Field (license T/L 1) Compressor installation	-	-	-	-	-	-	-
Yolla Field (license T/L 1) Yolla Stage 2-Y5 & Y6 Drilling	-	-	-	-	-	-	-
Yolla Field (license T/L 1) Other P&M	17,513,416	8,273,783	1,647,383	27,434,582	-	-	27,434,582
TOTAL	228,129,373	8,273,783	20,184,018	256,587,174	-	-	256,587,175
For Previous Year 2018-19	215,057,965	782,574	12,288,834	228,129,373	-	-	228,129,373

KHANDELIA & SHARMA * Chartered Accountants * FRN. 510525C NEW DELHI

प्राईज पेट्रोलियम कं० लि० * PRIZE PETROLEUM CO. LTD. नई दिल्ली NEW DELHI

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

Notes forming part of Consolidated Financial Statements

4 Long-term loans and advances

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Security Deposits - Unsecured Considered Good		
Security Deposit- MP state govt	15,000	15,000
Deposit - Asstt. Labor Commissioner	-	-
Security Deposit- Rent	26,250	26,250
Security Deposit- Elec, gas, water	143,114	143,114
Telephone deposit	1,250	1,250
Other Deposits	30,707	13,750
Total	**216,321**	**199,364**

5 Other non-current financial assets

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Other deposits	54,488	54,488
Total	**54,488**	**54,488**

6 Other non-current assets

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Balance with Revenue Authorities - GST	8,129,665	8,575,894
Total	**8,129,665**	**8,575,894**

7 Inventories

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Inventory (License: T/L1)	29,128,128	29,463,258
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"	23,414	23,414
Retrievable Mechanical Packer	417,500	417,500
X-Mas Tree	90,000	90,000
Electrical Submersible Pump	22,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	282,042	282,042
Wellheads	525,370	525,370
Total	**36,240,494**	**36,575,624**

8 Trade receivables

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Unsecured, considered good	71,500,002	67,797,142
Total	**71,500,002**	**67,797,142**

KHANDELIA & SHARMA FRN. 510525C NEW DELHI Chartered Accountants

प्राईज पेट्रोलियम कं० लि० नई दिल्ली NEW DELHI PRIZE PETROLEUM CO. LTD.

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

Notes forming part of Consolidated Financial Statements

9 Cash and cash equivalents

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
a. Cash in hand	2,565	2,565
b. Balance with banks		
Current accounts	117,786,808	13,903,686
Fixed deposit accounts *(including accrued interest) ($)*	930,669,419	1,167,801,793
Interest Accrued on Deposit	56,413,788	42,419,352
Less: Amount disclosed under other non-current assets (*)	-	-
c. Other bank balances		
Fixed deposits (kept as margin money)	2,437,966	3,510,878
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
Total	**1,107,310,546**	**1,227,638,274**

10 Short-term loans and advances

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Receivables from Joint Venture Projects	53,795,013	42,079,552
Advance Cash Calls (Yolla - T/L1)	30,936,816	33,648,806
Security Deposit (TMF)	265,630	255,031
Other Deposits (Yolla - T/L1)	-	83,577
Total	**84,997,459**	**76,066,966**

11 Current tax assets (net)

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Tax Deducted at Source	41,834,343	44,013,008
Total	**41,834,343**	**44,013,008**

12 Other current assets

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Prepaid expenses	8,692,032	11,511,134
Advance to Employees/Other advances	35,524	25,546
GST Recoverable - PPCL		
GST Recoverable - PPIPL		
Total	**8,727,556**	**11,536,680**

KHANDELIA & SHARMA Chartered Accountants FRN. 510525C NEW DELHI

प्राईज पेट्रोलियम कं० लि० नई दिल्ली NEW DELHI PRIZE PETROLEUM CO. LTD.

