

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED**

**Report on the Audit of the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of PRIZE PETROLEUM COMPANY LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 Financial Statements section of our report. We are independent of the Company 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 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.

**Responsibility of Management for Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other



irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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.
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 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 financial statements, including the disclosures, and whether the 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 Standalone 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, total revenues of Rs. 83,42,385/- and net loss of Rs. 77,34,508/- for the period ending 31st March 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 Standalone 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.



### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of 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 C**".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position
  - ii. The Company has long-term contracts as at 31<sup>st</sup> March, 2020 for which there were no material foreseeable losses.
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2020.

Place: New Delhi

Date : 6<sup>th</sup> June , 2020

UDIN : 20508528AAAAAR5439

For Khandelvia & Sharma

Chartered Accountants

Firm's Regn. No. 510525C

Nitin Kumar Lohia

Partner

Membership No. 508528





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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2020

- 1)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
  - (c) There is no immovable properties held in the name of the Company, hence this clause is not applicable.
- 2)
  - (a) **The management has not conducted the physical verification of inventory during the year due to COVID-19 pandemic.**
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and securities.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act.
  - (a) According to information and explanations given to us and on the basis of records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of Provident Fund, Income-Tax, GST, Cess and any other statutory dues as applicable, with the appropriate authorities.
  - (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, GST, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- (c) In our opinion and according to the information and explanations given to us, the Company

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has not defaulted in the repayment of dues to banks and financial institution. The Company has not issued any debentures.

- (d) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (e) According to the audit procedure performed and the information and explanations given by the management, we report that no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (f) In our opinion and according to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (g) The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (h) In our opinion and according to the information and explanations given, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- (i) During the year Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (j) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- (k) In our opinion and according to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

Place: New Delhi

Date : 6<sup>th</sup> June , 2020

UDIN : 20508528AAAAAR5439

**For Khandelja & Sharma**

Chartered Accountants

Firm's Regn. No. 510525C

**Nitin Kumar Lohia**

Partner

Membership No. 508528





**Annexure-"B"**


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

Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31,2020:

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

S. N.	Areas to be examined - Directions	Observations
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has IT system in place for processing all the accounting transactions.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No case of restructuring of any loans during the financial year 2019-20.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No funds received by the company from central/state agencies during the financial year 2019-20.

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

  
**Nitin Kumar Lohia**  
Partner  
Membership No. 508528



Place: New Delhi  
Date : 6<sup>th</sup> June , 2020  
**UDIN : 20508528AAAAAR5439**

## **Annexure-"C"**

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

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

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Controls with reference to Financial Statements of **PRIZE PETROLEUM COMPANY LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our audit of Internal Financial Controls with reference to Financial Statements includes assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls with reference to Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls with reference to Financial Statements.

*to*





## Meaning of Internal Financial Controls with reference to Financial Statements

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and payments of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: New Delhi

Date : 6<sup>th</sup> June , 2020

UDIN : 20508528AAAAAR5439

For Khandelia & Sharma

Chartered Accountants

Firm's Regn. No. 510525C

Nitin Kumar Lohia

Partner

Membership No. 508528



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

Balance Sheet as at 31st March 2020

PARTICULARS	Notes	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
<b>I Assets</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	1	85,879,317	87,046,803
(b) Intangible assets	2	-	-
(c) Capital work-in-progress	2A	1,158,127	-
(d) Intangible assets under development	3	13,552,000	13,552,000
(e) Financial assets			
(i) Investments	4	-	148,863,625
(ii) Long-term loans and advances	5	216,321	199,364
(iii) Others	6	54,488	54,488
(f) Deferred tax assets (net)	7	-	-
(g) Other non-current assets	8	8,129,665	8,563,195
<b>2 Current assets</b>			
(a) Inventories	9	7,112,366	7,112,366
(b) Financial assets			
(i) Trade receivables	10	7,279,578	5,099,742
(ii) Cash and cash equivalents	11	944,430,468	971,310,252
(iii) Loans	12	53,795,013	42,079,552
(iv) Others		-	-
(c) Current tax assets (net)	13	41,834,343	44,013,008
(d) Other current assets	14	2,364,893	2,742,580
<b>Total Assets</b>		<b>1,165,806,579</b>	<b>1,330,636,975</b>
<b>II Equity and liabilities</b>			
<b>1 Equity</b>			
(a) Equity share capital	15	2,450,000,000	2,450,000,000
(b) Other equity	16	(1,333,191,815)	(1,163,543,509)
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Other financial liabilities		-	-
(b) Long Term Provisions	17	2,330,575	2,018,775
(c) Deferred tax liabilities (net)		-	-
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables - Micro & Small Enterprises		-	-
(iii) Trade payables - Other than Micro & Small Enterprises	18	40,407,408	36,719,206
(iv) Other financial liabilities		-	-
(b) Other current liabilities	19	5,945,136	5,164,095
(c) Short Term Provisions	20	315,275	278,408
<b>Total Equity and liabilities</b>		<b>1,165,806,579</b>	<b>1,330,636,975</b>

