



## Hindustan Oil Exploration Company Limited

'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai - 600 018. INDIA.

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E-mail: [contact@hoec.com](mailto:contact@hoec.com) • Website: [www.hoec.com](http://www.hoec.com) CIN: L11100GJ1996PLC029880

July 31, 2019

By Online

<b>The Listing Department</b> <b>The National Stock Exchange of India Ltd.,</b> "EXCHANGE PLAZA", Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Stock Code: HINDOILEXP	<b>The Corporate Relationship Department</b> <b>BSE Limited,</b> 1st Floor, P. Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Stock Code: 500186
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Dear Sirs,

### Sub: Submission of Annual Report

Please find enclosed the Annual Report of the Company for the financial year 2018-19, which is submitted pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on record.

Thanking you,

Yours Sincerely,

**For Hindustan Oil Exploration Company Limited**

**G. Josephin Daisy**  
**Company Secretary**

Encl.: a/a



INDIA'S FIRST PRIVATE OIL AND GAS COMPANY

*Growing Responsibly*

# 35<sup>th</sup> Annual Report 2018-2019



**HINDUSTAN OIL EXPLORATION COMPANY LIMITED**

Transforming Through Talent And Technology



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## COMPANY INFORMATION

### Registered Office

'HOEC House', Tandalja Road  
Vadodara – 390 020  
Gujarat, India  
E-mail: [contact@hoec.com](mailto:contact@hoec.com)  
Website: [www.hoec.com](http://www.hoec.com)

### Chennai Office

'Lakshmi Chambers'  
192, St. Mary's Road  
Alwarpet  
Chennai – 600 018  
Tamil Nadu, India

### Statutory Auditor

Deloitte Haskins & Sells LLP  
Chartered Accountants  
Audit Partner  
Mrs. Bhavani Balasubramanian

### Secretarial Auditor

S Sandeep & Associates  
Company Secretaries

### Internal Auditor

Guru & Ram LLP  
Chartered Accountants

### Cost Auditor

Mr. K. Suryanarayanan

### CIN

L11100GJ1996PLC029880

### ISIN

INE345A01011

## 35<sup>th</sup> Annual General Meeting

Day : Monday

Date : August 26, 2019

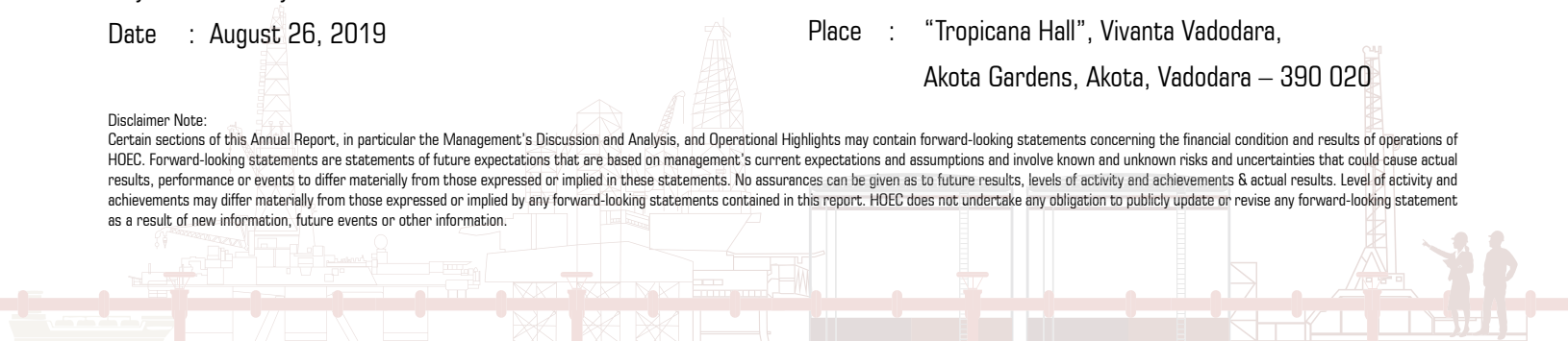
Time : 10:30 a.m.

Place : "Tropicana Hall", Vivanta Vadodara,

Akota Gardens, Akota, Vadodara – 390 020

### Disclaimer Note:

Certain sections of this Annual Report, in particular the Management's Discussion and Analysis, and Operational Highlights may contain forward-looking statements concerning the financial condition and results of operations of HOEC. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. No assurances can be given as to future results, levels of activity and achievements & actual results. Level of activity and achievements may differ materially from those expressed or implied by any forward-looking statements contained in this report. HOEC does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.



# HIGHLIGHTS

## FY 2018-2019

- Hollong Modular Gas Processing Plant completed one year of LTI and downtime free operations. Consolidated production from the key asset – Dirok. Production is consistently at 35 mmscfd of natural gas and 800 bbl/d of condensate per day.
- Successfully completed two well re-entry and side-track drilling campaign in PY-1 thereby increasing production to 10 mmscfd.
- Continued to grow our unique portfolio of discovered resources – added Kharsang, Umatara and AA-ONHP-2017/19 in the North-East region.
- Delivered leading HSE performance with strong focus on safe and sustainable operations.
- Achieved debt-free balance sheet with optionality for self-funding growth commitments.



### AVERAGE PRODUCTION

**8,508 boepd** (Gross)  
**3,909 boepd** (HOEC-Net)



### PROFIT FOR THE YEAR

**₹ 149 crores**

### PRODUCTION WORKING INTEREST

**14,26,872 boe**

.....

### GROSS WORKING CAPITAL

**₹ 221 crores**

.....

### CASH AND CASH EQUIVALENT

**₹ 129 crores**

.....

### HSE - LOST TIME INJURY

**0**

### TOTAL INCOME

**₹ 247 crores**

.....

### NET WORTH

**₹ 522 crores**

.....

### OPERATING CASH FLOW

**₹ 177 crores**

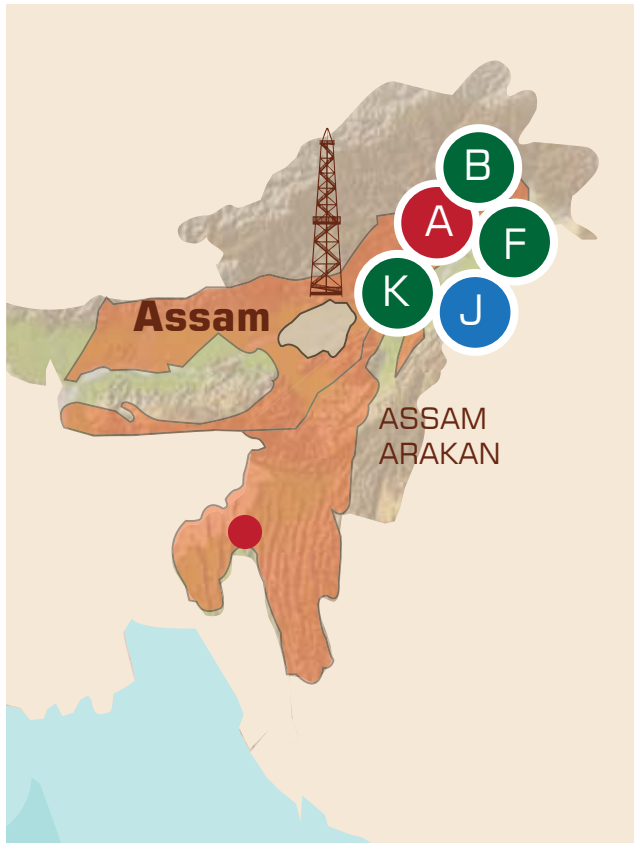
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# OUR ASSET PORTFOLIO



Consists of 10 Oil & Gas blocks of Discovered Resources and 1 exploratory block



## Portfolio of discovered resources :

Ten blocks with discoveries producing / ready to be developed

## Diverse geographical footprint :

Presence in 4 out of 7 producing basins in India

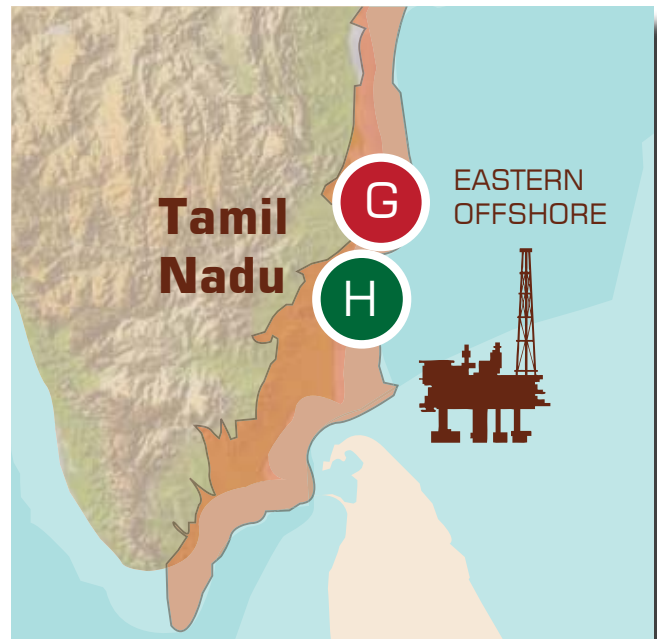
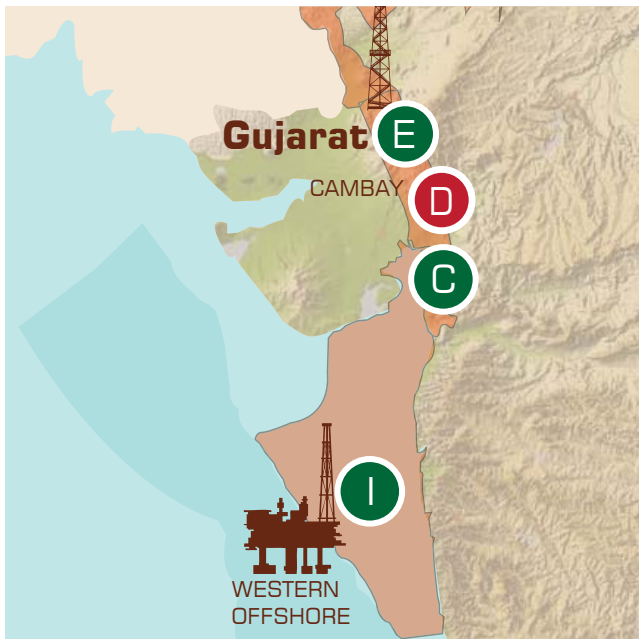
## Balanced portfolio :

Offshore – 3 blocks / Onshore - 8 blocks & Oil/Gas

**Upside potential** for exploration within portfolio with infrastructure for rapid monetisation

**Operatorship in majority of blocks** to drive value creation

**One exploratory block** in our focus area North East added to portfolio through OALP-I



LEGEND: ● OIL ● Gas ● Under exploration

## Onshore

### **A AAP-ON-94/1 (HOEC PI: 26.882 %) (O)**

- Hollong Modular Gas Processing Plant completed one year of LTI and downtime free operations.
- Production consolidated from this key asset. Production is consistently at 35 mmscfd of gas and 800 barrels of condensate per day.
- Revised Field Development Plan targeting Dirok upside potential submitted.
- Phase-II involves drilling of 4 wells and increase in gas production to 55 mmscfd.
- Average Production (100%) (FY 2018-19) – 31.4 mmscfd; Total Production (FY 2018-19) – 25,16,272 boe.

### **B AA/ONDSF/Kherem/2016 (HOEC PI 40%) (O)**

- Block awarded under DSF Bid Round 2016.
- Work Program (2 wells) to be completed in 3 years from the date of PML.
- Tested: Oil 402 bopd.
- Nearest Facilities 30 kms (Digboi Refinery).
- Application for Forest Clearance and PML is in process.

### **C CB-ON-7 (HOEC PI: 35 %) (O)**

- Average Gross (100%) Production (FY 2018-19) – 86 boepd.

### **D North Balol (HOEC PI: 25 %) (O)**

- Average Gross (100%) Production (FY 2018-19) – 0.4 mmscfd.
- Revised Field Development plan under preparation.

### **E Asjol (HOEC PI: 50 %) (O)**

- Average Gross (100%) Production (FY 2018-19) – 12 bopd.
- Revised Field Development plan submitted.

### **F Kharsang (HOEC PI: 30% (O) - Direct and Indirect)**

- HOEC acquired entire share capital of M/s Geopetrol International Inc. which has 30% stake - Direct and Indirect in Kharsang Oil field.
- Average Gross (100%) Production (FY 2018-19) - 662 bopd.
- RFDP & PSC Extension reviewed and recommended by Management Committee for approval by Gol.
- Forest Clearance is obtained. Mining lease approval under process with the Govt. of Arunachal Pradesh.

### **J AA-ONHP-2017/19 (HOEC PI: 100%) (O)**

- Block awarded under OALP Bid Round 2019.
- Exploratory block adjacent to Dirok block with associated synergies both surface and sub-surface.

### **K Umatara (HOEC PI: 10%) (O)**

- Block awarded under DSF Bid Round 2019.
- Fifth block in HOEC's portfolio of North-East blocks. Located at a distance of 50 km from Dirok field.
- To be operated in Joint operator model with IOC.

## Offshore

### **G PY-1 (HOEC PI: 100 %) (O)**

- Average Production (FY 2018-19) - 8.13 mmscfd.
- Total Production (FY 2018-19) – 5,27,516 boe.
- Re-entry and completion of two wells successfully completed in July 2018. Current production ~10 mmscfd consistently.

### **H PY-3 (HOEC PI: 21 %) (O)**

- Field under shutdown since July 2011.
- Last production (100%) – 3,300 bopd.
- Application for PSC extension with revised FDP submitted.
- ONGC is assuming operatorship of PY-3 field. Field to be operated under Joint operatorship model with appropriate role for HOEC.

### **I MB/OSDSF/B80/2016 (HOEC PI: 50%) (O)**

- Block awarded under DSF Bid Round 2016.
- Work Program (2 well) to deliver "First Oil" by June 2020.
- FDP involves drilling of two wells and Process by MOPU.
- Field to produce 5,000 bopd & 15 mmscfd of gas after Phase - I.
- Plan to execute the project along with vendors having global expertise.

**(O)** - HOEC as Operator

**(PI)** - Participating Interest

\*Notes: Production figures are gross for respective fields for Financial Year 2018-19

# BOARD OF DIRECTORS

## Mr. Vivek Rae

*Non-Executive  
Independent Director/Chairman*

Mr. Vivek Rae, a former Secretary, Ministry of Petroleum & Natural Gas, Government of India, served in the Indian Administrative Services for 36 years. During this period, he worked in diverse capacities under various ministries including the Ministry of Defence and Finance. He superannuated as Petroleum Secretary to the Govt. of India in February 2014, during which period he also served as Chairman of the Board of Petronet LNG Ltd. and Indian Strategic Petroleum Reserves Ltd. in an ex-officio capacity. Subsequent to his retirement, Mr. Rae served as a whole-time member of the 7<sup>th</sup> Central Pay Commission from Feb 2014 to Nov 2015 and was on the Board of Indian Oil Corporation Limited as an Independent Director during 2017-18. Mr. Rae has been an invitee to the Prime Minister's annual consultation with global experts on Oil & Gas, convened by NitiAyog, during 2016-18.

## Mr. Ashok Kumar Goel

*Non-Executive Non-Independent Director*

Mr. Ashok Goel is the Chairman and Managing Director of Essel Propack Limited. He has been associated with the Essel Group since 1984. He has great insight into the business & sharp business acumen and possesses rich experience in running & managing the business of large conglomerate of Essel group. He holds a Bachelor's degree in Commerce. In July 2005, the renowned publication 'The Smart Manager' rated Mr. Ashok Goel as "one of the 25 truly world class managers from India". Mr. Ashok Goel also serves on the Boards of various listed and unlisted entities.

## Mr. Elango Pandarinathan

*Managing Director*

In his career spanning over 30 years in Upstream Oil & Gas Sector, Mr. P. Elango has held several leadership roles in different areas of the business and is a recognized leader in the Indian industry. Prior to joining HOEC, he was the Chief Executive Officer & Whole Time Director of Cairn India Limited. Over his long association with Cairn, he played a key role in building Cairn into a leading Oil & Gas company. He holds a Master's degree in Business Administration and began his career with ONGC in 1985. He was one of the five finalist for Platts' first-ever Asia CEO of the Year Award 2013.



## Mr. Pronip Kumar Borthakur

*Non-Executive Independent Director*

Mr. P.K. Borthakur brings in more than 37 years of rich & diverse experience from his illustrious career in ONGC, from where he retired as Director (Offshore) and has led multiple large onshore and offshore operations and projects. His wide technical expertise ranges from managing oil & gas operations, artificial lift, well completion, drilling, well control, reservoir management to processing and extraction of value added petroleum products. He is a well recognized and respected technical authority in the Oil and Gas Sector.



## Ms. Sharmila H. Amin

*Non-Executive Independent Director*

Ms. Sharmila Amin is the South Asian Regional Director and Managing Director of Bertling Logistics. She is a Graduate in Commerce from the University of Mumbai. She also has a long list of additional qualifications that include Shipping Management from the Indian Institute of Management, Ahmedabad and is a Customs License Holder (Rule 9), Mumbai. In her long career in Heavy Lift Projects Logistics, she has previously headed Panprojects / Oil & Gas for the South Asia Region as a part of the Panalpina Group. She has headed CRC's Projects Division and also N.S.Guzder and Company's Project Logistics Division



## Mr. Rohit Rajgopal Dhoot

*Non-Executive Non-Independent Director*

Mr. Rohit Rajgopal Dhoot is a Managing Director of Dhoot Industrial Finance Limited since 1994 and has an opulent experience of more than 20 years. When qualified he achieved the distinction of being one of the youngest chartered accountants in the country. He joined the management of Dhoot Industrial Finance Limited in 1988 as Director of the Company and was in charge of marketing and expansion of business. He has an all-encompassing background and experience in Finance, Banking, Mergers and Acquisitions, Strategic Planning, Restructuring Operations, Export Marketing, Trading and Logistics, International Business Relations and Collaborations & Joint Ventures.



## Mr. Ramasamy Jeevanandam

*Executive Director and  
Chief Financial Officer*

Mr. Ramasamy Jeevanandam has an overall experience of more than 30 years in various aspects of finance, listing, funding, finalization of accounts and taxation of upstream oil and gas industry in India. Before joining HOEC, he worked as Vice President at Aban Offshore Limited and functioned as CFO & Director at Hardy Exploration & Production (India) Inc. He started his career with ONGC in 1982. He is CPA (USA), CGMA (USA), Qualified Cost Accountant, Chartered Financial Analyst and Company Secretary with a Bachelor's Degree in Law.





# SAFETY FIRST

HOEC's Health and Safety Policy is anchored on the core principle that **"All Lives Have Equal Value"** and **"Nothing is More Important than Safe Operations"**. HOEC's Board and the Management understand the need for sustainable development and are committed to achieve this goal, by laying strict emphasis on compliance with all legislations and statutory requirements and to adopt global best practices. This includes the welfare, health and safety of employees, contractors and the local communities, where the company operates, as well as the safety of all its operational machinery and equipment.



HSE Recognition award in the Annual Safety Week celebration conducted under the aegis of DGMS



Oil Spill containment training for PY-1 team



Safety pledge on National safety day celebration



Fire fighting training



First aid training

## To ensure this:

- ❖ HOEC has a robust Emergency Response Plan (ERP) for production operations, drilling campaigns and project execution activities to respond swiftly during any emergency.
- ❖ Risk assessment studies are conducted for critical activities and safe operation procedures are developed for controlling identified hazards.
- ❖ All Health, Safety, Environment and related issues are incorporated and addressed, during hook-up & commissioning of new installations, routine productions and regular logistical facilities for onshore and offshore.
- ❖ Assessing and monitoring the health and safety track record and performance of all service providers and contractors, both before and after the award of contracts to achieve the common objective of safe operations.
- ❖ HOEC has "Stop Work Program" and has authorized all employees and contractors to stop work activity in any situation where it is considered unsafe to act so as to ensure zero tolerance.
- ❖ HSE awareness campaigns are conducted regularly and best practices are felicitated by HSE Awards Program.
- ❖ Mock Safety Drills are carried out at sites on a monthly basis.
- ❖ Practical training on fire protection system and oil spill response are provided to site personnel.
- ❖ Fields are regularly inspected for HSE compliances.
- ❖ HSE culture is promoted by HSE Steering & Risk Management Committee which includes members from Management team.
- ❖ Mutual aid scheme with nearby operators to meet emergency.
- ❖ HSE system in place to ensure full compliance to the guidelines recommended by regulatory authorities.
- ❖ Utilising the Health, Safety and Environment (HSE) Department as a store house of expertise, which passes on all relevant knowledge to Operating Personnel and Managers stationed at various sites.

Key Performance Indicators (KPIs): FY 2018 - 19	HOEC	OGP*
Fatal Accident Rate (FAR)	0.00	1.10
LTI Frequency (LTIF)	0.01	0.27
LTI Severity Rating (LTI SR)	0.00	42.5
First Aid Cases	0.01	NR
Total Recordable Injury Rate (TRIR)	0.00	0.96

\* International Association of Oil and Gas Producers (IOGP) Safety Performance Indicators Report No.2017s (June 2018)



# MARCHING AHEAD ON THE GROWTH PATH

## ***B-80 Field Development – A Pioneer Discovered Small Field (DSF) offshore field***

### **B-80 block Snapshot**

The GoI came up with the Discovered Small Fields bid rounds to take advantage of the many unexploited discoveries which needed the impetus to be put into production. This was a direct result of opening up of the Indian E&P industry and introduction of key policy changes. The DSF blocks fits into the low-risk strategy of HOEC, by eliminating the high-risk involved in pure exploration businesses. This enables HOEC to fast-track its projects and monetise resources at a much faster pace.

The B-80 block is HOEC's maiden foray into the prestigious Mumbai High basin. B-80 is also a pioneer offshore DSF field development. The B-80 Field Development Plan(FDP) was the first offshore DSF FDP to be approved. And this project is on track for 'First Oil' before any other offshore DSF field.

B-80 project is also important for HOEC because it will transform the production mix of HOEC. Delivery of this project will increase the oil production from the current 13% upto 30%.

#### **Key Facts About the Block:**

Basin

**Mumbai High**

Field

**Discovered Small Field**

Type of Development

**Offshore**



Acreage

**56 sq.km**

Participating Interest

**50%**

**STOIP - 40.9 mmbbls**

**GIIP - 44.5 bcf**

Target First Oil

**June 2020**

No. of wells

**2**

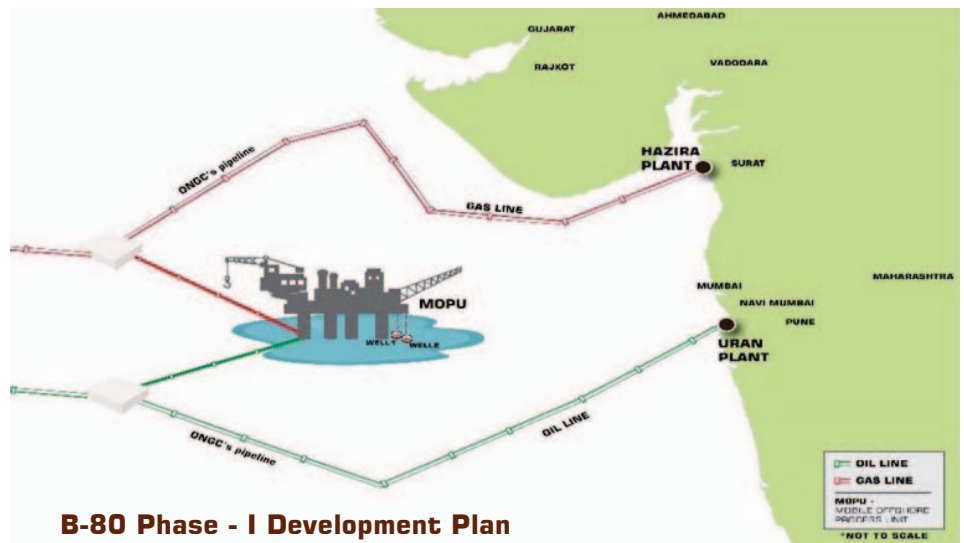


Expected Production (Oil)

**5,000 bopd**

Expected Production (Gas)

**15 mmscfd**



**B-80 Phase - I Development Plan**

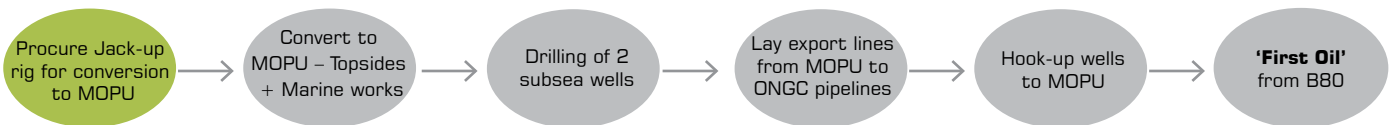
- ❖ FDP involves drilling of two wells and process by MOPU
- ❖ Marketing & Pricing freedom
- ❖ Evacuating Oil & Gas through existing ONGC lines

## B-80 Project Pipeline

The project involves drilling two new wells, processing the oil/gas through a Mobile Offshore Processing Unit (MOPU), and transporting the processed oil/gas through sub-sea pipelines to the landfall point. Sub-sea lines laid from the MOPU will be connected to existing ONGC pipelines. The oil so produced is proposed to be taken to the ONGC's Uran Plant and the natural gas produced is proposed to be taken to the ONGC's Hazira Plant for further processing and distribution.



Jack-up Rig Procured (KGB)



## Focus on North-East:

Our strategic geographic focus on the North-East reflects in our asset portfolio where we now have 5 assets in the North-east from just 1 in 2015. Dirok field currently contributes about 15% of Assam's Gas production. Our success with the Dirok project will help HOEC embark on the next two development projects in the North-East: Dirok phase-II and Kharsang phase-I in the coming months.

## Dirok Phase – II Development

The fast-track development of Dirok phase-I in 27 months has now set a very strong foundation for future development work in the North-East region. We are now on-track for delivery of additional gas from Dirok for phase-II from Q1 FY 2021-22. Dirok phase-II will also involve drilling of appraisal wells in North Dirok (inside Dirok Development area).



Dirok - Drilling



Dirok - Processing



Dirok - Delivery

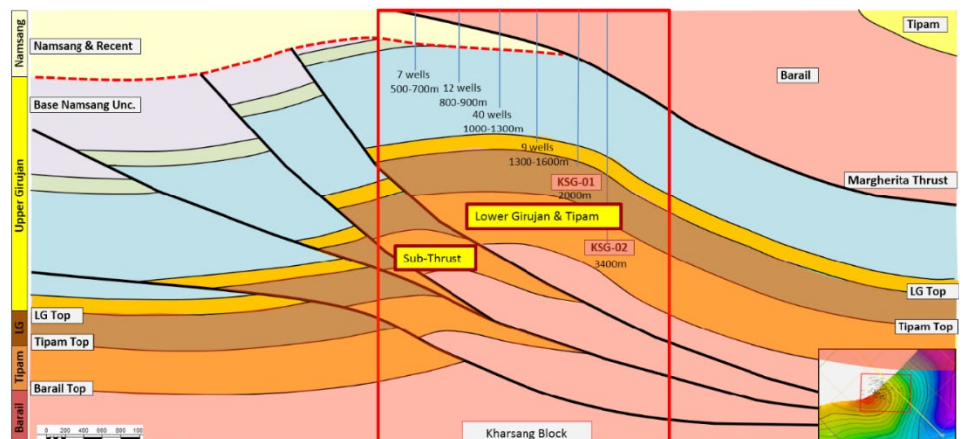
### ***Dirok phase – II development involves 3 main focus areas:***

1. Drilling - Drilling of 4 development wells
2. Hollong Modular Gas Processing plant (HMGP) expansion – Increases capacity from 35 mmscfd to 55 mmscfd
3. Delivery - Laying of 35 km pipeline from Kusijan to marketing hub of Duliajan. A Gas off-take terminal at Duliajan is proposed from where gas may be distributed to various customers

## ***Kharsang Phase – I development***

Acquiring Geopetrol International Inc., was primarily motivated by the potential of deeper prospects in Kharsang. The first phase of Kharsang development will plan to increase the production to 1,800 bopd from the current levels of 650 bopd. This increase in production will be from the shallow established reserves. The phase-I drilling campaign will also include appraisal of deeper prospects in addition to this.

Reservoir <b>Upper Girujan</b>	Number of wells <b>18</b>	
OIIP/GIIP <b>223 MMSTB/184 BCF</b>	Phase – I completion target - <b>Q2 FY 2021-22</b>	



Significant deeper potential including gas potential in Lower Girujan & Tipam formations to be appraised

# GROWING RESPONSIBLY

In 2015, when we set the goal to put HOEC back on the path of growth, the first key milestone to cross was delivering 'First Gas' from Dirok Development in March 2017. As we began to generate free cash flows, we set our sights to increase gas production from our flagship Cauvery offshore asset - PY-1. This was achieved in July 2018 through a two well campaign. As a result, in FY 2018-19, our daily average oil equivalent production is around 9,000 barrels and profit is around 150 crores, registering a four-fold increase over FY 2017-18.

A common thread in both the projects is the innovation in execution, that set a new industry benchmark in India, both in speed and in costs. This successful "Low Cost & Fast Track Model" will be applied in all the future development projects to bring our "Discovered Resources" into production and grow year after year.

Our next big goal is to deliver "First Oil" from B-80 field (Bombay High) by June 2020. This field was won under the Discovered Small Field (DSF) bid round in March 2017.

B-80 will transform HOEC by adding 2,500 barrels of oil per day to our net production and our production mix of oil & gas will change from 10 & 90% to 30 & 70% respectively.

## Growing Portfolio

During FY 2018-19, we have added three more blocks through bid rounds and acquisition of Geopetrol. Now HOEC has participating interests in five blocks in North East region from just one in 2015. This portfolio growth is aligned with our strategic focus on the North East region, where we are the fastest growing and leading producer of oil & gas in the private sector. We contribute over 15 % of the total gas produced in Assam.

## Gas Infrastructure in North East

Under the North East Hydrocarbon Vision 2030, the Government has launched the North East Gas Grid Project. This ambitious project involving construction of more than 1,500 km pipeline will connect all the seven North Eastern states.

As the North Eastern energy landscape transforms to provide for a larger share of natural gas in its primary energy mix, HOEC with its portfolio of gas resources in North East, is well positioned to leverage the opportunities presented by this transition to a gas-based economy. Specifically, supplying gas to City Gas Distribution (CGD) networks and Compressed Natural Gas (CNG) stations, will improve realised prices significantly under the new gas marketing and pricing freedom granted to North East.

*"In FY 2018-19, our daily average oil equivalent production is around 9,000 barrels and profit is around 150 crores, registering a four-fold increase over FY 2017-18".*



Hollong Moduler Gas Processing Plant being inaugurated by the Honorable Prime Minister, Shri Narendra Modi

## Growing Production

Through Dirok Development and PY-1 revival, a solid foundation has been laid for a successful future. Cash flows from producing assets have made us a self-funding oil & gas company. We now have a firm framework to deliver production growth year after year.

As we stay focused on executing B-80 project to deliver "First Oil" by June 2020, we have commenced planning for:

- Drilling campaign in Dirok Gas Field (Operated by HOEC) to increase gas production by 50% and in Kharsang Oil Field (Operated by Geoenpro Petroleum Limited, where HOEC group company holds 50% share) to more than double the oil production.
- Re-development of our onshore assets involving drilling of new wells in Cambay to improve recovery and increase production.
- Joint Operatorship model to assist the incoming operator, ONGC to promptly revive the 3,000 bopd oil production from PY-3 field, that has remained shut-in since 2011. There is upside potential in this field that requires appraisal drilling.

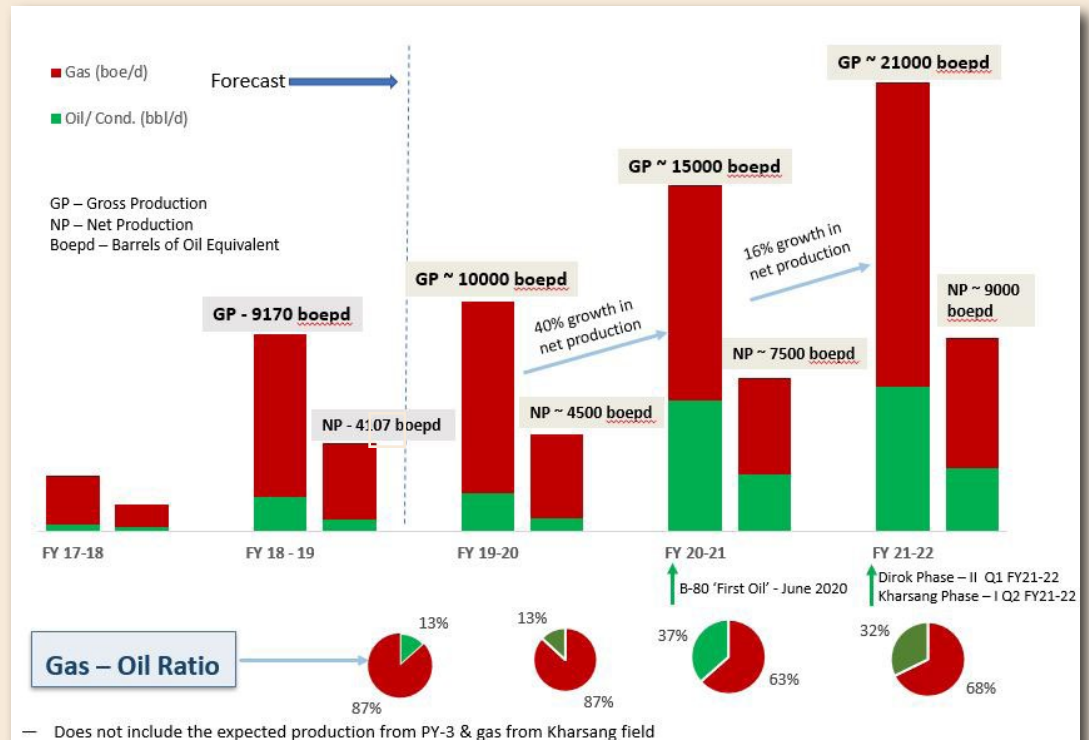
All the above defined projects that can be executed over the next 24 to 36 months would grow the gross production from 9,170 boepd (HOEC net: 4,107 boepd) during FY 2018-19 to 21,000 boepd (HOEC net: 9,000 boepd) by FY 2021-22.

## Growing Responsibly

We take pride that by producing oil and gas domestically, we help our country reduce oil and gas imports to that little extent. Our purpose is to provide a robust platform for talented people to develop ideas, work as a team to create value and make a positive impact on all our stakeholders. In this journey we will be guided by the principles of sustainability, transparency and shared prosperity. Toward this, we have published a new sustainability report for the financial year 2018-19.

**P. Elango**  
Managing Director

*"Our purpose is to provide a robust platform for talented people to develop ideas, work as a team to create value and make a positive impact on all our stakeholders".*



# Board's Report

To

**The Members**  
**Hindustan Oil Exploration Company Limited**

Your Directors have pleasure in placing before you the 35<sup>th</sup> Annual Report on the business and operations of your Company along with the audited financial statements for the Financial Year ended March 31, 2019.