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

Notes forming part of Consolidated Financial Statements

13 Equity share capital

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (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

KHANDELIA & SHARMA Chartered Accountants FRN. 510525C NEW DELHI

प्राईज पेट्रोलियम कं० लि० नई दिल्ली NEW DELHI PRIZE PETROLEUM CO. LTD.

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

Notes forming part of Consolidated Financial Statements

14 Reserves and Surplus

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Foreign Currency Translation Reserve		
Opening Balance	(166,890,910)	23,152,289
Effect of Foregin Exchange rate variation during the period	(348,166,013)	(190,043,199)
Closing Balance - A	**(515,056,923)**	**(166,890,910)**
Retained earnings		
Opening Balance	(4,675,210,172)	(4,536,808,943)
Profit (Loss) for the year	(343,210,030)	(138,401,229)
Closing Balance - B	**(5,018,420,202)**	**(4,675,210,172)**
Total (A+B)	**(5,533,477,125)**	**(4,842,101,082)**

15 Long-term borrowings

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Sumitomo Mitsui Banking Corporation-Singapore	6,090,630,000	5,705,287,500
Unamortised upfront fees	(55,731,347)	(65,226,271)
Total	**6,034,898,653**	**5,640,061,229**

16 Non-Current Liabilites - Provisions

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Provision for Gratuity *(#)*	1,124,127	955,506
Provision towards compensated absences *(#)*	408,998	308,344
Provision for Abandonment cost	797,450	754,925
(#) Refer Note 30		
Total	**2,330,575**	**2,018,775**

17 Trade payables - Other than Micro & Small Enterprises

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Trade payable - Other than Micro Enterprises and Small Enterprises	42,036,255	36,174,669
Trade payables-Expenses payables	13,848,099	5,663,499
Expenses Payable	8,058,483	16,233,905
Accounts payable	10,230,300	10,138,132
Other Liabilities	1,079,153	1,250,827
Total	**75,252,290**	**69,461,032**

KHANDELIA & SHARMA ★ Chartered Accountants ★ FRN. 510525C NEW DELHI

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

Notes forming part of Consolidated Financial Statements

18 Other current financial liabilities

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Interest Payable	82,164,925	96,992,426
Total	**82,228,799**	**96,992,426**

19 Other current liabilities

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Statutory liabilities	10,044,680	11,105,135
Total	**10,044,680**	**11,105,135**

20 Provisions

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Provision for Gratuity	5,147	4,254
Provision towards compensated absences	310,128	274,154
Total	**315,275**	**278,408**

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

Notes forming part of Consolidated Financial Statements

21 Revenue from operations

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Income from Hydrocarbons	587,513,799	857,108,746
Income from Management fee	73,920,000	67,082,400
Total	**661,433,799**	**924,191,146**

22 Other income

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Interest on Fixed Deposit	68,023,297	73,230,298
Bank Interest - PPIPL	54,767	460,347
Others	7,054,251	2,768,808
Total	**75,132,315**	**76,459,453**

23 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Operating Cost- PPIPL, Singapore	320,231,651	313,309,689
Insurance	122,880	123,380
Electricity & Utilities	384,403	512,785
Consultancy Fees	66,000	63,000
Well Maintenance Charges	117,967	205,809
Security Charges	1,070,327	1,111,016
Processing & Handling of Crude Oil	940,901	1,029,561
Manpower Charges	2,995,662	2,683,242
Land Rent	441,996	441,996
Crude Oil Transportation	1,678,310	1,236,987
Total	**328,050,097**	**320,717,465**

KHANDELIA & SHARMA FRN. 510525C NEW DELHI Chartered Accountants

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

Notes forming part of Consolidated Financial Statements

24 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
G&G Expenses - OALP & Discovered Small Field	175,000	146,148
G&G Expenses - South Rewa (SR-ONN Block)	-	-
G &G Studies (Permit 18/P)	14,660,251	2,536,244
Total	**14,835,251**	**2,682,392**