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

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

for KHANDELIA & SHARMA  
Chartered Accountants  
FRN: 510525C

Nitin Kumar Lohia  
Partner  
Membership No.: 508528

Place: Mumbai  
Date: June 06, 2020



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





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

Statement of Profit and Loss for the Year ended 31 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	82,262,386	76,202,598
	b) Other income	22	72,017,898	71,060,735
	<b>Total Revenue</b>		<b>154,280,284</b>	<b>147,263,333</b>
2	Expenses			
	a) Production, Transportation and other expenses	23	7,818,446	7,407,776
	b) Geological and Geophysical expenses	24	175,000	146,148
	c) Employee benefits expense	25	40,523,988	59,566,826
	d) General and Administrative expenses	26	40,008,368	28,521,704
	e) Finance costs	27	42,525	39,015
	f) Depreciation and amortisation expense	28	1,223,173	1,401,730
	g) Other expenses	29	234,051,625	
	<b>Total Expenses</b>		<b>323,843,125</b>	<b>97,083,199</b>
3	Profit/(Loss) before exceptional items and tax		(169,562,841)	50,180,134
4	Exceptional Items			
5	Tax expense of Continued Operations:			
	- Current tax			
	- Deferred tax			
6	Profit (Loss) for the period from Continued Operations		(169,562,841)	50,180,134
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	<b>Profit (Loss) for the period</b>		<b>(169,562,841)</b>	<b>50,180,134</b>
12	<b>Other Comprehensive Income</b>			
	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			
	(ii) Income tax on above			
13	<b>Total other comprehensive income</b>		<b>(85,465)</b>	<b>(16,141)</b>
14	<b>Total comprehensive income for the period</b>		<b>(169,648,306)</b>	<b>50,163,993</b>
15	Earnings per equity share (Rs.)			
	Basic		(0.69)	0.20
	Diluted		(0.69)	0.20

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

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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

Nitin Kumar Lohla  
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

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

**Statement of changes in equity**

(All amounts in Indian Rupees)

**A. Equity Share Capital**

Balance at 1 April 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 April 2019						(1,163,543,509)							(1,163,543,509)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year						(169,648,306)							(169,648,306)
Dividends													
Transfer to retained earnings													
Any other change													
Balance at 31 Mar 2020						(1,333,191,815)							(1,333,191,815)

	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						(1,213,707,502)							(1,213,707,502)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year						50,163,993							50,163,993
Dividends													
Transfer to retained earnings													
Any other change													
Balance at 31 March 2019						(1,163,543,509)							(1,163,543,509)

for and on behalf of the Board

*Prabhatkar Thakur*  
Prabhatkar Thakur  
Chief Executive Officer

*Rajalakshmy Ganesh*  
Rajalakshmy Ganesh  
Chief Financial Officer

*Ashesh Garg*  
Ashesh Garg  
Company Secretary

*R. Kesavan*  
R. Kesavan  
Director  
DIN: 07632851

*Vinod Khennedy*  
Vinod Khennedy  
Director  
DIN: 08202118

for KHANDELA & SHARMA  
Chartered Accountants  
FRN: 510525C

*Nitin Kumar Lohia*  
Nitin Kumar Lohia  
Partner  
Membership No: 508825  
Place: Mumbai  
Date: June 06, 2020



**PRIZE PETROLEUM COMPANY LIMITED**  
( A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd. )  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020**