## 1. FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations	23,689.41	4,871.25	26,514.07	4,871.25
Other Income	1,006.32	1,143.72	1,118.55	1,183.72
<b>Total Income</b>	<b>24,695.73</b>	<b>6,014.97</b>	<b>27,632.62</b>	<b>6,054.97</b>
Total Expenses	9,936.98	2,680.03	12,350.37	2,751.54
<b>Profit before share of profit of associate, exceptional items and tax</b>	<b>14,758.75</b>	<b>3,334.94</b>	<b>15,282.25</b>	<b>3,303.43</b>
Share of profit of associate	–	–	142.39	–
<b>Profit before exceptional items and tax</b>	<b>14,758.75</b>	<b>3,334.94</b>	<b>15,424.64</b>	<b>3,303.43</b>
Exceptional items	230.69	448.67	262.16	448.67
<b>Profit before tax</b>	<b>14,989.44</b>	<b>3,783.61</b>	<b>15,686.80</b>	<b>3,752.10</b>
Tax expense	92.98	–	12.49	–
<b>Profit for the year</b>	<b>14,896.46</b>	<b>3,783.61</b>	<b>15,674.31</b>	<b>3,752.10</b>
Other comprehensive income	(16.17)	(16.09)	(16.17)	(16.09)
<b>Total comprehensive income for the year</b>	<b>14,880.29</b>	<b>3,767.52</b>	<b>15,658.14</b>	<b>3,736.01</b>

Note: The above figures are extracted from the audited standalone and consolidated financial statements prepared as per Indian Accounting Standards (Ind AS).

## 2. BUSINESS PERFORMANCE

During the year, your Company produced and sold 6.98 BCF of gas and 0.14 million barrel of oil compared to 1.53 BCF of gas and 0.04 million barrel of oil in the previous year. In oil equivalent term, the production in the current year has increased to 1.43 mmboe compared to 0.34 mmboe in the previous year. This increase in production is mainly contributed by Dirok field in Assam, and from PY-1 field in which two wells were re-entered and successfully completed for production in the current year.

Consequently, the revenue in the current year has increased to ₹ 23,689.41 lacs against ₹ 4,871.25 lacs in the previous year. It is seen that the revenue has increased to fourfold in the current year. However, the cost towards production expenses has increased to ₹ 2,823 lacs compared to ₹ 1,115.84 lacs in the previous year.

The Government of India has notified on 14 August 2018, that in case of all pre-NELP blocks, the royalty and cess paid by ONGC and OIL as licensees to the blocks shall henceforth be paid by all the contracting parties to the PSC in proportion to their respective participating interest. Accordingly, the royalty and cess for the current year has increased from ₹ 188.64 lacs to ₹ 1,968.63 lacs, which is mainly attributed to the two Pre-NELP blocks - Dirok and Palej.

Other income for the current year stands at ₹ 1,006.32 lacs as against ₹ 1,143.72 lacs in the previous year. This marginal reduction is mainly due to reduction in the overall investment in mutual funds and the returns thereon.

Overall, the total expenses for the current year is ₹ 9,936.98 lacs compared to ₹ 2,680.03 lacs in the previous year. This includes the non-cash cost of depreciation, depletion and amortisation and finance cost towards unwinding of decommissioning of ₹ 3,646.26 lacs compared to ₹ 934.66 lacs in the previous year.

On a standalone basis, the Profit-After-Tax is ₹ 14,896.46 lacs as against the profit of ₹ 3,783.61 lacs in the previous year. This increase is mainly due to increase in production from Dirok and PY-1 fields. Cash and cash equivalent in the Company as on March 31, 2019 is ₹ 12,869 lacs compared to ₹ 11,814 lacs in the previous year. The gross working capital has increased to ₹ 22,086 lacs from ₹ 19,217 lacs in the previous year.

On a consolidated basis, revenue from operations has increased from ₹ 4,871.25 lacs to ₹ 26,514.07 lacs. This is on account of the revenue from Geopetrol International Inc., a wholly owned subsidiary, which holds 25% participating interest in Kharsang oilfield, in addition to the reasons as attributed for the increase in the standalone results. Accordingly, the consolidated Profit-After-Tax for the current year is ₹ 15,674.31 lacs compared to ₹ 3,752.10 lacs in the previous year.

Your Company maintains a debt-free status as on the date of this Report.

#### **Capital Expenditure**

During the year under review, a development expenditure of ₹ 9,433.32 lacs was incurred which includes ₹ 9,034.22 lacs for re-entry and completion of two wells in PY-1 field. In addition, an amount of ₹ 399.10 lacs was incurred for the development activities in the discovered fields B80, Kherem and Dirok and for the exploration block AA-ONHP-2017/19. The Company has acquired the entire share capital of Geopetrol International Inc. for a total consideration of ₹ 5,895.82 lacs in the current year.

#### **Transfer to reserves**

During the year under review, no amount was transferred to the capital reserves of the company. The land and buildings of the company are stated at cost and is not being revalued.

#### **Measures taken to improve the operational & financial performance**

The Company has initiated measures to achieve improvement in operational and financial performance by focusing on cost optimization in existing producing fields. The two well re-entry and side track drilling campaign of Mercury and Earth wells in PY-1 Block was successfully completed in July 2018 at an optimum cost without any escalation over the initially estimated cost.

### **3. OUTLOOK**

Your Company has capital requirements to implement its business plans and to continue the development of B80, Kherem and other fields in the immediate future, which can be met through the internal accruals and the existing working capital by proper scheduling of the project activities. If necessary, additional capital will be raised to develop the blocks in the existing portfolio and for any inorganic opportunities.

### **4. DIVIDEND**

Your Company is positioned on a growth trajectory and is actively pursuing both exploration opportunities and appraisal / development of discoveries established in its existing portfolio. To finance this growth, the Company needs financial resources in the immediate term and hence your Directors do not recommend any dividend for the year.

## 5. DEPOSITS FROM PUBLIC

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest are outstanding as at the balance sheet date.

## 6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

During the year, your Company acquired the entire share capital of Geopetrol International Inc. ('GPII'), a Company incorporated in the Republic of Panama. Also, the Company has granted a loan of ₹ 1,210.48 lacs to GPII for business development purposes.

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the Standalone Financial Statements provided in this Annual Report.

## 7. NO CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business being carried out by the Company.

## 8. SHARE CAPITAL

There is no change in share capital during the year. The company has not issued any shares with differential rights as to voting, dividend or otherwise.

## 9. PROMOTER

The Promoter - M/s Burren Energy India Limited, which holds 5,745 shares in the Company, has made an application to the Company for re-classification of its status as public shareholder. The same was approved by the shareholders at the 33<sup>rd</sup> Annual General Meeting of the Company by way of passing a special resolution subject to the approval of the Stock Exchanges.

The promoters have declared that they have not pledged any of their shareholding in the Company.

## 10. SUBSIDIARIES

Your Company has two wholly owned subsidiaries, namely Hindage Oilfield Services Limited and Geopetrol International Inc.

### Hindage Oilfield Services Limited:

Hindage Oilfield Services Limited ('Hindage') is currently in the line of business of Oil Field Equipment and Services (OFES). The Board of Hindage has been contemplating various business proposals in the OFES and will commence its operations during FY 2019-20.

During the year, no changes have occurred in the composition of the Board of Directors of Hindage.

### Geopetrol International Inc.:

During the year, your Company acquired the entire share capital of Geopetrol International Inc. ('GPII'), a company incorporated in the Republic of Panama. GPII is registered as a foreign company in India and operates through an Indian Project Office. GPII has entered into various production sharing contracts with Government of India including a producing oil field Kharsang in Arunachal Pradesh with 25% participating interest. Mr. P. Elango and Mr. R. Jeevanandam are the Directors of GPII, with your Company as a Corporate Director.

GPII holds the entire share capital of Geopetrol Mauritius Ltd ('GML'), a company established under the laws of Mauritius, holding Category I Global Business License. Thus, GML is a wholly owned step-down subsidiary of your Company, which is in the business of investment in oil and gas exploration and services.

GML has an Indian Associate Company viz., Geoenpro Petroleum Limited ('Geoenpro'), in which GML holds 50% of the paid-up share capital. Geoenpro is the Operator to the Kharsang Block with 10% participating interest.

There has been no material change in the nature of the business of the subsidiaries. During the year, the Board of Directors of your Company have reviewed the affairs of the subsidiary companies.



Pursuant to Section 129(3) of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) and relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Consolidated Financial Statements of the Company has been prepared which forms part of this Annual Report.

Also, a statement containing salient features of the financial statement of the Company's subsidiaries is appended as Annexure - I to the Board's Report in the prescribed Form AOC-1.

Further, in accordance with Section 136 of the Companies Act, 2013, the Annual Audited Financial Statements including the Consolidated Financial Statements and related information of the company and the Audited Financial Statements of the subsidiary companies are available on the company's website <http://www.hoec.com/results-and-reports/annual-reports/>. The documents will also be available for inspection at the Registered Office of the Company during normal working hours.

#### **11. UNINCORPORATED JOINT VENTURES**

The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the joint venture operations, which are accounted on the basis of available information on a line-by-line basis with similar items in the Company's Accounts, to the extent of the participating interest of the Company, as per various "Production Sharing Contracts" (PSCs) and "Revenue Sharing Contracts" (RSCs). The financial statements of the Unincorporated Joint Ventures are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs and RSCs.

#### **12. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management's Discussion and Analysis Report is set out in a separate section and forms part of this Annual Report.

#### **13. CORPORATE GOVERNANCE REPORT**

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report along with a certificate from a Company Secretary in Practice thereon, is attached and forms part of this Report.

#### **14. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return in Form MGT-9, as required pursuant to Section 92 of the Companies Act, 2013, is given in Annexure - II and forms part of this Report.

#### **15. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **Changes in Directorate:**

The following changes took place in the composition of the Board of Directors during the year:

The shareholders have at the 34<sup>th</sup> Annual General Meeting held on August 20, 2018, approved the re-appointments of Mr. P. Elango as Managing Director and Mr. R. Jeevanandam as Executive Director & CFO of the Company w.e.f. February 02, 2018 for a period upto September 30, 2021.

Also, the shareholders approved the appointments of Mr. Ashok Kumar Goel and Mr. Rohit Rajgopal Dhoot as Non-Executive Non-Independent Directors of the Company, with effect from March 01, 2018 and March 10, 2018 respectively.

Also, the following changes in Directorate have occurred after the end of the financial year as on the date of this Report.

Mr. Sunil Behari Mathur who was a Non-Executive Independent Director & Chairman, resigned from the Board on April 17, 2019 for health reasons and there are no other material reasons causing his resignation. The Board places on record its appreciation for his valuable contribution during his tenure.

Subsequently, based on the recommendations of the Nomination and Remuneration Committee, Board has appointed Mr. Vivek Rae as an Additional Director (Non-Executive Independent) and Chairman of the Company with effect from April 18, 2019. His appointment will be placed for approval of the members at the ensuing Annual General Meeting.

Also, in accordance with the provisions of Section 152(6) of the Act and the Articles of Association of the Company, Mr. R. Jeevanandam, retires by rotation at the ensuing Annual General Meeting (AGM), and being eligible seeks re-appointment.

The Board recommends the appointment / re-appointment as aforesaid.

Necessary information including the details of Directors being appointed / re-appointed are given in the respective Resolutions and the explanatory statements included in the Notice convening the ensuing AGM.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

#### **Key Managerial Personnel:**

As on March 31, 2019, Mr. P. Elango, Managing Director, Mr. R. Jeevanandam, Executive Director & CFO and Ms. G. Josephin Daisy, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

#### **16. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent director that he/she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, the independent directors fulfill the conditions specified in these regulations and are independent of the management. There has been no change in the circumstances affecting their status as an Independent Director during the year.

#### **17. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has carried out an annual evaluation of its own performance, the Committees of the Board and individual directors. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

#### **18. NUMBER OF MEETINGS OF THE BOARD**

During the year, eight (8) Board Meetings were convened and held. The details of meetings are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **19. COMMITTEES OF THE BOARD**

Currently, the Board has five (5) Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The composition of the Board and its Committees are provided in the Corporate Governance Report section of this Annual Report.

**20. REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy which lays down a frame work for the remuneration payable to Directors and other Key Managerial Personnel. This policy also states the criteria for selection and appointment of Board Members. The details of the policy are stated in the Corporate Governance Report.

Nominee Directors of the Company on the Board of Hindage Oilfield Services Limited (wholly owned subsidiary of HOEC) do not receive any remuneration or commission.

**21. DIRECTORS REMUNERATION**

Details of the remuneration paid to the Executive and Non-Executive Directors of the Company are given in the Corporate Governance Report Section of this Annual Report.

**22. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the year under review were on an arm's length basis and in the ordinary course of business. However, no related party transactions were entered pursuant to Section 134(3)(h) of the Companies Act, 2013 read with the rule 8 of Companies (Accounts) Rules, 2014. Your Directors draw the attention of the members to Note 37 to the standalone financial statements which set out the related party disclosures.

**23. MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**24. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There were no material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**25. DIRECTORS' RESPONSIBILITY STATEMENT**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS), the relevant provisions of the Companies Act, 2013 and the Rules made thereunder, guidelines issued by SEBI and guidance note on Accounting for oil and gas producing activities (Ind AS) issued by the Institute of Chartered Accountants of India.

The financial statements are prepared under the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values.

In terms of Section 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, state that:

- (i) in the preparation of annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the Board and Audit Committee, the Company's internal financial controls were adequate and effective during the year under review.

## **26. PARTICULARS OF EMPLOYEES**

A statement disclosing the details pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in Annexure - III to this Report.

## **27. EMPLOYEES STOCK OPTIONS**

The details of employee stock options form part of the Notes to the Standalone Financial Statements and are provided in the Corporate Governance Report section of this Annual Report.

Based on the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on May 12, 2018 terminated the remainder of the ASOP 2015.

## **28. AUDIT REPORTS AND AUDITORS**

### **Audit Reports for the financial year ended March 31, 2019:**

- The Auditors Report on the standalone and consolidated financial statements forms part of this Annual Report and does not contain any observations / reservations / qualifications.
- The Secretarial Audit Report for the year is included as Annexure IV to this Report and it does not contain any observations / reservations / qualifications. The Company complies with all applicable secretarial standards.
- Your Company has maintained cost records which were duly audited in terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014. The cost audit report for the financial year ended March 31, 2018 was filed with the Central Government within the prescribed timelines.
- The Internal Auditors findings are discussed, and suitable corrective actions are taken as per the directions of the Audit Committee on an ongoing basis to improve efficiency in operations.
- Neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee under section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would be required to be mentioned in the Board's Report.

### **Auditors for the financial year ending March 31, 2020:**

#### **Statutory Auditor**

M/s. Deloitte Haskins & Sells LLP (FRN: 117366W/W100018), Chartered Accountants, were appointed as Statutory Auditors for a period of five (5) years to hold office from the conclusion of the 31<sup>st</sup> AGM of the Company held on 25 September 2015, until the conclusion of 36<sup>th</sup> AGM.

#### **Secretarial Auditor**

In terms of Section 204 of the Companies Act, 2013 and rules made there under M/s. S. Sandeep & Associates, Company Secretaries in Practice are appointed to conduct the secretarial audit.

#### **Cost Auditor**

The Board of Directors have appointed Mr. K. Suryanarayanan, a Cost Accountant in Practice, as Cost Auditor of the Company at a fee of ₹ 2,00,000 (Rupees Two Lacs only) plus applicable taxes and out of pocket expenses, subject to ratification of the said fees by the shareholders at the ensuing Annual General Meeting.

**Internal Auditor**

The Board has engaged M/s. Guru & Ram LLP, Chartered Accountants, as its Internal Auditors. Their scope of work includes review of internal controls and its adherence, statutory compliances, health, safety and environment compliance, compliance towards related party transactions and risk assessments.

**29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company embraces technological innovation and operates in an environmentally responsible manner to provide tangible benefit to all stakeholders. During the year under review, several steps were taken towards conservation of energy and technological advancement. A few of these are listed below:

**A) Conservation of Energy:**

- a) In an effort to become more energy efficient, the Company has taken the following steps:
  1. BEE Star rated equipment has been procured, wherever feasible, to minimize energy consumption.
  2. To fulfill its duty as a responsible corporate citizen and to adhere to climate change policy, the Company is continuously taking effective steps to reduce Green Houses Gas (GHG) emissions, wherever feasible.
  3. As far as possible, in-house power requirements in all operating Blocks are met using natural gas-based generators, with diesel-based generators only being utilized in emergency situations. The Company is exploring options like biogas and solar energy, and is assessing their viability in meeting operational requirements.
  4. The Company regularly monitors air emission sources and ambient air quality to ensure that emission levels are below statutory limits.
  5. All lights, except emergency lights, have automatic timers installed, which turn them off during daytime, thereby minimizing energy consumption.
  6. Air compressors and fire water jockey pumps are timer controlled to reduce their runtime.
  7. Periodical preventive maintenance and condition monitoring of aging equipment is carried out to increase life expectancy of assets, eliminate premature replacement and lower energy consumption.
  8. Designing and project planning are carried out in a way so as to minimize environmental damage, and maximize resource efficiency during project execution and life cycle.
- b) Steps taken by the Company for utilizing alternate source of energy: The Company is in the process of formulating a policy for use of solar energy and on pilot basis has successfully experimented by installing solar street lamps at our operational areas in Assam Block.
- c) Capital investment on energy conservation equipment: No additional investment has been made or implemented to reduce energy consumption.
- d) Impact of the measures mentioned in (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Reduction in energy consumption and GHG emissions, as a result of minimal use of air conditioning and deployment of energy efficient systems. This in turn, has led to reduced consumption of power and fuel, thereby resulting in lower costs.

**B) Technology absorption:**

- (a) Technology absorption, adaptation and innovation:

The Company has adopted an energy efficient Modular approach for its Gas Processing Plant in Assam, with Variable Frequency Drives (VFDs) installed in the Plant's equipment and machineries.

To protect an Elephant Corridor in Assam, the Company laid a 21 km long pipeline, 1.5 metres below the ground, from its Gas Gathering Station (GGS) to its Modular Gas Processing Plant (MGPP). This also led to the Company being able to reduce its footprint in the eco sensitive zone.

A sonic, natural draft, horizontal flare system provided with an enclosure, is being used at the Company's MGPP in Assam, in an effort to reduce harm to the surrounding environment.

- (b) No technology import was made during the last 3 years.
- (c) No Research and Development expenditure was incurred during the year.
- (d) No benefits like product improvement, product development or import substitution were derived during the year.

**C) Foreign exchange earnings and outgo:**

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Company is engaged in production of crude oil and natural gas. The existing Government policies and Production Sharing Contracts (PSCs), to which Company is a party, is subject to domestic market obligations till self-sufficiency in domestic production of hydrocarbons.

(b) Particulars	FY 2018-19 (₹ in lacs)	FY 2017-18 (₹ in lacs)
Foreign exchange earning	Nil	Nil
Expenditure in foreign currency:		
Operating expenditure	689.07	9.30
Capital expenditure	6,561.21	2,080.94

**30. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company has in place a CSR policy which is available on the website <http://www.hoec.com/growing-responsibly/csr/>. A brief outline of the CSR policy of the Company and the initiatives undertaken on CSR activities during the year are set out in Annexure V of this Report as per the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014. The details of the composition and meetings of the CSR Committee is provided in the Corporate Governance Report section of this Annual Report.

**31. RISK MANAGEMENT**

The Risk Management Committee identifies and monitors the risks associated with the Company's operations. The Committee is responsible for reviewing the risk factors and ensuring its effective mitigation and management. In addition, the Audit Committee oversees the areas of financial risks and controls.

The development and implementation of risk management policy has been covered in the Management's Discussion and Analysis Report, which forms part of this Annual Report.

**32. PROTECTION TO WOMEN EMPLOYEES**

The Company has in place a Corporate Policy on Anti-Sexual Harassment of Employees, in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has also been constituted and during the year under review no complaints were received from any employee.

**33. HUMAN CAPITAL & MANAGEMENT**

The Company continues to pursue the best practices to develop its human capital. The Company has a transparent Performance Appraisal System with focus on the organizational objectives aligned with Key Performance Indicators. An objective performance measurement with an assessment of potential and identification of training needs for individual growth are being pursued.

Over the last year, we have added more prospective employees taking the total strength to 92 at the end of previous year and the annualised attrition rate for the year stands at 2.94%.

**34. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven years. Further according to the said Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

Accordingly, the Company has duly transferred all unclaimed and unpaid dividends and the corresponding shares as per the above requirements to the IEPF. Details of the same are provided in the Shareholder Information section of the Corporate Governance Report and are also available on our website at <http://www.hoec.com/grow-with-us/shareholder-information/>.

Your Company has filed necessary forms with the Ministry of Corporate Affairs in this regard.

**35. LISTING WITH STOCK EXCHANGES**

Your Company confirms that it has paid the Annual Listing Fees as applicable to the National Stock Exchange of India Ltd. and BSE Ltd, where the Company's shares are listed.

**36. ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude for the support and co-operation received from Government agencies namely the Ministry of Petroleum & Natural Gas, Directorate General of Hydrocarbons, Ministry of Defence, Ministry of Environment and Forests and the State Governments of Assam, Gujarat and Tamil Nadu and the authorities working under them. Your Directors express their gratitude to the Company's stakeholders, shareholders, business partners and the bankers for their understanding and support and look forward to their continued support in future. Your Directors value the professionalism, dedication and commitment of the HOEC team to overcome any challenges and to drive growth.

For and on behalf of the Board of Directors

Date : May 14, 2019  
Place : Mumbai

**Vivek Rae**  
**Chairman**  
DIN: 01866765

**P Elango**  
**Managing Director**  
DIN: 06475821

## Annexures to the Board's Report:

### Annexure - I Form No. AOC - 1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014] Statement containing salient features of the financial statements of subsidiary / associate company / joint ventures

#### PART A: Subsidiaries

(₹ in lacs)

Particulars	Details	
Name of the subsidiary	Hindage Oilfield Services Limited	Geopetrol International Inc.
The date since when subsidiary was acquired	30/03/1992	09/04/2018
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	Reporting currency: USD Exchange rate: ₹ 69.17
Share capital	50.00	6,506.20
Reserves & surplus	925.97	253.69
Total assets	185.97	11,098.61
Total liabilities	55.58	4,338.72
Investments	845.58	-
Turnover	-	2,824.66
Profit / (Loss) before taxation	(41.37)	738.74
Provision for taxation	-	(80.49)
Profit / (Loss) after taxation	(41.37)	819.23
Proposed dividend	-	-
Extent of shareholding (in percentage)	100%	100%

Note:

- There are no subsidiaries which are yet to commence operations.
- No subsidiaries have been liquidated or sold during the year.

#### PART B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company does not have any associate companies / joint ventures.

For and on behalf of the Board of Directors

Vivek Rae  
Chairman

Sharmila Amin  
Director

P K Borthakur  
Director

Ashok Kumar Goel  
Director

Place : Mumbai  
Date : May 14, 2019

Rohit Dhoot  
Director

P Elango  
Managing Director

R Jeevanandam  
Director & CFO

G Josephin Daisy  
Company Secretary



## Annexure - II

### Form No. MGT-9

**Extract of Annual Return as on the financial year ended on 31.03.2019**

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

#### I. REGISTRATION & OTHER DETAILS

1. CIN	L11100GJ1996PLC029880
2. Registration Date	22 September 1983
3. Name of the Company	HINDUSTAN OIL EXPLORATION COMPANY LIMITED
4. Category / Sub-category of the Company	Public Company / Limited by shares
5. Address of the Registered office & contact details	'HOEC House', Tandalja Road, Vadodara - 390020, Gujarat, India E-mail Id: contact@hoec.com Website: www.hoec.com  Chennai office: 'Lakshmi Chambers', No. 192, St. Mary's Road, Alwarpet, Chennai - 600018, Tamil Nadu, India Tel: 044-66229000 Fax: 044-66229011/12 E-mail Id: hoecshare@hoec.com
6. Whether listed company	Yes
7. Name, address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. Regd. Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India Tel No.: 022-49186270 Fax: 022-49186060 E-mail id: rnt.helpdesk@linkintime.co.in  Service Branch: B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390020, Gujarat, India Tel: 0265-2356573, 2356794 Fax: 0265-2356791 E-mail Id: vadodara@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and description of main products / services	NIC Code of the product/service	Percentage of total turnover of the Company
1.	Crude Oil	0610	25%
2.	Natural Gas	0620	75%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address of company	CIN / FCRN	Holding / Subsidiary / Associate	% of Shares Held	Applicable section
1.	Hindage Oilfield Services Limited	'HOEC House' Tandalja Road Vadodara - 390020 Gujarat, India	U11100GJ1988PLC011536	Subsidiary	100%	2(87)
2.	Geopetrol International Inc.	MMG Tower, 23 <sup>rd</sup> Floor, Avenida Paseo del Mar, Costa del Este, Panama	F02830	Subsidiary	100%	2(87)
3.	Geopetrol Mauritius Limited	C/o SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis 11324 Mauritius	Not applicable	Step-down subsidiary	100%	2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e. Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f. Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a. NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b. Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Bodies Corporate	5,745	0	5,745	0.0044	5,745	0	5,745	0.0044	0.00
d. Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e. Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>5,745</b>	<b>0</b>	<b>5,745</b>	<b>0.0044</b>	<b>5,745</b>	<b>0</b>	<b>5,745</b>	<b>0.0044</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>5,745</b>	<b>0</b>	<b>5,745</b>	<b>0.0044</b>	<b>5,745</b>	<b>0</b>	<b>5,745</b>	<b>0.0044</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a. Mutual Funds	22,40,000	300	22,40,300	1.72	32,06,890	300	32,07,190	2.46	0.74
b. Banks / FI	2,47,628	2,160	2,49,788	0.19	3,40,649	2,160	3,42,809	0.26	0.07
c. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Companies	10,00,000	0	10,00,000	0.77	0	0	0	0.00	(0.77)
g. FIs	0	0	0	0.00	0	0	0	0.00	0.00
h. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i. Others									
i) Foreign Portfolio Investor	61,63,747	0	61,63,747	4.72	1,00,13,545	0	1,00,13,545	7.67	2.95
ii) Alternate Investment Funds	14,000	0	14,000	0.01	75,000	0	75,000	0.06	0.05
iii) UTI	0	600	600	0.00	0	500	500	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>96,65,375</b>	<b>3,060</b>	<b>96,68,435</b>	<b>7.41</b>	<b>1,36,36,084</b>	<b>2,960</b>	<b>1,36,39,044</b>	<b>10.45</b>	<b>3.04</b>
<b>(2) Non-Institutions</b>									
a. Bodies Corporate	4,79,83,518	33,901	4,80,17,419	36.80	4,58,86,936	33,901	4,59,20,837	35.19	(1.61)
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,32,96,541	9,20,821	2,42,17,362	18.56	2,04,54,540	8,21,991	2,12,76,011	16.30	(2.25)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,32,72,204	0	4,32,72,204	33.16	4,43,97,392	0	4,43,97,392	34.02	0.86

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
i. IEPF	7,55,564	0	7,55,564	0.58	7,55,011	0	7,55,011	0.58	0.00
ii. Non-Resident Indians	15,78,737	2,01,496	17,80,233	1.36	17,20,332	1,89,309	19,09,641	1.46	0.10
iii. NBFCs	0	0	0	0.00	3,57,455	0	3,57,455	0.27	0.27
iv. HUF	17,90,763	5,046	17,95,809	1.38	16,40,962	3,937	16,44,899	1.26	(0.12)
v. Clearing Members	9,24,611	0	9,24,611	0.71	5,11,909	0	5,11,909	0.39	(0.32)
vi. Trusts	18,861	0	18,861	0.01	18,861	0	18,861	0.01	0.00
vii. Market Makers	25,738	0	25,738	0.02	43,256	0	43,256	0.03	0.01
viii. Office Bearers	11,308	0	11,308	0.01	12,708	0	12,708	0.01	0.00
<b>Sub-total (B)(2)</b>	<b>11,96,57,845</b>	<b>11,61,264</b>	<b>12,08,19,109</b>	<b>92.59</b>	<b>11,57,99,362</b>	<b>10,49,138</b>	<b>11,68,48,500</b>	<b>89.54</b>	<b>(3.04)</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>12,93,23,220</b>	<b>11,64,324</b>	<b>13,04,87,544</b>	<b>99.99</b>	<b>12,94,35,446</b>	<b>10,52,098</b>	<b>13,04,87,544</b>	<b>99.99</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>12,93,28,965</b>	<b>11,64,324</b>	<b>13,04,93,289</b>	<b>100.00</b>	<b>12,94,41,191</b>	<b>10,52,098</b>	<b>13,04,93,289</b>	<b>100.00</b>	<b>0.00</b>

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Burren Energy India Ltd	5,745	0.0044	0.00	5,745	0.0044	0.00	0.00
	<b>Total</b>	<b>5,745</b>	<b>0.0044</b>	<b>0.00</b>	<b>5,745</b>	<b>0.0044</b>	<b>0.00</b>	<b>0.00</b>

iii) Change in Promoters' Shareholding: No change

iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Housing Development Finance Corporation Ltd.	1,40,86,303	10.79	1,40,86,303	10.79
2	LCI Estates LLP (formerly held under the name of LCI Estates Private Limited)	81,00,000	6.21	81,00,000	6.21
3	Dhoot Industrial Finance Limited	61,98,431	4.75	61,98,431	4.75
4	Poddar Pigments Ltd.	50,00,000	3.83	50,00,000	3.83
5	Vijai Shree Private Ltd.	46,16,270	3.54	46,16,270	3.54
6	Fil Investments (Mauritius) Ltd.	43,39,156	3.33	43,39,156	3.33
7	Fiam Emerging Markets All Cap Fund, Lp	0	0.00	3,129,569	2.40
8	Gks Logistics Private Limited	23,00,000	1.76	23,00,000	1.76
9	Kotak Small Cap Fund	10,00,000	0.77	13,66,890	1.05
10	Fidelity India Fund	10,53,868	0.81	10,53,868	0.81

\* The shares of the Company are traded on a daily basis and hence the date-wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

## v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>Mr. Sunil Behari Mathur</b>				
	At the beginning of the year	28,000	0.0214	28,000	0.0214
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	28,000	0.0214	28,000	0.0214
<b>2</b>	<b>Ms. Sharmila Amin</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>3</b>	<b>Mr. Pronip Kumar Borthakur</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>4</b>	<b>Mr. Ashok Kumar Goel</b> <sup>[1]</sup>				
	At the beginning of the year	1,84,65,078	14.15	1,84,65,078	14.15
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	1,84,65,078	14.15	1,84,65,078	14.15
<b>5</b>	<b>Mr. Rohit Rajgopal Dhoot</b> <sup>[2]</sup>				
	At the beginning of the year	30,34,107	2.32	30,34,107	2.32
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	30,34,107	2.32	30,34,107	2.32
<b>6</b>	<b>Mr. Elango Pandarinathan</b>				
	At the beginning of the year	45,21,879	3.46	45,21,879	3.46
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	45,21,879	3.46	45,21,879	3.46
<b>7</b>	<b>Mr. Ramasamy Jeevanandam</b>				
	At the beginning of the year	45,27,624	3.47	45,27,624	3.47
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	45,27,624	3.47	45,27,624	3.47
<b>8</b>	<b>Ms. G. Josephin Daisy</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

Note:

(1) Mr. Ashok Kumar Goel holds the said shares on behalf of Ashok Goel Trust.

(2) Mr. Rohit Rajgopal Dhoot holds the said shares on behalf of Dhoot Rohit Kumar Family Trust I.

## V. INDEBTEDNESS

The Company is debt-free as on March 31, 2019 and as such, no amount on account of principal or interest are outstanding at the end of the financial year ended March 31, 2019.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Director and / or Manager

(in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. P. Elango	Mr. R. Jeevanandam	
<b>1</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,42,88,477	1,37,25,330	2,80,13,807
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b>			
	- as % of profit	-	-	-
	- others, specify	-	-	-
<b>5</b>	<b>Others, please specify</b>	-	-	-
	<b>Total</b>	<b>1,42,88,477</b>	<b>1,37,25,330</b>	<b>2,80,13,807</b>

## B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S B Mathur	Ms. Sharmila Amin	Mr. P K Borthakur	
<b>1</b>	<b>Independent Directors</b>				
	Fee for attending board and committee meetings	4,25,000	6,45,000	6,70,000	17,40,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>4,25,000</b>	<b>6,45,000</b>	<b>6,70,000</b>	<b>17,40,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	-	-	-	-
	Fee for attending board and committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total=(1+2)</b>	<b>4,25,000</b>	<b>6,45,000</b>	<b>6,70,000</b>	<b>17,40,000</b>

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Company Secretary Ms. G. Josephin Daisy	
<b>1</b>	<b>Gross salary</b>		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9,80,508	9,80,508
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-
<b>2</b>	<b>Stock Option</b>	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-
<b>4</b>	<b>Commission</b>		
	- as % of profit	-	-
	- others, specify	-	-
<b>5</b>	<b>Others, please specify</b>	-	-
	<b>Total</b>	<b>9,80,508</b>	<b>9,80,508</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences during the year ended March 31, 2019.

For and on behalf of the Board of Directors

Date: May 14, 2019  
Place: Mumbai

**Vivek Rae**  
**Chairman**  
DIN: 01866765

**P Elango**  
**Managing Director**  
DIN: 06475821

## Annexure - III

Information pursuant to Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a)	Name of Director / KMP	Title*	Remuneration FY 2018-19	Remuneration FY 2017-18	% increase in remuneration in FY 2018-19 as compared to FY 2017-18	Ratio of remuneration to MRE excluding WTDs	Ratio of remuneration to MRE including WTDs
	Mr. S B Mathur	NE-ID	4,25,000	8,80,000 <sup>(1)</sup>	-52%	0.50	0.49
	Ms. Sharmila Amin	NE-ID	6,45,000	9,60,000 <sup>(1)</sup>	-33%	0.75	0.72
	Mr. P K Borthakur	NE-ID	6,70,000	9,80,000 <sup>(1)</sup>	-32%	0.78	0.76
	Mr. Ashok Goel	NED	-	-	-	-	-
	Mr. Rohit Dhoot	NED	-	-	-	-	-
	Mr. P Elango	MD	1,92,88,477 <sup>(2)</sup>	98,05,104	97%	22.57	22.01
	Mr. R Jeevanandam	ED & CFO	1,83,25,330 <sup>(2)</sup>	93,11,544	97%	21.45	20.92
	Ms. G Josephin Daisy	CS	9,80,508	6,82,248	44%	1.15	1.12

\* [NE-ID - Non-Executive Independent Director

NED - Non-Executive Director

MD - Managing Director

ED & CFO - Executive Director & Chief Financial Officer

CS - Company Secretary

MRE - Median Remuneration Employees]

Note:

(1) The commission paid to independent directors as approved by the Board, and the shareholders for Financial Year 2017-18 has been included.

(2) The variable pay for Financial Year 2018-19 has been included.