25 Employee benefits expense

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Salaries and wages	32,060,954	48,559,426
Contribution towards Provident Fund	2,835,663	3,147,068
Pension, Gratuity and Other Employee Benefit	6,634,439	7,886,675
Employee Welfare Expenses	6,460,574	7,505,458
Total	**47,991,630**	**67,098,627**

26 General and administrative expenses

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Repairs & Maintenance	62,277	68,220
Auditor's Remuneration	1,494,443	1,523,125
Electricity & Utilities	1,433,117	1,379,117
Traveling & Conveyance	1,322,719	2,472,965
Legal Expenses	1,598,414	2,090,252
Consultancy Charges	13,721,340	4,940,570
Insurance	19,021	13,672
Rent	18,159,089	18,433,470
Advertisement & Business Relation Expenses	110,880	221,800
Telephone Charges	930,919	438,147
Bank Charges	197,970	133,381
Postage & Courier	45,831	46,854
Printing & Stationery	144,934	145,473
Foreign Exchange Fluctuations	20,769,467	18,000,064
Contract Labour	4,122,905	3,230,450
Training & Seminar Expenses	35,000	25,000
Membership & Subscription	-	5,862
HO Overheads	576,875	469,158
General Expenses	2,717,041	186,174
G & A Expenses (PPIPL)	1,466,676	451,741
TOTAL	68,945,121	54,275,495
Allocated to Projects	(1,153,751)	(938,317)
Total	**67,791,370**	**53,337,178**

KHANDELIA & SHARMA
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PRIZE PETROLEUM CO. LTD

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements

27 Finance costs

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Financial Fee	-	-
Agency Fee	1,505,387	1,496,695
Security Trustee Fee	903,106	897,947
Bank loan fee	14,649,022	14,408,973
Interest on Long Term Loan	205,850,439	225,059,708
Others - Unwinding of Provision for Abandonment	42,525	39,015
Total	**222,950,479**	**241,902,338**

28 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Depreciation	241,549	315,293
Depletion	314,932,895	452,982,394
Total	**398,071,852**	**453,297,687**

29 Other Expenses

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Provision for write off	-	-
Total	-	-

KHANDELIA & SHARMA
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PRIZE PETROLEUM CO. LTD.

Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31 March, 2020

Name of the Entity	Net Assets (Total Assets reduced by Total Liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated Net Assets	Amount (in Rupees)	As a % of Consolidated profit or loss	Amount (in Rupees)	As a % of Consolidated OCI	Amount (in Rupees)	As a % of Consolidated TCI	Amount (in Rupees)
Prize Petroleum Company Limited	36.22%	1,116,808,342	18.79%	64,488,784	0.02%	(85,465)	9.32%	64,403,319
Subsidiaries								
Prize Petroleum International Pte. Ltd	-136.22%	(4,200,285,466)	-118.79%	(407,613,349)	99.98%	(348,166,013)	-109.32%	(755,779,362)
Total		**(3,083,477,125)**		**(343,124,565)**		**(348,251,478)**		**(691,376,043)**

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

KHANDELIA & SHARMA ★ Chartered Accountants ★ FRN. 510525C NEW DELHI

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: June 06, 2020

Prabhakar Thakur
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

R. Kesavan
Director
DIN: 08202118

Form AOC-I

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

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

Part- "A" : Subsidiaries

Sr. No.	Particulars	Rs./Crs	US $
1	Serial No	1	
2	Name of Subsidiary	Prize Petroleum International Pte. Ltd., Singapore	
3	Financial Year ending on	3/31/2020	3/31/2020
4	Reporting Currency	Rs. In Crores	US $
4A	Exchange Rate	75.66	75.66
5	Share Capital	99.27	15,160,000
6	Reserves & Surplus	(519.30)	(70,675,270)
7	Total Assets	195.76	25,873,783
8	Total Liabilities	615.79	81,389,053
9	Investment		
10	Turnover	57.92	8,167,732
11	Profit (Loss) before Taxation	(40.76)	(5,674,945)
12	Provision for Taxation		
13	Profit (Loss) after Taxation	(40.76)	(5,674,945)
14	Proposed Dividend		
15	% of Shareholding	100%	100%
	Note:		
1	Names of subsidiaries which are yet to commence operations	NA	NA
2	Names of subsidiaries which have been liquidated or sold during the year	NA	NA