	For the Year ended 31st March 2020		For the Year ended 31st March 2019	
<b>(A) Cash flow from Operating activities:-</b>				
Profit before tax		(169,562,841)		50,180,134
Adjustment for:-				
- Depreciation / Depletion / Impairment	1,223,173		1,401,730	
- Other Comprehensive Income	(85,465)		(16,141)	
(Items not to be reclassified in Profit or Loss				
- Impact of Accounting policy changed to Ind AS				
- Provision for write off Investment in PPIPL	234,051,625			
- Interest received	(72,017,898)		(71,060,735)	
		163,171,435		(69,675,147)
<b>Operating profit before working capital changes</b>		(6,391,406)		(19,495,013)
Adjustment For (Increase) / Decrease				
- Trade Receivables	(2,179,836)		(1,573,043)	
- Loans & Advances	(8,742,536)		(26,579,982)	
- Inventories				
- Trade Payables & Other Current liabilities	4,817,910		24,317,189	
		(6,104,462)		(3,835,837)
<b>Cash generated from operation</b>		(12,495,868)		(23,330,850)
- Direct Taxes paid ( Net of Refund )				
<b>Cash Flow before prior period</b>		(12,495,868)		(23,330,850)
- Prior Period Item				
<b>Net Cash Flow from operating activities ' A '</b>		(12,495,868)		(23,330,850)
<b>(B) Cash Flow from Investing activities :</b>				
- Sale/(Purchase) of fixed assets ( Net )		(55,686)		-
- Sale of Assets				(33,300)
- Addition to Pre-Producing Properties / Misc Expenditure		(1,158,127)		-
- Interest received		72,017,898		71,060,735
- Investment in Prize Petroleum International Pte. Ltd., Singapore		(85,188,000)		-
<b>Net cash flow from investing activities ' B '</b>		(14,383,915)		71,027,435
<b>(C) Cash flow from financing activities :</b>				
- Increase in Share Capital		-		-
- Decrease in loan		-		-
<b>Net Cash flow from financing activities ' C '</b>		-		-
<b>Net Increase In cash and cash equivalents ( A+B+C)</b>		(26,879,784)		47,696,584
<b>Cash and Cash equivalent at the beginning of the period</b>		971,310,252		923,613,668
<b>Cash and Cash equivalent at the end of the period</b>		944,430,468		971,310,252
<b>Notes :</b>				
a Cash & Cash equivalents - Note: 11				
i) Cash & Cheques in hand		2,565		2,565
ii) Current accounts & term Deposit In Scheduled Banks		944,427,903		971,307,687
		944,430,468		971,310,252

Figures in brackets represent cash outflows

As per our Report of Even Date

Prabhakar Thakur  
Chief Executive Officer

Rajalakshmy Ganesh  
Chief Financial Officer

Asheesh Garg  
Company Secretary

for KHANDELIA & SHARMA  
Chartered Accountants  
FRN: 510525C

Vinod S. Shetty  
Director  
DIN: 07632981

R. Kesavan  
Director  
DIN: 08202118

Nitin Kumar Lohia  
Partner  
Membership No.: 508528

Place: Mumbai  
Date: June 06, 2020



1 Property, plant and equipment

Particulars	Gross block as on 1 April 2019	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2020	Depreciation as on 1 April 2019	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2020	Net block as on 31st March 2020	Net block as on 31st March 2019
Furniture & Fixtures												
- Procured under the Scheme	111,026	51,812	-	55,790	107,048	20,307	-	12,104	(40,920)	(8,510)	115,558	90,719
- Others	89,619	-	-	-	89,619	60,670	-	2,468	-	63,138	26,481	28,949
Vehicles												
- Procured under the Scheme	-	-	-	-	-	-	-	-	-	-	-	-
- Others	38,454	-	-	-	38,454	-	-	-	-	-	38,454	38,454
Office equipments	383,329	20,000	-	25,111	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
Share of Fixed Assets in Joint Ventures												
- ONGC Onshore Marginal Fields (PI 50%)												
Plant & Machinery	4,719,445	-	-	-	4,719,445	846,995	-	211,891	-	1,058,886	3,660,560	3,872,450
Furniture & Fixtures	52,246	-	-	-	52,246	40,541	-	807	-	41,348	10,898	11,705
Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-
Wells Cost	87,780,231	-	-	-	87,780,231	4,830,734	-	981,624	-	5,812,358	81,967,873	82,949,497
Computers	-	-	-	-	-	-	-	-	-	-	-	-
- Project Sanganpur (PI 50%)												
Buildings	89,911	-	-	-	89,911	89,911	-	-	-	89,911	-	-
Plant & Machinery	84,568	-	-	-	84,568	84,568	-	-	-	84,568	-	-
Furniture & Fixtures	1,814	-	-	-	1,814	1,814	-	-	-	1,814	-	-
Office Equipments	2,922	-	-	-	2,922	2,922	-	-	-	2,922	-	-
Wells Cost	52,677,332	-	-	-	52,677,332	52,677,332	-	-	-	52,677,332	-	-
- Project SR-ONN (PI 10%)												
Computer	228	-	-	-	228	181	-	-	-	181	47	47
Digital Camera	490	-	-	-	490	407	-	-	-	407	83	83
Mobile Phone	-	-	-	-	-	-	-	-	-	-	-	-
Global Positioning System	130	-	-	-	130	-	-	-	-	-	130	130
Total	146,088,300	71,812	-	80,901	146,079,211	59,041,497	-	1,223,172	(64,775)	60,199,894	85,879,317	87,046,803
For Previous Year 2018-19	146,055,000	33,300	-	-	146,088,300	57,639,767	-	1,401,730	-	59,041,497	87,046,803	88,415,234