- b) The MRE excluding WTDs was ₹ 8,54,581 for FY 2018-19 as against ₹ 5,57,790 for FY 2017-18. The increase in MRE (excluding WTDs) for FY 2018-19 as compared to FY 2017-18 is 53%. The increase in MRE (including WTDs) for FY 2018-19 as compared to FY 2017-18 is 57%.
- c) The number of permanent employees on the rolls of Company: 92
- d) The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year is 20% as against 97% increase in the managerial remuneration (refer note (2) above).
- e) The Company affirms that the remuneration is as per the remuneration policy of the Company.
- f) Names and details of top ten employees (excluding WTDs) in terms of remuneration drawn:

Sr. No.	Name	Designation	Remuneration received (in ₹)	Nature of employment	Qualifications and experience in yrs.	Date of commencement of employment	Age (in yrs.)	Last employment held	Percentage of equity shares held by the employee	Whether relative of any directors or manager
1	2	3	4	5	6	7	8	9	10	11
1	Bhuwan Chandra Gariya	Group Head - Exploration & Development	74,94,257	Permanent	M.Sc. Physics 34 yrs.	05.09.2008	58	ONGC	0.00	No
2	P Ramakrishna	Asset Manager - North East Asset	63,86,790	Permanent	M.Tech. in Chemical Engineering 30 yrs.	01.10.2017	56	Cairn India	0.01	No
3	Sagar Mehta	Head-Cambay Assets	62,89,874	Permanent	M.Sc., MBA 28 yrs.	01.06.1989	54	-	0.00	No
4	Debabrata Panda	Group Head - Technical & Operations	60,64,161	Permanent	B.Tech Petroleum Eng., MBA (Oil & Gas) 26 yrs.	01.08.2018	50	Cairn India	Nil	No

1	2	3	4	5	6	7	8	9	10	11
5	Gopal Krishna Narasingh Panigrahy	Head - Operations - N.E. Assets	48,57,500	Permanent	MS in Mechanical Eng. & MBA 27 yrs.	01.06.2018	56	TPOPCO	Nil	No
6	Sachin Bayond	Lead-C&P, Head-Admin	43,50,834	Permanent	PG Diploma in Management 18 yrs.	26.10.2015	40	Adani Power Ltd	0.00	No
7	Nagaraju Rangaraju	Asset Manager BBO & Head - Strategy	40,98,204	Permanent	PG in Management 15 yrs.	16.04.2018	41	Cairn India	Nil	No
8	Satyanarayan Zanwar	Sr. Manager - Production	29,50,520	Permanent	B.E Instrumentation. 22 yrs.	03.02.2005	47	Swazi Paper Mills Swaziland Ltd	Nil	No
9	Arun Kumar	Principal Engineer (Reservoir & WRFM)	28,40,124	Permanent	MS in Petroleum Engineering 20 yrs.	01.10.2017	45	Shell Technology Centre	Nil	No
10	Sridhar N	Head-Finance	26,14,689	Permanent	B. Com 22 yrs.	01.10.2015	42	Hardy Exploration & Production (India) Inc.	Nil	No

For and on behalf of the Board of Directors

Date: May 14, 2019  
Place: Mumbai

**Vivek Rae**  
**Chairman**  
DIN: 01866765

**P Elango**  
**Managing Director**  
DIN: 06475821



**Annexure - IV**  
**Form No. MR-3**  
**Secretarial Audit Report**

**for the financial year ended 31<sup>st</sup> March 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of  
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members**

**Hindustan Oil Exploration Company Limited**

CIN: L11100GJ1996PLC029880

Tandalja Road, Off Old Padra Road,

Vadodara - 390020, Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of **M/s HINDUSTAN OIL EXPLORATION COMPANY LIMITED** (CIN: L11100GJ1996PLC029880) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2019, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2019 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;
  - (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:
    - a. The Securities and Exchange Board of India (Registrars to an Issue and Transfer Agents) Regulations, 1993, regarding Companies Act and dealing with client;
    - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
    - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable for the year under review);
    - f. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable for the year under review);
- h. The Securities and Exchange Board of India (Delisting of Equity Shares Regulations), 2009 (Not Applicable for the year under review);
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable for the year under review);
- j. The Securities and Exchange Board of India (Issue and Listing of Non Convertible and Redeemable Preference Shares) Regulations, 2013 (Not Applicable for the year under review).

2. We further report that, based on examination on test check basis, of the relevant documents, information received, records maintained and representation received, there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws applicable specifically to the Company in the Oil and Gas Exploration Sector, and also all other applicable laws, rules, regulations and guidelines, which includes the following:

- a) The Petroleum Act, 1934 and the rules made thereunder;
- b) Petroleum and Natural Gas Regulatory Board Act, 2006 and the Rules made thereunder;
- c) The Oilfields (Regulation & Development) Act, 1948 and the rules made thereunder;
- d) The Mines Act, 1952 and the rules made thereunder;
- e) Indian Explosives Act, 1910 and the rules made thereunder.

3. We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company for the equity shares listed with BSE Limited and National Stock Exchange of India Limited and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that during the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

4. We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable.
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999 and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

- We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
- We further report that during the period under review no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above have taken place.
- We further report that the Company has adopted and put in place Vigil Mechanism/Whistle Blower Policy in accordance with Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For S.Sandeep & Associates**

**S.Sandeep**

Managing Partner

FCS No.: 5853

C P No.: 5987

Place : Chennai  
Date : May 06, 2019

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**'Annexure - A'**

To,

**The Members,  
Hindustan Oil Exploration Company Limited**  
CIN: L11100GJ1996PLC029880  
Tandalja Road, Off Old Padra Road,  
Vadodara - 390020, Gujarat.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For S.Sandeep & Associates**

**S.Sandeep**

Managing Partner

FCS No.: 5853

C P No.: 5987

Place : Chennai  
Date : May 06, 2019

## Annexure - V

### ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

#### 1. Brief outline of the Company's CSR policy

HOEC's Corporate Social Responsibility policy is to:

- \* Proactively develop trusting and productive relationships with host communities through effective consultations
  - Positively engage with relevant stakeholders, understand their concerns and be responsive to their needs;
  - Use & encourage systematic processes to engage with the local stakeholders; and
  - Actively involve pertinent individuals and programme participants in designing and implementing CSR programmes.
- \* Respect local customs and traditions and leverage technology in all CSR programmes
  - Valuing cultural customs and pride of individuals and nurture positive relationship with the people in the project areas where the Company operates;
  - Aligning CSR programmes to build on existing capacities and initiatives to create greatest possible impact; and
  - Giving development opportunities to local communities in a culturally appropriate manner, in consultation & co-operation with local government authorities and other stakeholders, as may be appropriate.
- \* Treat host communities as valued partners in our resource development endeavors
  - Valuing local entrepreneurship and encouraging use of local goods, services and manpower to promote comprehensive economic growth of our operating foot print area;
  - Establishing infrastructure and platforms to make sustainable contribution to social and economic development; and
  - Enabling CSR programs to complement and support the developmental priorities at local and state level

In line with this CSR policy, the Company's CSR programmes focuses on the following five broad themes with the objective to improve overall socio- economic indicators in Company's area of operations:

- Promote local content by developing entrepreneurship;
- Improve access to clean drinking water;
- Enhance the quality of education in our Operating Area;
- Promote personal safety, environmental and technology awareness; and
- Support promotion of local culture and sports.

Details of the company's CSR policy is available in the weblink: <http://www.hoec.com/growing-responsibly/csr/>

#### 2. Composition of CSR Committee

The Company has in place a CSR committee of directors. As on March 31, 2019, Mr. Sunil Behari Mathur was the Chairman of the Committee and Mr. P. K. Borthakur, Ms. Sharmila Amin and Mr. P. Elango were the members.

#### 3. Average Net Profit of the company for the last three financial years for the purpose of computation of CSR: ₹ 1,166.82 Lakhs

#### 4. Prescribed CSR Expenditure (2% of amount as on item No. 3 above): ₹ 23.34 Lakhs.

**5. Details of CSR Spend during the financial year:**

a) Total amount spent for the financial year: ₹ 40.43 Lakhs

b) Amount Unspent, if any: Nil

c) Manner in which the amount was spent during the financial year is detailed below:

S. No	CSR Project / Activity identified	Sector in which the project is covered	Project or Programs Location	Amount Outlay (budget) project or program-wise (₹ in lacs)	Amount Spent on projects or programs (₹ in lacs)	Cumulative Expenditure up to the reporting period (₹ in lacs)	Amount Spent: Direct or through Implementing agency
1	Promoting Education-Development of Educational infrastructure Construction of classroom in Augbandha Primary School and providing furniture	Education	Tinsukia Dist., Assam	8.06	7.67	7.67	Directly by the Company
2	ELF English program at three selected lower primary schools in Augbandha Village	Education	Tinsukia Dist., Assam	0.87	0.87	0.87	Through Implementing agency
3	Setting up play school area in primary school	Education	Nalbari Dist., Assam	0.13	0.13	0.13	Through Implementing agency
4	Organising summer educational classes at high school and Felicitating the students	Education	Tinsukia Dist., Assam	0.15	0.15	0.15	Directly by the Company
5	Skill Training	Education	Tinsukia Dist., Assam	0.27	0.20	0.20	Directly by the Company
6	Felicitating the top scorers of classes 10, 11 & 12 from Pillaiperumanallur Panchayat for the academic year	Education	Nagapattinam Dist., Tamil Nadu	0.38	0.38	0.38	Directly by the Company
7	Providing access to clean and safe drinking water to the students of Veppenchery Government Middle School	Education	Nagapattinam Dist., Tamil Nadu	0.25	0.26	0.26	Directly by the Company
8	Recognising and Honouring the Teachers working in Veppenchery Government Middle School	Education	Nagapattinam Dist., Tamil Nadu	0.08	0.08	0.08	Directly by the Company
9	Providing Sports Material and Footwear to students of Veppenchery Government Middle school	Education	Nagapattinam Dist., Tamil Nadu	0.25	0.22	0.22	Directly by the Company
10	Support to Socio - Cultural event	Support for promotion of ethnic art & Culture	Tinsukia & Dibrugarh Dists., Assam	1.66	1.66	1.66	Literary associations / Cultural Groups / Organization etc.
11	Plantation drive - Cleaning and planting trees in Margherita FRI hospital	Environment	Tinsukia District, Assam	0.44	0.44	0.44	Directly by the Company
12	Organising district level awareness campaign on 'Plastic Pollution Free Tamil Nadu'	Environment	Nagapattinam Dist., Tamil Nadu	0.27	0.27	0.27	Directly by the Company
13	Distribution of sports material to youth in Dirok village	Sports	Tinsukia Dist., Assam	0.02	0.02	0.02	Directly by the Company
14	Solar Lamp Installation at Augbandha & Dirok village	Rural development	Tinsukia Dist., Assam	1.88	1.66	1.66	Directly by the Company
15	Construction of Paver cement block road in Augbandha Village	Rural development	Tinsukia Dist., Assam	16.13	20.76	20.76	Directly by the Company
16	Renovation of Public institution	Rural development	Tinsukia Dist., Assam	1.88	1.87	1.87	Directly by the Company

S. No	CSR Project / Activity identified	Sector in which the project is covered	Project or Programs Location	Amount Outlay (budget) project or program-wise (₹ in lacs)	Amount Spent on projects or programs (₹ in lacs)	Cumulative Expenditure up to the reporting period (₹ in lacs)	Amount Spent: Direct or through Implementing agency
17	Distribution of relief materials and Tarpaulins to households in different districts affected by natural disaster	Flood Relief	Thiruvapur & Pudukottai Dists., Tamil Nadu	2.00	2.02	2.02	Directly by the Company
18	Cutting of fallen trees and removing the blockades caused by cyclone Gaja in and around Thiruvapur district	Flood Relief	Thiruvapur Dist., Tamil Nadu	1.96	1.77	1.77	Directly by the Company

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report: Not Applicable
7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Date: May 14, 2019  
Place: Mumbai

**Vivek Rae**  
Chairman  
DIN: 01866765

**P Elango**  
Managing Director  
DIN: 06475821

# Management's Discussion and Analysis Report

## OIL AND GAS INDUSTRY OUTLOOK AND OPPORTUNITIES

Geopolitical factors are back in play to drive the oil prices up and down this year. While higher oil prices due to strong demand typically reflects a robust world economy, a jolt from geopolitical development causes more volatility. The current jolt is caused by embargo on Iran crude oil exports, and India being a large importer is set to lose during this period of uncertainty. To a large extent, gas prices are insulated by geopolitical developments and the lag period it enjoys with oil prices, makes it much less volatile while being considerably more predictable.

Government continued to focus its policy initiatives towards reducing oil import dependence with the specific goal of 10% reduction by 2022. This has opened up the door and created larger opportunities for private sector to undertake exploration activities into the unexplored blocks, in producing from Discovered Small Fields (DSF) and in enhancing production from producing fields in partnership with public sector companies.

India's National Data Repository (NDR) along with the Open Acreage Licensing Policy (OALP) are major policy reforms that has allowed the investors to identify areas of interest and quickly bid for them. India now has a robust Hydrocarbon Exploration and Licensing Policy (HELP) that has moved to a revenue sharing regime with new emphasis on work programme, from the previous production sharing regime which emphasizes on cost audit. Royalty rates have been rationalised and cess has been removed for blocks under HELP regime, with full pricing and marketing freedom for the oil and gas produced.

The Government is continuing its efforts to increase the share of natural gas in the primary energy mix. The current gas demand of 168 mmscmd could not be met through domestic gas production of 95 mmscmd, requiring import of 73 mmscmd of gas in the form of Liquefied Natural Gas (LNG). Government has awarded 85 new Geographical Areas under the 9<sup>th</sup> City Gas Distribution (CGD) bid round awarded in 2018. Gas demand is expected to be over 350 mmscmd by FY 2025, making future investments in domestic gas developments very attractive. A robust gas based economy is sought to be created by announcing premium for domestic gas in difficult areas, adding significant LNG re-gasification capacity, stepping-up CGD bid rounds, extending the pipeline network especially in North-East Region and priority allocation for Compressed Natural Gas (CNG).

As Indian energy landscape makes the moves to provide a larger share for natural gas in its primary energy mix, HOEC with its portfolio of gas resources both in North East and in Southern Regions is well positioned to play and leverage the opportunities presented by this transition to a gas based economy. Specifically, CGD and CNG offers excellent opportunities to improve margins significantly by investing in gas infrastructure to deliver gas to end-retail consumers.

### Global Oil Price

Crude Oil Prices (Brent) decreased from US\$ 72.11 per barrel in April 2018 to US\$ 66.14 per barrel in March 2019.

### Indian Gas Price

The price for domestic natural gas (derived from a cocktail of gas prices prevailing in multiple global gas markets) issued by the Petroleum Planning & Analysis Cell (PPAC), Ministry of Petroleum & Natural Gas (MoP&NG), Government of India has increased from US\$ 3.06/MMBTU during April 2018 - September 2018 to US\$ 3.36/MMBTU during October 2018 - March 2019.

## HOEC VISION

HOEC is India's first private E&P company and has decades of experience operating multiple fields, both onshore and offshore in leading producing basins. Energy security being a strategic priority for the country, HOEC's business is, therefore, linked with the National Priority. We will work closely with all stakeholders to explore, develop and produce hydrocarbons in a safe and responsible manner.

Our passion is to find, develop and deliver oil & gas that everybody in our country needs. We believe talent and technology are the key ingredients to building and sustaining a successful E&P business.

Our vision is to establish and transform 'Resources' to 'Assets' to create value for all stakeholders and Grow Responsibly. We seek to realize our vision by:

- Exploring for Oil & Gas;
- Executing to transform Resources to Reserves; and
- Enhancing value for all stakeholders by converting Reserves to Revenues.

## HOEC Business Strategy and Values

HOEC's strategy is focused on delivering growth in the Company's core business, while enhancing profitability through:

- Establishing and sustaining low cost operations in all our assets;
- Identifying and developing low risk, short cycle projects for rapidly increasing production; and
- Pursuing organic and in-organic opportunities that align with our growth model.

Our near-term focus is to secure value from the excellent set of opportunities presented by our portfolio of discovered resources.

## Values of HOEC

<b>Honesty</b>	We believe in honesty and are committed to conduct our business ethically and transparently.
<b>Ownership</b>	We are One Team and hold ourselves personally accountable for our decisions, actions, attitudes and results.
<b>Entrepreneurship</b>	We are entrepreneurs at heart and are passionate about adding value to make a difference to all our stakeholders.
<b>Care</b>	We care for each other, the communities and the environment in which we operate.

HOEC believes that securing and maintaining the social licence to operate through good environmental, social, health and safe performance is an integral part of our business success. Our commitment to these principles is demonstrated by the fact that we have had no lost-time accidents or environmental incidents during the year under review.

We conduct our business with respect and care for our communities and the environment in which we operate. We will be a good corporate citizen of India, and will maximise utilization of local talent, services and equipment.

To sum up, HOEC's business strategy is to continue to invest in low risk and short cycle projects & to remain focused on innovative management of cost and speed of execution to create value to all stakeholders and Grow Responsibly.

The milestones achieved by the Company during FY 2018-19 to deliver the Strategy, guided by our Values are summarized below:

- Hollong Modular Gas Processing Plant (HMGPP) in Dirok field, Assam, commissioned in March 2018 and has completed one year of safe and reliable operations, delivering increased gas sales volumes quarter-on-quarter, achieving delivery of record volumes in Q4 FY 2018-19.



- Successfully completed the two well re-entry campaign in PY-1 field and increased the gas production by fourfold.
- Acquired Geopetrol International Inc. and gained access to 30% participating interest (both directly and indirectly) in the Kharsang oil producing field.
- Strengthened our portfolio by winning blocks under Open Acreage Licensing Policy (OALP) and Discovered Small Field (DSF) bid rounds.
- Delivered a fourfold increase in production, while remaining debt-free and self-funding the development projects.

## OPERATIONAL AND FINANCIAL DISCIPLINE

Oil & Gas exploration is a capital-intensive industry with associated risks. The financial strategy of the Company is focused on monetising the existing assets and bringing value to the stakeholders. Accordingly, our near-term focus is to monetise the existing discovery in Assam and increase the value of other eight assets in our portfolio of discovered resources.

### Corporate Responsibility

<b>Safety First</b>	Never put any person or asset in an un-safe situation.
<b>Environment Friendly</b>	Not to harm the environment.
<b>Regulation Compliant</b>	Compliant with applicable laws all the time.
<b>Optimum Cost (US\$/bbl)</b>	Complete the development in a cost and time effective manner.
<b>Investment Prudence</b>	Not to take risk beyond the means and to prioritize the opportunities in our portfolio on risked expected monetary value in any given year.

In pursuit of its business strategy, all projects are screened on a rigorous, consistent basis for technical and commercial viability. We use our in-house geoscience expertise and third party independent experts to identify, evaluate and prioritize the opportunities.

As an Optimum Cost Operator in the industry, we scrutinize every value proposition to derive excellence in execution. Cost is considered an element to control when it does not result in value sacrifice in the E&P business.

Our objective is to provide a consistent compounded annual growth rate to our shareholders, commensurate to the risks in this business.

### Operations Overview

The Company's activities relate to exploration, development and production (based on exploration success) of hydrocarbons (crude oil and natural gas), which are natural resources. HOEC's assets are geographically spread across Tamil Nadu, Gujarat, Assam and Arunachal Pradesh with a balanced portfolio of development and production assets, both in onshore and offshore.

### Product-wise Performance

The Company's aggregate production during the FY 2018-19 was 1.43 million barrels of oil equivalent (MMBOE) (Crude oil: 0.14 million barrels; Gas: 6.98 BCF) as against 0.34 million barrels of oil equivalent (MMBOE) (Crude oil: 0.04 million barrels; Gas: 1.53 BCF) during the previous year. This increase in production is mainly contributed by Dirok field in Assam and from PY-1 field in which two wells were re-entered and successfully completed for production in the current year.

### Reserves

As of March 31, 2019, the in-house estimates of Proved and Probable (P+P) reserves on working interest basis for the Company were 27.55 MMBOE.

## RISKS, THREATS, UNCERTAINTIES AND CONCERNS

HOEC's business, financial standing and reputation may be impacted by various risks and uncertainties, not all of which are within its control. Company identifies and monitors the key risks and uncertainties affecting our operations and runs the business in a way that minimizes their impact where possible.

The Company's level of risk and its management approach is discussed and reviewed by the Board, Audit Committee and Senior Management. The principal risks and uncertainties facing the Company and the actions taken to mitigate these risks are as follows:

### Strategic and Operational Risk

Description of Risk	Mitigation
Business Model	Our Board Members along with Management team periodically reviews the Company's business model and effect necessary adjustments if economic circumstances so demand. The Board has constituted a Risk Management Committee under the chairmanship of Mr. Pronip Kumar Borthakur, a Non-Executive Independent Director (former Director Offshore, ONGC).
Portfolio Mix	The Company maintains a diverse portfolio of oil and gas assets across a range of sedimentary basins and at different project life cycles to minimize exposure to geographical, geological and commodity market risk.
Health, Safety and Environment	Oil and gas operations by its very nature carry a potentially high level of attendant safety and environmental risks and the impact of an accident can be significant in terms of human, environmental and financial cost. HOEC carries out HAZOP, HAZID, SIMOPS and maintains risk register and Emergency Response Plan covering risks specific to various operations. The Company has devised a comprehensive policy framework as well as health and safety management and reporting systems. These are regularly monitored and reviewed by the Board and the Management. The Company also works closely with various regulatory authorities of the Central and State Governments and compliance audits are conducted. The Company undertakes operations as per international environmental standards of the Oil Industry. Environmental Impact Assessments are prepared and approvals from authorities are secured before any project is executed.
Exploration Geological and Reservoir Risk	Exploration is inherently a risky business, with statistically only a relatively small proportion of exploration wells resulting in commercial discovery. Systematic geo-scientific work flow is pursued under internal technical stewardship and peer reviewed by third party experts to minimise geological and reservoir risks and maximize opportunities. HOEC has now set up a Technical Advisory Committee (TAC) with seven domain experts.
Reserves Estimation and Recovery Risk	Numerous uncertainties are inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well recognized that these cannot be measured in an exact manner. Reserves estimations involve a high degree of technical judgment and it is a function of the quality of the available geological and reservoir data. Results of drilling, testing and production may substantially change the reserve estimates for a given reservoir over a period of time. For these reasons, actual recoverable reserves may vary substantially from original estimates.
Community Relationship	Continuous dialogue and engagement exists between the Company and its stakeholders, which is central to harmonious operations. A robust local content policy has been announced and being implemented. Local personnel are employed wherever possible and Company helps in developing skill sets of such personnel.

### Financial Risk

Description of Risk	Mitigation
Commodity Price Volatility	HOEC is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby our share of gross production increases in a falling oil price environment due to cost recovery mechanism. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

Description of Risk	Mitigation
Foreign Exchange Exposure and Interest Rate Risk	Company enjoys a natural hedge to a certain extent as its receivable and significant expenditure are denominated in United States Dollar (US\$).
Cost Inflation impacting both Goods and Services	The Company pursues structured planning processes which allow sufficient time for procurement of services and tracking the critical path activities. Company maintains past procurement cost data and constantly monitors changes in market.

### Compliance, Ethical and Governance Risk

Description of Risk	Mitigation
Legal, Regulatory and Litigation	The Company's activities are subject to various laws and regulations. Regulatory changes may impact the value of the Company. Risks are mitigated by proactive assessment and ensuring compliance. The Company is party to various ongoing litigations, which if decided against the Company, may have an adverse impact on the financial position of the Company.
Ethical Conduct	The Company recognizes the importance and maintains transparent and responsible relationships with all its stakeholders and has a robust Whistle Blower Policy wherein the employees have a direct access to the Chairman of the Board.
Corporate Governance	The Company recognizes the importance of maintaining strong corporate governance procedures and processes. The Company has a robust governance framework in place. The Board reviews compliance with the applicable regulatory guidelines and best practices.

### Insurance Coverage

Our business is subject to the operating risks. As protection against financial loss resulting from some of the operating hazards, we maintain insurance coverage for all operated and non-operated assets, including physical damage, control of well, seepage and pollution and employer's liability, third party liability, goods in transit, coverage for assets and comprehensive general liability insurance.

The coverage is subject to customary deductibles, waiting periods and recovery limits. We maintain insurance at levels that we believe are appropriate and consistent with industry practice and we regularly review our potential risks of loss and the cost and availability of insurance and revise our insurance program accordingly. The Company also procures director's liability insurance covering the cost of legal representation and crisis management.

### FINANCIAL REVIEW

The revenue in the current year has increased fourfold to ₹ 23,689.41 lacs against ₹ 4,871.25 lacs in the previous year. This increase is primarily for reasons as detailed in the section 'Operational and Financial Discipline' of the Management's Discussion & Analysis Report.

The Company's production on working interest basis during the year is 14,26,872 boe (3909 boepd) and for the previous year was 3,34,990 boe (1179 boepd) which is 326% higher than the previous year.

Other income for the current year stands at ₹ 1,006.32 lacs as against ₹ 1,143.72 lacs in the previous year, which includes interest income and income from financial investments.

The average price realised on sale of crude oil for current financial year is US\$ 63.27/bbl and for gas is US\$ 3.62 per mmbtu against US\$ 59.44/bbl for crude oil and US\$ 3.46 per mmbtu for gas in the previous year.

### Operating Costs

During the year, the cost towards production expenses has increased to ₹ 2,823 lacs compared to ₹ 1,115.84 lacs in the previous year. Other expenses have reduced to ₹ 711.13 lacs from ₹ 337.67 lacs in the current year.

### Finance Costs

The Company has not incurred any interest or finance cost during the financial year 2018-19 except the impact of unwinding the decommissioning cost.

**Net Profit/Loss**

On a standalone basis, the Profit-After-Tax is ₹ 14,896.46 lacs as against the profit of ₹ 3,783.61 lacs in the previous year.

**Cash Flow**

The Operating profit before exceptional items and tax is ₹14,758.75 lacs in the current financial year against ₹ 3,334.94 lacs in the previous year. Operating profit before the working capital changes including the exceptional item is ₹ 17,676.55 lacs in the current financial year and for the previous year was ₹ 4,043.34 lacs. The exceptional item for the current year is ₹ 230.69 lacs and for the previous year was ₹ 448.67 lacs. The net increase in cash and cash equivalents during the financial year is ₹ 1,055.57 lacs which is mainly due to increase in production from Dirok and PY-1 fields. The effective cash and cash equivalents of the Company at the end of the financial year is ₹ 12,869.11lacs as against ₹ 11,813.54 lacs in the previous year.

**Ratio Analysis**

The details of significant changes (i.e. changes of 25% or more) in key financial ratios, along with the explanations therefor, are as follows:

Ratio	Percentage of change	Reasons
Debtors Turnover	9%	Increase in sales
Inventory Turnover	6%	Normal increase

There is an increase in return on net worth by 30% as compared to the previous year.

**Companies (Indian Accounting Standards) Rules, 2015**

In accordance with the Companies (Indian Accounting Standards), Rules 2015 of the Companies Act, 2013, HOEC has followed the Indian Accounting Standards (Ind AS) for preparation of its financial statements.

**Critical Accounting Policies and Estimates**

The preparation of the financial statements requires the Company's management to make several estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. When alternatives exist among various accounting methods, the choice of accounting method can have a significant impact on reported amounts. The following is a discussion of the accounting policies, estimates and judgment which management believes are most significant in the preparation of the financial statements.

**Oil and Gas Properties**

We account for crude oil and natural gas properties under the Successful Efforts Method (SEM) of accounting. Under the SEM, costs to acquire mineral interests in crude oil and natural gas properties, to drill and equip exploratory wells that find commercial quantities of proved reserves, and to drill and equip development wells are capitalized. Proved property acquisition costs are amortized by the unit of production method on a field-by-field basis, based on total proved developed crude oil and natural gas reserves, as approved by the Management Committees of the respective Unincorporated Joint Ventures. Costs associated with drilling successful exploratory wells and drilling development wells are amortized by the unit of production method on a field-by-field basis. These costs, along with support equipment and facilities, are amortized based on proved developed crude oil and natural gas reserves. Survey and seismic acquisition costs are expensed.

Besides being the recommended method under the Guidance Note issued by the Institute of Chartered Accountants of India, we believe that the SEM is the most appropriate method to use in accounting for our crude oil and natural gas properties because it provides a better representation of results of operations for a Company of our size.

**Site Restoration Liability**

Our site restoration liability consists of estimated costs of dismantling and abandoning producing well sites and facilities, site reclamation and similar activities associated with our oil and gas properties. The recognition of Site Restoration Liability requires that management make estimates, assumptions and judgments regarding such factors as estimated probabilities, amounts and timings of obligation. The corresponding amount is added to the cost of the producing property and is expensed in proportion to the production for the year and the remaining estimated proved reserves of hydrocarbons based on latest technical assessment available with the Company. Any change in the value of the estimated liability is dealt with prospectively and reflected as an adjustment to the provision and the corresponding producing property.

**FINANCIAL POSITION****Liquidity**

At the year end, HOEC had cash and cash equivalent of ₹ 12,869.11 lacs. Cash surplus is placed in debt oriented liquid funds and bank deposits as approved by the Board. HOEC manages its short-term liquidity to generate returns by investing its surplus funds, while ensuring safety of capital.

**Capital Requirements**

The Company has adequate cash in hand, working capital and internal accruals to implement its business plan to drive organic growth of its portfolio. The Board recognizes that the Company has a successful track record of raising capital in the past and that the Company shall raise financial resources as and when needed to meet any new growth opportunities.

**OUTLOOK**

Based on our business plan to convert the discovered resources in our portfolio of assets, our outlook remains positive.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company maintains a comprehensive system of internal control. This comprises the management systems, organizational structures, processes and standards that are implemented to conduct our business operations. The Company has a proper and adequate system of internal control commensurate with the size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

The Company also conducts periodic evaluations, mainly through its Internal Audit, to determine the adequacy of its Internal Controls System.

The Company has appointed M/s Guru & Ram LLP, an independent firm with expertise in internal audit and assurance, which inter-alia ensures the adequacy of the procedures of recognizing and managing risks applied by the Management, the effectiveness of the Internal Controls System and the quality and reliability of the information given to the Management with regards to the System of Internal Controls. The adequacy of the Internal Controls System is monitored on a systematic basis by the Audit Committee, through reports submitted to it by the Internal Auditors. Reports by the Management and the Internal Auditors include assessments of the major risks and the effectiveness of the Internal Controls System in addressing them.

Systemic weaknesses identified, if any, are incorporated in the reports, including the impact they had or could have had, as well as the actions of Management to correct them. No significant control failures were reported during the year.

As part of the Company's internal control process, any transactions with related parties are approved by the Audit Committee and Board of Directors, and appropriately disclosed in the financial statements.

The Company's Information Technology (IT) Department provides the required tools and solutions to all employees and manage the operations and support of IT systems and applications efficiently using internal and external resources.

The Company has internal controls regarding fixed assets, inventories, cash and bank checks, etc., such as physical security, inventory counts and reconciliations of physically counted quantities with the recorded ones. Further, the Company has schedule of quarterly inventory counts to confirm inventory levels as per accounting records. The Company also has a delegated authorities and responsibilities, which depicts assigned authorities to various Company executives, to conduct certain transactions or actions (e.g. payments, receipts, contracts, etc.).

### WHISTLE-BLOWER POLICY

The Company has a whistle-blower policy in place. A copy of the policy has been made available on the website of the Company. All employees, contractual persons, consultants, vendors and customers of HOEC can raise concerns about possible wrong doing by contacting the Ombudsperson (Chairman - HOEC Board) in a confidential manner.

### TALENT DEVELOPMENT

Oil & Gas discoveries around the world happen because of talented people supported by technology. HOEC is committed to provide a robust platform for talented people to develop ideas, work as a team to create value and make a difference to all the stakeholders. Our ability to create sustainable stakeholder value is linked with our ability to recruit, motivate and retain top talent. Accordingly, technical talent pool is being strengthened continuously both by engaging experienced experts on full and part time basis in Technical Advisory Committee (TAC) and by inducting young talent.

HOEC strives to ensure a caring and energised work environment, where employee engagement is high. This is sought to be achieved by empowering employees and encouraging innovation and ownership. Being a small team helps in seamless communication, where relationships amongst our employees are cohesive and team spirit is high.

HOEC values all employees for their contribution to our business. We are committed to develop and deploy people with the skills, capability and determination required to meet our business objectives. Opportunities for advancement are equal and not influenced by considerations other than performance and aptitude. Employees are motivated to develop within a flexible framework and are encouraged to provide feedback on their expectations.

### HEALTH, SAFETY, ENVIRONMENT & SOCIAL RESPONSIBILITY

We believe that "All Lives Have Equal Value" and nothing that we do can be more important than ensuring safety. We are committed to making a positive contribution to the protection of the environment in areas in which we operate and to do everything possible to minimize any adverse effects of our operations.

A series of reports are generated on a regular basis to monitor compliance with standards on gas emissions, liquid effluents, solid waste, noise and incident statistics monitoring. These reports are then collated and used to highlight and propose an action plan for any area of non-compliance or where there is potential for improvement. Emergency Response Plan (ERP) is also in place for operational areas.

HOEC continued to maintain a sound health and safety record in FY 2018-19. As always, special skills training on Job Safety Awareness (JSA) and Risk Assessment and several HSE awareness campaigns have been conducted in our operating sites in Assam and best practices have been felicitated by HSE Awards Program.

The Key Performance Indicators (KPIs) related to HSE are as below:

KPIs statistics	FY 2018-19	FY 2017-18
Fatalities Accident Rate (FAR)	0	0
No. of LTIs	0	0
Days since last LTI	844	479
Oil Spill Incidents	0	0
Fatal Accident Rate	0	0
LTI Frequency	0.01	0.01
LTI Severity	0	0

### Corporate Social Responsibility

HOEC believes that its License to Operate is to be earned from the local community in the area of its operations and it is keen to leave a positive economic and social impact through its operations and make a difference to the quality of life of its local stakeholders. Promoting local content in all our operations is at the core of our CSR policy and accordingly, Company has rolled-out a local content policy for our North East Operations.

#### Our CSR Policy and Programmes seek to:

- Promote local content by developing entrepreneurship and local enterprises
- Improve access to clean drinking water
- Enhance the quality of education in our operating area
- Promote personal safety, environmental and technology awareness
- Support promotion of local culture and sports

### KEY STRENGTHS OF HOEC

#### Quality Asset Portfolio

- Portfolio of discovered resources - all blocks with discoveries producing or ready to be developed
- Diverse geographical footprint - Presence in 4 out of 7 producing basins in India
- Balanced portfolio - Offshore / Onshore & Oil / Gas
- Upside potential for exploration within portfolio with infrastructure for rapid monetisation
- Operatorship in majority of blocks to drive value creation

#### Strong Organization

- India's first private E&P company with decades of experience operating onshore and offshore fields
- Professional management with proven industry experience
- Delivered leading HSE performance with strong focus on safe and sustainable operations
- Superior technical capability across the E&P value chain
- Proven experience in fast track development and low-cost operations, both onshore and offshore
- Recognised as a partner of choice to develop and maintain social and regulatory license to operate

#### **Note:**

*In preceding sections of this Annual Report, in particular the Board's Report, and the Management's Discussion and Analysis Report: (a) previous year figures have been re-grouped to conform to the current year presentation; and (b) figures have been rounded off.*

# Report on Corporate Governance

HOEC adheres to the prescribed corporate governance practices as per SEBI Listing Regulations and is also committed to adopt emerging best principles and practices worldwide. In accordance with provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations"), and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at HOEC is as follows:

## 1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Good governance practices stem from a progressive culture and positive mind set of an organization, anchored to the principles of transparency and trust thereby creating an enduring value for all the stakeholders.

The key to your Company's Corporate Governance principles are to maintain a highest degree of integrity, transparency, accountability, ethical behaviour and long-term sustainability in its business conduct and to be a good corporate citizen by ensuring investor protection, better compliance with statutory laws and regulations and by adopting best industry practices.

The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainability to increase the Company's value and to 'Grow Responsibly'. The Company has defined policy and guidelines for ethical conduct of business and has established framework for the meetings of the Board and its Committees. These guidelines seek to systematize the decision-making process at the meeting of the Board and the Committees in an informed and efficient manner.

The Board critically evaluates strategic direction of the Company, management policies and their effectiveness. The agenda for Board reviews include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic plans, operating plans, capital allocation, budgets and financial reports.

At the heart of our processes is the extensive use of technology. This ensures robustness and integrity of financial reporting, internal controls, allows optimal use and protection of assets, facilitates accurate and timely compilation of financial statements and management reports and ensures compliance with statutory laws, regulations and company policies.