Part- "B" : Associates and Joint Ventures

	Name of Associate/ Joint Venture	NA	
1	Latest Audited Balance Sheet date	3/31/2020	3/31/2020
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No	NA	
	Amount of Investment in Associates/Joint Venture	NA	
	Extend of Holding %	NA	
3	Description of how there is significant influence	NA	
4	Reason why the associate/joint venture is not consolidated	NA	
6	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	
7	Profit / Loss for the year		
	Considered in Consolidation	NA	
	Not Considered in Consolidation	NA	
	Note:		
1	Names of associates/ joint ventures which are yet to commence operations	NA	NA
2	Names of associates/ joint ventures which have been liquidated or sold during the year	NA	NA

For and on behalf of the Board of Directors

Asheesh Garg
Company Secretary

Prabhakar Thakur
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Vinod S. Shenoy
Director
DIN: 07632981

R. Kesavan
Director
DIN: 08202118

Place: Mumbai
Date: June 06, 2020

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

Note 30

NOTE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

I. DESCRIPTION OF BUSINESS

Prize Petroleum Company Limited ('the Holding Company') is a Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited (HPCL) and engaged in the Exploration and Production of hydrocarbon and related activities thereto.

Prize Petroleum International Pte. Ltd.(PPIPL) Singapore, is wholly owned subsidiary of the holding Company (PPCL) and engaged in the Exploration and Production of hydrocarbon and related activities thereto.

The Holding Company (PPCL) and its subsidiary (PPIPL) are, hereinafter collectively, referred to as 'the Group'.

II. PRINCIPLES OF CONSOLIDATION

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

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

Sr. No.	Name	Relationship	Country of Incorporation	Percentage of holding as at March 31, 2020
1	Prize Petroleum International Pte. Ltd.	Wholly owned subsidiary	Singapore	100%

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

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

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Chartered Accountants

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नई दिल्ली
NEW DELHI
PRIZE PETROLEUM CO. LTD.

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 at the end of each reporting period.

1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.4 The Company generally conforms to the internationally accepted "Successful Efforts Method" (SEM) of accounting read with the revised guidance note on "Accounting for Oil & Gas Producing Activities" issued by The Institute of Chartered Accountants of India (ICAI).

1.5 The group's presentation and functional currency is Indian Rupees.

2. Use of Estimates:

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

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

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

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- Contingencies

3. **Revenue Recognition:**

3.1 Revenue from Crude Oil and Natural Gas, net of applicable taxes, rebates and discount, is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in progress is deducted from expenditures on such wells. Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.

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

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

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

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

4. **Geological and Geophysical Expenditures:**

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

5. **General and Administrative Expenses:**

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

6. **Property, Plant and Equipment:**

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

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

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

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

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Expenditure on the Plant, Property and Equipment which comprises of the initial cost of the asset i.e. purchase price or construction cost; any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management; initial estimated present value of any contractual decommissioning obligation; and borrowing cost of qualifying asset, is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

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.

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.

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

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

9.4 The Company capitalizes and amortizes the expenses on office renovation over the unexpired lease tenor, only if it is probable that the future economic benefit associated with the expenditure will flow to the company.

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

Intangible Assets

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

10. Depletion of Producing Properties:

10.1 Producing properties including acquisition cost are depleted using the "Unit of Production method" (UOP) based on the related Proved Developed Reserves in accordance with guidance note on "Accounting for Oil & Gas producing activities".