2 Intangible assets

Particulars	Gross block as on 1 April 2019	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2020	Depreciation as on 1 April 2019	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2020	Net block as on 31st March 2020	Net block as on 31st March 2019
Hydrocarbon Rights & Concessions (Sanganpur Field)	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	-	-	-
Total	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	-	-	-
For Previous Year 2018-19	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-



## 2A Capital work-in-progress

Particulars	Gross block as on 1 April 2019	Additions during the period	Adjustments during the period	Deductions during the period	Gross block as on 31st March 2020	Depreciation as on 1 April 2019	Adjustments during the year	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Net block as on 31st March 2020	Net block as on 31st March 2019
Capital work-in-progress- Project DSF Kherem	-	1,158,127	-	-	1,158,127	-	-	-	-	1,158,127	-
<b>Total</b>	-	<b>1,158,127</b>	-	-	<b>1,158,127</b>	-	-	-	-	<b>1,158,127</b>	-
<b>For Previous Year 2018-19</b>	-	-	-	-	-	-	-	-	-	-	-

## 3 Intangible assets under development

Particulars	Gross block as on 1 April 2019	Expenditure during the year	Adjustments during the year	Transfer to Tangible/Inta ngible Fixed assets	Transfer to Statement of Profit and Loss	Balance as on 31st March 2020
Intangible assets under development - Acquisition Cost						
ONGC Onshore Marginal Fields (OMF)	13,552,000	-	-	-	-	13,552,000
<b>Total</b>	<b>13,552,000</b>	-	-	-	-	<b>13,552,000</b>
<b>For Previous Year 2018-19</b>	<b>13,552,000</b>	-	-	-	-	<b>13,552,000</b>



**Prize Petroleum Company Limited**

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

**4 Non-current investments**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
<b>Investment in subsidiary - Prize Petroleum International Pte. Ltd. (unquoted)</b>		
i) 10,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.62.18 per US\$)		
ii) 49,90,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.63.56 per US\$)		
iii) 30,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.65.63 per US\$)		
iv) 36,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.66.86 per US\$)		
v) 5,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.15 per US\$)		
vi) 13,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.41 per US\$)		
vii) 4,60,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.85 per US\$)		
viii) 12,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.75.88 per US\$)	992,741,875	907,553,875
Less: Provision for Diminution in the Value of Investment*	(992,741,875)	(758,690,250)
<b>Total</b>	<b>-</b>	<b>148,863,625</b>

\* Refer point 14 of Note 30 of Notes to Accounts

**5 Long-term loans and advances**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
<b><u>Security Deposits - Unsecured Considered Good</u></b>		
Security Deposit- Madhya Pradesh State Government	15,000	15,000
Deposit - Assistant Labor Commissioner	-	-
Security Deposit- Rent	26,250	26,250
Security Deposit- Electricity, Gas and Water	143,114	143,114
Telephone deposit	1,250	1,250
Other Deposits	30,707	13,750
<b>Total</b>	<b>216,321</b>	<b>199,364</b>



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**Prize Petroleum Company Limited**

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

**6 Other non-current financial assets**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Other deposits	54,488	54,488
<b>Total</b>	<b>54,488</b>	<b>54,488</b>