Over the years, governance processes and systems have been strengthened at HOEC. Corporate Governance is a continuous process for constant improvement of governance. We have undertaken several initiatives towards maintaining the highest standards of governance which includes formulating and adhering to the following management systems, guidelines, policies and codes.

- Corporate Governance Policy
- Whistle Blower Policy
- Directors' Code of Conduct
- Code of Conduct for Independent Directors
- Code of Ethics for Senior Management
- Code of Conduct for Regulating, Monitoring and Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Disclosure of Event or Information and Determination of Materiality
- Policy on Material Subsidiaries



- Policy on Board papers
- Policy on Information Management
- Policy on Document Retention
- Corporate Social Responsibility Policy
- Health Safety and Environment (HSE) Policy
- Contracts and Procurement Procedure Manual
- Human Resources Policies and Guidelines
- Policy on Anti Sexual Harassment of Employees
- Operational Excellence Policy
- Policy on Sustainability
- Policy on Security
- Anti-Corruption Guideline
- Management and Control Model

In addition, Your Company positions itself for a meaningful role towards communities and its environs which directly or indirectly co-relate themselves with Company's success and growth.

The Company has a strong sense of participation in community development such as using and developing local sources wherever possible for our operations. It has an established system to encourage and recognize employees' participation in environmental and social initiatives, that contribute to organizational sustainability, conservation of energy and promotion of safety and health.

## **2. BOARD OF DIRECTORS**

### **(i) Board composition and category of Directors**

As on March 31, 2019, the Company has seven (7) Directors - three (3) Non-Executive Independent Directors, two (2) Non-Executive Non-Independent Directors and two (2) Executive Directors.

During the year, Mr. Sunil Behari Mathur, a Non-Executive Independent Director was Chairman of the Board. Subsequent to his resignation, Mr. Vivek Rae has been appointed as a Additional Director (Non-Executive Independent) & Chairman of the Company. Ms. Sharmila Amin is a Non-Executive Independent Woman Director. There are no inter-se relationships between the Board members.

Accordingly, the composition of the Board is in compliance with provisions of Regulation 17 of SEBI Listing Regulations and Section 149 of Companies Act, 2013. The profile of the Directors is available at <http://www.hoec.com/who-we-are/board-of-directors/>.

None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors.

### **(ii) Functions of the Board**

Board is the highest decision-making body subject to the powers and matters reserved to Members that may be exercised in their meeting. Board accords its approval to all the key decisions of the Company. For day to day routine operations, the Board has delegated authority to the Managing Director. All matters of strategic or material nature are placed before the Board with background, proposal, situational and option analysis, notes and relevant documents thereby enabling the Board to take informed decisions.

**(iii) Separation of Board's supervisory role from Executive Management**

The Company, in line with the best corporate governance practice, has separated the Board's supervisory role from that of the executive management.

**(iv) Selection of Directors and their Role**

Considering the requirement of skill sets on the Board, eminent people having a good standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination & Remuneration Committee for appointment as Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and memberships held in various Committees of other companies by such persons. The Board considers the Committee's recommendations and takes appropriate decision.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act, having vast, diversified, professional and operational experience in the areas of oil and gas, general management, finance, insurance and public administration. This pool of rich and diverse experience enriches and adds value to the discussions and decisions arrived by the Board.

The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. In the opinion of the Board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

The format of letter of appointment issued to Independent Directors is available on our website at <http://www.hoec.com/grow-with-us/corporate-governance/>.

During the year, a meeting of the Independent Directors was held on March 27, 2019. The Independent Directors, *inter-alia*, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

**(v) Key Board qualifications, expertise and attributes**

The Board of Directors of the Company comprises of qualified members who possess the requisite skills, expertise and competency to effectively contribute to the functioning of the Board and its Committees.

The following are the key skills, qualifications and attributes which are taken into consideration when nominating candidates to the Board of the Company.

<b>Vision and Leadership</b>	The ability to see the big picture and the courage to set direction to achieve the organization's mission
<b>Sector Specific Knowledge and Expertise</b>	Knowledge of the organization's operations and relevant work experience
<b>Financial Acumen</b>	Management of the organization's finance function with proficiency in complex financial management, capital allocation and financial reporting processes.
<b>Collegiality</b>	A sincere and respectful attitude towards fellow Board members and their views.
<b>Diligence and Discretion</b>	Commitment to fulfilling the organization's goals and maintaining confidentiality of Board discussions and decisions.

The following table reflects the specific areas of focus or expertise of the existing individual Board members as on the date of this Report. However, the absence of a mark against a member's name does not necessarily mean that the member does not possess the corresponding qualification / attribute.

Name of Director	Key skills / qualification / attributes				
	Vision and Leadership	Sector specific knowledge and expertise	Financial Acumen	Collegiality	Diligence & Discretion
Mr. Vivek Rae	✓	✓	✓	✓	✓
Ms. Sharmila Amin	✓		✓	✓	✓
Mr. P K Borthakur	✓	✓	✓	✓	✓
Mr. Ashok Goel	✓		✓	✓	✓
Mr. Rohit Dhoot	✓		✓	✓	✓
Mr. P Elango	✓	✓	✓	✓	✓
Mr. R Jeevanandam	✓	✓	✓	✓	✓

**(vi) Names and categories of the Directors on Board, other Directorships and Committee Chairmanships / Memberships and shareholding as on March 31, 2019**

Name of the Directors	Date of Appointment	Category	No. of Directorship(s) including in this listed Entity <sup>(1)</sup>		No. of Committee positions held including in this listed entity <sup>(2)</sup>		No. of shares held in the company
			Chairperson	Member	Chairperson	Member	
Mr. Sunil Behari Mathur (Chairman)	17.11.2014	Independent, Non-Executive	4	9	3	10	28,000
Ms. Sharmila Amin	17.12.2014	Independent, Non-Executive	Nil	2	1	2	Nil
Mr. Pronip Kumar Borthakur	15.06.2016	Independent, Non-Executive	Nil	2	1	2	Nil
Mr. Ashok Kumar Goel	01.03.2018	Non-Independent, Non-Executive	1	3	Nil	3	1,84,65,078 <sup>(6)</sup>
Mr. Rohit Rajgopal Dhoot	10.03.2018	Non-Independent, Non-Executive	Nil	5	Nil	2	30,34,107 <sup>(7)</sup>
Mr. Elango Pandarinathan <sup>(3)</sup>	02.02.2015	Managing Director	1 <sup>(4)</sup>	3 <sup>(4)</sup>	Nil	1	45,21,879
Mr. Ramasamy Jeevanandam <sup>(3)</sup>	02.02.2015	Executive Director & Chief Financial Officer	Nil	3 <sup>(5)</sup>	Nil	1	45,27,624

Note: (1) Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

(2) As per Regulation 26 of SEBI Listing Regulations, Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

(3) Mr. Elango Pandarinathan and Mr. Ramasamy Jeevanandam were re-appointed as Managing Director and as Executive Director & CFO respectively of the Company w.e.f. 02.02.2018 for a period upto 30.09.2021 at the 34<sup>th</sup> AGM of the shareholders held on 20.08.2018.

(4) Non-Executive Director & Chairman of Hindage Oilfield Services Limited, wholly owned subsidiary of HOEC.

(5) Non-Executive Director of Hindage Oilfield Services Limited, wholly owned subsidiary of HOEC.

(6) Mr. Ashok Kumar Goel holds the said shares on behalf of Ashok Goel Trust.

(7) Mr. Rohit Rajgopal Dhoot holds the said shares on behalf of Dhoot Rohit Kumar Family Trust I.

Apart from the Board of HOEC, Mr. Ashok Kumar Goel serves on the Boards of two (2) listed entities namely Essel Propack Limited and Solid Containers Limited in his capacity as Chairman & Managing Director and as Non-Executive Non-Independent Director respectively. And, Mr. Rohit Rajgopal Dhoot serves on the Boards of two (2) other listed entities namely Dhoot Industrial Finance Limited and Sutlej Textiles and Industries Limited in his capacity as Managing Director and as Non-Executive Non-Independent Director respectively.

**(vii) Board Meetings**

During the year under review, eight (8) Board meetings were held and the intervening gap between the meetings did not exceed one hundred and twenty days. The required quorum was present for all the meetings.

Details of the attendance of Directors at the Board meetings and Annual General Meeting held during the year are as follows:

Name of the Director	Date of the Meeting								No. of Meetings entitled to attend	No. of Meetings attended	Attendance at last AGM 20-Aug-18
	04-04-18 (1)	12-05-18 (2)	15-06-18 (3)	23-07-18 (4)	22-10-18 (5)	10-12-18 (6)	19-01-19 (7)	27-03-19 (8)			
Mr. S B. Mathur	Yes	Yes	Yes	Yes	Yes	-	Yes*	Yes*	8	7	Yes
Ms. Sharmila Amin	Yes	Yes	Yes	Yes*	Yes	Yes*	Yes	Yes*	8	8	Yes
Mr. P. K. Borthakur	Yes	Yes	Yes*	Yes	Yes	Yes*	Yes*	Yes*	8	8	Yes
Mr. Ashok Goel	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes*	8	7	Yes
Mr. Rohit Dhoot	Yes	Yes	Yes	Yes	Yes	Yes*	Yes	Yes*	8	8	Yes
Mr. P. Elango	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	8	Yes
Mr. R. Jeevanandam	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	8	Yes
Total strength	7	7	7	7	7	7	7	7			
Directors present	7	7	7	7	7	5	7	7			

\* Meeting attended by the Director through video conferencing.

**(viii) Directors appointment / re-appointment / retiring during the year**

The details of the appointment / re-appointment of directors during the year are given elsewhere in this Annual Report and forms part of this Report.

**(ix) Code of Conduct for the Directors and Senior Executives**

In compliance with the SEBI Listing Regulations, the Company has laid down and implemented the Directors' Code of Conduct and Code of Ethics for Senior Management of the Company.

All Board Members, Senior Management and personnel who are one level below the Senior Management but instrumental in the critical operations / functions are covered under the said Codes and have affirmed their compliance thereof to the said Code.

The Company continues to ensure effective implementation and enforcement of these Codes to achieve the objectives enshrined in these Codes. All directors and employees are updated and sensitized about these Codes. Copies of the Codes are available on the intranet and have been also hosted on the Company's website <http://www.hoec.com/grow-with-us/corporate-governance/> their reference and compliance.

**(x) Code of Conduct for prevention of Insider Trading**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has laid down and adopted a Code of Conduct for Regulating, Monitoring and Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information based and modelled on said Regulations.

The said Code incorporates the amendments made in the aforesaid Regulations from time to time. The Company inter-alia observes a closed period for trading in securities of the Company for Directors / Officers and Designated Employees of the Company for the period of at-least seven days prior to the consideration of quarterly / half-yearly / yearly results.

The trading window is also closed in anticipation of price sensitive information / announcements / events. The said closure extends up to at least 48 hours after the disclosure of the said results / price sensitive information / announcements / events to the Stock Exchanges.

#### **(xi) Information provided to the Board**

During the year, the information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

The Managing Director & Chief Financial Officer jointly give certificate of compliance of the laws applicable to the Company on a periodical basis to the Board, for its review and noting. These certificates also contain reasons and action plans to remedy non-compliance, if any.

The agenda and notes on the agenda items are circulated to the Directors in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is circulated prior to the day of the meeting and tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted by the Chairman.

Draft minutes are circulated to all the members of the Board / Committee for their comments within the prescribed time. The minutes are entered in the Minutes Book within thirty (30) days from conclusion of the meeting.

The company complies with all applicable secretarial standards.

### **3. COMMITTEES OF THE BOARD**

#### **(i) Procedure at the Committee Meetings**

The Company's guidelines relating to the Board Meetings are also applicable to the Committee Meetings as far as practicable. Each Committee and also their Chairman have the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of the Committee Meetings are circulated to the concerned Committee members for approval and then placed before the Board for taking note thereof.

#### **(ii) Audit Committee**

The Audit Committee of the Company is constituted in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. As on March 31, 2019, the Audit Committee comprised of Ms. Sharmila Amin as Chairperson, Mr. Pronip Kumar Borthakur and Mr. Rohit Rajgopal Dhoot as members.

All the members of this Committee possess relevant financial / accounting expertise / exposure. The Audit Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings.

The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting held on August 20, 2018.

During the year under review, five (5) Audit Committee meetings were held and the intervening gap between the meetings did not exceed one hundred and twenty days. The required quorum was present for all the meetings.

Details of the attendance of members at the Audit Committee meetings held during the year are as follows:

Name of the Member	Date of the Audit Committee meeting					No. of Meetings entitled to attend	No. of Meetings attended
	12-May-18 (1)	23-Jul-18 (2)	22-Oct-18 (3)	10-Dec-18 (4)	19-Jan-19 (5)		
Mr. S. B. Mathur (Chairman & Member upto 15.06.18)	Yes	-	-	-	-	1	1
Ms. Sharmila Amin (Chairperson w.e.f. 15.06.18)	Yes	Yes*	Yes	Yes*	Yes	5	5
Mr. P. K. Borthakur	Yes	Yes	Yes	Yes*	Yes*	5	5
Mr. R. Jeevanandam (Member upto 15.06.18)	Yes	-	-	-	-	1	1
Mr. Rohit Dhoot (Member w.e.f. 04.04.18)	Yes	Yes	Yes	Yes*	Yes	5	5

\* Meeting attended by the Member through video conferencing

- a) The Audit Committee is empowered to -
- investigate any activity within its terms of reference.
  - seek information from any employee.
  - obtain outside legal or other professional advice.
  - secure attendance of outsiders with relevant expertise, if it considers necessary.
- b) The terms of reference of the Audit Committee, *inter alia*, includes the following:
- oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment.
  - approving payment to statutory auditors, including cost auditors for any other services rendered by them.
  - reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
    - matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report
    - changes, if any, in accounting policies and practices and reasons for the same
    - major accounting entries involving estimates based on the exercise of judgment by the management
    - significant adjustments made in financial statements arising out of audit findings
    - compliance with listing and other legal requirements relating to financial statements
    - disclosure of related party transactions
    - qualifications in draft audit report
  - reviewing with the management, the quarterly financial statements before submission to the Board for approval.
  - reviewing and monitoring the auditor's independence, performance and effectiveness of audit process.

- approval or any subsequent modification of transactions of the Company with related parties.
- evaluation of internal financial controls and risk management systems.
- reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- discussion with internal auditors, any significant findings and follow-up thereon.
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- to review the functioning of the Whistle Blower mechanism.
- approval of appointment of the CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate.
- reviewing financial statements, in particular the investments made by the Company's unlisted subsidiary
- reviewing the following information:
  - the Management's Discussion and Analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - management letter / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of internal auditors.
- to call for comments from the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company.
- carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and / or other Committees of Directors.

### **Whistle Blower Policy**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the work groups. During the year, no personnel have been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at <http://www.hoec.com/grow-with-us/corporate-governance/>. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

### **(iii) Nomination and Remuneration Committee**

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and SEBI Regulations as amended from time to time. As on March 31, 2019, the Nomination and Remuneration Committee was constituted with Ms. Sharmila Amin as Chairperson, Mr. Sunil Behari Mathur, Mr. Pronip Kumar Borthakur and Mr. Ashok Kumar Goel as Members.

During the year under review, five (5) Nomination and Remuneration Committee meetings were held and the required quorum was present for all the meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting held on August 20, 2018.

Details of the attendance of members at the Nomination and Remuneration Committee meetings held during the year are as follows:

Name of the Member	Date of the Nomination and Remuneration Committee meeting					No. of Meetings entitled to attend	No. of Meetings attended
	12-May-18 (1)	15-Jun-18 (2)	22-Oct-18 (3)	19-Jan-19 (4)	27-Mar-19 (5)		
Ms. Sharmila Amin	Yes	Yes	Yes	Yes	Yes*	5	5
Mr. S B Mathur	Yes	Yes	Yes	Yes*	Yes*	5	5
Mr. P K Borthakur	Yes	Yes*	Yes	Yes*	Yes*	5	5
Mr. Ashok Goel (Member w.e.f. 04.04.18)	Yes	Yes	Yes	Yes	Yes*	5	5

\* Meeting attended by the Member through video conferencing

- a) The terms of reference of the Nomination and Remuneration Committee, inter-alia, include the following:
- to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;
  - to decide the term of services and compensation payable to Whole-time / Managing Director;
  - to formulate the criteria for determining qualifications, positive attributes and independence of a Director;
  - to formulate the criteria for evaluation of Independent Directors and the Board;
  - to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
  - to administer, monitor and formulate detailed terms and conditions of the Incentive schemes; and
  - to discharge such other functions as may be referred by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

#### b) Remuneration Policy

The Company inter-alia while deciding the remuneration package takes into consideration, the employment scenario and demand for talent in the upstream oil and gas sector. In addition, the remuneration package of the industry / other industries for the requisite managerial talent and the qualification and experience held by the appointee are being considered. Annual increments, if any, of the employees are considered and recommended by the Nomination and Remuneration Committee and approved by the Board.

The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors within the ceilings prescribed under the Act, based on the performance of the Company as well as that of the Executive Director.

During the year under review, the Company paid sitting fees of ₹ 25,000 per meeting to its Non-Executive Directors for attending meetings of the Board and meetings of committees of the Board. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

The shareholders of the Company have at the 34<sup>th</sup> Annual General Meeting held on August 20, 2018, approved payment of commission to the Non-Executive Independent Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013 from the financial year 2017-18. The said commission is decided by the Board of Directors and distributed amongst the Non-Executive Independent Directors based on their attendance and contribution at the Board and Committee meetings, as well as the time spent on operational matters other than at meetings.



**c) Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, annual performance evaluation of Board, the Committees of the Board and the individual Directors were carried out.

The performance of the Board was evaluated by the Board by seeking inputs from all the directors on the basis of criteria such as board composition and quality, effectiveness of meetings and procedure, board development, strategy and risk management and board and management relations.

The performance of the Committees was evaluated by the Board by seeking inputs from the Committee members on the basis of criteria such as committee composition, function and duties and effectiveness of meetings and procedure.

In a separate meeting of the independent directors, performance of the non-independent directors, the Chairman and the Board as a whole was evaluated, taking into account the views of the executive and non-executive directors.

Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

The Board and Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as contribution of the individual director to the meetings, preparedness, adherence to Code of Conduct, initiatives and advisory role, ability to contribute and monitor governance level at Board / Committee meetings, effective deployment of domain knowledge and expertise, independence of behaviour and judgement, etc.

**d) Details of Remuneration of Directors for the year ended March 31, 2019****Remuneration to Executive Directors:**

The remuneration paid to Executive Directors comprises of salary, allowances, perquisites and bonuses, if any, which were approved by the Members at the 34<sup>th</sup> Annual General Meeting as recommended by the Board.

Name of Director	Fixed Component (in ₹)				Performance Linked Incentive (in ₹)			Total Remuneration (in ₹) (Refer Note 2 below)
	Salary	Contribution to Provident Fund & Super-annuation Fund	Other allowances/perquisites (Refer Note 1 below)	Total (A)	Bonus	Stock Options (No. of shares)	Total (B)	
Mr. P. Elango	64,55,625	7,74,675	78,32,853	1,50,63,153	50,00,000 <sup>(3)</sup>	-	50,00,000	2,00,63,153
Mr. R. Jeevanandam	62,01,100	7,44,132	75,24,230	1,44,69,462	46,00,000 <sup>(3)</sup>	-	46,00,000	1,90,69,462

Notes: 1. In computing the above Managerial Remuneration, perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits, or notional amount (as per Income Tax Rules) has been added where the actual amount of expenditure cannot be ascertained.

2. As per the policy of the Company, gratuity and eligible leave encashment is payable at the time of retirement / separation and hence, gratuity and leave encashment are included in the remuneration of the year in which they are payable.

3. The Variable pay for the FY 2018-19 is indicated herein above.

During the year, no employee stock options were granted or vested under ASOP 2015. Details of the same for the year ended March 31, 2019 form part of the Notes to the Standalone Financial Statements provided in this Annual Report.

Date of grant	Grantee	Date of vesting	No. of options vested	Exercise Price
25.09.2015	Mr. P. Elango	26.08.2017	10,00,000	₹ 10 per share
25.09.2015	Mr. R. Jeevanandam	26.08.2017	7,50,000	₹ 10 per share

The said options are yet to be exercised by the grantees. An amount of ₹ 450.21 lacs was considered and accounted as Share Based Payment during the previous financial year ended March 31, 2018.

**Remuneration to Non-Executive Directors:**

The details of remuneration paid to the Non-Executive Directors for the year ended March 31, 2019 is as follows.

Name of Director	Sitting Fees (in ₹)
Mr. Sunil Behari Mathur	4,25,000
Ms. Sharmila Amin	6,45,000
Mr. Pronip Kumar Borthakur	6,70,000
Mr. Ashok Kumar Goel	–
Mr. Rohit Rajgopal Dhoot	–

The Company has not granted any stock option to any of its Non-Executive Directors.

**(iv) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee of the Company is constituted in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. As on March 31, 2019, the Committee was constituted with Mr. Pronip Kumar Borthakur as Chairman and Ms. Sharmila Amin, Mr. P. Elango and Mr. R. Jeevanandam as members.

During the year under review, four (4) Stakeholders Relationship Committee meetings were held and the intervening gap between the meetings did not exceed one hundred and twenty days. The required quorum was present for all the meetings.

Details of the attendance of members at the Stakeholders Relationship Committee meetings held during the year are as follows:

Name of the Member	Date of the Stakeholders Relationship Committee meeting				No. of Meetings entitled to attend	No. of Meetings attended
	12-May-18 (1)	23-Jul-18 (2)	22-Oct-18 (3)	19-Jan-19 (4)		
Ms. Sharmila Amin (Chairperson upto 15.06.18)	Yes	Yes*	Yes	Yes	4	4
Mr. P. K. Borthakur (Chairman w.e.f. 15.06.18)	Yes	Yes	Yes	Yes*	4	4
Mr. P. Elango	Yes	Yes	Yes	Yes	4	4
Mr. R. Jeevanandam	Yes	Yes	Yes	Yes	4	4

\* Meeting attended by the Member through video conferencing

- a) The terms of reference of the Stakeholders Relationship Committee inter-alia are:
- to consider and resolve the shareholders / investors grievances / complaints pertaining to transfer and transmission of shares, issue of duplicate shares, non-receipt of annual report, non-receipt of dividends declared, etc.
  - oversee the performance of the Company's Registrars and Transfer Agents.
  - monitor the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.
- b) Name, designation and address of Compliance Officer & Nodal Officer for the purpose of IEPF Regulations:
- Ms. G. Josephin Daisy  
Company Secretary & Compliance Officer,  
Hindustan Oil Exploration Company Limited,  
Lakshmi Chambers', 192, St. Mary's Road, Alwarpet,  
Chennai - 600 018, Tamil Nadu, India.  
Tel: +91 (044) 66229000  
Fax: +91 (044) 66229011/12  
E-mail: hoecshare@hoec.com

c) Details of investor complaints received and replied / resolved during the year are as follows:

Particulars	Total grievances / complaints received	Total grievances / complaints addressed	Pending grievances / complaints as on March 31, 2019
Received from Investors	11	11	-
Received from NSDL / CDSL	-	-	-
Referred by SEBI	6	6	-
Referred by Stock Exchange(s)	-	-	-
RBI / Govt. Authorities	-	-	-
<b>Total</b>	<b>17</b>	<b>17</b>	<b>-</b>

There were no grievances / complaints from shareholders which remained unaddressed / unresolved except where Company was restrained by courts or constrained because of courts' proceedings or subject matters of complaints were disputed. Every effort is made to redress investors' grievances / complaints in least possible time.

#### (v) Other Committees

##### a) Corporate Social Responsibility (CSR) Committee

CSR Committee of the Company is constituted in line with the provisions of Section 135 of the Act. As on March 31, 2019, the Committee comprised of Mr. Sunil Behari Mathur as Chairman and Mr. Pronip Kumar Borthakur, Ms. Sharmila Amin and Mr. P. Elango as members.

Details of the attendance of members at the CSR Committee meetings held during the year are as follows:

Name of the Member	Date of the CSR Committee meeting				No. of Meetings entitled to attend	No. of Meetings attended
	12-May-18 (1)	23-Jul-18 (2)	22-Oct-18 (3)	19-Jan-19 (4)		
Mr. S. B. Mathur	Yes	Yes	Yes	Yes*	4	4
Ms. Sharmila Amin	Yes	Yes*	Yes	Yes	4	4
Mr. P. K. Borthakur	Yes	Yes	Yes	Yes*	4	4
Mr. P. Elango	Yes	Yes	Yes	Yes	4	4

\* Meeting attended by the Member through video conferencing.

Policy on Corporate Social Responsibility for the Company has been formulated and the same is available on the company's website <http://www.hoec.com/growing-responsibly/csr/>.

The broad terms of reference of the CSR committee is as follows:

- formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred to above; and
- monitor the CSR Policy of the Company from time to time.

##### b) Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Risk Management Committee of the Company is constituted with Mr. Pronip Kumar Borthakur as Chairman, Mr. P. Elango and Mr. R. Jeevanandam as members and also a member of the Senior Management. During the year under review, a Risk Management Committee meeting was held on November 08, 2019.

##### (vi) Independent Directors' Meeting

During the year under review, the Independent Directors met on March 27, 2019 to:

- review the performance of the non-independent directors and the board as a whole;
- review the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors; and
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### 4. GENERAL BODY MEETINGS

(a) Location, Date and Time of last three Annual General Meetings are as follows:

Year	Location	Date	Time
2015-16	'Chandarva Hall', Welcom Hotel Vadodara, R.C. Dutt Road, Vadodara - 390007	26.09.2016	10.30 a.m.
2016-17	'Tropicana Hall', The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara - 390020	25.09.2017	10.30 a.m.
2017-18	'Tropicana Hall', The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara - 390020	20.08.2018	10.30 a.m.

b) Special resolutions passed at the Annual General Meeting (AGM) for the last 3 years are as under:

- i) No Special Resolution was passed at the Annual General Meeting held on September 26, 2016.
- ii) At the Annual General Meeting held on September 25, 2017:
  - Re-classification of Burren Energy India Limited to Public Category
- iii) At the Annual General Meeting held on August 20, 2018:
  - Re-appointment of Mr. Elango Pandarinathan as Managing Director of the Company
  - Re-appointment of Mr. Ramasamy Jeevanandam as Executive Director and Chief Financial Officer of the Company

No Special Resolution was passed through postal ballot during the last three years. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through postal ballot.

No Extra-Ordinary General Meetings of the members held during the financial year 2018-19.

#### 5. SUBSIDIARY COMPANY

The Company did not have any material unlisted subsidiary as on March 31, 2018 and hence during the year was not required to have an Independent Director on the Board of such subsidiary. The Audit Committee reviews the financial statements of the Company's unlisted subsidiaries. The minutes of the meetings of the Board of Directors of the subsidiaries are periodically placed before and reviewed by the Board of Directors of the Company.

#### 6. MEANS OF COMMUNICATION

- a) Quarterly / Annual Results of the Company are published in the newspapers viz. Business Line, Business Standard and Loksatta. The results are displayed on the Company's website [www.hoec.com](http://www.hoec.com).
- b) Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are sent to the Stock Exchanges and are also displayed on the Company's website <http://www.hoec.com/results-and-reports/financial-results/>.
- c) Official news releases and official media releases are sent to the Stock Exchanges and are also displayed on the Company's website <http://www.hoec.com/interact-with-us/news-releases/>.
- d) Annual Report

The Annual Report containing, inter-alia, the Audited Annual Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information are circulated to the members and others entitled thereto and is also available on the website in a user-friendly and downloadable form. Management's Discussion and Analysis Report forms part of the Annual Report and is given in a separate section.

- e) Chairman's Communique  
Printed copy of the Chairman's speech is distributed to the shareholders at the Annual General Meeting.
- f) SEBI Complaints Redressal System (SCORES)  
The investors' complaints are processed through SCORES, a centralized web-based redressal system. The salient features of this system are: (i) centralized database of all complaints; (ii) online upload of Action Taken Reports (ATRs) by the concerned companies; and (iii) online viewing by investors of actions taken on the complaint and its current status.
- g) Electronic filing with the Stock Exchanges
- i) NSE Electronic Application Processing System (NEAPS) is a web-based application designed by NSE for Corporates. The Shareholding pattern, Corporate Governance Report and other announcements are also filed electronically on NEAPS.
  - ii) BSE Corporate Compliance & Listing Centre (the 'Listing Centre') is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.
- h) Designated exclusive e-mail ID  
The Company has designated the email-id *hoecshare@hoec.com* exclusively for investor servicing.
- i) Green Initiative  
As a responsible corporate citizen, the Company supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its Circulars, enabling electronic delivery of documents including the Annual Report to the shareholders at their e-mail address registered with the Depository Participants (DPs) / Registrars & Share Transfer Agents.
- Shareholders who have not registered their e-mail addresses so far, are requested to register their e-mail addresses. Shareholders holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA M/s Link Intime India Pvt. Ltd. by sending a letter, duly signed by the first / sole-holder quoting details of Folio No.
- Also, the shareholders may register / update their email ID with the Company by filling the registration form given at <http://www.hoec.com/green-initiative/>.
- Company's website is a comprehensive reference on the Company's management, business, policies, corporate governance, investor relations, HSE, updates and news, as it serves to inform the shareholders by giving complete financial details, annual reports, shareholding patterns, corporate benefits, information relating to stock exchanges, Registrars and Share Transfer Agent, etc.

## 7. GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting for FY 2018-2019:
- |              |   |
|--------------|---|
| Day and Date | : Monday, August 26, 2019   |
| Time         | : 10:30 a.m.  |
| Venue        | : 'Tropicana Hall', Vivanta Vadodara,<br>Akota Gardens, Akota, Vadodara - 390 020 |
- b) Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March
- c) Dividend Payment Date: Board has not recommended dividend for the Financial Year 2018-19.
- d) Corporate Identity Number (CIN) of the Company: L11100GJ1996PLC029880

## e) Listing on Stock Exchanges:

Equity Shares of the Company at present are listed at -

(1) Bombay Stock Exchange Limited (BSE) and (2) National Stock Exchange of India Limited (NSE)

The Company has paid the applicable annual listing fees to the said Stock Exchanges.

## f) Stock / Scrip Code: BSE: 500186 NSE: HINDOILEXP

The Company has established connectivity for trading of equity shares in the depository system with both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ISIN Number for NSDL/CDSL (Dematerialised Shares): INE345A01011

## g) Registrar &amp; Transfer Agents: Link Intime India Private Limited

Regd. Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra

Tel No.: 022 49186270; Fax: 022 49186060; E-mail id: rnt.helpdesk@linkintime.co.in

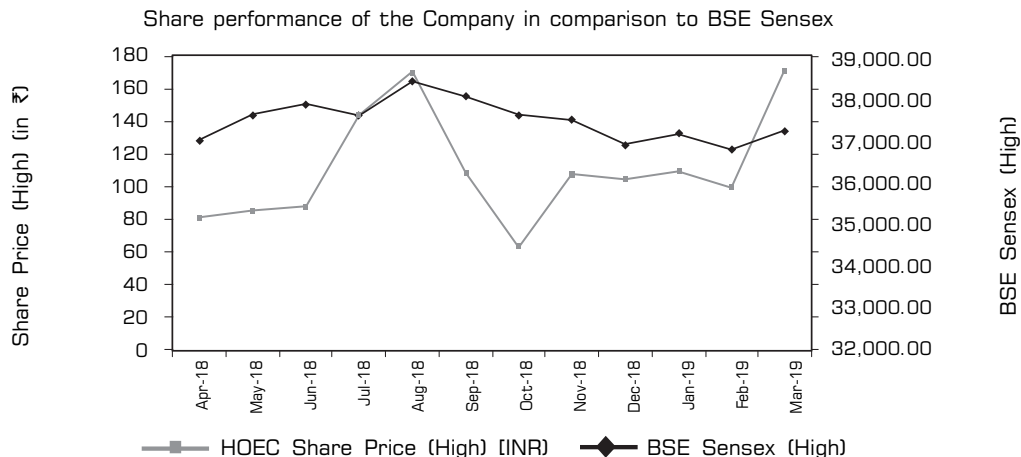
Service Branch: B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390020, Gujarat.