10.2 Interest capitalized on producing properties including acquisition cost, as required under Ind AS-23 (Borrowing Costs), are also depleted using the Unit of Production Method.

10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

11. Earnings Per Share:

11.1 Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

11.2 For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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12. Segment Reporting:

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

13. Abandonment Cost:

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

13.2 The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.

13.3 The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

13.4 The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated filed/ block ceases to produce.

14. Joint Ventures:

14.1 In respect of PSCs and Service Contracts (SCs) executed by the Company under Joint Ventures with Govt. of India and/or other parties; the financial statements reflect the Company's assets and liabilities as also the income and expenditure of the Joint Venture operations (to the extent of available details) in proportion to the participating interest (PI) of the Company as per the terms of the PSCs/SCs, on a line by line basis, in alignment with Company's policy.

14.2 Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.

14.3 Interests capitalized on loan funds utilized in Joint venture projects, as required under Ind AS-23 (Borrowing Costs), are included in the value of respective joint venture assets and are depreciated/ amortized on the same basis on which the original asset is depreciated/ amortized.

15. Retirement and Other Employees Benefits:

15.1 Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method.

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15.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.

15.3 Gratuity liability and leave salary to employees is not funded.

16. Foreign Currency Transactions:

Monetary items:

16.1 Transactions in foreign currencies are initially recorded at their respective spot rates at the date the transaction first qualifies for recognition.

16.2 Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

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

Non-monetary items:

16.4 Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

16.5 Exchange difference, if any, depending on the nature of the expenditure are either allocated to respective projects or are directly treated as income/ expenses in the period they accrue.

16.6 The financial statements of subsidiary are prepared in USD and are translated into Indian rupees as follows:

i. assets and liabilities, both monetary and non-monetary, are translated using the closing rate,

ii. items of income and expenditures are translated at the average rate prevailing during the period,

iii. The resulting net exchange difference is credited or debited to a foreign currency translation reserve in other comprehensive income.

17. Impairment of Assets:

17.1 At each Balance Sheet date, an assessment of assets is made to ascertain whether there is any event and/or circumstances which indicate impairment.

17.2 An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

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18. Inventory:

18.1 Closing stock of Crude Oil in unfinished condition in storage tank is to be valued at cost or net realizable value whichever is lower.

18.2 Stores and spares are valued at weighted average cost or net realizable value, whichever is lower.

19. Taxes on Income:

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

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

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

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

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

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

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

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

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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.

21. **Financial instruments**

Financial assets

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

i. **Initial recognition and measurement**

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

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ii. **Debt instruments at amortised cost**

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

iii. **Equity investments**

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

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

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

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iv. **De-recognition**

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

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

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

    (a) the Company has transferred substantially all the risks and rewards of the asset, or

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

v. **Impairment of financial assets**

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

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

b. Trade receivables.

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

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

Financial Liabilities

i. **Classification**

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

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ii. **Initial recognition and measurement**

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

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

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

iii. **Loans and borrowings**

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

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

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

iv. **De-recognition**

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

IV. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitment:

1.1 The Company along with Consortium members, Hindustan Petroleum Corporation Limited (HPCL) (PI-60%) and 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

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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.

Partial Award-I passed by the Arbitral Tribunal on 9th January, 2014 held that initialed Joint Executive Agreement (JEA) was a concluded contract and M3nergy is responsible for Termination of the Service Contract by ONGC on all counts.

Partial Award-II passed by the Arbitral Tribunal on 27th September, 2017 stated that:

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.

Partial Award-III passed by the Arbitral Tribunal on 15th June, 2018 held that HPCL and PPCL are entitled to Rs. 4.82 crores towards cost of Arbitration.