**7 Deferred Tax Asset (net)**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Deferred tax asset	-	-
Deferred tax liability	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8 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	8,563,195
SGST - Input Credit	-	-
IGST - Input Credit	-	-
Reverse Charge CGST - Input Credit	-	-
Reverse Charge SGST - Input Credit	-	-
<b>Total</b>	<b>8,129,665</b>	<b>8,563,195</b>

**9 Inventories**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
<u>Stores &amp; Spares</u>		
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
<b>Total</b>	<b>7,112,366</b>	<b>7,112,366</b>



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**Prize Petroleum Company Limited**

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

**10 Trade receivables**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Unsecured, considered good (Over 6 months)	1,123,588	1,123,588
Unsecured, considered good	6,155,990	3,976,154
<b>Total</b>	<b>7,279,578</b>	<b>5,099,742</b>

**11 Cash and cash equivalents**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
a. Balance with banks		
Current accounts	8,531,105	1,325,928
Fixed deposit accounts (including accrued interest)	893,227,839	925,667,071
Interest Accrued on Deposits	40,230,993	40,803,810
Less: Amount disclosed under other non-current assets (*)	-	-
b. Fixed deposits (kept as margin money)	2,437,966	3,510,878
c. Cash on hand	2,565	2,565
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
<b>Total</b>	<b>944,430,468</b>	<b>971,310,252</b>

**12 Short-term loans and advances**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
<u>Other loans- Unsecured Considered Good</u>		
Receivables from Joint Venture Projects	53,795,013	42,079,552
<b>Total</b>	<b>53,795,013</b>	<b>42,079,552</b>

**13 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
<b>Total</b>	<b>41,834,343</b>	<b>44,013,008</b>

**14 Other current assets**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Prepaid expenses	505,651	510,830
Receivables from Subsidiary - Prize Petroleum International Pte. Ltd.	1,823,718	2,206,204
Advance to Employees/Other advances	35,524	25,546
<b>Total</b>	<b>2,364,893</b>	<b>2,742,580</b>



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**Prize Petroleum Company Limited**

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

**15 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



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**Prize Petroleum Company Limited**

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

**16 Reserves and Surplus**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
i) Capital Reserve	-	-
ii) Capital Redemption Reserve	-	-
iii) Securities Premium Reserve;	-	-
iv) Debenture Redemption Reserve	-	-
v) Revaluation Reserve	-	-
vi) Share Options Outstanding Account	-	-
vii) Surplus/(Deficit) in statement of Profit & Loss	-	-
Retained earnings	(1,163,543,509)	(1,213,707,502)
Profit/(Loss) for the year	(169,648,306)	50,163,993
Depreciation Prior Period/Other Adjustment	-	-
<b>Total</b>	<b>(1,333,191,815)</b>	<b>(1,163,543,509)</b>

**17 Long Term 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 (#) Refer Note 30	797,450	754,925
<b>Total</b>	<b>2,330,575</b>	<b>2,018,775</b>

**18 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	40,283,408	36,690,206
Trade payables-Expenses payables	124,000	29,000
<b>Total</b>	<b>40,407,408</b>	<b>36,719,206</b>



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**Prize Petroleum Company Limited**

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

**19 Other current liabilities**

Particulars	As at 31st March 2020 (INR)	As at 31st March 2019 (INR)
Statutory liabilities	5,945,136	5,164,095
<b>Total</b>	<b>5,945,136</b>	<b>5,164,095</b>

**20 Short Term 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
<b>Total</b>	<b>315,275</b>	<b>278,408</b>



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**Prize Petroleum Company Limited**

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

**21 Revenue from operations**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Income from Hydrocarbons	8,342,386	9,120,198
Income from Management fee	73,920,000	67,082,400
<b>Total</b>	<b>82,262,386</b>	<b>76,202,598</b>

**22 Other income**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Interest on fixed deposits	66,795,795	69,165,466
Others	5,222,103	1,895,269
<b>Total</b>	<b>72,017,898</b>	<b>71,060,735</b>

**23 Production, transportation and other expenses**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
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
<b>Total</b>	<b>7,818,446</b>	<b>7,407,776</b>

**24 Geological and Geophysical expenses**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Geological and Geophysical Expenses (SR-ONN Block)	-	-
G&G Expenses - DSF II	175,000	146,148
<b>Total</b>	<b>175,000</b>	<b>146,148</b>



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**Prize Petroleum Company Limited**