Tel: 0265-2356573, 2356794; Fax: 0265-2356791; E-mail id: vadodara@linkintime.co.in

## h) Share Price on HOEC vis-à-vis BSE Sensex April 2018-March 2019

Month	BSE Sensex Close	HOEC Share Price			No. of shares traded during the month	Total Turnover (₹ in lakhs)
		High	Low	Close		
Apr 2018	35,160.36	129.00	111.85	124.45	32,21,471	3,974.82
May 2018	35,322.38	144.65	118.60	124.40	33,89,608	4,473.23
Jun 2018	35,423.48	151.00	104.00	130.15	45,93,649	6,192.58
Jul 2018	37,606.58	143.80	125.15	136.20	24,58,809	3,308.29
Aug 2018	38,645.07	164.80	136.50	153.50	54,91,779	8,388.06
Sep 2018	36,227.14	155.50	123.95	125.50	19,98,201	2,887.35
Oct 2018	34,442.05	144.40	116.00	129.25	23,38,362	3,045.00
Nov 2018	36,194.30	141.00	118.90	123.00	11,05,153	1,437.95
Dec 2018	36,068.33	126.20	113.00	117.50	8,58,223	1,030.57
Jan 2019	36,256.69	132.40	102.60	109.10	12,40,870	1,485.35
Feb 2019	35,867.44	122.85	104.40	115.05	7,38,781	834.88
Mar 2019	38,672.91	134.65	115.40	129.60	9,46,036	1,207.06

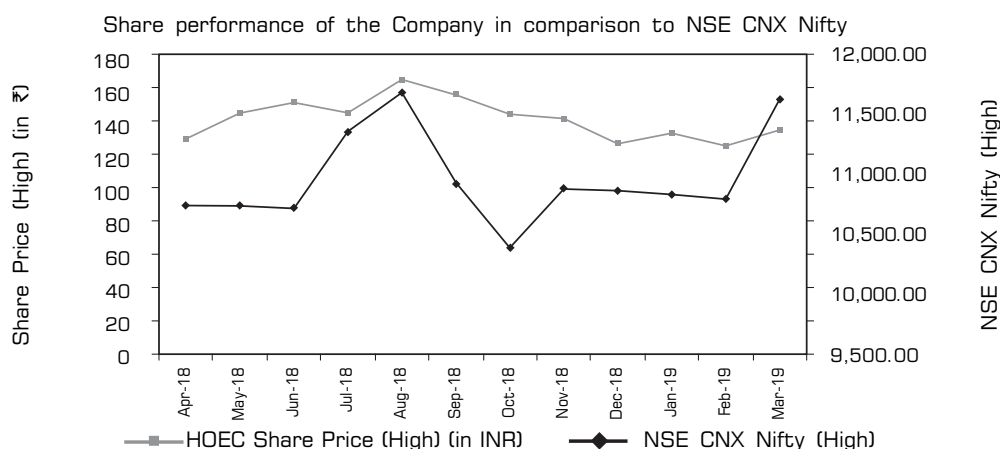
## i) Share Price Chart (BSE)



**j) Share Price on HOEC vis-à-vis NSE April 2018 - March 2019**

Month	NSE Sensex Close	HOEC Share Price			Total traded quantity during the month	Total Turnover (₹ in Lacs)
		High	Low	Close		
Apr 2018	10,739.35	129.20	111.70	124.60	1,61,88,028	19,967.03
May 2018	10,736.15	144.70	119.00	124.70	1,77,48,783	23,463.90
Jun 2018	10,714.30	151.00	104.05	130.30	2,33,39,345	31,535.09
Jul 2018	11,356.50	144.80	125.00	136.55	1,44,29,062	19,429.18
Aug 2018	11,680.50	164.80	136.15	153.75	2,73,99,101	41,739.40
Sep 2018	10,930.45	155.55	124.00	125.60	1,09,19,001	15,764.77
Oct 2018	10,386.60	144.00	115.40	128.70	1,19,69,123	15,682.20
Nov 2018	10,876.75	141.40	118.90	123.40	66,50,930	8,671.45
Dec 2018	10,862.55	126.25	112.70	118.10	44,61,580	5,360.52
Jan 2019	10,830.95	132.65	103.20	109.40	85,84,862	10,233.40
Feb 2019	10,792.50	125.00	104.55	115.05	48,30,808	5,477.11
Mar 2019	11,623.90	134.50	115.30	129.70	72,02,016	9,198.96

**k) Share Price Chart (NSE)**



**l) De-materialisation of shares and liquidity**

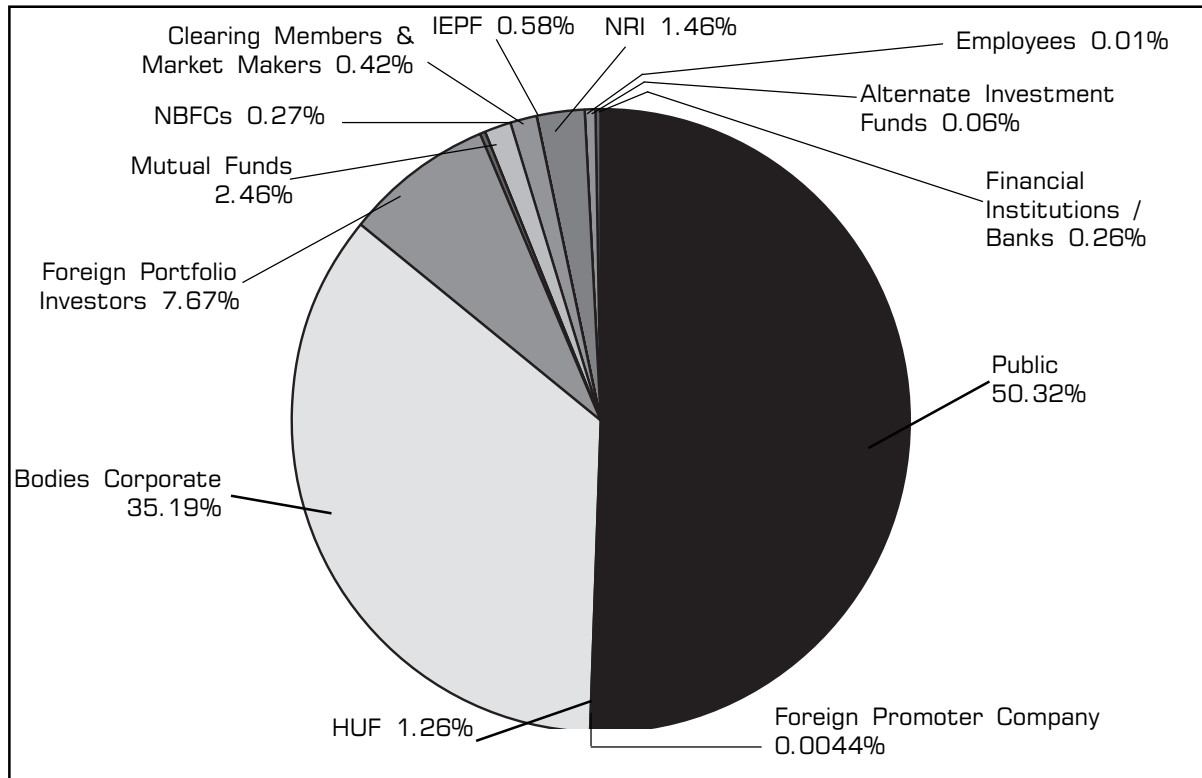
The break-up of equity shares held in Physical and Dematerialized form as on March 31, 2019 is as given below:

Particulars	Physical Segment	Demat Segment		Total
		NSDL	CDSL	
No. of Shares	10,52,098	10,47,40,605	2,47,00,586	13,04,93,289
Percentage	0.80	80.27	18.93	100.00

**m) Distribution of Shareholding as on March 31, 2019**

Distribution of Shares	Number of Shareholders	Percentage of total shareholders	Shares	Percentage of Total Share Capital
1-500	57,907	85.20	78,80,832	6.04
501-1000	4,990	7.34	39,62,158	3.04
1001-2000	2,549	3.75	38,06,975	2.92
2001-3000	790	1.16	20,21,788	1.55
3001-4000	389	0.57	14,02,032	1.07
4001-5000	330	0.49	15,59,399	1.19
5001-10000	497	0.73	36,50,323	2.80
10001 & above	514	0.76	10,62,09,782	81.39
<b>Total</b>	<b>67,966</b>	<b>100.00</b>	<b>13,04,93,289</b>	<b>100.00</b>

## n) Shareholding Pattern as on March 31, 2019



## o) Statement showing shareholding of more than 1% of the Capital as on March 31, 2019

Sr.No.	Name of Shareholders	No. of Shares	% of Capital
1	Ashok Kumar Goel <sup>(1)</sup>	1,84,65,078	14.15
2	Housing Development Finance Corporation Limited	1,40,86,303	10.79
3	LCI Estates LLP	81,00,000	6.21
4	Dhoot Industrial Finance Limited	61,98,431	4.75
5	Poddar Pigments Ltd	50,00,000	3.83
6	Vijai Shree Private Ltd	46,16,270	3.54
7	Ramasamy Jeevanandam	45,27,624	3.47
8	Elango Pandarinathan	45,21,879	3.46
9	Fil Investments (Mauritius)Ltd	43,39,156	3.32
10	Fiam Emerging Markets All Cap Fund, Lp	31,29,569	2.40
11	Rohit Rajgopal Dhoot <sup>(2)</sup>	30,34,107	2.32
12	GKS Logistics Private Limited	23,00,000	1.76
13	Kotak Small Cap Fund	13,66,890	1.05

Note: (1) Mr. Ashok Kumar Goel holds the said shares on behalf of Ashok Goel Trust  
(2) Mr. Rohit Rajgopal Dhoot holds the said shares on behalf of Dhoot Rohit Kumar Family Trust I  
(3) Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder



**p) Share Transfer System**

- i) Share Transfer in physical form requests are generally registered and returned within a period of 15 days from the date of receipt and requests for dematerialization, re-materialization are generally confirmed within a period of 21 days from the date of its receipt, if documents are complete in all respect.
- ii) As on March 31, 2019, 12,94,41,191 equity shares representing 99.19% of total equity shares are dematerialized. Promoters hold their shareholding in dematerialized form.
- iii) Nomination facility for shareholding  
As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form from the Company. Members holding shares in dematerialized form shall contact their Depository Participants (DP) in this regard.
- iv) Permanent Account Number (PAN)  
Members who hold shares in physical form are advised to furnish to the Company a copy of the PAN card of the transferees, members, surviving joint holders, legal heirs while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates in accordance with the SEBI mandates.

**q) Dividend**

- i) Payment of dividend through National Electronic Clearing Service (NECS)  
The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, Members who hold shares in Demat mode should inform their Depository Participant and such of the Members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue dividend warrants to the Members.
- ii) Transfer of unclaimed dividend and corresponding shares to the Investor Education and Protection Fund  
Your Company has transferred the funds lying unpaid or unclaimed for a period of more than seven years and the corresponding shares in accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time), to Investor Education and Protection Fund (IEPF).

Dividend remitted to IEPF during the last three years:

Financial year	Type of Dividend	Date of declaration	Date of transfer to IEPF	Amount transferred to IEPF (in ₹)
2010-11	Interim Dividend	12.08.2010	26.09.2017	6,29,219

Details of the same are uploaded on the Company's website at <http://www.hoec.com/grow-with-us/shareholder-information/>.

As on the date of this Report there is no outstanding dividends liable to be transferred to IEPF. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF including all the benefits accruing on such shares, if any, can be claimed back from IEPF by submitting an online application in the prescribed Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

- r) There are no outstanding ADR / GDR / Warrants issued by the Company.

**s) Facilities location**

The Company is engaged in the business of Oil & Gas exploration, development & production and is at present operating at various fields as mentioned in section "Our Asset Portfolio" in the Annual Report. The address of the respective production facilities as on March 31, 2019 are summarized as follows:

- |  |  |
|--|--|
| <p>i. PY-1 Offshore Production facility<br/>SUN Platform, Offshore Cauvery Basin Block<br/>PY-1, Tamil Nadu, India.<br/><br/>PY-1 Gas Processing Plant Pillaiperumalnallur,<br/>Thirukadaiyur, Nagapattinam Dist.,<br/>Tamil Nadu - 609311, India.</p> | <p>iv. Asjol Early Production System (EPS)<br/>Block Asjol, Village Katosan, Mehsana Dist.,<br/>Gujarat - 384430, India.</p>   |
| <p>ii. Palej Production Facility (PPF)<br/>Block-CB-ON-7, Near Palej, Village Makan,<br/>Vadodara Dist., Gujarat - 392220, India.</p>  | <p>v. Dirok Gas Gathering Station (GGS)<br/>HOEC Gas Gathering Station, Near Tongline,<br/>Dirok Tea Estate, P.O. Margherita,<br/>Tinsukia Dist., Assam - 786181, India.</p> |
| <p>iii. North Balol Gas Collection Station (GCS)<br/>Block North Balol, Near Village Palaj,<br/>Mehsana Dist., Gujarat - 384410, India.</p>  | <p>vi. Hollong Modular Gas Processing Plant (H-MGPP)<br/>Augbandha Village, Near Dehing TE, Margherita,<br/>P.O. Makum Pathar, Tinsukia Dist.,<br/>Assam - 786187, India</p> |

**t) Address for Correspondence:**

Secretarial Department,  
Hindustan Oil Exploration Company Limited  
'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai - 600018, Tamil Nadu, India  
Tel.: +91 (044) 66229000; Fax: +91 (044) 66229011/12; E-mail id: hoecshare@hoec.com

**8. OTHER DISCLOSURES**

- a) Disclosure on materially significant related party transactions i.e. transactions of the Company material in nature, with its promoters, the directors and the management, their relatives or subsidiaries, etc. that may have potential conflict with the interests of the Company at large:
- None of the transactions with any of the related parties were in conflict with the interest of the Company. All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company. Attention of members is drawn to the disclosure of transactions with related parties set out in Note no. 45 of the financial statements, forming part of the Annual Report.
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last three years.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.
- c) The Company has adopted a Policy on determination of materiality for disclosures and a policy on Retention of Documents is also in place.
- d) Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996 M/s. S. Sandeep & Associates, Company Secretaries in Practice carried out the Share Capital Audits periodically, to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The said Audit Report is submitted to BSE Limited and the National Stock Exchange of India Limited and also placed before Stakeholders' Relationship Committee and the Board of Directors.
- e) Code of Conduct
- The members of the Board and Senior Management Personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2019. The annual report of the Company contains a certificate from the Managing Director in terms of SEBI Listing Regulations on affirmation of compliance with the Company's Code of Conduct by the Board members and Senior Management Personnel.

- f) Compliance Certificate of the Auditors  
As required under Schedule V of SEBI Listing Regulations, a certificate from M/s. S. Sandeep & Associates, Company Secretaries in Practice confirming compliance with the conditions of Corporate Governance is attached.
- g) MD and CFO Certification  
As required under SEBI Listing Regulations, a certificate from Managing Director and Chief Financial Officer of the Company is provided in this Annual Report.
- h) Adoption of mandatory and non-mandatory requirements of SEBI Listing Regulations  
The Company has complied with all the mandatory requirements and has adopted some of the non-mandatory requirements of SEBI Listing Regulations. In respect of adoption of non-mandatory and discretionary requirements, the Company will review its implementation from time to time.
- i) Training of Board members  
The Board members are provided with the necessary documents, brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Further, periodic presentations are made at the meetings of the Board and its Committees on business and performance updates of the Company, global business environment, business strategy and risks involved.
- j) Compliance with Indian Accounting Standards (Ind AS)  
In the preparation of financial statements, the Company has followed the Indian Accounting Standards in accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013. The significant accounting policies used for the preparation of the financial statements are set out in the Notes to the financial statements.
- k) Certificate on Directors' Disqualification  
As required under Schedule V of SEBI Listing Regulations, a certificate from M/s. S. Sandeep & Associates, Company Secretaries in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority is attached.
- l) Details of Auditors' fees  
As required under Schedule V of SEBI Listing Regulations, the details of total fees paid to the Statutory Auditors M/s Deloitte Haskins & Sells LLP, Chartered Accountants, for all services paid by the Company and its subsidiaries, on a consolidated basis is given below.

(₹ in lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit fee	39.73	30.09
Tax audit fee	2.36	1.21
Reimbursements	0.59	0.22
<b>Total</b>	<b>42.68</b>	<b>31.52</b>

- m) E-voting facility to Members  
In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the electronic voting facility (e-voting) for the 35<sup>th</sup> Annual General Meeting (AGM). The company engages the e-voting services provided by Central Depository Services (India) Limited. The members have the option either to vote through e-voting or by physical ballot at the venue of AGM.

For and on behalf of the Board of Directors

Date: May 14, 2019  
Place: Mumbai

**Vivek Rae**  
Chairman  
DIN: 01866765

**P. Elango**  
Managing Director  
DIN: 06475821

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
**The Members**  
**Hindustan Oil Exploration Company Limited**  
**(CIN: L11100GJ1996PLC029880)**

We have examined the compliance of the conditions of Corporate Governance by **Hindustan Oil Exploration Company Limited (CIN: L11100GJ1996PLC029880) ("the Company")**, for the financial year ended on March 31, 2019, as stipulated in Regulations 17 to 27 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

### **Management's Responsibility:**

The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of Corporate Governance as stated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Our Responsibility:**

Our examination was limited to examining procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

### **Our Opinion:**

In our opinion, on the basis of our examination of the relevant records produced, information provided, representations made and the explanations given to us, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year ended March 31, 2019.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S Sandeep & Associates**  
 Company Secretaries

**S Sandeep**  
 Company Secretary in Practice  
 CP. No.: 5987  
 FCS: 5853

Date : May 06, 2019  
 Place : Chennai

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby declare that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with their respective Code of Conduct, as applicable to them for the Financial Year ended March 31, 2019.

**For and on behalf of the Board**

**P. Elango**  
**Managing Director**  
 DIN: 06475821

Date : May 14, 2019  
 Place : Mumbai

**MD AND CFO CERTIFICATE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

We, P. Elango and R. Jeevanandam in our capacity as the Managing Director and Executive Director & Chief Financial Officer, respectively of Hindustan Oil Exploration Company Limited, to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- (1) significant changes in internal control over financial reporting during the year, if any;
  - (2) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate is being issued in compliance of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**P. Elango**  
**Managing Director**  
 DIN: 06475821

**R. Jeevanandam**  
**Executive Director & CFO**  
 DIN: 07046442

Date : May 14, 2019  
 Place : Chennai

**CERTIFICATE**

(Pursuant to Schedule V, Clause C (10)(i) of Securities and Exchange Board of India  
 (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members**

**Hindustan Oil Exploration Company Limited**  
**(CIN: L11100GJ1996PLC029880)**

We certify that none of the Directors on the Board of **Hindustan Oil Exploration Company Limited (CIN: L11100GJ1996PLC029880)** ("the Company") as on date have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) /Ministry of Corporate Affairs (MCA) or any such statutory authority.

This certificate is issued based on the data / information available in the website of SEBI / MCA and also based on records maintained and information provided by the Company.

**For S Sandeep & Associates**  
 Company Secretaries

**S Sandeep**  
 Company Secretary in Practice  
 CP. No.: 5987  
 FCS: 5853

Date : May 06, 2019  
 Place : Chennai

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Hindustan Oil Exploration Company Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Hindustan Oil Exploration Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, which includes seven unincorporated joint ventures accounted on a proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of unincorporated joint ventures referred to in Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of Oil and Gas Assets</b></p> <p>The Balance Sheet includes property, plant and equipment (PP&amp;E) of ₹ 32,834 Lakhs, of which ₹ 32,552 Lakhs are oil and gas assets.</p> <p>Recoverability of PP&amp;E assets has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of the carrying value of the assets being assessed; and</li> <li>The assessment of the recoverable amount of the Company's Cash Generating Units (CGUs) involving significant judgements about future cash flow forecasts and the discount rates applied.</li> <li>Estimation of oil and natural gas reserves being a significant area of judgement due to the technical</li> </ul>	<p><b>Principal audit procedures:</b></p> <p>We tested management's internal controls over the setting of oil and gas prices and reserve estimates. In addition, we conducted the following substantive procedures:</p> <p><b>Reserves estimates</b></p> <ul style="list-style-type: none"> <li>We reviewed Company's reserves estimation methods and policies.</li> <li>We performed a look-back analysis to check for indicators of bias over time.</li> <li>We assessed how these policies had been applied to five internal reserves estimates.</li> <li>We assessed the competence, capability and objectivity of Company's internal reserve experts,</li> </ul>

S.No	Key Audit Matter	Auditor's Response
	<p>uncertainty and having a substantial impact on impairment testing.</p> <p>As required by Ind AS 36 'Impairment of Assets', management estimated the recoverable amount of the CGU to determine if any impairment charges or reversals were required.</p>	<p>through obtaining their relevant professional qualifications and experience.</p> <p><b>Other procedures</b></p> <ul style="list-style-type: none"> <li>• We challenged management's cash generating unit determination, scrutinized the impairment and impairment reversal indicator analysis and considered whether there was any contradictory evidence present.</li> <li>• We verified estimated future capital and operational costs by comparison to approved budgets and assessed them with reference to field production forecasts.</li> <li>• We compared hydrocarbon production forecasts and proved and probable reserves to reserve reports and our understanding of the life of the fields.</li> <li>• We assessed these estimates against management's historical forecasting accuracy and whether the estimates had been determined and applied on a consistent basis.</li> </ul>
2	<p><b>Measurement of provision for decommissioning, dismantling, removal and restoration ("DDRR")</b></p> <p>The provision outstanding for DDRR of the Company amounts to ₹ 9,790 Lakhs, which represents 81% the Company's non-current liabilities.</p> <p>The estimation of DDRR provision, involves significant degree of judgement, complex calculations and estimation uncertainty.</p> <p>Decommissioning provisions are inherently subjective given they are based on estimates of costs that will be settled in the future.</p> <p>Management's estimate has been based on third party estimates.</p>	<p><b>Principal audit procedures:</b></p> <p>We tested management's internal controls over determination of Decommissioning Provision. In addition, we conducted the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• We have tested the reasonableness of management's inflation and discount rates used for the decommissioning provision based on market data.</li> <li>• We re-performed the calculation of the DDRR provision over the five blocks.</li> <li>• We assessed the competence, capability and objectivity of Company's external experts, through obtaining their relevant professional qualifications and experience.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management's Discussion and Analysis and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 standalone 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

- a) We did not audit the financial statements of seven unincorporated joint ventures included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 36,511 Lakhs as at March 31, 2019 and total revenues of ₹ 27 Lakhs for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these unincorporated joint ventures have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these unincorporated joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid unincorporated joint ventures, is based solely on the report of such other auditors.
- b) We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved developed hydrocarbon reserves and depletion thereof on Oil and Gas assets, impairment and liability for site restoration costs.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

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

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the unincorporated joint ventures, referred to in the Other Matters paragraph above, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) 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, as amended 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 standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
(Firm's Registration No.117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Date: May 14, 2019  
Place: Mumbai

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Hindustan Oil Exploration Company Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
(Firm's Registration No.117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Date: May 14, 2019  
Place: Mumbai

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause (v) of the Order are not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income tax, Goods and Services Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Finance Act, 1994	Service Tax	CESTAT, Chennai	April 2006 to November 2007	14,74,789
			October 2007 to March 2011	1,46,46,272*

\* Net of ₹ 7,70,856 paid under protest

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Date: May 14, 2019  
Place: Mumbai

**STANDALONE BALANCE SHEET AS AT MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant & equipment			
a) Oil and gas assets	4	32,552.11	26,293.63
b) Others	4	281.47	660.21
Capital work-in-progress	5	212.75	562.45
Investment property	6	435.76	83.13
Intangible assets	7	1,026.99	982.75
Financial assets			
Investments in subsidiaries	8	5,945.83	50.00
Deposits under site restoration fund	9	5,897.88	5,513.30
Other bank balances	10	-	5.20
Other financial assets	11	-	39.71
Other non-current assets	12	7.71	-
Deferred tax asset	13	-	-
<b>Total non-current assets</b>		<b>46,360.50</b>	<b>34,190.38</b>
<b>2 Current assets</b>			
Inventories	14	2,271.43	2,827.47
Financial assets			
Investments	15	11,128.79	4,183.50
Trade receivables	16	3,908.85	1,607.30
Cash and cash equivalents	17	1,740.32	8,418.36
Other bank balances	18	779.45	732.97
Loan to subsidiary	19	1,210.48	-
Other financial assets	20	521.87	544.44
Income tax assets (net)	21	450.78	834.28
Other current assets	22	74.18	69.13
<b>Total current assets</b>		<b>22,086.15</b>	<b>19,217.45</b>
<b>TOTAL ASSETS</b>		<b>68,446.65</b>	<b>53,407.83</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	23	13,050.93	13,050.93
Other equity	24	39,182.76	24,302.47
<b>Total equity</b>		<b>52,233.69</b>	<b>37,353.40</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
Financial liabilities			
Trade payables	25	2,211.07	2,211.07
Other financial liabilities	26	30.50	-
Provisions	27	9,827.82	9,679.45
Other non-current liabilities	28	10.48	2.94
<b>Total non-current liabilities</b>		<b>12,079.87</b>	<b>11,893.46</b>
<b>2 Current liabilities</b>			
Financial liabilities			
Trade payables	29	1,075.64	1,788.86
Other financial liabilities	30	2,775.65	2,223.63
Provisions	31	9.67	17.13
Other current liabilities	32	272.13	131.35
<b>Total current liabilities</b>		<b>4,133.09</b>	<b>4,160.97</b>
<b>Total liabilities</b>		<b>16,212.96</b>	<b>16,054.43</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>68,446.65</b>	<b>53,407.83</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	33	23,689.41	4,871.25
Other income	34	1,006.32	1,143.72
<b>Total income</b>		<b>24,695.73</b>	<b>6,014.97</b>
<b>EXPENSES</b>			
Share of expenses from producing oil and gas blocks	35 (a)	2,823.00	1,115.84
Royalty, Cess and NCCD	35 (b)	1,968.63	188.64
(Increase) / decrease in stock of crude oil and condensate	36	392.30	(454.72)
Employee benefits expense	37	395.66	557.94
Finance costs	38	139.83	99.98
Depreciation, depletion and amortization	4,6,7	3,506.43	834.68
Other expenses	39	711.13	337.67
<b>Total expenses</b>		<b>9,936.98</b>	<b>2,680.03</b>
<b>Profit before exceptional items and tax</b>		<b>14,758.75</b>	<b>3,334.94</b>
Exceptional items	40	230.69	448.67
<b>Profit before tax</b>		<b>14,989.44</b>	<b>3,783.61</b>
<b>Tax expense</b>			
(1) Current tax		-	-
(2) Adjustment of tax relating to earlier periods		92.98	-
<b>Total tax expense</b>		<b>92.98</b>	<b>-</b>
<b>Profit for the year</b>		<b>14,896.46</b>	<b>3,783.61</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss:			
- Re-measurement (losses) on defined benefit plans		(16.17)	(16.09)
- Income tax effect on re-measurement defined benefit plans		-	-
<b>Total other comprehensive income (net of tax)</b>		<b>(16.17)</b>	<b>(16.09)</b>
<b>Total comprehensive income for the year</b>		<b>14,880.29</b>	<b>3,767.52</b>
Earnings per equity share of ₹ 10 attributable to equity holders	41		
Basic		11.42	2.90
Diluted		11.32	2.88

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary



**STANDALONE STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***a) Equity Share Capital**

Particulars	Amount
Balance as at March 31, 2018	13,050.93
Balance as at March 31, 2019	13,050.93

**b) Other Equity**

Particulars	Reserves and surplus				Total
	Security premium	Capital reserve	Associate stock option plan reserve	Retained earnings	
<b>Balance as at April 1, 2017</b>	<b>78,415.21</b>	<b>96,084.50</b>	<b>-</b>	<b>(154,414.97)</b>	<b>20,084.74</b>
Profit for the year	-	-	-	3,783.61	3,783.61
Other comprehensive income (net of tax)	-	-	-	(16.09)	(16.09)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,767.52</b>	<b>3,767.52</b>
Recognised share-based payments	-	-	450.21	-	450.21
<b>Balance as at March 31, 2018</b>	<b>78,415.21</b>	<b>96,084.50</b>	<b>450.21</b>	<b>(150,647.45)</b>	<b>24,302.47</b>
Profit for the year	-	-	-	14,896.46	14,896.46
Other comprehensive income (net of tax)	-	-	-	(16.17)	(16.17)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,880.29</b>	<b>14,880.29</b>
<b>Balance as at March 31, 2019</b>	<b>78,415.21</b>	<b>96,084.50</b>	<b>450.21</b>	<b>(135,767.16)</b>	<b>39,182.76</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
 Partner

**Vivek Rae**  
 Chairman

**Sharmila Amin**  
 Director

**P.K. Borthakur**  
 Director

**Ashok Kumar Goel**  
 Director

**Rohit Rajgopal Dhoot**  
 Director

Place : Mumbai  
 Date : May 14, 2019

**P. Elango**  
 Managing Director

**R. Jeevanandam**  
 Director & CFO

**Josephin Daisy**  
 Company Secretary

**STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>14,989.44</b>	<b>3,783.61</b>
Adjustments for:		
Depreciation, depletion and amortization	3,506.43	834.68
Share-based payments charge	-	450.21
Unwinding of discount on decommissioning liability	139.83	99.98
Provision for compensated absences	13.15	9.01
Excess liabilities / provisions written back	(9.09)	(1.26)
Interest income	(529.44)	(511.03)
Net income from financial instruments at fair value through profit or loss	(397.44)	(621.79)
Rental income	(36.25)	-
Dividend income	(0.08)	(0.07)
<b>Operating profit before working capital changes</b>	<b>17,676.55</b>	<b>4,043.34</b>
<b>Working capital adjustments for:</b>		
Trade receivables	(2,301.55)	(1,133.51)
Inventories	556.05	(357.79)
Loans and advances and other current assets	(335.06)	(999.35)
Trade payables and other liabilities	(1.58)	(2,328.80)
<b>Cash Generated from operations</b>	<b>15,594.41</b>	<b>(776.11)</b>
Direct taxes refunds (net of payments)	290.52	93.41
<b>Net cash generated by operating activities</b>	<b>15,884.93</b>	<b>(682.70)</b>
<b>Cash flow from Investing activities</b>		
Property, plant and equipment	(9,344.27)	(4,822.32)
Investment in subsidiary	(5,895.82)	-
Loan to subsidiary	(1,210.48)	-
Rent received	36.25	-
Exploration cost	(89.05)	(814.72)
Profit on sale of financial assets	397.44	621.79
Interest received	529.44	511.03
Bank deposit -Lien for bank guarantees	747.05	(1,526.50)
Dividend received	0.08	0.07
<b>Net cash flows used in investing activities</b>	<b>(14,829.36)</b>	<b>(6,030.65)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,055.57</b>	<b>(6,713.35)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11,813.54</b>	<b>18,526.89</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>12,869.11</b>	<b>11,813.54</b>
Balances with banks		
- In deposit accounts	829.45	720.98
- In current accounts	910.87	6,909.06
Current Investments	11,128.79	4,183.50
<b>Total cash and cash equivalents</b>	<b>12,869.11</b>	<b>11,813.54</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***1. Corporate Information**

Hindustan Oil Exploration Company Limited ('the Company' or "HOEC") was incorporated in India on September 22, 1983 under the provisions of the Companies Act, 1956. The Company's shares are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). HOEC is engaged in the exploration, development and production of crude oil and natural gas in India, both onshore and offshore.

The Company is a participant in various oil and gas blocks/fields which are in the nature of joint operation through Production Sharing Contracts ('PSC') entered by the Company with Government of India along with other entities. The details of Company's participating interests and of the other entities are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	Share (%)	
			As at March 31, 2019	As at March 31, 2018
1	PY-1	Hindustan Oil Exploration Company Limited (O)	100	100
2	CY-OS-90/1 (PY-3)	Hardy Exploration & Production (India) Inc. (O)	18	18
		Oil and Natural Gas Corporation Limited	40	40
		Hindustan Oil Exploration Company Limited	21	21
		Tata Petrodyne Limited	21	21
3	Asjol	Hindustan Oil Exploration Company Limited (O)	50	50
		Gujarat State Petroleum Corporation Limited	50	50
4	North Balol	Hindustan Oil Exploration Company Limited (O)	25	25
		Gujarat State Petroleum Corporation Limited	45	45
		Gujarat Natural Resources Limited (GNRL)	30	30
5	CB-ON/7 (Palej)	Hindustan Oil Exploration Company Limited (O)	35	35
		Gujarat State Petroleum Corporation Limited	35	35
		Oil and Natural Gas Corporation Limited	30	30
6	CB-OS/1*	Oil and Natural Gas Corporation Limited (O)	55.26	55.26
		Hindustan Oil Exploration Company Limited	38.07	38.07
		Tata Petrodyne Limited	6.67	6.67
7	AAP-ON-94/1 (Assam)	Hindustan Oil Exploration Company Limited (O)	26.882	26.882
		Indian Oil Corporation Limited	29.032	29.032
		Oil India Limited	44.086	44.086
8	MB/OSDSF/ B80/2016	Hindustan Oil Exploration Company Limited (O)	50	50
		Adhboot Estates Private Limited	50	50
9	AA/ONDSF/ KHEREM/2016	Hindustan Oil Exploration Company Limited (O)	40	40
		Oil India Limited	40	40
		Prize Petroleum Company Limited	20	20
10	AA-ONHP-2017/19	Hindustan Oil Exploration Company Limited (O)	100	-
11	AA/ONDSF/ Umatara/2018	Hindustan Oil Exploration Company Limited	10	-
		Indian Oil Corporation Limited	90	-

*(O) Operator*

\* Government of India has issued a termination on September 5, 2018. However, the Company requested to withdraw the termination notice as it is not in accordance with the provisions of the PSC.

The Company has wholly owned subsidiaries M/s. Hindage Oilfield Services Limited ("Hindage") (formerly known as, HOEC Bardahl India Limited) and Geopetrol International Inc. ("GPII") which has a wholly owned subsidiary Geopetrol Mauritius Limited ("GML"). GML has an associate company Geoenpro Petroleum Limited.

**2. Significant Accounting Policies****i) Statement of Compliance and Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015(as amended) and Guidance note on Accounting for oil and gas producing activities (Ind AS) issued by the Institute of Chartered Accountants of India. These financial statements for the year ended March 31, 2019 for the Company has been prepared in accordance with Ind AS.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

*(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

For all periods up to and including the year ended March 31, 2019, the Company had prepared its financial statements under historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the accounting standards notified under section 133 of the Companies Act 2013.

The Financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the nature of industry, the same has been assumed to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The financial statements are presented in Indian Rupees, unless otherwise stated.

**Fair value measurement**

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

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

**ii) Interest in joint operations**

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Company has entered into Unincorporated Joint Ventures (UJVs) with other oil and gas companies and executed Production Sharing Contracts ("PSC") and Revenue Sharing Contracts ("RSC") with the Government of India. These UJVs are in the form of Joint arrangements wherein the participating entity's assets and liabilities are proportionate to its participating interest.

The UJVs entered into by the company are joint operations wherein the liabilities are several, not joint, and not joint and several and therefore do not come under the category of Joint Venture as defined under the Ind AS. In accounting for these joint operations, the company recognizes its assets and liabilities in proportion to its participating interest in the respective UJV. Likewise, revenue and expenses from the UJV are recognized for its participating interest only. The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in the UJVs in accordance with the Ind AS.

The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted, based on the available information in the audited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSCs and RSCs. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs. Hence, in respect of these UJV's, certain disclosures required under the relevant accounting standards have been made in the financial statements.

**iii) Investment in subsidiaries, associates and joint ventures**

The Company records the investments in subsidiaries, associates and joint ventures at cost less impairment loss, if any.

On disposal of investment in subsidiaries, associates and joint ventures, the difference between the net disposal proceeds and the carrying amounts (including corresponding value of dilution in deemed investment) are recognized in the Statement of Profit and Loss.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***iv) Foreign exchange transactions**

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

**v) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable at the transacted price.

- (i) Revenue from the sale of crude oil, condensate and natural gas, net of value added tax and profit petroleum to the Government of India, is recognized on transfer of custody to customers, and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. The Company adopted Ind AS 115 effective April 1, 2018 and the impact thereon is Nil.
- (ii) Income from service if any is recognized on accrual basis on its completion and is net of taxes.
- (iii) Interest income is recognized on the basis of time, by reference to the principal outstanding and at effective interest rate applicable on initial recognition.
- (iv) Dividend Income from investments is recognized when the right to receive has been established.
- (v) Rental income arising from operating leases is accounted on straight-line basis over the lease term.

**vi) Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax rates and tax laws used to compute are the laws that are enacted or substantively enacted as on the reporting date. The management evaluates and makes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Current income taxes**

The current income tax expense includes income taxes payable by the Company. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. It is recognized only to the extent it is probable that the taxable profit will be available against which the deductible temporary differences and the carry forward losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***vii) Property plant and equipment (other than Oil and Gas Assets)**

Land and buildings held for use in the production and supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and the accumulated impairment losses. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Historical cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. It includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Improvements to Leasehold premises are amortized over the remaining primary lease period.

**(i) Useful lives used for depreciation:**

The Company follows the useful lives set out under Schedule II of the Companies Act 2013 for the purpose of determining the useful lives of respective blocks of property plant and equipment. The following are the useful lives followed:

- Buildings	:	60 years
- Office Equipment	:	05 years
- Computers	:	03 years
- Furniture and Fixtures	:	10 years
- Vehicles	:	08 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the written down value method.

**(ii) De-recognition of property, plant and equipment**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuous use of the asset. Any gain or loss arising from such disposal, retirement or de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item. Such gain or loss is recognized in the statement of profit and loss.

In case of de-recognition of a revalued asset, the corresponding portion of the revaluation surplus as is attributable to that asset is transferred to retained earnings on such de-recognition. Such transfers to retained earnings are made through Other Comprehensive Income and not routed through profit or loss.

**viii) Oil and gas assets**

Oil and gas assets are stated at historical cost less accumulated depletion and impairment. These are accounted in respect of an area / field having proved oil and gas reserves, when the wells in the area / field is ready to commence commercial production.

The Company generally follows the "Successful Efforts Method" of accounting for oil and gas assets as set out by the Guidance Note issued by the ICAI on "Accounting for Oil and Gas Producing Activities".

Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis as Intangible Assets. Costs are not depleted within exploratory and development work in progress until the exploration phase is completed or commercial oil and gas reserves are discovered.

- (a) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.
- (b) Cost of exploratory / appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till the development plan is submitted. On submission of development plan, it is transferred to capital work in progress. On commencement of commercial production, the capital work in progress is transferred to Producing property as tangible assets.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

- (c) Cost of temporary occupation of land and cost of successful exploratory, appraisal and development wells are considered as development expenditure. These expenses are capitalized as Producing Property on commercial production.
- (d) Development costs on various activities which are in progress are accounted as Capital work in progress. On completion of the activities the costs are moved to respective oil and gas assets.