All three awards were challenged by M3nergy before Bombay High Court by filing Arbitration Petition Nos. 548 of 2014, 76 of 2018 and 1101 of 2018 respectively. Vide order dated 10th January 2019, Bombay High Court allowed petition no. 584 of 2014 and 76 of 2018 holding that important elements of JEA, such as the partners' respective roles and responsibilities matrix for the consortium, were not agreed between the parties when JEA was initialed on 16/18 April 2007. The initialed JEA was a draft prepared by two negotiating teams of the Petitioner and the Respondents. The parties agreed to be bound by JEA only when the terms thereof were approved by their respective managements and final JEA was executed between the authorized signatories of the parties, which was not accomplished till the termination of the Service Contract by ONGC. Thus, there was no concluded arbitration agreement between the parties and hence

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arbitrators lacked jurisdiction to adjudicate upon the disputes and differences between the parties arising under JEA.

Vide Order dated 11th March, 2019 Bombay High Court allowed 3rd Arbitration Petition 1101 of 2018, challenging Partial Award-III on the ground that since arbitration on 'liability' and "quantum" has been allowed thus the third petition which is in respect of cost of arbitration also need to be allowed.

M3nergy had also filed Contempt Petition No. 46 of 2019 in Bombay High Court 2018 alleging that despite stay order date 22nd October 2018, HPCL/PPCL were proceeding in the execution proceedings filed at Malaysian Court. Vide Order dated 2nd April 2019. This Contempt Petition was dismissed as withdrawn by the Bombay High Court vide its order dated 2nd April, 2019. The Hon'ble Bombay High Court has granted PPCL's request to club together the three appeals in the hearing conducted on 28.06.2019 in the matter of comm. Appeal No. 317 of 2019 (arising out of CARBP 76 of 2018). On 16.10.2019, the Division Bench of Bombay High Court set aside the single judge orders and remanded the matter back to the single judge to consider the matter afresh based on the grounds of Section 34.

Special Leave Petition- SLP (c) 28182-84/2019 M3nergy SDN. BHD. V. HPCL & others has been filed against the Bombay HC (DB) order dated 16.10.2019 by M3nergy. Matter was listed on 31.01.2020 and is dismissed as withdrawn. Now, matter is yet to be listed before the Bombay HC (SB) for hearing.

1.2 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 the PSC dated 30th August 2012 vide letter dated 15th October 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6thFeb 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.

Company had invoked arbitration against ABG in the matter on 10th October 2016. After appointment of arbitrator on behalf of ABG by Delhi High Court Order dated 22nd September 2017, three-member tribunal has been constituted. The first preliminary sitting of the Arbitral Tribunal was held at New Delhi on 06.04.2018. On 30.10.2019 Arbitral Tribunal has passed award for an amount of USD 18,01,000/- with interest in favor of PPCL along with costs of proceedings subject to the condition that on receipt of the amount by PPCL from ABG, the said amount shall be passed on by PPCL to GOI within a period of three months from the date of receipt of the amount.

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, 2020
South Rewa – PSC	India	10%
Sanganpur – PSC	India	50%
Hirapur – SC	India	50%
Yolla Field - Acquisition	Australia	11.25%
Trefoil Field – Acquisition	Australia	9.75%

2.1 **ONGC Onshore Marginal Fields**

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

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.The Company's share of assets and liabilities as at 31st March 2020 and the Income and expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2019-20	FY 2018-19
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	23,95,362	13,05,432
D	Net Current Assets (*)	3,44,86,228	2,13,64,104
E	Income	83,42,386	91,20,840
F	Expenditure	1,60,68,203	1,38,76,609

(*) Includes receivable from joint venture amounting to Rs. 2,74,41,830 (for FY 18-19- Rs. 1,57,08,316).

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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.