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

**25 Employee benefits expense**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Salaries and wages	24,593,312	41,027,625
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
<b>Total</b>	<b>40,523,988</b>	<b>59,566,826</b>

**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	203,122	140,190
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	9,595,085	71,250
Insurance	19,021	13,672
Rent	18,159,089	18,433,470
Advertisement & Business Promotion Expenses	110,880	221,800
Telephone Charges	930,919	438,147
Bank Charges	68,687	21,967
Postage & Courier	45,831	46,854
Printing & Stationery	144,934	145,473
Meeting & Conference	19,407	-
Foreign Exchange Fluctuations	-	-
Loss on Sale of Fixed Assets	(3,204)	-
Office maintenance	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
<b>TOTAL</b>	<b>41,162,119</b>	<b>29,460,021</b>
Allocated to Projects	(1,153,751)	(938,317)
<b>Total</b>	<b>40,008,368</b>	<b>28,521,704</b>

**27 Finance costs**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Others - Unwinding of Provision for Abandonment	42,525	39,015
<b>Total</b>	<b>42,525</b>	<b>39,015</b>



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**Prize Petroleum Company Limited**

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

**28 Depreciation and amortisation expense**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Depreciation	241,549	315,293
Depletion	981,624	1,086,437
<b>Total</b>	<b>1,223,173</b>	<b>1,401,730</b>

**29 Other expenses**

Particulars	For the Year ended 31st March 2020 (INR)	For the Year ended 31st March 2019 (INR)
Provision for write off of Sangapur Assets	-	-
Provision for Diminution in value of Non-Current Investment	234,051,625	-
<b>Total</b>	<b>234,051,625</b>	<b>-</b>



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**PRIZE PETROLEUM COMPANY LIMITED**

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

**NOTE 30**

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

**I. Company Background:**

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

**II. Authorization of financial statements:**

The Financial Statements were authorized for issue in accordance with a resolution of the directors on June 06, 2020.

**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.

1.1 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).

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



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## 2. Use of Estimates:

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

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

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

## 3. Revenue Recognition:

3.1 Revenue from Crude Oil and Natural Gas, net of applicable taxes, rebate 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.

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

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

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



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

3.6 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 accumulated depreciation and accumulated impairment losses, if any. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

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

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

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

Expenditure on the Plant, Property and Equipment which comprises 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.



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## **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:**

### **a. Property, Plant and Equipment**

- 9.1 Depreciation on Property, Plant and Equipment owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.
- 9.2 Individual items of Fixed Assets, the acquisition cost of which is up to Rs. 5,000/- is depreciated in full in the year of acquisition.
- 9.3 The Company 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.



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

**b. Intangible Assets**

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

**10. Depletion of Producing Properties:**

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

**11. Earnings Per Share:**

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

**12. Segment Reporting:**

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



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### **13. Abandonment Cost:**

- 13.1 The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks is provided at the present value of the expected costs to settle the obligation using estimated cash flows.
- 13.2 The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.
- 13.3 The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.
- 13.4 The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated field/block ceases to produce.

### **14. Joint Ventures:**

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

### **15. Retirement and Other Employees Benefits:**

- 15.1 Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method.
- 15.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.



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

**16. Foreign Currency Transactions:**

**Monetary items:**

- 16.1 Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of transaction qualifying for recognition
- 16.2 Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the reporting date.
- 16.3 Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit or loss.

**Non-monetary items:**

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

**17. Impairment of Assets:**

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

**18. Inventory:**

- 18.1 Closing stock of Crude Oil in unfinished condition in storage tank is 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 recognized outside the Statement of Profit or Loss is recognized outside the statement of Profit or Loss (either in other comprehensive income



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or in equity). Current Tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

19.3 Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized, is not recognized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

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

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

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



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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**

### **21.1 Financial Asset**

#### **21.1.1 Classification**

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

#### **21.1.2 Initial recognition and measurement**

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

#### **21.1.3 Debt instruments at amortized cost**

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

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



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

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

#### 21.1.4 Equity investments

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

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

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

#### 21.1.5 De-recognition

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

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i. the Company has transferred substantially all the risks and rewards of the asset, or



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

#### 21.1.6 Impairment of financial assets

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

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

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

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

#### 21.2 Financial Liabilities

##### 21.2.1 Classification

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

##### 21.2.2 Initial recognition and measurement

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

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

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



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### 21.2.3 Loans and borrowings

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

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

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

### 21.2.4 De-recognition

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

## IV. Notes forming part of financial statements

### 1. 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 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.



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Partial Award-I passed by the Arbitral Tribunal on 9<sup>th</sup> 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 27<sup>th</sup> 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 15<sup>th</sup> 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 10<sup>th</sup> 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 arbitrators lacked jurisdiction to adjudicate upon the disputes and differences between the parties arising under JEA.