**Depletion to oil and gas assets**

Depletion is charged on a unit of production method based on proved reserves for acquisition costs and proved and developed reserves for capitalized costs consisting of successful exploratory and development wells, processing facilities, assets for distribution, estimated site restoration costs and all other related costs. These assets are depleted within each cost center. Reserves for these purposes are considered on working interest basis which are assessed annually. Impact of changes to reserves if any are accounted prospectively.

**ix) Site restoration**

Provision for decommissioning costs are recognized as and when the Company has a legal or constructive obligation to plug and abandon a well, dismantle and remove Plant and Equipment to restore the site on which it is located. The estimated liability towards the costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is completed, and the Plant and Equipment are installed.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk-free interest rate.

The corresponding amount is also capitalized to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and is also adjusted to the carrying value of the producing property.

Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the carrying value of the asset. In case reversal of provision exceeds the carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost.

Provision for decommissioning cost in respect of assets under Joint Operations is considered as per the participating interest of the Company in the block/field.

**x) Investment property**

Properties held to on rentals and / or capital appreciation are classified as Investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognized using the Written Down Value Method, so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful lives are determined by technical evaluation, over the useful lives so determined. Depreciation method, useful life and the residual values are reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property and the value thereon. The effect of any change in the estimates of useful lives / residual value is accounted on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognized in the Statement of Profit and Loss in the same period.

**xi) Intangible assets (other than Oil and Gas Assets)**

Intangible assets with a finite useful life acquired separately are measured on initial recognition, at costs. Intangible assets are carried at cost less accumulated amortization and impairment losses if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method. The useful life considered for computer software is 6 years.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***xii) Impairment**

The carrying values of assets/cash generating units are assessed for impairment at the end of every reporting period. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to its recoverable amount. However, such reversal shall not exceed the carrying amount had there been no impairment loss.

**xiii) Inventories**

The accounting treatment in respect of recognition and measurement of inventory is as follows:

- (i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business.
- (ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis and estimated net realizable value, whichever is lower.

Inventories are periodically assessed for restatement at lower of cost and net realizable value. On restatement, any write-down of inventory to net realizable value is recognized as an expense in the period the write-down or loss occurs. In case of increase in the net realizable value, the increase is recognized and reversed to the extent of write-down.

**xiv) Employee benefits**

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

All short-term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

**a) Defined contribution plan**

The Company's contribution to provident fund is considered as defined contribution plan and are recognized as and when the employees have rendered services entitling them to contributions.

**b) Defined benefit plan**

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method.

Re-measurement comprising actuarial gains and losses are reflected immediately in the balance sheet with a charge or credit recognized in the Other Comprehensive Income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognized the Statement of Profit and Loss except those included in cost of assets as permitted.

Defined benefit costs are categorized as Service cost, Net interest expense and re-measurement cost.

**c) Long term employee benefit**

The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.

- d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***xv) Employee share based payment**

Equity settled share-based payments to employees are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payment is expensed on straight line basis over the vesting period based on the Company's estimate of the equity instrument that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that cumulative expense reflects the revised estimate, with corresponding adjustment to the equity -settled employee benefits reserve.

**xvi) Financial instruments**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at fair value except for trade receivables which are initially measured at a transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Recognized financial assets are subsequently measured in their entirety at the fair value. In case of investments in wholly owned subsidiary, the investments are considered at cost subject to impairment if any.

A financial asset is de-recognized only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Financial assets held with the objective to collect contractual cash flows and the terms give rise on specified dates to cash flows that are solely payments of principal and interest are subsequently measured at amortized cost except for financial assets that are designated at fair value through profit or loss on initial recognition.

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

**Financial liabilities**

All financial liabilities are recognized initially at fair value. In the case of loans, borrowings and payables, recognition is net of directly attributable transaction and other costs. The Company's financial liabilities may include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities is at fair value and adjustment thereon is routed through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**xvii) Provisions, contingent liabilities and contingent assets**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits, compensated absences and decommissioning liability) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

In case of contingent liabilities, where there is no certainty of outflow or the amount of obligation cannot be measured reliably, disclosure is made in the notes forming part of the financial statements. Contingent assets are not recognized in the financial statements. However, where the realization of income is reasonably certain, a disclosure of the fact is provided.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***xviii) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Operating lease payments for land are recognized as prepayments and amortized on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

**xix) Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**xx) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

**xxi) Cash and cash equivalents**

Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amounts of cash which are subject to insignificant risk of change in value.

**3. Critical accounting judgments, assumptions and key sources of estimation uncertainty**

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of Oil and Gas reserves, impairment, useful lives of Property, Plant and Equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets & liabilities.

**3.1 Critical judgments in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (Refer note 4.2), that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

**(a) Determination of functional currency**

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (₹) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹). In case of foreign subsidiaries in United States Dollar, it is converted using the year end exchange rates.

**(b) Evaluation of indicators for impairment of oil and gas assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors such as significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc. and internal factors such as obsolescence or physical damage of an asset, poor economic performance of the asset etc. which could result in significant change in recoverable amount of the oil and gas assets.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***3.2 Assumptions and key sources of estimation uncertainty****a) Estimation of provision for decommissioning**

The Company estimates provision for decommissioning for the future decommissioning of oil & gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future, the exact requirements that may have to be met when the occurrence of removal events are uncertain. Technologies and costs for decommissioning are varying constantly. The timing and amounts of future cash flows are subject to significant uncertainty.

The timing and the future expenditures are reviewed at the end of each reporting period, together with rate of inflation for current cost estimates and the interest rate used in discounting the cash flows. The economic life of the oil & gas assets is estimated based on the economic production profile of the relevant oil & gas asset.

**b) Estimation of reserves**

Management estimates production profile (proved and developed reserves) in relation to all the oil and gas assets determined as per the industry practice. The estimates so determined are used for the computation of depletion and loss of impairment if any.

The year-end reserves of the Company have been estimated by the Geological & Geophysical team which follows the guidelines for application of the petroleum resource management system consistently. The Company has adopted the reserves estimation by following the guidelines of Society of Petroleum Engineers (SPE) which defines "Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial and remaining (as of a given date) based on development project(s) applied". Volumetric estimation is made which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate the recoverable reserves from it. As the field gets matured with production history the material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. In addition, new in- place volume and ultimate recoverable reserves are estimated for any new discoveries or new pool of discoveries in the existing fields and the appraisal activities may lead to revision in estimates due to new sub-surface data. Similarly, reinterpretation is also carried out based on the production data by updating the static and dynamic models leading to change in reserves. New interventional technology, change in classifications and contractual provisions may also necessitate revision in the estimation of reserves.

**c) Defined Benefit Obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**3.3 Recent Accounting Pronouncements**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, which will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value with enhanced disclosures. However, under Ind AS 17, all operating lease expenses are charged to the statement of Profit & Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Company adopts this standard effective April 1, 2019 and do not perceive any material impact on its adoption.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***4. Property, plant & equipment****Summary**

Carrying amount of:	As at March 31, 2019	As at March 31, 2018
<b>a) Oil and gas assets</b>	<b>32,552.11</b>	<b>26,293.63</b>
<b>b) Others</b>		
- Freehold land	227.52	227.52
- Buildings	37.72	414.40
- Furniture & fixtures	3.57	1.32
- Vehicles	0.64	0.97
- Computers	8.18	11.45
- Office equipment	3.84	4.55
	<b>281.47</b>	<b>660.21</b>

Particulars	Oil and gas assets	Others						Total
		Freehold land	Buildings	Furnitures & fixtures	Vehicles	Office equipment	Computers	
<b>Cost</b>								
<b>Balance as at April 1, 2017</b>	<b>2,44,550.50</b>	<b>227.52</b>	<b>760.93</b>	<b>58.06</b>	<b>12.86</b>	<b>92.58</b>	<b>96.78</b>	<b>2,45,799.23</b>
Additions	200.62	-	-	0.32	-	4.31	3.39	208.64
Transfer from Capital Work-in-progress	4,663.89	-	-	-	-	-	-	4,663.89
<b>Balance as at March 31, 2018</b>	<b>2,49,415.01</b>	<b>227.52</b>	<b>760.93</b>	<b>58.38</b>	<b>12.86</b>	<b>96.89</b>	<b>100.17</b>	<b>2,50,671.76</b>
Additions	9,170.20	-	-	3.03	-	1.79	-	9,175.02
Transfer from Capital Work-in-progress	518.96	-	-	-	-	-	-	518.96
Transfer to investment property	-	-	(622.24)	-	-	-	-	(622.24)
<b>Balance as at March 31, 2019</b>	<b>2,59,104.17</b>	<b>227.52</b>	<b>138.69</b>	<b>61.41</b>	<b>12.86</b>	<b>98.68</b>	<b>100.17</b>	<b>2,59,743.50</b>
<b>Accumulated depletion, depreciation and impairment</b>								
<b>Balance as at April 1, 2017</b>	<b>2,22,352.08</b>	-	<b>325.45</b>	<b>56.46</b>	<b>11.38</b>	<b>89.85</b>	<b>81.84</b>	<b>2,22,917.06</b>
Depletion / Depreciation for the year	769.30	-	21.08	0.60	0.51	2.49	6.88	800.86
Deletions	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>2,23,121.38</b>	-	<b>346.53</b>	<b>57.06</b>	<b>11.89</b>	<b>92.34</b>	<b>88.72</b>	<b>2,23,717.92</b>
Transfer to investment property	-	-	(247.41)	-	-	-	-	(247.41)
Depletion / Depreciation for the year	3,430.68	-	1.85	0.78	0.33	2.50	3.27	3,439.41
<b>Balance as at March 31, 2019</b>	<b>2,26,552.06</b>	-	<b>100.97</b>	<b>57.84</b>	<b>12.22</b>	<b>94.84</b>	<b>91.99</b>	<b>2,26,909.92</b>
<b>Carrying value as at March 31, 2019</b>	<b>32,552.11</b>	<b>227.52</b>	<b>37.72</b>	<b>3.57</b>	<b>0.64</b>	<b>3.84</b>	<b>8.18</b>	<b>32,833.58</b>
<b>Carrying value as at March 31, 2018</b>	<b>26,293.63</b>	<b>227.52</b>	<b>414.40</b>	<b>1.32</b>	<b>0.97</b>	<b>4.55</b>	<b>11.45</b>	<b>26,953.84</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***5. Capital work-in-progress**

Particulars	Development	Exploration	Total
<b>Cost</b>			
Balance as at April 1, 2017	1,721.38	2,385.94	4,107.32
Additions	4,613.68	–	4,613.68
Transfer to oil and gas assets	(4,663.89)	–	(4,663.89)
<b>Balance as at March 31, 2018</b>	<b>1,671.17</b>	<b>2,385.94</b>	<b>4,057.11</b>
Additions	169.26	–	169.26
Transfer to oil and gas assets	(518.96)	–	(518.96)
<b>Balance as at March 31, 2019</b>	<b>1,321.47</b>	<b>2,385.94</b>	<b>3,707.41</b>
<b>Accumulated impairment</b>			
Balance as at April 1, 2017	1,108.72	2,385.94	3,494.66
Additions	–	–	–
<b>Balance as at March 31, 2018</b>	<b>1,108.72</b>	<b>2,385.94</b>	<b>3,494.66</b>
Additions	–	–	–
<b>Balance as at March 31, 2019</b>	<b>1,108.72</b>	<b>2,385.94</b>	<b>3,494.66</b>
<b>Net book value</b>			
Carrying value as at March 31, 2019	212.75	–	212.75
Carrying value as at March 31, 2018	562.45	–	562.45

**6. Investment property**

Particulars	Building
<b>Cost</b>	
Balance as at April 1, 2017	282.39
Additions	–
<b>Balance as at March 31, 2018</b>	<b>282.39</b>
Transfer from property, plant & equipment	622.24
<b>Balance as at March 31, 2019</b>	<b>904.63</b>
<b>Accumulated depreciation</b>	
Balance as at April 1, 2017	195.06
Depreciation for the year	4.20
<b>Balance as at March 31, 2018</b>	<b>199.26</b>
Transfer from property, plant & equipment	247.41
Depreciation for the year	22.20
<b>Balance as at March 31, 2019</b>	<b>468.87</b>
<b>Carrying value as at March 31, 2019</b>	<b>435.76</b>
<b>Carrying value as at March 31, 2018</b>	<b>83.13</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***6.1 Fair value of the Company's investment property**

The following table gives details of the fair value of the Company's investment property as at March 31, 2019 and March 31, 2018.

Particulars	Level 3 : March 31, 2019	Level 3 : March 31, 2018
Building	2,208.00	1,290.00

The fair values of the Company's investment properties have been arrived at on the basis of a valuation carried out by an independent valuer not related to the Company. Fair value was derived using the market comparable approach based on the recent market / government prices without any significant adjustments being made to the market observable data.

**7. Intangible assets**

Particulars	Software	Exploration	Total
<b>Cost</b>			
Balance as at April 1, 2017	526.67	-	526.67
Additions	-	814.72	814.72
Balance as at March 31, 2018	526.67	814.72	1,341.39
Additions	-	89.06	89.06
Balance as at March 31, 2019	526.67	903.78	1,430.45
<b>Accumulated amortization and impairment</b>			
Balance as at April 1, 2017	329.02	-	329.02
Amortization for the year	29.62	-	29.62
Balance as at March 31, 2018	358.64	-	358.64
Amortization for the year	44.82	-	44.82
Balance as at March 31, 2019	403.46	-	403.46
Carrying value as at March 31, 2019	123.21	903.78	1,026.99
Carrying value as at March 31, 2018	168.03	814.72	982.75

**8. Investments in wholly owned subsidiaries**

Particulars	As at March 31, 2019	As at March 31, 2018
<i>Unquoted equity shares of subsidiaries</i>		
50,002 (PY: 50,002) equity shares of ₹ 100 each fully paid-up in Hindage Oilfield Services Limited	50.00	50.00
10,000,000 (PY: Nil) equity shares of \$1 each fully paid-up in Geopetrol International Inc (refer note below)	5,895.83	-
<b>Total</b>	<b>5,945.83</b>	<b>50.00</b>

**Note:** The Company has entered into a Share Purchase Agreement with Geofinance Petroleum SA for the acquisition of the entire share capital of Geopetrol International Inc. ("GPII"), a company registered and existing under the Laws of Panama. GPII is registered as a foreign company in India and operates through an Indian Project Office. The Company obtained an independent merchant bankers valuation report and the transaction has been completed in the current financial year and the entire shares of GPII is transferred in the name of the Company and consequently, GPII has become the wholly owned subsidiary of the Company. GPII has entered into various production sharing contracts with Government of India including a producing oil field Kharsang in Arunachal Pradesh with 25% participating interest. Other parties to the Kharsang field are Oil India Limited ("OIL") with 40%, GeoEnpro Petroleum Limited ("GPL") with 10%, and JEKPL private ltd with 25%, a company which is under the Insolvency and Bankruptcy Code ("IBC") process. GPII has a wholly owned subsidiary Geopetrol Mauritius Limited ("GML") which holds 50% share capital of GPL. GPL is the Operator to the Kharsang Block.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***9. Deposit under site restoration fund scheme**

Particulars	As at March 31, 2019	As at March 31, 2018
Site restoration deposit with bank with maturity period in excess of 12 months	5,897.88	5,513.30
	<b>5,897.88</b>	<b>5,513.30</b>

The above amount has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes of site restoration pursuant to an abandonment plan agreed with the Government of India. Therefore, this amount is considered as restricted cash and not considered as 'Cash and cash equivalents'.

**10. Other bank balance**

Particulars	As at March 31, 2019	As at March 31, 2018
Bank deposits- maturity > 12 months	-	5.20
<b>Total</b>	<b>-</b>	<b>5.20</b>

**11. Other financial assets - non current**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Unsecured and considered good</b>		
Capital Advances	-	39.71
<b>(ii) Unsecured and considered doubtful</b>		
Capital advances	13.55	13.55
<b>Less: Provision for doubtful advances</b>	<b>(13.55)</b>	<b>(13.55)</b>
<b>Total</b>	<b>-</b>	<b>39.71</b>

**12. Other non-current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Pre-deposit service tax	7.71	-
<b>Total</b>	<b>7.71</b>	<b>-</b>

**13. Deferred tax asset**

Particulars	As at March 31, 2019	As at March 31, 2018
Exploration expenses	3,076.31	4,227.87
Development expenses	763.83	729.73
Depreciation, depletion, amortization and impairment of assets	4,362.75	9,525.08
Unabsorbed business losses and depreciation	25,367.56	26,368.12
Others	3.65	1.61
<b>Deferred tax assets</b>	<b>33,574.10</b>	<b>40,852.41</b>
Less: Amounts not recognised (Refer notes below)	(33,574.10)	(40,852.41)
<b>Deferred tax assets</b>	<b>-</b>	<b>-</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***Note:**

Deferred tax asset has not been recognized as it not probable that sufficient future taxable income could be available to utilize these assets.

There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of the Income Tax Act, 1961.

The Company is entitled for a Minimum Alternate Tax credit of ₹ 4,237.27 lacs as on March 31, 2019.

**14. Inventories**

Particulars	As at March 31, 2019	As at March 31, 2018
Finished goods		
- Crude oil	26.76	33.98
- Condensate	137.51	517.52
Drilling and production stores, and spares*	2,107.16	2,275.97
	<b>2,271.43</b>	<b>2,827.47</b>

\* Net of write off current year nil (previous year nil)

**15. Investments**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in lacs	Quantity	₹ in lacs
<b>Financial assets carried at fair value through profit and loss.</b>				
<b>i) Quoted equity instruments</b>				
Reliance Industries Limited Equity Shares @ ₹ 10 each	1,272	17.34	1,272	11.23
Reliance Communication Ventures Limited Equity Shares @ ₹ 10 each	318	0.01	318	0.07
Reliance Infrastructure Limited Equity Shares @ ₹ 10 each	23	0.03	23	0.10
Reliance Capital Limited Equity Shares @ ₹ 10 each	30	0.06	30	0.13
Reliance Power Limited Equity Shares @ ₹ 10 each	79	0.01	79	0.03
		<b>17.45</b>		<b>11.56</b>
<b>ii) Mutual Funds</b>				
Units of Liquid/Liquid plus / Short Term/Medium Term schemes				
Birla Dynamic Bond Fund - Retail - Growth @ ₹ 10 each	-	-	13,56,824.12	406.81
HDFC Credit Risk Debt Fund - Growth @ ₹ 10 each	33,66,776.65	513.61	-	-
HDFC Liquid Fund - Option - Growth @ ₹ 1000 each	65,639.38	2,402.60	-	-
HDFC High Interest Fund - Short Term Plan- Growth @ ₹ 10 each	-	-	33,01,766.80	1,136.93
ICICI Prudential Short Term Fund - Growth @ ₹ 10 each	99,10,166.66	3,828.87	22,22,466.21	804.81
IDFC SSIF - Investment plan - Growth @ ₹ 10 each	-	-	6,27,355.72	258.88
Reliance Dynamic Bond Fund - Growth @ ₹ 10 each	-	-	31,87,920.00	738.95
Reliance Short Term Fund - Growth @ ₹ 10 each	-	-	7,24,708.58	236.63
SBI Liquid Fund Regular Growth @ ₹ 1000 each	31,588.65	921.22	-	-
SBI Short Term Debt Fund - Regular Plan - Growth @ ₹ 10 each	14,76,784.94	315.95	-	-
SBI Banking & PSU Fund - Regular - Growth @ ₹ 1000 each	1,30,477.46	2,712.57	-	-
TATA Dynamic Bond Fund - Regular plan- Growth @ ₹ 10 each	14,81,577.56	416.52	22,32,409.71	588.93
		<b>11,111.34</b>		<b>4,171.94</b>
<b>iii) Unquoted Equity Instruments</b>				
Equity Shares of ₹ 10 each of Gujarat Securities Limited	1,00,000	10.00	1,00,000	10.00
Aggregate amount of impairment in value of investments		-10.00		-10.00
		-		-
<b>Total</b>	<b>(i) + (ii) + (iii)</b>	<b>11,128.79</b>		<b>4,183.50</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	As at March 31, 2019	As at March 31, 2019
Aggregate amount (cost) of Quoted Investments	0.49	0.49
<b>Market Value of Quoted Investments</b>	<b>17.45</b>	<b>11.56</b>
Aggregate amount (cost) of mutual fund Investments	10,689.23	3,789.33
<b>Fair value of mutual fund Investments</b>	<b>11,111.34</b>	<b>4,171.94</b>
Aggregate Value of Unquoted equity Instruments	-	-
<b>Total investments</b>	<b>11,128.79</b>	<b>4,183.50</b>

**16. Trade Receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good (unless otherwise stated)</b>		
Other trade receivables	3,908.85	1,607.30
<b>Total</b>	<b>3,908.85</b>	<b>1,607.30</b>

The Company enters into long-term crude oil and gas sales arrangement with its customers. The average credit period on sale of products is varying from 7- 45 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice.

Accordingly, the Company assess the impairment loss on dues from the customers on facts and circumstances relevant to each transaction. Usually, Company collects all its receivables from its customers within 30 days.

The Company has less credit risk due to the fact that the Company has significant receivables from customers which are reputed and creditworthy public-sector undertakings (PSUs).

**Age of receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
Within the credit period	2,625.22	1,228.55
1-30 days past due	983.65	286.42
31-90 days past due	37.39	48.45
More than 90 days past due	262.59	43.88
<b>Total</b>	<b>3,908.85</b>	<b>1,607.30</b>

**17. Cash and cash equivalents**

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand and balance with banks. Cash & cash equivalents and term deposits not exceeding 3 months at the end of the reporting period can be reconciled to the related items in the balance sheet as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balances with banks:</b>		
Current accounts	910.87	6,909.06
Bank deposits- maturity < 3 months	829.45	1,509.30
<b>Total</b>	<b>1,740.32</b>	<b>8,418.36</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***18. Other bank balances**

Particulars	As at March 31, 2019	As at March 31, 2018
Bank Deposits- maturity > 3 months < 12 months	779.45	732.97
	<b>779.45</b>	<b>732.97</b>

Fixed deposits with bank include ₹ 779.45 which are under lien for issue of bank guarantees.

**19. Loan to subsidiary**

Particulars	As at March 31, 2019	As at March 31, 2018
Loan to wholly owned subsidiary- GPII (Refer note 45)	1,210.48	-
	<b>1,210.48</b>	<b>-</b>

**20. Other Financial assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	81.94	78.94
Pre-deposit - Service tax	-	5.78
Receivable from joint venture partners	431.55	340.48
Interest accrued on loan to GPII (refer note 45)	5.72	-
Interest accrued on deposits	-	119.24
Other receivables	2.66	-
	<b>521.87</b>	<b>544.44</b>

**21. Income tax assets (net)**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax (net of provision-nil, previous year-nil)	450.78	834.28
	<b>450.78</b>	<b>834.28</b>

**22. Other current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good</b>		
Advances recoverable	9.97	8.22
Prepaid expenses	64.21	60.91
	<b>74.18</b>	<b>69.13</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***23. Equity share capital**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorized</b>		
50,00,00,000 (PY: 50,00,00,000) equity shares of ₹ 10 each	50,000.00	50,000.00
<b>Issued</b>		
13,05,63,363 (PY: 13,05,63,363) equity shares of ₹ 10 each	13,056.34	13,056.34
<b>Subscribed and Fully Paid up</b>		
13,04,93,289 (PY: 13,04,93,289) equity shares of ₹ 10 each	13,049.33	13,049.33
Add: Amount Paid-up on Shares Forfeited (32,975 shares)	1.60	1.60
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>13,050.93</b>	<b>13,050.93</b>

**(a) Reconciliation of equity shares and the amount outstanding at the beginning and at the end of the period:**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	Amount	No.	Amount
At the beginning of the year	13,04,93,289	13,049.33	13,04,93,289	13,049.33
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>13,04,93,289</b>	<b>13,049.33</b>	<b>13,04,93,289</b>	<b>13,049.33</b>

**(b) Terms/rights attached to equity shares**

The Company has one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities.

**(c) Details of shareholders holding more than 5% of the aggregate shares in the Company**

Name of shareholders	As at March 31, 2019		As at March 31, 2018	
	No.	% of holding	No.	% of holding
Ashok Kumar Goel	1,84,65,078	14.15	1,84,65,078	14.15
Housing Development Finance Corporation Limited	1,40,86,303	10.79	1,40,86,303	10.79
LCI Estates LLP	81,00,000	6.21	81,00,000	6.21

**24. Other equity**

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserve	96,084.50	96,084.50
Securities premium account	78,415.21	78,415.21
ASOP Reserve (refer note 37)	450.21	450.21
<b>Retained earnings</b>		
<b>Opening balance</b>	<b>(150,647.45)</b>	<b>(154,414.97)</b>
Profit for the Year	14,896.46	3,783.61
Other comprehensive income (net of tax)	(16.17)	(16.09)
<b>Closing balance</b>	<b>(135,767.16)</b>	<b>(150,647.45)</b>
<b>Total Reserves and Surplus</b>	<b>39,182.76</b>	<b>24,302.47</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***25. Trade payables**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables	2,211.07	2,211.07
	<b>2,211.07</b>	<b>2,211.07</b>

**26. Other financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposit	30.50	-
	<b>30.50</b>	<b>-</b>

**27. Non-current Provisions**

Particulars	2017-18	2016-17
Provision for decommissioning	9,790.41	9,662.67
Provision for compensated absences	37.41	16.78
	<b>9,827.82</b>	<b>9,679.45</b>

**27.1 Movement of Provision for decommissioning**

Particulars	2018-19	2017-18
<b>Balance at beginning of the year</b>	<b>9,662.67</b>	<b>9,365.00</b>
Additions during the year	-	197.69
Adjusted/reversal during the year	(12.09)	-
Unwinding of discount	139.83	99.98
<b>Balance at end of the year</b>	<b>9,790.41</b>	<b>9,662.67</b>

**27.2** The Company estimates provision for decommissioning as per the principles of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future for which the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant oil & gas asset. The timing and amount of future expenditures are reviewed annually, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows.

**27.3** Decommissioning liability for PY-1 field is reviewed as on March 31, 2019 by an independent engineering consultant and the estimated liability as on March 31, 2019 is ₹ 6,138.85 lacs with adjustment towards inflation and discounting there on.

**27.4** Decommissioning liability for Dirok field is reviewed as on March 31, 2019 by an independent engineering consultant and the estimated liability as on March 31, 2019 is ₹ 201.41 lacs with adjustment towards inflation and discounting there on.

**28. Other non-current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for gratuity	10.48	2.94
	<b>10.48</b>	<b>2.94</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***29. Trade payables**

Particulars	As at March 31, 2019	As at March 31, 2018
Micro, small & medium enterprises (note (i))	–	–
Others	1,075.64	1,788.86
	<b>1,075.64</b>	<b>1,788.86</b>

**(i) Details of dues to micro, small & medium enterprises**

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount payable (but not due) to suppliers as at year end	–	–
Interest accrued and due to suppliers on the above amount as at year end	–	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	–	–
Interest paid to suppliers (other than Section 16)	–	–
Interest paid to suppliers (Section 16)	–	–
Interest due and payable to suppliers for payments already made	–	–
Interest accrued and remaining unpaid to suppliers as at year end	–	–

All payments due to Micro, small & medium enterprises have been made within the prescribed time limits and / or date agreed upon under the contract.

**30. Other financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposit	–	85.00
Payable to joint venture partners	2,775.65	2,138.63
	<b>2,775.65</b>	<b>2,223.63</b>

**31. Provisions**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for compensated absences	9.67	17.13
	<b>9.67</b>	<b>17.13</b>

**32. Other current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues payable	245.47	99.25
Provision for gratuity	26.66	14.10
Director's Commission	–	18.00
	<b>272.13</b>	<b>131.35</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***33. Revenue from operations**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Crude oil / Condensate	6,017.40	1,603.68
Sale of Natural gas	17,851.48	3,419.82
Less: Profit petroleum to Government of India	(179.47)	(152.25)
<b>Net sales</b>	<b>23,689.41</b>	<b>4,871.25</b>

**33.1 Details of sales**

Product	UOM	For the year ended March 31, 2019		For the year ended March 31, 2018	
		Quantity	Value	Quantity	Value
Crude oil / Condensate	bbl	1,35,809	5,872.14	41,934	1,468.92
Natural gas	mmscf	6,976	17,817.27	1,533	3,402.33
			<b>23,689.41</b>		<b>4,871.25</b>

**34. Other income**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on bank deposits	144.87	141.42
Interest on Site restoration deposits with banks	384.58	369.61
Interest income on loan to GPII (refer note 45)	5.72	-
Rental income	36.25	-
Dividend income	0.08	0.07
Net gain / (loss) on sale or fair valuation of investments	397.44	621.79
Net gain on foreign exchange	-	0.58
Write back of excess provision no longer required	-	1.26
Liabilities no longer required written back	9.09	-
Miscellaneous Income	28.29	8.99
	<b>1,006.32</b>	<b>1,143.72</b>

**35. Share of expenses from producing oil and gas blocks**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Share of expenses-producing oil and gas		
Manpower costs	807.26	448.68
Repairs and maintenance	1,314.62	419.97
Other Statutory charges	310.04	98.85
Insurance	51.00	45.31
Other production expenses	113.82	66.82
Consumables	18.35	3.53
Transportation and logistics	207.91	32.68
	<b>2,823.00</b>	<b>1,115.84</b>
b) Royalty, cess & NCCD (refer note below)	1,968.63	188.64
	<b>4,791.63</b>	<b>1,304.48</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

**Note:** As per the Notification of Ministry of Petroleum and Natural Gas, Government of India dated August 14, 2018, Royalty and Cess of Pre-NELP blocks are to be shared in proportion to the participating interests of parties to the Production Sharing Contracts, which are cost recoverable. Accordingly, the Royalty and Cess as applicable for the blocks CB-ON-7 and AAP-ON-94/1 which were earlier paid by ONGC/OIL is now to be paid by the Company to the extent of its participating interest.

**36. (Increase) / decrease in stock of crude oil and condensate**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year	164.27	551.49
Inventories at the beginning of the year	551.49	88.15
<b>(Increase) / decrease in inventories</b>	<b>387.22</b>	<b>(463.34)</b>
Less: Profit petroleum to Government of India	5.08	8.62
<b>Net (Increase) / decrease in inventories</b>	<b>392.30</b>	<b>(454.72)</b>

**37. Employee benefits expense**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	363.05	98.54
Contribution to provident fund, gratuity and other funds	17.53	7.12
Staff welfare expenses	15.08	2.07
Share-based payments (refer notes below)	-	450.21
	<b>395.66</b>	<b>557.94</b>

**37.1 Share-Based Payments**

The Company has share option scheme under the Associate Stock Option Plan-2015 approved by the shareholders in the annual general meeting held on September 25, 2015. As approved by the shareholders, Associate Stock Option Plan (ASOP) scheme is being administered by the Nomination and Remuneration Committee of the Board of Directors. The share option converts into one equity share of the Company on exercise. No upfront payment shall be payable at the time of grant of the option. All associates who have been allotted shares by virtue of exercise of options issued under scheme will be entitled to receive all regular benefits as shareholders of the company like dividends, bonus shares, etc, if any, announced by the company from the date of allotment of shares. Options may be exercised at any time from the date of vesting to the date of their expiry. Based on the recommendations of the Nomination and Remuneration Committee, the board has terminated the remainder of the ASOP 2015.

**37.2 Fair value of share options granted**

The weighted average fair value of the share options granted and vested during the previous year is ₹ 25.73 per share. Options were priced using Black Scholes model of option pricing. Expected volatility is based on the historical share price volatility. Inputs into the model are as follows:

Description	For the year ended 31 March 2019
Number of instruments	1,750,000
Exercise Price	₹ 10
Share price grant date	₹ 32.85
Expected life	4 years
Expected volatility	49.76%
Risk free interest rate	7.5% p.a

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***37.3 Movements in share options during the year**

Particulars	Options (Numbers)	Weighted average exercise price per option (₹)
Options outstanding at the beginning of the year	17,50,000	₹ 10
Options granted during the year	Nil	-
Options vested during the year	Nil	-
Options outstanding at the end of the year	17,50,000	₹ 10

An amount of ₹ 450.21 lacs was considered and accounted as Share Based Payment during the previous year.

**38. Finance cost**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Unwinding of discount on Decommissioning liability	139.83	99.98
	<b>139.83</b>	<b>99.98</b>

**39. Other expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Office and guest house rent	21.82	18.96
Power	4.04	3.51
Rates and taxes	21.68	9.98
Repairs and maintenance - others	14.78	8.90
General office expenses	1.47	5.63
Travelling and conveyance	36.33	44.85
Communication expenses	7.91	8.68
Membership and subscription	23.38	26.02
Legal and professional fees	356.71	97.61
Insurance	1.81	1.01
Directors' sitting fees	20.53	11.99
Directors' commission	-	18.00
Printing and stationery	14.31	17.25
Bank charges	55.54	9.47
Expenditure for corporate social responsibility (refer note 49)	40.43	-
Net loss on foreign exchange	24.51	-
Miscellaneous expenses	39.73	30.29
	<b>684.98</b>	<b>312.15</b>
<b>Payment to Auditor:</b>		
Statutory audit fee	24.19	24.19
Tax audit fee	1.18	1.21
Reimbursements	0.78	0.12
	<b>26.15</b>	<b>25.52</b>
<b>Total other expenses</b>	<b>711.13</b>	<b>337.67</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***40. Exceptional items**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Write back of provision for doubtful debts *	–	448.67
Interest on income tax refund	230.69	–
<b>Income (net)</b>	<b>230.69</b>	<b>448.67</b>

\* The liquidity damages were paid under protest for the block CY-OSN-97/1 in the earlier years, which was accounted as advances and provision was also made for the same amount as doubtful claim. This dispute was referred to arbitration and the arbitration tribunal has passed the award in favour of the company. Further, this award was contested by the Government of India in the high court of Delhi. The hon'ble high court has upheld the arbitration award and therefore the provision made for doubtful claim is reversed in the current year. However, GOI has again made an appeal to the Delhi High Court which is being adjudicated.

**41. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year as per statement of profit & loss	₹ 14,896.46 lacs	₹ 3,783.61 lacs
	No.	No.
Weighted average number of equity shares used in calculating basic EPS	13,04,93,289	13,04,93,28
Par value per share	₹ 10	₹ 10
<b>Earnings per equity share in ₹ computed on the basis of profit for the year - Basic</b>	<b>11.42</b>	<b>2.90</b>
Weighted average number of equity shares used in calculating diluted EPS	13,15,63,149	13,15,63,149
<b>Earnings per equity share in ₹ computed on the basis of profit for the year - Diluted</b>	<b>11.32</b>	<b>2.88</b>

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted average number of equity shares used in the calculation of basic earnings per share	13,04,93,289	13,04,93,289
Shares deemed to be issued for no consideration in respect of: - employee options	10,69,860	10,69,860
Weighted average number of equity shares used in the calculation of diluted earnings per share	13,15,63,149	13,15,63,149

**42. Significant Accounting Estimates, Assumptions and Judgements****(a) Site Restoration Costs**

The Company estimates and provides for abandoning of wells, decommissioning of facilities and restoration of sites expected to be incurred at a future date. The same is capitalized as part of producing property in accordance with Ind AS 16. The estimation of liability is as per the industry practice and adjusted for inflation. The estimated cost is discounted to the reporting date by an appropriate discount factor. Accordingly, the difference in cost and depletion is adjusted.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***(b) Employee Benefit Estimates****i. Defined contribution plan**

The Company makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognized ₹ 81.86 lacs (PY: ₹ 50.73 lacs) for provident fund contribution in the statement of profit and loss. The contributions are payable to this plan by the company at rates specified in the rules of the scheme.

**ii. Defined benefit plan****a) Gratuity**

The following table sets out funded status of the gratuity and the amount recognized in the financial statements.