In FY 2014-15 , the operator of the block M/s HDCPL has committed default in the payment to its contractor. The petition was filed by contractor ETA Star Golding limited for non-payment of its invoices by M/s HDCPL in their another asset wherein Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 had passed order for appointment of liquidator for assets and business of Company M/s HDCPL. However, as per Production Sharing contract (PSC), the ownership of underlying hydrocarbon lies with GoI, hence Sanganpur field was not attached and operations in the field were continued. Further, MoP&NG vide its letter dated June 2, 2017 has terminated the PSC and all operations in the field were called off. Since the appointment of official liquidator, the bank account of HDCPL were seized, HDCPL has neither raised any invoice to IOCL for transfer of crude nor raised any cash call to PPCL for operation in the field. The payment of Royalty and Cess to concerned authorities are also pending since then.

Said order of Bombay High Court was challenged by HDCPL before its Division Bench and is still pending before the Court. In the meantime, HDCPL had initiated an arbitration proceeding against MoPNG for termination of PSC. However, PPCL is not a part of it. Under Section 9 of Arbitration and Conciliation Act, Directorate General of hydrocarbon (DGH) on behalf of MoP&NG has initiated proceeding for possession of the field.

MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Accordingly, Company had created a 'Provision for Write-off of Sanganpur Assets' of Rs. 6,65,49,606/- in FY 2017-18 (FY 19-20 – NIL)

The Company's share of assets and liabilities as at 31st March 2020 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2019-20	FY 2018-19
A	Property, Plant & Equipment (Rs. 6,65,49,606 written off in FY 2017-18)	-	-
B	Other Net Non-Current Assets	(2,16,681)	(2,16,681)
C	Net Current Assets (*)	(10,20,785)	(10,20,785)
D	Income	-	-
E	Expenditure	-	-

(*) Includes payable to joint venture amounting to Rs. 4,47,260/- (for FY 18-19 – 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.

The South Rewa Block has standing inventory of Rs. 3.76 crores in which the company has share of 10%. The company is in the process of carrying out elaborate valuation of the inventory for further disposal. The same has been recorded at cost.

The Company's share of assets and liabilities as at 31st March, 2020 in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2019-20	FY 2018-19
A	Property, Plant and Equipment (Gross)	10,280	10,280
B	Intangible asset under development	-	-
C	Other Net Non-Current Assets	69,370	69,370
D	Net Current Assets (*)	3,07,45,443	3,07,54,134

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E	Expenditure	8,690	6,625

(*) Includes receivables from joint venture amounting to Rs. 2,69,66,486 (for FY 18-19 – Rs. 2,69,72,324 /-)

3. Estimated Hydrocarbon Proven Reserves as on 31st March, 2020 in the Oil fields as follows:

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

Particulars (*)	**FY 2019-20**		**FY 2018-19**	
	MM BBLS	**MMT**	**MM BBLS**	**MMT**
Recoverable Reserves	2.13	0.286	2.14	0.288

(*) The Company Share is 50% of total

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

Particulars	**FY 2019-20**	**FY 2018-19**
	MM BoE	MM BoE
Recoverable Reserves (*)	1.237	1.609

(*) For respective share of the company

4. Quantitative Particulars of Petroleum:

Total Dry Crude Production	FY 2019-20 (BoE)	FY 2018-19 (BoE)
Hirapur Field (*)	14,101	15,633
Yolla Field (T/L1) Australia	287,559	4,29,541
TOTAL	3,01,660	4,45,174

(*) Company share in Field.

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	**FY 2019-20**	**FY 2018-19**
Foreign Travel	89,040	6,54,347
Consultancy Fees/Reimbursements etc.	-	-
Capital Equipment, Spares etc.	-	-
Equity Contribution	8,51,88,000	-

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.

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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'.

8. PPIPL has availed loan facility of USD 86 Million out of which USD 80.50 Million is outstanding as of 31st March, 2020 against which shares of the Company in PPIPL, Singapore have been pledged in favour of the lender.

9. Rights of Shareholders Rights, Preferences & Restrictions attached to each class of shares. The Company has classified its share capital into Equity & Preference Capital.

9.1 **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.

9.2 **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.