Vide Order dated 11<sup>th</sup> March, 2019 Bombay High Court allowed 3<sup>rd</sup> 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.



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M3nergy had also filed Contempt Petition No. 46 of 2019 in Bombay High Court 2018 alleging that despite stay order date 22<sup>nd</sup> October 2018, HPCL/PPCL were proceeding in the execution proceedings filed at Malaysian Court. Vide Order dated 2<sup>nd</sup> April 2019. This Contempt Petition was dismissed as withdrawn by the Bombay High Court vide its order dated 2<sup>nd</sup> 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 30<sup>th</sup> August 2012 vide letter dated 15<sup>th</sup> October 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6<sup>th</sup> Feb 2015 as per Article 5.6 of PSC. Company has kept ABG on notice that it is their responsibility to pay the entire quantum of liquidated damages, including the share of Company, if Company is compelled to pay its share of liquidated damages by the GOI, and if such payment is made, then company will have to claim this money from ABG.

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



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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 31 <sup>st</sup> March, 2020
South Rewa – PSC (#)	India	10%
Sanganpur – PSC (+)	India	50%
Hirapur – SC	India	50%

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

(#) 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.

#### 2.1 ONGC Onshore Marginal Fields

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

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.

The Company's share of assets and liabilities as at 31<sup>st</sup> March 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 1<sup>st</sup> September, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18,17,034/- have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on estimated un-Audited accounts as at 31<sup>st</sup> 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 31<sup>st</sup> 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/-)



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### 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 31<sup>st</sup> March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27<sup>th</sup> September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration/legal 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 12<sup>th</sup> February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2<sup>nd</sup> March, 2007.

Consortium has proposed to relinquish the block effective from 23<sup>rd</sup> October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH). 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 31<sup>st</sup> 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
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 31<sup>st</sup> March, 2020 in the Oil fields as follows:



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**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

**4. Quantitative Particulars of Petroleum:**

Particulars (*)	FY 2019-20		FY 2018-19	
	BBLs	TMT	BBLs	TMT
Total Dry Crude Production of the Filed				
Hirapur Field	28,202	3.79	31,265	4.20
<b>TOTAL</b>	<b>28,202</b>	<b>3.79</b>	<b>31,265</b>	<b>4.20</b>

(\*) PPCL Share is 50% of above

**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.

7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23rd January, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'. PPIPL has availed loan facility of USD 86 Million out of which USD 80.50 Million is outstanding as of 31st March, 2020 against which shares of the Company in PPIPL have been pledged in favour of the lender.

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

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





Company the holder of equity shares will be entitled to receive remaining assets (if any) after distribution of all preferential accounts. The distribution will be in pro-rata to the equity shares held by the shareholder.

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

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

9.1 **Related Party relationships:**

	Name of the related party	Relationship
1.	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

9.2 **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

9.3 **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



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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)

#### 9.4 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

#### 10. Auditors Remuneration includes: (\*)

Figures in Rupees

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



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- (\*) 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.

11. The Company has Book profit as per income tax during the financial year however there is no tax liability under Section 115JB of the Income Tax Act, 1961 due to carry forward losses and unabsorbed depreciation and as such no provision for taxation is envisaged.

12. Deferred Tax Assets / Liability:

12.1 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.