**Profit and loss account for current period**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service cost:		
Current service cost	21.17	5.81
Past Service cost	–	13.05
Loss / (gain) on curtailments and settlement	–	–
Net interest cost	0.73	(0.73)
<b>Total included in 'Employee Benefits Expense'</b>	<b>21.90</b>	<b>18.13</b>

**Other Comprehensive Income for the current period**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(0.18)	(1.49)
Due to change in demographic assumptions	(6.03)	–
Due to experience adjustments	23.92	15.88
Return on plan assets excluding amounts included in interest income	(1.54)	1.19
<b>Amounts recognized in Other Comprehensive Income</b>	<b>16.17</b>	<b>15.58</b>

**Changes in the present value of the defined benefit obligation ("DBO")**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Defined Benefit Obligation	79.91	49.84
Current service cost	21.17	5.81
Past service cost	–	13.04
Interest cost	5.02	3.16
Actuarial (gain) / loss due to change in financial assumptions	(0.18)	(1.49)
Actuarial (gain) / loss due to change in demographic assumptions	(6.03)	–
Actuarial (gain) / loss due to experience adjustments	23.92	15.89
Benefits paid	(2.17)	(6.34)
<b>Closing defined benefit obligation</b>	<b>121.64</b>	<b>79.91</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***Changes in fair value of plan assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening value of plan assets	62.87	57.65
Interest Income	4.29	3.89
Return on plan assets excluding amounts included in interest income	1.54	(1.19)
Contributions by employer	17.97	8.86
Benefits paid	(2.17)	(6.34)
<b>Closing value of plan assets</b>	<b>84.50</b>	<b>62.87</b>

**Net liability recognized in the balance sheet**

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of the defined benefit obligation	121.64	79.91
Fair value of plan assets	84.50	62.87
<b>Plan liability</b>	<b>37.14</b>	<b>17.04</b>

The principal assumptions used in determining gratuity and for the Company's plans are shown below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.35%	7.30%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 10% at older ages

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹ 26.64 lacs towards its gratuity plan during the year 2019-20.

**Maturity profile of defined benefit obligation:**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10
16.02	21.12	17.04	4.03	32.88	21.64

**Sensitivity to Key assumptions**

Particulars	March 31, 2019 (2018-2019) DBO	March 31, 2018 (2017-2018) DBO
Discount rate varied by 0.5%		
+ 0.5%	117.84	78.48
- 0.5%	125.66	81.40
Salary growth rate varied by 0.5%		
+ 0.5%	124.67	81.15
- 0.5%	118.64	78.69
Withdrawal rate (W.R.) varied by 10%		
W.R. x 110%	122.00	79.98
W.R. x 90%	121.21	79.81

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***b) Compensated absences**

The key assumptions used in computation of provision for long term compensated absences are as given below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.35%	7.30%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 11% at older ages

**43. Oil and Gas Reserves**

As at March 31, 2019, the internal estimates of the Management of Proved &amp; Probable Reserves for the working interest as per the development plan approved by the Directorate General of Hydrocarbons is as follows:

**Developed and Undeveloped:**

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved reserves (1P)					
- Oil	MMBBL	3.21	0.07	0.11	3.17
- Gas	BCF	84.22	1.02	7.01	78.23
Proved and probable (2P)					
- Oil	MMBBL	4.22	0.26	0.11	4.37
- Gas	BCF	128.99	2.18	7.01	124.16

**Developed:**

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved reserves (1P)					
- Oil	MMBBL	0.71	0.07	0.11	0.67
- Gas	BCF	62.57	13.42	7.01	68.98

**Note 1** The above reserve estimates excludes the reserves of PY-3 as there is no approved plan for recommencement as on date. Regarding CB-OS-1, Government of India has issued a termination notice on September 5, 2018. However, the company requested to withdraw the termination notice as it is not in accordance with the provisions of the law. Therefore, no reserves of CB-OS/1 is included in the above estimates

**Note 2** Unit of measurement is considered in barrels for oil and cubic feet for gas.

**Developed and Undeveloped:**

	Unit of Measurement	As at April 1, 2017	Addition	Production	As at March 31, 2018
Proved reserves (1P)					
- Oil	MMBBL	0.37	2.86	0.02	3.21
- Gas	BCF	15.64	69.96	1.38	84.22
Proved and probable (2P)					
- Oil	MMBBL	0.66	3.58	0.02	4.22
- Gas	BCF	64.99	65.38	1.38	128.99

**Developed:**

	Unit of Measurement	As at April 1, 2017	Addition	Production	As at March 31, 2018
Proved reserves (1P)					
- Oil	MMBBL	0.37	0.36	0.02	0.71
- Gas	BCF	7.34	56.61	1.38	62.57

**Note 1:** The above reserve estimates excludes the reserves of PY-3 as there is no approved plan for recommencement as on date. CB-OS-1 has no firm development plan in place.

**Note 2:** Unit of measurement is considered in barrels for oil and cubic feet for gas.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***44. Segmental reporting**

The Company is primarily engaged in a single business segment of "Oil and Gas" in one geographic segment in India. Therefore, there are no separate reportable segments for Segment Reporting.

**45. Related Party Disclosures**

a) Related Parties as of March 31, 2019:

i) Wholly owned subsidiary companies of HOEC

a) Hindage Oilfield Services Ltd., ("Hindage")

b) Geopetrol International Inc ("GPII")

ii) Key management personnel:

Whole-time directors

- Mr. P. Elango - Managing Director
- Mr. R. Jeevanandam - Director & CFO

Non-Executive independent Directors

- Mr. Sunil Behari Mathur - Chairman (resigned effective April 17, 2019)
- Mr. Vivek Rae (appointment effective April 18, 2019)
- Ms. Sharmila H. Amin
- Mr. P.K. Borthakur

Non-Executive, Non-Independent Directors

- Mr. Ashok Kumar Goel
- Mr. Rohit Rajgopal Dhoot

Company Secretary

- Ms.G.Josephin Daisy

b) Nature and volume of transactions during the year and outstanding balances as at the balance sheet date with the above parties:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on loan to GPII	5.72	-
<b>Expenditure</b>		
Subsidiary (Hindage) - Reimbursement of expenses	35.49	5.11
Key managerial personnel remuneration-		
1. Mr. P. Elango - Managing Director	200.63	103.16
2. Mr. R. Jeevanandam - Director & CFO	190.69	97.99
3. Ms. G. Josephin Daisy - Company Secretary	10.31	7.35
Share based payment recognised - Managing Director and Director & CFO	-	450.21
Sitting fee - Independent Directors	17.40	10.20
Commission - Independent Directors*	-	18.00
Advances - Wholly owned subsidiary company **		
Advance paid	-	950.00
Advance recovered	-	950.00

\* Which is within 1% of the net profit of the company for the year ended March 31, 2018.

\*\* Represents advance made for business purposes, which has been repaid during the previous year.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balance outstanding</b>		
Subsidiary (Hindage) -Security deposit	-	85.00

**Loan to wholly owned subsidiary**

Particulars	Outstandind as at March 31, 2019	Maximum amount outstanding during the year	Outstanding as at March 31, 2018
Loan to GPII	1210.48	1210.48	-
Interest accrued on loan to GPII	5.72	5.72	-

**46. Commitments and Contingencies**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Contingent Liabilities</b>		
(a) Claims not acknowledged as debts CY-OS-90/1 (refer note a)	3,112.00	3,112.00
(b) Royalty demand (refer note b)	1,097.00	1,065.00
(c) Claims not acknowledged as debts CB-OS/1 (refer note d)	1,245.00	-
(d) Service tax liability (refer note e)	168.92	168.92
<b>(ii) Commitments</b>		
Estimated value of contracts remaining to be executed on capital account and not provided for	59.16	4,570.07

- a) Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) operator referred the dispute by all non-operators including the company to an arbitration for a total claim of ₹ 6,049 lacs (US\$ 9.32 million) without interest. Accordingly, the claim against the company for its participating interest is ₹ 1,624 lacs (US\$ 2.05 million). The non-operating parties have not accepted the claim and the company made a counter claim of ₹ 20,168 lacs (US \$ 31.08 million). The dispute is being adjudicated by the arbitration tribunal. The claim not acknowledged as debt by the company includes ₹ 1,488 lacs for the participating interest of the company relating to the dispute between Aban Offshore Limited and the Operator "Hardy".
- b) In block PY 1, The Ministry of Petroleum & Natural Gas (MOP&NG) has computed the royalty based on the price realized instead of well head value and made a demand of ₹ 1,097 lacs (US\$ 1.59 million) with an interest claim for the period from 2009-10 to 2016-17. The company has re-computed the royalty based on wellhead value in terms of the production sharing contract which results in an excess payment of ₹ 1,319 lacs (US\$ 1.91 million) for the above period and made a request for refund.
- c) With respect to block CB-OS/1 operated by Oil & Natural Gas Corporation Limited (ONGC), there were no operations during the year. Therefore, no expenditure is accounted in the financial statements. CB-OS-1 Block wherein HOEC holds 38.04% of Participating interest and Oil and Natural Gas Corporation Limited (ONGC) with 55.26% an operator of the block was terminated by Government of India (GOI) on September 5, 2018. HOEC has issued a letter to GOI, to reconsider the termination of the block in term of PSC as HOEC is interested to take over participating interest of ONGC as well as the operatorship of the block. No value is carried in the books of accounts for the block.
- d) With respect to block CB-OS/1, ONGC made a claim of ₹ 1,245 lacs which was disputed by the Company and the matter is referred to arbitration. The Company made a counter claim of ₹ 6,472 lacs and the matter is being adjudicated by the arbitration tribunal.
- e) During the previous years, there was a demand for service tax for ₹ 77.09 lacs with an equivalent amount of penalty due to disallowance of Cenvat credit for the period from October 2007 to March 2011. An appeal has been filed after paying an amount of ₹ 7.71 lacs to the tax authorities. This dispute is before the Cestat for adjudication and no provision is made in the financial statements. The above amount also includes a demand of ₹ 14.74 lacs pertaining to one of the unincorporated joint ventures.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***47. Lease obligation**

The company has entered into a lease agreement pertaining to one of the unincorporated joint ventures for the lease of land to install wireless communication tower for a period of 9 years till 2028 and other rentals entered towards office premises which is cancellable. The obligations under the above lease are as follows:

Particulars	2018-2019	2017-2018
Not later than 1 year	82.51	105.20
Later than 1 year and not later than 5 years	2.84	2.73
Later than 5 years	2.15	2.77

**48. Effects of Changes in Foreign Exchange Rates****a) Expenditure in foreign currency (on accrual basis)**

Particulars	2018-2019	2017-2018
Operating expenditure	689.07	9.30

**b) Value of Imports calculated on CIF basis (on accrual basis)**

The details of the adjustment pursuant to the above are as under:

Particulars	2018-2019	2017-2018
Components and spare parts	13.35	-
Capital goods	4.93	315.73

**49. Corporate Social Responsibility**

Gross amount required to be spent towards CSR activities from the profits calculated as per Section 198 of the Companies Act, 2013 during the year: ₹ 23.34 lacs (PY: Nil). Amount spent during the year on:

Particulars	2018-19
Construction of asset	28.05
Others	12.38
<b>Total</b>	<b>40.43</b>

**50. Fair Value Measurements of financial assets**

The following table gives information about how the fair value of these financial assets are determined.

As at March 31, 2019	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value (refer note 15)</b>				
- Quoted equity instruments	17.45	17.45	-	-
- Mutual fund investments	11,111.34	11,111.34	-	-

As at March 31, 2018	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at Fair Value</b>				
- Quoted equity instruments	11.56	11.56	-	-
- Mutual fund investments	4,171.94	4,171.94	-	-

\* Note: Level 1: Quoted market prices in active markets, where available.

Level 2: Valuation techniques where fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques where fair value measurement is unobservable.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***51. Financial instrument disclosure - Capital Management**

The Company manages its capital to ensure that it will be able to continue as a going concern by optimizing the shareholder's value with the right balance of debt and equity. The Company maintains the debt free status as on date and would raise capital as required by maintaining an appropriate gearing. The Risk Management committee of the company periodically reviews the capital to ensure the capital adequacy. Currently, the capital structure of the Company consists of total equity and the company has no borrowings.

**52. Financial Risk Management Objectives**

The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, managed and mitigated in accordance with the Company's policies.

**(i) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the company is exposed to include oil and natural gas prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flow. Market risk comprises the risk of interest rate, currency risk and the other commodity price.

- **Interest rate risk**

This risk causes the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not availed borrowings, hence is not exposed to interest rate risk.

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and operational contracts with the rates payable in foreign currencies. The Company manages its foreign currency risk by having natural hedge as the revenue on sale of oil and gas is determined and paid in equivalent US dollars.

**Details of Unhedged Foreign Currency Exposure**

The details of unhedged Foreign Currency Exposure of the Company, are as under:

Particulars	As at March 31, 2019		As at March 31, 2018	
Trade receivables	\$141,295	₹ 98.07 lacs	\$140,474	₹ 90.25 lacs

- **Commodity price risk**

The Company is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby the share of gross production to the company increases in a falling oil price environment and the recovery of costs. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

**(ii) Credit risk**

Credit risk is the risk that counterparty for sale of its products will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is not exposed to credit risk as its sale of oil and gas is to Government Nominees.

**(iii) Liquidity risk**

A formal budgeting and forecasting process is in place and cash forecasts identifying liquidity requirements of the Company are reviewed regularly by the Audit Committee and Board. Financing plans are approved based on end utilization of proceeds and cost of capital.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

*(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

**53. Events after the reporting period**

There is no material event after the reporting period.

**54. Approval of financial statements**

The financial statements were approved for issue by the board of directors on May 14, 2019.

**55. Previous year figures**

Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

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For and on behalf of the Board of Directors

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K.Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

Place : Mumbai  
Date : May 14, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Hindustan Oil Exploration Company Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Hindustan Oil Exploration Company Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements"), which includes eight unincorporated joint ventures accounted on a proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of unincorporated joint ventures and subsidiary referred to in Other Matters section below, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of Oil and Gas Assets</b></p> <p>The Balance Sheet includes property, plant and equipment (PP&amp;E) of ₹ 36,924 Lakhs, of which ₹ 35,572 Lakhs are oil and gas assets.</p> <p>Recoverability of PP&amp;E assets has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of the carrying value of the assets being assessed; and</li> <li>The assessment of the recoverable amount of the Group's Cash Generating Units (CGUs) involving</li> </ul>	<p><b>Principal audit procedures:</b></p> <p>We tested management's internal controls over the setting of oil and gas prices and reserve estimates. In addition, we conducted the following substantive procedures:</p> <p><b>Reserves estimates</b></p> <ul style="list-style-type: none"> <li>We reviewed Group's reserves estimation methods and policies.</li> <li>We performed a look-back analysis to check for indicators of bias over time.</li> </ul>

S.No	Key Audit Matter	Auditor's Response
	<p>significant judgements about future cash flow forecasts and the discount rates applied.</p> <ul style="list-style-type: none"> <li>Estimation of oil and natural gas reserves being a significant area of judgement due to the technical uncertainty and having a substantial impact on impairment testing.</li> </ul> <p>As required by Ind AS 36 'Impairment of Assets', management estimated the recoverable amount of the CGU to determine if any impairment charges or reversals were required.</p>	<ul style="list-style-type: none"> <li>We assessed how these policies had been applied to five internal reserves estimates.</li> <li>We assessed the competence, capability and objectivity of Group's internal reserve experts, through obtaining their relevant professional qualifications and experience.</li> </ul> <p><b>Other procedures</b></p> <ul style="list-style-type: none"> <li>We challenged management's cash generating unit determination, scrutinized the impairment and impairment reversal indicator analysis and considered whether there was any contradictory evidence present.</li> <li>We verified estimated future capital and operational costs by comparison to approved budgets and assessed them with reference to field production forecasts.</li> <li>We compared hydrocarbon production forecasts and proved and probable reserves to reserve reports and our understanding of the life of the fields.</li> <li>We assessed these estimates against management's historical forecasting accuracy and whether the estimates had been determined and applied on a consistent basis.</li> </ul>
2	<p><b>Measurement of provision for decommissioning, dismantling, removal and restoration ("DDRR")</b></p> <p>The provision outstanding for DDRR of the Group amounts to ₹ 10,091 Lakhs, which represents 79% the Group's non-current liabilities.</p> <p>The estimation of DDRR provision, involves significant degree of judgement, complex calculations and estimation uncertainty.</p> <p>Decommissioning provisions are inherently subjective given they are based on estimates of costs that will be settled in the future.</p> <p>Management's estimate has been based on third party estimates.</p>	<p><b>Principal audit procedures:</b></p> <p>We tested management's internal controls over determination of Decommissioning Provision. In addition, we conducted the following substantive procedures:</p> <ul style="list-style-type: none"> <li>We have tested the reasonableness of management's inflation and discount rates used for the decommissioning provision based on market data.</li> <li>We re-performed the calculation of the DDRR provision over five blocks.</li> <li>We assessed the competence, capability and objectivity of Group's external experts, through obtaining their relevant professional qualifications and experience.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management's Discussion and Analysis and Corporate Governance Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

- (a) We did not audit the financial statements of Seven Unincorporated Joint Ventures included in the Consolidated Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 36,511 Lakhs as at March 31, 2019 and total revenues of ₹ 27 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The financial statements of these unincorporated joint ventures have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these unincorporated joint ventures, is based solely on the report of such other auditors.
- (b) We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose consolidated financial statements reflect total assets of ₹ 11,099 Lakhs as at March 31, 2019, total revenues of ₹ 2,825 Lakhs, total net profit after tax and total comprehensive income of ₹ 819 Lakhs, which includes Group's share of net profit of ₹ 142 Lakhs in respect of an associate for the year ended on that date, as considered in the consolidated financial results. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of the other auditor.

The other auditor, without qualifying his opinion, has reported that financial statements of the aforesaid consolidated subsidiary includes assets of ₹ 2,921 Lakhs and liabilities of ₹ 679 Lakhs which represents its participating interest in an unincorporated joint venture based on unaudited financial information certified by the management. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

- (c) We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved developed hydrocarbon reserves and depletion thereof on Oil and Gas assets, impairment and liability for site restoration costs.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements of the unincorporated joint ventures and subsidiary referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate;
    - ii) The Group and its associate does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and its associate.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Date: May 14, 2019  
Place: Mumbai

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Hindustan Oil Exploration Company Limited** (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). 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 the respective 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.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company

are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors and other auditors, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Date: May 14, 2019  
Place: Mumbai



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant & equipment			
a) Oil and gas assets	4	35,571.63	26,293.63
b) Others	4	1,352.84	699.15
Capital work-in-progress	5	2,617.90	562.45
Investment property	6	435.76	83.13
Intangible assets	7	1,026.99	982.75
Financial assets			
Investment in associates	8	1,722.13	–
Deposits under site restoration fund	9	6,159.66	5,513.30
Other bank balances	10	–	5.20
Other financial assets	11	5.54	39.70
Other non-current assets	12	7.71	–
Deferred tax asset	13	–	–
<b>Total non-current assets</b>		<b>48,900.16</b>	<b>34,179.32</b>
<b>2 Current assets</b>			
Inventories	14	2,782.86	2,827.47
Financial assets			
Investments	15	11,974.37	5,064.65
Trade receivables	16	4,093.33	1,648.57
Cash and cash equivalents	17	2,764.48	8,430.81
Other bank balances	18	779.45	732.97
Other financial assets	19	1,054.38	544.64
Income tax assets (net)	20	968.12	845.24
Other current assets	21	97.60	78.62
<b>Total current assets</b>		<b>24,514.59</b>	<b>20,172.97</b>
<b>TOTAL ASSETS</b>		<b>73,414.75</b>	<b>54,352.29</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	22	13,050.93	13,050.93
Other equity	23	40,972.80	25,269.81
<b>Total equity</b>		<b>54,023.73</b>	<b>38,320.74</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
Financial liabilities			
Long term borrowings	24	17.76	24.86
Trade payables	25	2,211.07	2,211.07
Other financial liabilities	26	30.50	–
Provisions	27	10,145.97	9,679.45
Other non-current liabilities	28	10.48	2.94
Deferred tax liability	29	395.31	–
<b>Total non-current liabilities</b>		<b>12,811.09</b>	<b>11,918.32</b>
<b>2 Current liabilities</b>			
Financial liabilities			
Short term borrowings	30	1,175.89	–
Trade payables	31	1,627.65	1,806.86
Other financial liabilities	32	2,794.96	2,157.44
Provisions	33	681.07	17.13
Other current liabilities	34	300.36	131.80
<b>Total current liabilities</b>		<b>6,579.93</b>	<b>4,113.23</b>
<b>Total Liabilities</b>		<b>19,391.02</b>	<b>16,031.55</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>73,414.75</b>	<b>54,352.29</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	35	26,514.07	4,871.25
Other income	36	1,118.55	1,183.72
<b>Total income</b>		<b>27,632.62</b>	<b>6,054.97</b>
<b>EXPENSES</b>			
Share of expenses from producing oil and gas blocks	37(a)	3,720.84	1,115.84
Royalty, cess and NCCD	37(b)	2,083.78	188.64
(Increase)/ decrease in stock of crude oil and condensate	38	418.14	(454.72)
Employee benefits expense	39	531.95	557.94
Finance costs			
- Unwinding of discount on decommissioning liability	40	157.16	99.98
- others	41	9.91	2.50
Depreciation, depletion and amortization	4,6,7	4,380.78	846.87
Other expenses	42	1,047.81	394.49
<b>Total expenses</b>		<b>12,350.37</b>	<b>2,751.54</b>
<b>Profit before share of profit of associate, exceptional items &amp; tax</b>		<b>15,282.25</b>	<b>3,303.43</b>
Share of profit of associate	8	142.39	-
<b>Profit before exceptional items and tax</b>		<b>15,424.64</b>	<b>3,303.43</b>
Exceptional items	43	262.16	448.67
<b>Profit before tax</b>		<b>15,686.80</b>	<b>3,752.10</b>
(1) Current tax		441.49	-
(2) Adjustment of tax relating to earlier periods		92.98	-
(3) Deferred tax		(521.98)	-
<b>Total tax expense</b>		<b>12.49</b>	<b>-</b>
<b>Profit for the year</b>		<b>15,674.31</b>	<b>3,752.10</b>
<b>Other comprehensive income</b>			
Items that will not to be reclassified to profit or loss:			
- Re-measurement (losses) of defined benefit plans		(16.17)	(16.09)
- Income tax effect on re-measurement of defined benefit plans		-	-
<b>Other comprehensive income (net of tax)</b>		<b>(16.17)</b>	<b>(16.09)</b>
<b>Total comprehensive income for the year</b>		<b>15,658.14</b>	<b>3,736.01</b>
Earnings per equity share of ₹10 attributable to equity holders.	44		
Basic		12.01	2.88
Diluted		11.91	2.85

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

**CONSOLIDATED STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***a) Equity Share Capital**

Particulars	Amount
Balance as at March 31, 2018	13,050.93
Balance as at March 31, 2019	13,050.93

**b) Other Equity**

Particulars	Reserves and surplus					Total
	Security premium	Capital reserve	General reserve	Associate stock option plan reserve	Retained earnings	
Balance as at April 1, 2017	78,415.21	96,084.50	38.00	-	(153,454.12)	21,083.59
Profit for the year	-	-	-	-	3,752.10	3,752.10
Other comprehensive income	-	-	-	-	(16.09)	(16.09)
<b>Total comprehensive income</b>	-	-	-	-	<b>3,736.01</b>	<b>3,736.01</b>
Recognised share payments	-	-	-	450.21	-	450.21
<b>Balance as at March 31, 2018</b>	<b>78,415.21</b>	<b>96,084.50</b>	<b>38.00</b>	<b>450.21</b>	<b>(1,49,718.11)</b>	<b>25,269.81</b>
Profit for the year	-	-	-	-	15,674.31	15,674.31
Other comprehensive income	-	-	-	-	(16.17)	(16.17)
<b>Total comprehensive income</b>	-	-	-	-	<b>15,658.14</b>	<b>15,658.14</b>
Capital reserve	-	44.85	-	-	-	44.85
<b>Balance as at March 31, 2019</b>	<b>78,415.21</b>	<b>96,129.35</b>	<b>38.00</b>	<b>450.21</b>	<b>(1,34,059.97)</b>	<b>40,972.80</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

**Bhavani Balasubramanian**  
 Partner

Place : Mumbai  
 Date : May 14, 2019

**Vivek Rae**  
 Chairman

**P. Elango**  
 Managing Director

**Sharmila Amin**  
 Director

**R. Jeevanandam**  
 Director & CFO

**P.K. Borthakur**  
 Director

**Josephin Daisy**  
 Company Secretary

For and on behalf of the Board of Directors

**Ashok Kumar Goel**  
 Director

**Rohit Rajgopal Dhoot**  
 Director

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>15,686.80</b>	<b>3,752.10</b>
Adjustments for:		
Depletion, depreciation and amortisation	4,380.78	846.87
Share-based payments charge	-	450.21
Unwinding of discount on Decommissioning liability	157.16	99.98
Provision for compensated absences	5.78	9.01
Provision for doubtful advances	-	13.70
Excess liabilities / provisions written back	(9.09)	(1.26)
Interest income	(556.75)	(511.03)
Net income from financial instruments at fair value	(439.67)	(660.72)
Rental income	(36.25)	-
Dividend income	(0.08)	(0.07)
Share of profit of associate	(142.39)	-
<b>Operating profit before working capital changes</b>	<b>19,046.29</b>	<b>3,998.79</b>
<b>Working capital adjustments for:</b>		
(Increase) / Decrease intrade receivables	(2,080.22)	(1,132.99)
(Increase) / Decrease in Inventories	594.60	(357.79)
(Increase) / Decrease in Loans and advances and other current assets	(702.07)	(999.31)
Increase / (Decrease) in trade payables and other liabilities	(195.96)	(2,318.82)
<b>Cash generated from operations</b>	<b>16,662.64</b>	<b>(810.12)</b>
Direct taxes refunds (net of payments)	73.04	93.41
<b>Net cash flows from operating activities</b>	<b>16,735.68</b>	<b>(716.71)</b>
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(11,742.85)	(4,858.32)
Exploration cost	(89.05)	(814.72)
Investment in subsidiary	(5,895.82)	-
Loan received	1,175.89	-
Rent received	36.25	-
Profit on sale of financial assets	439.67	660.72
Interest received	556.75	511.03
Bank deposit -Lien for bank guarantees	747.05	(1,526.50)
Dividend income	0.08	0.07
<b>Net cash flows used in investing activities</b>	<b>(14,772.03)</b>	<b>(6,027.72)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,963.65</b>	<b>(6,744.43)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,707.14</b>	<b>19,451.57</b>
<b>Cash and cash equivalents at the beginning of the year (GPII)</b>	<b>68.06</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14,738.85</b>	<b>12,707.14</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	0.08	-
Balances with banks		
- In deposit accounts	832.69	720.98
- In current accounts	1,931.71	6,921.51
Current Investments	11,974.37	5,064.65
<b>Total cash and cash equivalents</b>	<b>14,738.85</b>	<b>12,707.14</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

For and on behalf of the Board of Directors

**Bhavani Balasubramanian**  
Partner

**Vivek Rae**  
Chairman

**Sharmila Amin**  
Director

**P.K. Borthakur**  
Director

**Ashok Kumar Goel**  
Director

**Rohit Rajgopal Dhoot**  
Director

Place : Mumbai  
Date : May 14, 2019

**P. Elango**  
Managing Director

**R. Jeevanandam**  
Director & CFO

**Josephin Daisy**  
Company Secretary

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***1. Corporate Information**

- a) Hindustan Oil Exploration Company Limited ('the Company' or "HOEC") was incorporated in India on September 22, 1983 under the provisions of the Companies Act, 1956. The Company's shares are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). HOEC is engaged in the exploration, development and production of crude oil and natural gas in India, both onshore and offshore.

The Company is a participant in various oil and gas blocks/fields which are in the nature of joint operation through Production Sharing Contracts ('PSC') entered by the Group with Government of India along with other entities. The details of Company's participating interests and of the other entities are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	Share (%)	
			As at March 31, 2019	As at March 31, 2018
1	PY-1	Hindustan Oil Exploration Company Limited (O)	100	100
2	CY-OS-90/1 (PY-3)	Hardy Exploration & Production (India) Inc. (O)	18	18
		Oil and Natural Gas Corporation Limited	40	40
		Hindustan Oil Exploration Company Limited	21	21
		Tata Petrodyne Limited	21	21
3	Asjol	Hindustan Oil Exploration Company Limited (O)	50	50
		Gujarat State Petroleum Corporation Limited	50	50
4	North Balol	Hindustan Oil Exploration Company Limited (O)	25	25
		Gujarat State Petroleum Corporation Limited	45	45
		Gujarat Natural Resources Limited (GNRL)	30	30
5	CB-ON/7 (Palej)	Hindustan Oil Exploration Company Limited (O)	35	35
		Gujarat State Petroleum Corporation Limited	35	35
		Oil and Natural Gas Corporation Limited	30	30
6	CB-OS/1*	Oil and Natural Gas Corporation Limited (O)	55.26	55.26
		Hindustan Oil Exploration Company Limited	38.07	38.07
		Tata Petrodyne Limited	6.67	6.67
7	AAP-ON-94/1 (Assam)	Hindustan Oil Exploration Company Limited (O)	26.882	26.882
		Indian Oil Corporation Limited	29.032	29.032
		Oil India Limited	44.086	44.086
8	MB/OSDSF/B80/2016	Hindustan Oil Exploration Company Limited (O)	50	50
		Adhboot Estates Private Limited	50	50
9	AA/ONDSF/KHEREM/2016	Hindustan Oil Exploration Company Limited (O)	40	40
		Oil India Limited	40	40
		Prize Petroleum Company Limited	20	20
10	AA-ONHP-2017/19	Hindustan Oil Exploration Company Limited	100	-
11	AA/ONDSF/Umatara/2018	Hindustan Oil Exploration Company Limited	10	-
		Indian Oil Corporation Limited	90	-

*(O) Operator*

\* GOI has issued a termination on September 5, 2018. However, the Company requested to withdraw the termination notice as it is not in accordance with the provisions of the PSC.

- b) Hindage Oilfield Services Limited (formerly, HOEC Bardahl India Limited), (HOSL) was incorporated on November 24, 1988 in the state of Gujarat. HOSL has discontinued the business of marketing "Bardahl" products and is planning to enter into oil field services. It is presently planning to construct an offshore utility boat to enter into offshore support services and also examining the various opportunities in various oil field services.
- c) HOEC has acquired the entire share capital of Geopetrol International Inc. ("GPII"), a company registered and existing under the Laws of Panama in the current financial year. GPII is registered as a foreign company in India and operates through a project office in India. GPII has entered into various production sharing contracts with Government of India including a producing oil field Kharsang in Arunachal Pradesh. The details of the Participating Interest are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	As at March 31, 2019 Share %
1	Kharsang Field	Geoenpro Petroleum Limited (O)	10
		Geopetrol International Inc.	25
		JEKPL Private Limited	25
		Oil India Limited	40

*(O) Operator*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

- d) Geopetrol Mauritius Ltd ("GML"), is a wholly owned subsidiary of GPII. GML is a company established under the laws of Mauritius and has global business category -I license. It is in the business of investment in oil and gas exploration and oil and gas services.
- e) Geoenpro Petroleum Limited ("Geoenpro") is a company established and operated under the Indian Companies Act. GML is currently holding 50% of the paid up share capital of Geoenpro. Geoenpro is an associate company of GML. The Company, along with HOSL, GPII, GML shall hereinafter, be collectively referred to as 'the Group'.

**2. Significant Accounting Policies****i) Statement of compliance and basis of preparation**

The consolidated financial statements of the Group and its subsidiaries (together the Group) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2019, the Group had prepared its consolidated financial statements under historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the accounting standards notified under section 133 of the Companies Act 2013.

In case of foreign subsidiaries the foreign currency is converted to year end rates of exchange and the fair value of fixed assets are determined for impairment if any. In case of associates, the investment in associates is given under a separate category of asset viz., "Investment in associates".

The Consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Ind AS1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

**Fair value measurement**

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

The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants.

The consolidated financial statements are presented in Indian Rupees, unless otherwise stated.

**ii) Basis of consolidation**

- (a) The consolidated financial statements incorporate the financial statement of the Company and its Subsidiaries.
- (b) All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated in full on consolidation.
- (c) The Consolidated financial statements have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (d) In case of Associate Company, the investment at cost is considered subject to the impairment if any.

**iii) Interest in joint operations**

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Group has entered into Unincorporated Joint Ventures (UJVs) with other oil and gas companies and executed Production Sharing Contracts ("PSC") and Revenue Sharing Contracts ("RSC") with the Government of India. These UJVs are in the form of Joint arrangements wherein the participating entity's assets and liabilities are proportionate to its participating interest.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

*(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

The UJVs entered into by the Group are joint operations wherein the liabilities are several, not joint, and not joint and several and therefore do not come under the category of Joint Venture as defined under the Ind AS. In accounting for these joint operations, the Group recognizes its assets and liabilities in proportion to its participating interest in the respective UJV. Likewise, revenue and expenses from the UJV are recognized for its participating interest only. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in the UJVs in accordance with the Ind AS.

The consolidated financial statements of the Group reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted, based on the available information in the audited financial statements of UJV on line by line basis with similar items in the Group's accounts to the extent of the participating interest of the Group as per the various PSCs and RSCs. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs. Hence, in respect of these UJV's, certain disclosures required under the relevant accounting standards have been made in the financial statements.

**iv) Investment in associates and joint ventures**

The Group records the investments in associates and joint ventures at cost less impairment loss, if any.

On disposal of investment in associates and joint ventures, the difference between the net disposal proceeds and the carrying amounts (including corresponding value of dilution in deemed investment) are recognized in the Statement of Profit and Loss.

**v) Foreign exchange transactions**

The functional currency of the Group is Indian Rupees which represents the currency of the primary economic environment in which it operates.

In preparing the financial statements of each individual group company, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

**vi) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable at the transacted price.

- (i) Revenue from the sale of crude oil, condensate and natural gas, net of value added tax and profit petroleum to the Government of India, is recognized on transfer of custody to customers, and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. The Group adopted Ind AS 115 effective April 1, 2018 and the impact thereon is Nil.
- (ii) Income from service if any is recognized on accrual basis on its completion and is net of taxes.
- (iii) Interest income is recognized on the basis of time, by reference to the principal outstanding and at effective interest rate applicable on initial recognition.
- (iv) Dividend Income from investments is recognized when the right to receive has been established.
- (v) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

**vii) Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax rates and tax laws used to compute are the laws that are enacted or substantively enacted as on the reporting date. The management evaluates and makes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***Current income taxes**

The current income tax expense includes income taxes payable by the Group. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. It is recognized only to the extent it is probable that the taxable profit will be available against which the deductible temporary differences and the carry forward losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**viii) Property, plant and equipment (other than Oil and gas assets)**

Land and buildings held for use in the production and supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and the accumulated impairment losses. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less depreciation.

Historical cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. It includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Improvements to Leasehold premises are amortized over the remaining primary lease period.

**(i) Useful lives used for depreciation (other than Oil and gas assets):**

The Group follows the useful lives set out under Schedule II of the Companies Act 2013 for the purpose of determining the useful lives of respective blocks of property plant and equipment. The following are the useful lives followed:

- Plant & machinery	:	15 years
- Building	:	60 years
- Office Equipment	:	05 years
- Electrical Fittings	:	10 years
- Computer	:	03 years
- Furniture and Fixtures	:	10 years
- Vehicles	:	08 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the written down value method.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***(ii) De-recognition of assets**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuous use of the asset. Any gain or loss arising from such disposal, retirement or de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item. Such gain or loss is recognized in the statement of profit and loss.