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

10.1 **Related Party relationships**:

	Name of the related party	Relationship
1.	Oil & Natural Gas Corporation Ltd.	Ultimate Holding Company
2.	Hindustan Petroleum Corporation Limited	Holding Company
3.	Prize Petroleum International Pte. Ltd. Singapore	Wholly Owned Subsidiary Company

10.2 **Key Management Personnel:**

a) Mr. R. K. Mohal — Chief Executive Officer (up to May 16, 2019)
b) Mr. Prabhakar Thakur — Chief Executive Officer (wef May 17, 2019)
c) Ms. Rajalakshmy Ganesh — Chief Financial Officer
d) Mr. Asheesh Garg — Company Secretary

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

Figures in Rupees

Particulars	FY 2019-20			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	92,56,030	8,72,25,600	-	9,64,81,630
Expenses recovered from company by	61,44,176	8,03,49,308	-	8,64,93,484
Expenses recovered by company from	-	-	75,72,472	75,72,472
Share Capital Received from	-	-	-	0
Shares Subscribed of	-	-	-	0
Investment during the year in	-	-	8,51,88,000	8,51,88,000

Figures in Rupees

Particulars	FY 2018-19			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	91,20,198	6,70,82,400	-	7,62,02,598
Expenses recovered from company by	10,29,561	8,86,90,934	-	89,70,495
Expenses recovered by company from	-	17,14,286	74,85,626	91,99,912
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Investment during the year in	-	-	-	-

(*) The amount pertains to 50% share of the company in Unincorporated JV formed for Hirapur Field awarded to the company in 2004.

Note:

1. The Expenses recovered by Holding Company also includes Remuneration paid to the Managing Personnel amounting to Rs. 1,45,32,262/- (PY- Rs. 1,71,72,309/-)

2. The reimbursement of expenses to KMPs by the company Rs. 6,35,724 (PY – Rs. 6,43,588)

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10.4 **Balance Outstanding**

Figures in Rupees

Heads	FY 2019-20			FY 2018-19		
	Ultimate Holding Co.	**Holding Company**	**Subsidiary Company**	**Ultimate Holding Co.**	**Holding Company**	**Subsidiary Company**
Payable by Company to	-	2,48,18,324	-	-	3,07,76,420	-
Receivable by Company from	91,81,835	-	18,23,717	39,76,150	-	22,06,204

11. Auditors Remuneration includes: (*)

Figures in Rupees

Particulars	FY 2019-20	FY 2018–19
Statutory Audit fees-PPCL	100,000	50,000
Tax Audit fees	30,000	30,000
Reimbursement towards out of pocket expenses (#)	-	-
TOTAL	1,30,000	80,000

(*) Corporate audit fee only (includes Consolidation audit fee but does not include Secretarial audit fee and amount paid to JVs auditors)

(#) Bill are yet to be raised.

12. As the Company has no book profit as per income tax during the financial year, there was no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation was required.

13. Deferred Tax Assets / Liability:

13.1 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 with virtual certainty 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. Therefore, provision for deferred tax assets has not been made as there is no virtual certainty of its realization.

Any changes in such future taxable income would impact the recoverability of deferred tax assets.

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23. Impact of COVID 19- The Company will continually assess the situation and the potential impact to its business. As the situation is still evolving and uncertain, the financial impact will be evaluated and action taken suitably as things unfold. Details on COVID 19 impact is attached as Annexure-A.

24. During the year there was NIL (FY 18-19: NIL) expenditure incurred towards Corporate Social Responsibility.

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

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

Prabhakar Thakur Chief Executive Officer	Rajalakshmy Ganesh Chief Financial Officer	Asheesh Garg Company Secretary
		for Khandelia & Sharma Chartered Accountants Registration No.:510525C
Vinod S. Shenoy Director DIN: 07632981	**R. Kesavan** Director DIN: 08202118	**Nitin Kumar Lohia** Partner M No.:508528

Place : Mumbai

Date : June 06, 2020