12.2 Movement in Deferred Tax Balances

Heads	April 1, 2019	Recognized in Profit & Loss	Recognized In OCI	Recognized in Equity	Acquired in business combination	March 31, 2020		
	Net balance					Net	DTA	DTL
Deferred tax asset								
Property, plant and equipment	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-
Tax assets (Liabilities)	-	-	-	-	-	-	-	-
Set off tax	-	-	-	-	-	-	-	-
Net tax assets / (liabilities)	-	-	-	-	-	-	-	-

a) DTA : Deferred tax asset



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

13. In the management assessment, there is impairment of investment in wholly owned subsidiary as at March 31, 2020. Accordingly provision for diminution of investment amounting to Rs 23.40 Crores has been made during the current financial year.
14. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified Ind AS 115, Revenue from contracts with customers. The company has assessed the implication of provisions of Ind AS 115 and noted that the company has no direct disclosure obligation other than already disclosed basis the exemption available in the standard
15. On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of 'Lease Liability' & 'Right to Use Assets', wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value. Applicable for Lessees, this Standard removes distinctive recognition, measurement and disclosure requirements between Operating Lease & Finance lease, hitherto prevalent. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from measurement. On transition to the new Standard, usage of either a full retrospective or a modified retrospective approach is permitted with options to use certain practical expedients.

The Company does not have lease agreement in excess of 12 months.

**16. Employee Benefits:**

**16.1 Defined Contribution Plans:**

The Company's contribution to provident fund of Rs. 1,52,172/- (PY Rs. 1,38,145/-) and the same is recognized and included in "Salaries and Wages" in Employee Benefits cost under Statement of Profit & Loss.

**16.2 Defined Benefit Plans:**

The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. The amount recognized is included in Note 17 to the Balance Sheet.

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



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a. Present Value of projected benefit obligation

Particulars	FY 2019-20	FY 2018-19
Present value of Benefit Obligation at the beginning of the period	9,59,760	8,08,717
Interest Cost	72,135	63,035
Current Service Cost	11,914	71,867
Past Service Cost	-	-
Actuarial (gains)/ losses on obligations - due to change in demographic assumption	427	-
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	83,744	25,479
Actuarial (gains)/ losses on obligations - due to experience	1,294	(9,338)
<b>Present value of Benefit Obligation at the end of the period</b>	<b>11,29,274</b>	<b>9,59,760</b>

b. Included in Profit & Loss Account

Particulars	FY 2019-20	FY 2018-19
Current Service Cost	11,914	71,867
Net Interest Cost	72,135	63,035
Past Service Cost	-	-
<b>Total Amount recognised in Profit and loss account</b>	<b>84,049</b>	<b>1,34,902</b>

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

Particulars	FY 2019-20	FY 2018-19
Return on plan assets, excluding interest income	-	-
(Gain)/loss from change in demographic assumptions	427	-
(Gain)/loss from change in financial assumptions	83,744	25,479
Experience (gains)/losses	1,294	(9,338)
Change in asset ceiling, excluding amounts included in interest expense	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>85,465</b>	<b>16,141</b>



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d. Amount recognised in Balance Sheet

Particulars	FY 2019-20	FY 2018-19
Present value of benefit obligation	11,29,274	9,59,760
Fair value of plan assets	-	-
<b>Net Liability / (Asset) recognised in the balance sheet</b>	<b>11,29,274</b>	<b>9,59,760</b>

16.4 Significant estimates: Actuarial assumptions and sensitivity analysis

a) Significant actuarial assumptions were as follows:

i. Financial Assumptions

1. Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yields at the balance sheet date on government bonds
2. Salary increase: Salary increase takes into account inflation, seniority and promotion and other relevant factors such as supply and demand in the employment market.

ii. Demographic assumptions

Particulars	FY 2019-20	FY 2018-19
Retirement age	60 years	60 years

b) Sensitivity Analysis

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


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


Particulars	FY 2019-20	FY 2018-19
Delta effect of +/-1% Change in Rate of Discounting	1,86,478	1,74,234
Delta effect of +/-1% Change in Rate of Salary Increase	(21,209)	(90,870)
Delta effect of +/- 50% of Attrition Rate	-	-
Delta effect of +/- 10% of Mortality Rate	1,345	1,818



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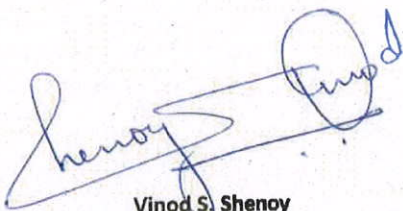
22. During the year there was NIL (FY 18-19: NIL) expenditure incurred towards Corporate Social Responsibility.
23. Impact of COVID 19- The Company will continually assess the situation and the potential impact to its business. As the situation is still evolving and uncertain, the financial impact will be evaluated and action taken suitably as things unfold. Details on COVID 19 Impact is attached as Annexure-A.
24. Other additional information are either nil or not applicable.
25. 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