In case of de-recognition of a revalued asset, the corresponding portion of the revaluation surplus as is attributable to that asset is transferred to retained earnings on such de-recognition. Such transfers to retained earnings are made through Other Comprehensive Income and not routed through profit or loss.

**ix) Oil and gas assets**

Oil and gas assets are stated at historical cost less accumulated depletion and impairment. These are accounted in respect of an area / field having proved oil and gas reserves, when the wells in the area / field is ready to commence commercial production.

The Group generally follows the "Successful Efforts Method" of accounting for oil and gas assets as set out by the Guidance Note issued by the ICAI on "Accounting for Oil and Gas Producing Activities".

Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis as Intangible Assets. Costs are not depleted within exploratory and development work in progress until the exploration phase is completed or commercial oil and gas reserves are discovered.

- (a) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.
- (b) Cost of exploratory/appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till the development plan is submitted. On submission of development plan, it is transferred to capital work in progress. On commencement of commercial production, the capital work in progress is transferred to Producing property as tangible assets.
- (c) Cost of temporary occupation of land and cost of successful exploratory, appraisal and development wells are considered as development expenditure. These expenses are capitalized as Producing Property on commercial production.
- (d) Development costs on various activities which are in progress are accounted as Capital work in progress. On completion of the activities the costs are moved to respective oil and gas assets.

**Depletion to oil and gas assets**

Depletion is charged on a unit of production method based on proved reserves for acquisition costs and proved and developed reserves for capitalized costs consisting of successful exploratory and development wells, processing facilities, assets for distribution, estimated site restoration costs and all other related costs. These assets are depleted within each cost center. Reserves for these purposes are considered on working interest basis which are assessed annually. Impact of changes to reserves if any are accounted prospectively.

**x) Site restoration**

Provision for decommissioning costs are recognized as and when the Group has a legal or constructive obligation to plug and abandon a well, dismantle and remove Plant and Equipment to restore the site on which it is located. The estimated liability towards the costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is completed, and the Plant and Equipment are installed.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk-free interest rate.

The corresponding amount is also capitalized to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and is also adjusted to the carrying value of the producing property.

Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the carrying value of the asset. In case reversal of provision exceeds the carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost.

Provision for decommissioning cost in respect of assets under Joint Operations is considered as per the participating interest of the Group in the block / field.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***xi) Investment property**

Properties held to on rentals and / or capital appreciation are classified as Investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognized using the Written Down Value Method, so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful lives are determined by technical evaluation, over the useful lives so determined. Depreciation method, useful life and the residual values are reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property and the value thereon. The effect of any change in the estimates of useful lives / residual value is accounted on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognized in the Statement of Profit and Loss in the same period.

**xii) Intangible assets (Other than oil and gas assets)**

Intangible assets with a finite useful life acquired separately are measured on initial recognition, at costs. Intangible assets are carried at cost less accumulated amortization and impairment losses if any.

The Group amortizes intangible assets with a finite useful life using the straight-line method. The useful life considered for computer software is 6 years.

**xiii) Impairment**

The carrying values of assets/cash generating units are assessed for impairment at the end of every reporting period. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to its recoverable amount. However, such reversal shall not exceed the carrying amount had there been no impairment loss.

**xiv) Inventories**

The accounting treatment in respect of recognition and measurement of inventory is as follows:

- (i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business.
- (ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis or estimated net realizable value, whichever is lower.

Inventories are periodically assessed for restatement at lower of cost and net realizable value. On restatement, any write-down of inventory to net realizable value is recognized as an expense in the period the write-down or loss occurs. In case of increase in the net realizable value, the increase is recognized and reversed to the extent of write-down.

**xv) Employee benefits**

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

**a) Defined contribution plan**

The Group's contribution to provident fund is considered as defined contribution plan and are recognized as and when the employees have rendered services entitling them to contributions.

**b) Defined benefit plan**

The Group makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

Remeasurement comprising actuarial gains and losses are reflected immediately in the balance sheet with a charge or credit recognized in the Other Comprehensive Income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognised the Statement of Profit and Loss except those included in cost of assets as permitted.

Defined benefit costs are categorized as Service cost, Net interest expense and remeasurement cost.

**c) Long term employee benefit**

The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.

**d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.****xvi) Employee share based payment**

Equity settled share-based payments to employees are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payment is expensed on straight line basis over the vesting period based on the estimate of the equity instrument that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that cumulative expense reflects the revised estimate, with corresponding adjustment to the equity -settled employee benefits reserve.

**xvii) Financial instruments**

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at fair value except for trade receivables which are initially measured at a transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Recognized financial assets are subsequently measured in their entirety at the fair value. In case of investments in wholly owned subsidiary, the investments are considered at cost subject to impairment if any.

A financial asset is de-recognized only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Financial assets held with the objective to collect contractual cash flows and the terms give rise on specified dates to cash flows that are solely payments of principal and interest are subsequently measured at amortized cost except for financial assets that are designated at fair value through profit or loss on initial recognition.

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

**Financial liabilities**

All financial liabilities are recognized initially at fair value. In the case of loans, borrowings and payables, recognition is net of directly attributable transaction and other costs. The Group's financial liabilities may include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities is at fair value and adjustment thereon is routed through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***xviii) Provisions, Contingent liabilities and Contingent assets**

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

In case of contingent liabilities, where there is no certainty of outflow or the amount of obligation cannot be measured reliably, disclosure is made in the notes forming part of the financial statements. Contingent assets are not recognized in the financial statements. However, where the realization of income is reasonably certain, a disclosure of the fact is provided.

**xix) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Group. All other leases are classified as operating leases. Operating lease payments for land are recognized as prepayments and amortized on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

**xx) Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**xxi) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

**xxii) Cash and cash equivalents**

Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amount of cash which are subject to insignificant risk of change in value.

**3. Critical accounting judgments, assumptions and key sources of estimation uncertainty**

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of Oil and Gas reserves, impairment, useful lives of Property, Plant and Equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets & liabilities.

**3.1 Critical judgments in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (Refer note 4(b)), that the Management have made in the process of applying the Group's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***a) Determination of functional currency**

Currency of the primary economic environment in which the Group operates ("the functional currency") is Indian Rupee (₹) in which the Group primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹). In case of foreign subsidiaries in United States Dollar is converted in the year end exchange rates.

**b) Evaluation of indicators for impairment of oil and gas assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors such as significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc. and internal factors such as obsolescence or physical damage of an asset, poor economic performance of the asset etc. which could result in significant change in recoverable amount of the oil and gas assets.

**3.2 Assumptions and key sources of estimation uncertainty****a) Estimation of provision for decommissioning**

The Group estimates provision for decommissioning for the future decommissioning of oil & gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future, the exact requirements that may have to be met when the occurrence of removal events are uncertain. Technologies and costs for decommissioning are varying constantly. The timing and amounts of future cash flows are subject to significant uncertainty.

The timing and the future expenditures are reviewed at the end of each reporting period, together with rate of inflation for current cost estimates and the interest rate used in discounting the cash flows. The economic life of the oil & gas assets is estimated based on the economic production profile of the relevant oil & gas asset.

**b) Estimation of reserves**

Management estimates production profile (proved and developed reserves) in relation to all the oil and gas assets determined as per the industry practice. The estimates so determined are used for the computation of depletion and loss of impairment if any.

The year-end reserves of the Group have been estimated by the G&G team which follows the guidelines for application of the petroleum resource management system consistently. The Group has adopted the reserves estimation by following the guidelines of Society of Petroleum Engineers (SPE) which defines "Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial and remaining (as of a given date) based on development project(s) applied". Volumetric estimation is made which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate the recoverable reserves from it. As the field gets matured with production history the material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. In addition, new in- place volume and ultimate recoverable reserves are estimated for any new discoveries or new pool of discoveries in the existing fields and the appraisal activities may lead to revision in estimates due to new sub-surface data. Similarly, reinterpretation is also carried out based on the production data by updating the static and dynamic models leading to change in reserves. New interventional technology, change in classifications and contractual provisions may also necessitate revision in the estimation of reserves.

**c) Defined Benefit Obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**3.3 Recent Accounting Pronouncements**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, which will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value with enhanced disclosures. However, under Ind AS 17, all operating lease expenses are charged to the statement of Profit & Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Group adopts this standard effective April 1, 2019 and do not perceive any material impact on its adoption.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***4 Property, plant & equipment****Summary**

Carrying amount of:	As at March 31, 2019	As at March 31, 2018
<b>a) Oil and gas assets</b>	<b>35,571.63</b>	<b>26,293.63</b>
<b>b) Others</b>		
- Freehold land	239.28	239.28
- Plant & Machinery	936.17	-
- Fire safety facilities	74.84	-
- Buildings	42.24	414.40
- Furniture & fixtures	7.34	1.32
- Vehicles	26.99	28.15
- Office equipment	6.42	4.55
- Computers	19.56	11.45
	<b>1,352.84</b>	<b>699.15</b>

Carrying amount of:	Oil and gas assets	Others									Total
		Freehold land	Buildings	Fire Safety facilities	Plant & machinery	Furnitures & fixtures	Vehicles*	Office equipment	Computers	Lease hold improvements	
<b>Cost</b>											
Balance as at April 1, 2017	2,44,550.50	239.28	760.93	-	20.07	65.61	12.86	104.40	109.90	22.32	2,45,885.87
Additions / (Deletions)	200.62	-	-	-	-	0.32	35.99	4.31	3.39	-	244.63
Transfer from Capital Work-in-progress	4,663.89	-	-	-	-	-	-	-	-	-	4,663.89
<b>Balance as at March 31, 2018</b>	<b>2,49,415.01</b>	<b>239.28</b>	<b>760.93</b>	<b>-</b>	<b>20.07</b>	<b>65.93</b>	<b>48.85</b>	<b>108.71</b>	<b>113.29</b>	<b>22.32</b>	<b>2,50,794.39</b>
Acquisitions through business combinations	14,126.63	-	28.70	129.10	1,873.71	30.66	19.19	101.89	122.57	-	16,432.45
Additions / (Deletions)	9,170.20	-	-	-	-	3.08	-	1.79	-	-	9,175.07
Transfer from Capital Work-in-progress	518.96	-	-	-	-	-	-	-	-	-	518.96
Transfer to Investment property	-	-	(622.24)	-	-	-	-	-	-	-	(622.24)
<b>Balance as at March 31, 2019</b>	<b>2,73,230.80</b>	<b>239.28</b>	<b>167.39</b>	<b>129.10</b>	<b>1,893.78</b>	<b>99.67</b>	<b>68.04</b>	<b>212.39</b>	<b>235.86</b>	<b>22.32</b>	<b>2,76,298.63</b>
<b>Accumulated depletion, depreciation and impairment</b>											
Balance as at April 1, 2017	2,22,352.08	-	325.45	-	20.07	63.37	11.38	100.57	94.17	22.32	2,22,989.41
Depreciation for the year	769.30	-	21.08	-	-	1.24	9.32	3.59	7.67	-	812.20
Deletions	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>2,23,121.38</b>	<b>-</b>	<b>346.53</b>	<b>-</b>	<b>20.07</b>	<b>64.61</b>	<b>20.70</b>	<b>104.16</b>	<b>101.84</b>	<b>22.32</b>	<b>2,23,801.61</b>
Acquisitions through business combinations	10,539.34	-	17.85	39.07	710.71	20.86	3.57	82.13	93.26	-	11,506.79
Transfer to Investment property	-	-	(247.41)	-	-	-	-	-	-	-	(247.41)
Depreciation	3,998.45	-	8.18	15.19	226.83	6.86	16.78	19.68	21.20	-	4,313.17
<b>Balance as at March 31, 2019</b>	<b>2,37,659.17</b>	<b>-</b>	<b>125.15</b>	<b>54.26</b>	<b>957.61</b>	<b>92.33</b>	<b>41.05</b>	<b>205.97</b>	<b>216.30</b>	<b>22.32</b>	<b>239,374.16</b>
<b>Carrying value as at March 31, 2019</b>	<b>35,571.63</b>	<b>239.28</b>	<b>42.24</b>	<b>74.84</b>	<b>936.17</b>	<b>7.34</b>	<b>26.99</b>	<b>6.42</b>	<b>19.56</b>	<b>-</b>	<b>36,924.47</b>
<b>Carrying value as at March 31, 2018</b>	<b>26,293.63</b>	<b>239.28</b>	<b>414.40</b>	<b>-</b>	<b>-</b>	<b>1.32</b>	<b>28.15</b>	<b>4.55</b>	<b>11.45</b>	<b>-</b>	<b>26,992.78</b>

\* Acquired under Finance Lease

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***5 Capital work-in-progress**

Particulars	Development Expenditure	Exploration Expenditure	Plant & Machinery	Total
<b>Cost</b>				
Balance as at April 1, 2017	1,721.38	2,385.94	-	4,107.32
Additions	4,613.68	-	-	4,613.68
Transfer to oil and gas assets	(4,663.89)	-	-	(4,663.89)
<b>Balance as at March 31, 2018</b>	<b>1,671.17</b>	<b>2,385.94</b>	<b>-</b>	<b>4,057.11</b>
Additions	222.63	-	2,351.78	2,574.41
Transfer to oil and gas assets	(518.96)	-	-	(518.96)
<b>Balance as at March 31, 2019</b>	<b>1,374.84</b>	<b>2,385.94</b>	<b>2,351.78</b>	<b>6,112.56</b>
<b>Accumulated impairment</b>				
Balance as at April 1, 2017	1,108.72	2,385.94	-	3,494.66
Additions	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>1,108.72</b>	<b>2,385.94</b>	<b>-</b>	<b>3,494.66</b>
Additions	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>1,108.72</b>	<b>2,385.94</b>	<b>-</b>	<b>3,494.66</b>
Carrying value as at March 31, 2019	266.12	-	2,351.78	2,617.90
Carrying value as at March 31, 2018	562.45	-	-	562.45

**6 Investment property**

Particulars	Building
<b>Cost</b>	
Balance as at April 1, 2017	282.39
Additions	-
<b>Balance as at March 31, 2018</b>	<b>282.39</b>
Transfer from property, plant & equipment	622.24
<b>Balance as at March 31, 2019</b>	<b>904.63</b>
<b>Accumulated Depreciation</b>	
Balance as at April 1, 2017	195.06
Depreciation for the year	4.20
<b>Balance as at March 31, 2018</b>	<b>199.26</b>
Transfer from property, plant & equipment	247.41
Depreciation for the year	22.20
<b>Balance as at March 31, 2019</b>	<b>468.87</b>
Carrying value as at March 31, 2019	435.76
Carrying value as at March 31, 2018	83.13

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***6.1 Fair value of the Group's investment property**

The following table gives details of the fair value of the Group's investment property as at March 31, 2019 and March 31, 2018.

Particulars	Level 3 : March 31, 2019	Level 3 : March 31, 2018
Building	2,208.00	1,290.00

The fair values of the Group's investment properties have been arrived at on the basis of a valuation carried out by an independent valuer not related to the Group. Fair value was derived using the market comparable approach based on the recent market/government prices without any significant adjustments being made to the market observable data.

**7 Intangible assets**

Particulars	Software	Exploration	Total
<b>Cost</b>			
Balance as at April 1, 2017	530.11	-	530.11
Additions	-	814.72	814.72
<b>Balance as at March 31, 2018</b>	<b>530.11</b>	<b>814.72</b>	<b>1,344.83</b>
Acquisitions through business combinations	117.26	-	117.26
Additions	-	89.06	89.06
<b>Balance as at March 31, 2019</b>	<b>647.37</b>	<b>903.78</b>	<b>1,551.15</b>
<b>Accumulated amortization and impairment</b>			
Balance as at April 1, 2017	331.61	-	331.61
Amortization for the year	30.47	-	30.47
<b>Balance as at March 31, 2018</b>	<b>362.08</b>		<b>362.08</b>
Acquisitions through business combinations	116.67		116.67
Amortization for the year	45.41		45.41
<b>Balance as at March 31, 2019</b>	<b>524.16</b>	-	<b>524.16</b>
<b>Carrying value as at March 31, 2019</b>	<b>123.21</b>	<b>903.78</b>	<b>1026.99</b>
<b>Carrying value as at March 31, 2018</b>	<b>168.03</b>	<b>814.72</b>	<b>982.75</b>

**8 Investment in associates**

Particulars	As at March 31, 2019	As at March 31, 2018
GML wholly owned subsidiary of GPII invested in 50% of equity share capital of Geo Enpro Petroleum Limited (No of shares held 5,60,000).	1,579.74	-
Share of profit from investment during the year	142.39	-
<b>Total</b>	<b>1,722.13</b>	<b>-</b>

**9 Deposit under site restoration fund scheme**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(a) Deposit under site restoration fund scheme</b>		
Site restoration deposit with bank with maturity period in excess of 12 months	6,159.66	5,513.30
<b>Total</b>	<b>6,159.66</b>	<b>5,513.30</b>

The above amount has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes of site restoration pursuant to an abandonment plan agreed with the Government of India. Therefore, this amount is considered as restricted cash and not considered as "Cash and cash equivalents".



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***10 Other bank balances**

Particulars	As at March 31, 2019	As at March 31, 2018
Bank deposits- maturity > 12 months	-	5.20
<b>Total</b>	<b>-</b>	<b>5.20</b>

**11 Other financial assets**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Other financial assets</b>		
<b>(i) Unsecured and considered good</b>		
Capital advances	-	39.71
Security Deposits	5.54	-
<b>(ii) Unsecured and considered doubtful</b>		
Capital Advances	13.55	13.55
Less: Provision for doubtful advances	(13.55)	(13.55)
<b>Total</b>	<b>5.54</b>	<b>39.71</b>

**12 Other non-current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Pre-deposit - Service tax	7.71	-
<b>Total</b>	<b>7.71</b>	<b>-</b>

**13 Deferred tax asset**

Particulars	As at March 31, 2019	As at March 31, 2018
Exploration expenses	3,076.31	4,227.87
Development expenses	763.83	729.73
Depreciation, depletion, amortization and impairment of assets	4,362.75	9,525.08
Unabsorbed business losses and depreciation	25,367.56	26,368.12
Others	3.65	1.61
<b>Deferred tax asset</b>	<b>33,574.10</b>	<b>40,852.41</b>
<b>Less: Amounts not recognised (refer note below)</b>	<b>(33,574.10)</b>	<b>(40,852.41)</b>
<b>Deferred tax asset</b>	<b>-</b>	<b>-</b>

**Note:**

Deferred tax asset has not been recognized as it not probable that sufficient future taxable income could be available to utilize these assets.

There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of the Income Tax Act, 1961.

The Group is entitled for a Minimum Alternate Tax credit of ₹ 4,237.27 lacs as on 31 March 2019.

**14. Inventories**

Particulars	As at March 31, 2019	As at March 31, 2018
Finished goods		
- Crude Oil	172.97	33.98
- Condensate	137.51	517.52
Drilling and Production Stores, and spares*	2,472.38	2,275.97
	<b>2,782.86</b>	<b>2,827.47</b>

\* Net of write off current year nil (previous year nil)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***15 Investments**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in lacs	Quantity	₹ in lacs
<b>Financial assets carried at fair value through profit and loss</b>				
<b>A. Quoted equity instruments</b>				
Reliance Industries Limited Equity Shares @ ₹ 10 each	1,272.00	17.34	1,272	11.23
Reliance Communication Ventures Limited Equity Shares @ ₹ 10 each	318.00	0.01	318	0.07
Reliance Infrastructure Limited Equity Shares @ ₹ 10 each	23.00	0.03	23	0.10
Reliance Capital Limited Equity Shares @ ₹ 10 each	30.00	0.06	30	0.13
Reliance Power Limited Equity Shares @ ₹ 10 each	79.00	0.01	79	0.03
<b>(A)</b>		<b>17.45</b>		<b>11.56</b>
<b>B Mutual Funds</b>				
Units of Liquid/Liquid plus / Short Term/Medium Term schemes				
Birla Dynamic Bond Fund - Retail - Growth @ ₹ 10 each	-	-	18,63,697.11	558.78
HDFC Liquid Fund- Regular plan-Growth @ ₹ 1,000 each	71,426.77	2,614.44	-	-
HDFC Credit Risk fund - Growth@ ₹ 10 each	33,66,776.65	513.61	-	-
HDFC Dynamic debt fund-Regular plan- Growth @ ₹ 10 each	3,08,002.11	185.83	3,08,002.11	181.48
HDFC High Interest Fund -Short Term Plan- Growth @ ₹ 10 each	-	-	33,01,766.80	1,136.93
ICICI Prudential Short-Term Fund - Growth @ ₹ 10 each	99,10,166.66	3,828.87	22,22,466.21	804.81
IDFC SSIF - Medium Term Fund - Growth @ ₹ 10 each	8,67,382	270.84	8,67,381.50	252.19
IDFC SSIF - Investment plan -Growth @ ₹ 10 each	-	-	6,27,355.72	258.87
SBI Liquid Fund Regular Growth @ ₹ 1,000 each	31,588.65	921.22	-	-
SBI Short term debt fund-Regular plan-Growth @ ₹ 10 each	14,76,784.94	315.95	-	-
SBI Banking PSU Fund-Regular-Growth @ ₹ 1,000 each	1,30,477.46	2,712.57	-	-
Reliance Dynamic Bond Fund - Growth @ ₹ 10 each	-	-	31,87,920.00	738.95
Reliance Short Term Fund - Growth @ ₹ 10 each	-	-	7,24,708.58	236.64
Tata Treasury Advantage Fund - Growth @ ₹ 1,000 each	1638.20	46.54	2,391.63	62.99
TATA Dynamic Bond Fund-Regular plan- Growth @ ₹ 10 each	19,45,899.23	547.05	31,13,804.06	821.45
<b>(B)</b>		<b>11,956.92</b>		<b>5,053.09</b>
<b>C Unquoted Equity Instruments</b>				
Equity Shares of ₹ 10 each of Gujarat Securities Limited	1,00,000	10.00	1,00,000	10.00
Aggregate amount of impairment in value of investments		(10.00)		(10.00)
<b>(C)</b>		<b>-</b>		<b>-</b>
<b>Total (A) + (B) + (C)</b>		<b>11,974.37</b>		<b>5,064.65</b>
Aggregate amount (cost) of Quoted Investments		0.49		0.49
<b>Market Value of Quoted Investments</b>		<b>17.45</b>		<b>11.56</b>
Aggregate amount (cost) of mutual fund Investments		11,404.64		4,536.86
<b>Fair value of mutual fund Investments</b>		<b>11,956.92</b>		<b>5,053.09</b>
Aggregate Value of Unquoted equity instruments		-		-
<b>Total investments</b>		<b>11,974.37</b>		<b>5,064.65</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***16 Trade Receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured and considered good	4,093.33	1,648.57
Unsecured and considered doubtful	-	2.86
	<b>4,093.33</b>	<b>1,651.43</b>
Less: Provision for doubtful trade receivables	-	(2.86)
<b>Total</b>	<b>4,093.33</b>	<b>1,648.57</b>

**16.1** Generally, the Group enters into long-term crude oil and gas sales arrangement with its customers. The average credit period on sales of crude and gas is [7- 45 days].

The Group has less credit risk due to the fact that the Group has significant receivables from customers which are reputed and creditworthy public-sector undertakings (PSUs).

**Age Receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
Within the credit period	2,809.70	1,228.55
1-30 days past due	983.65	286.42
31-90 days past due	37.39	48.45
More than 90 days past due	262.59	88.01
<b>Total</b>	<b>4,093.33</b>	<b>1,651.43</b>

**17 Cash and cash equivalents**

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand and balance with banks. Cash & Cash equivalents and term deposits not exceeding 3 months at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash on hand</b>	<b>0.08</b>	-
<b>Balances with banks:</b>		
Current accounts	1,931.71	6,921.51
Bank deposits- maturity < 3 months	832.69	1,509.30
<b>Total</b>	<b>2,764.48</b>	<b>8,430.81</b>

**18 Other bank balances**

Particulars	As at March 31, 2019	As at March 31, 2018
Bank deposits- maturity > 3 months; < 12 months	779.45	732.97
	<b>779.45</b>	<b>732.97</b>

Fixed deposits with bank include ₹ 779.45 which are under lien for issue of bank guarantees.

**19 Other Financial assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposit	82.14	79.14
Pre-deposit - Service tax	-	5.78
Other receivable	74.86	-
Receivable from joint venture partners	896.79	340.48
Interest accrued on deposits	0.59	119.24
	<b>1,054.38</b>	<b>544.64</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***20 Income tax assets (net)**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax (net of provision-nil, previous year-nil)	968.12	845.24
	<b>968.12</b>	<b>845.24</b>

**21 Other current assets**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good</b>		
Additional fund with LIC for gratuity	8.95	8.95
Advances recoverable	10.22	8.47
Others	6.00	-
Prepaid expenses	72.43	61.20
	<b>97.60</b>	<b>78.62</b>

**22 Equity share capital**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorized</b>		
500,000,000 (PY: 500,000,000) equity shares of ₹ 10 each	50,000.00	50,000.00
<b>Issued</b>		
130,563,363 (PY: 130,563,363) equity shares of ₹ 10 each	13,056.34	13,056.34
<b>Subscribed and Fully Paid up</b>		
130,493,289 (PY: 130,493,289) equity shares of ₹ 10 each	13,049.33	13,049.33
Add: Amount Paid-up on Shares Forfeited (32,975 shares)	1.60	1.60
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>13,050.93</b>	<b>13,050.93</b>

**(a) Reconciliation of equity shares and the amount outstanding at the beginning and at the end of the period:**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	Amount	No.	Amount
At the beginning of the year	13,04,93,289	13,049.33	13,04,93,289	13,049.33
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>13,04,93,289</b>	<b>13,049.33</b>	<b>13,04,93,289</b>	<b>13,049.33</b>

**(b) Terms/rights attached to equity shares**

The Company has one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities.

**(c) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	% of holding	No.	% of holding
Ashok Kumar Goel	1,84,65,078	14.15	1,84,65,078	14.15
Housing Development Finance Corporation Limited	1,40,86,303	10.79	1,40,86,303	10.79
LCI Estates LLP	81,00,000	6.21	81,00,000	6.21

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***23 Other equity**

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Reserve	96,129.35	96,084.50
General Reserve	38.00	38.00
Securities premium account	78,415.21	78,415.21
ASOP Reserve (refer note 39)	450.21	450.21
<b>Retained earnings</b>		
<b>Opening balance</b>	<b>(1,49,718.11)</b>	<b>(1,53,454.12)</b>
Profit for the Year	15,674.31	3,752.10
Other comprehensive income (net of tax)	(16.17)	(16.09)
<b>Closing balance</b>	<b>(1,34,059.97)</b>	<b>(1,49,718.11)</b>
<b>Total Reserves and Surplus</b>	<b>40,972.80</b>	<b>25,269.81</b>

**24 Long term borrowings**

Particulars	As at March 31, 2019	As at March 31, 2018
Loan from Sundaram Finance Limited (Secured by way of Hypothecation of vehicle)	17.76	24.86
	<b>17.76</b>	<b>24.86</b>

**25 Financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables	2,211.07	2,211.07
	<b>2,211.07</b>	<b>2,211.07</b>

**26 Other Financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposit	30.50	-
	<b>30.50</b>	<b>-</b>

**27 Provisions**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for decommissioning	10,090.67	9,662.67
Provision for compensated absences	55.30	16.78
	<b>10,145.97</b>	<b>9,679.45</b>

**27.1 Movement of Provision for decommissioning**

Particulars	2018-19	2017-18
<b>Balance at beginning of the year</b>	<b>9,662.67</b>	<b>9,365.00</b>
Additions during the year	-	197.69
Recognized on account of business combinations	282.93	-
Adjusted / reversal during the year	(12.09)	--
Unwinding of discount	157.16	99.98
<b>Balance at end of the year</b>	<b>10,090.67</b>	<b>9,662.67</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

**27.2** The Group estimates provision for decommissioning as per the principles of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future for which the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant oil & gas asset. The timing and amount of future expenditures are reviewed annually, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows.

**27.3** Decommissioning liability for PY-1 field is reviewed as on March 31, 2019 by an independent engineering consultant and the estimated liability as on March 31, 2019 is Rs 6,138.85 lacs with adjustment towards inflation and discounting there on.

**27.4** Decommissioning liability for Dirok field is reviewed as on March 31, 2019 by an independent engineering consultant and the estimated liability as on March 31, 2019 is Rs 201.41 lacs with adjustment towards inflation and discounting there on.

**28 Other non-current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	10.48	2.94
	<b>10.48</b>	<b>2.94</b>

**29 Deferred tax liability**

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation, depletion, amortization and impairment	395.31	-
<b>Net deferred tax liability</b>	<b>395.31</b>	<b>-</b>

**30 Short-term borrowings**

Particulars	As at March 31, 2019	As at March 31, 2018
Loan from others	1,175.89	-
	<b>1,175.89</b>	<b>-</b>

**31 Trade payables**

Particulars	As at March 31, 2019	As at March 31, 2018
Micro, small & medium enterprises	-	-
Others	1,627.65	1,806.86
	<b>1,627.65</b>	<b>1,806.86</b>

**32 Other financial liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Payable to employees	12.23	12.23
Payable to joint venture partners	2,775.65	2,138.62
Current Maturities of Long-term Borrowings	7.08	6.59
	<b>2,794.96</b>	<b>2,157.44</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***33 Provisions**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for compensated absences	9.67	17.13
Provision for unfinished work programme	671.40	-
	<b>681.07</b>	<b>17.13</b>

**34 Other current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues payable	266.42	99.70
Provision for gratuity	26.66	14.10
Interest accrued	7.28	-
Director's commission	-	18.00
	<b>300.36</b>	<b>131.80</b>

**35 Revenue from operations**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Crude oil / Condensate	9,045.08	1,603.68
Sale of Natural gas	17,851.48	3,419.82
Less: Profit petroleum to Government of India	(382.49)	(152.25)
	<b>26,514.07</b>	<b>4,871.25</b>

**35.1 Details of sales**

Product	UOM	For the year ended March 31, 2019		For the year ended March 31, 2018	
		Quantity	Value	Quantity	Value
Crude oil / Condensate	bbl	196,817	8,696.80	41,934	1468.92
Natural gas	mmscf	6,976	17,817.27	1,533	3,402.33
			<b>26,514.07</b>		<b>4,871.25</b>

**35.2** More than 90% of the revenue is realized from three major customers to the Group.**36 Other income**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on bank deposits	144.93	141.42
Interest on Site restoration deposits with banks	411.82	369.61
Dividend income	0.08	0.07
Rental income	36.25	-
Net gain / (loss) on sale or fair valuation of investments	439.67	660.72
Net Gain on foreign exchange	-	0.58
Miscellaneous Income	76.71	10.06
Write back of excess provision no longer required	-	1.26
Liabilities no longer required written back	9.09	-
	<b>1,118.55</b>	<b>1,183.72</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***37 Share of expenses from producing oil and gas blocks**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Share of expenses-producing oil and gas		
Manpower costs	1,134.50	448.68
Repairs and maintenance	1,333.77	419.97
Other Statutory charges	310.04	98.85
Insurance	56.89	45.31
Other production expenses	599.46	66.82
Consumables	72.53	3.53
Transportation and logistics	213.65	32.68
	<b>3,720.84</b>	<b>1,115.84</b>
a) Royalty, cess and NCCD	2,083.78	188.64
	<b>5,804.62</b>	<b>1,304.48</b>

**38 (Increase) / decrease in stock of crude oil and condensate**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year	310.48	551.49
Inventories at the beginning of the year	551.49	88.15
Inventories at the beginning of the year - GPII	172.05	-
<b>(Increase) / decrease in inventories</b>	<b>413.06</b>	<b>(463.34)</b>
Less: Profit petroleum to Government of India	5.08	8.62
<b>Net (Increase) / decrease in inventories</b>	<b>418.14</b>	<b>(454.72)</b>

**39 Employee benefits expense**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	484.69	98.54
Contribution to Provident fund and other funds	27.31	7.12
Staff welfare expenses	19.95	2.07
Share-based payments (refer notes below)	-	450.21
	<b>531.95</b>	<b>557.94</b>

**39.1 Share-Based Payments**

The Company has share option scheme under the Associate Stock Option Plan -2015 approved by the shareholders in the annual general meeting held on September 25, 2015. As approved by the shareholders, Associate Stock Option Plan (ASOP) scheme is being administered by the Nomination and Remuneration Committee of the Board of Directors. The share option converts into one equity share of the Company on exercise. No upfront payment shall be payable at the time of grant of the option. All associates who have been allotted shares by virtue of exercise of options issued under scheme will be entitled to receive all regular benefits as shareholders of the company like dividends, bonus shares, etc, if any, announced by the company from the date of allotment of shares. Options may be exercised at any time from the date of vesting to the date of their expiry. Based on the recommendations of the Nomination and Remuneration Committee, the board has terminated the remainder of the ASOP 2015.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***39.2 Fair value of share options granted**

The weighted average fair value of the share options granted and vested during the previous year is ₹ 25.73 per share. Options were priced using Black Scholes model of option pricing. Expected volatility is based on the historical share price volatility. Inputs into the model are as follows:

Description	For the year ended March 31, 2019
Number of instruments	1,750,000
Exercise Price	₹ 10
Share price grant date	₹ 32.85
Expected life	4 years
Expected volatility	49.76%
Risk free interest rate	7.5% p.a

**39.3 Movements in share options during the year**

Particulars	Options (Numbers)	Weighted average exercise price per option (₹)
Options outstanding at the beginning of the year	17,50,000	₹ 10
Options granted during the year	Nil	-
Options vested during the year	Nil	-
Options outstanding at the end of the year	17,50,000	₹ 10

An amount of ₹ 450.21 Lakhs was considered and accounted as Share Based Payment during the previous year.

**40 Finance cost -Unwinding of discount on Decommissioning liability**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Unwinding of discount on Decommissioning liability	151.76	99.98
	<b>151.76</b>	<b>99.98</b>

**41 Finance cost - others**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on borrowings	9.91	2.25
others	-	0.25
	<b>9.91</b>	<b>2.50</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***42 Other expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Office and guest house rent	56.99	32.03
Power	4.04	3.51
Rates and taxes	29.79	9.98
Repairs and maintenance - others	17.75	11.43
General office expenses	5.24	5.63
Travelling and conveyance	47.68	47.38
Communication expenses	8.49	8.68
Membership and subscription	23.38	26.02
Legal and professional fees	407.03	112.26
Insurance	2.80	1.01
Directors' sitting fees	21.47	12.93
Director's commission	-	18.00
Printing and stationary	14.93	17.25
Provision for doubtful advances	-	13.70
Net loss on foreign exchange	52.99	-
Corporate expenses	140.38	-
Bank charges	55.54	9.47
Expenditure incurred for corporate social responsibility (refer note 52)	40.43	-
Miscellaneous expenses	78.56	33.69
	<b>1,007.49</b>	<b>362.97</b>
<b>Payment to Auditor:</b>		
Audit fee	36.59	30.09
Tax audit fee	2.36	1.21
Reimbursements	1.37	0.22
	<b>40.32</b>	<b>31.52</b>
<b>Total other expenses</b>	<b>1,047.81</b>	<b>394.49</b>

**43. Exceptional items**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Write back of provision for doubtful debts *	-	448.67
Interest on income tax refund	262.16	-
<b>Income (net)</b>	<b>262.16</b>	<b>448.67</b>

\* Liquidity damages were paid under protest for the block CY-OSN-97/1 in the earlier years, which was accounted as advances and provision was also made for the same amount as doubtful claim. This dispute was referred to arbitration and the arbitration tribunal has passed the award in favour of the company. Further, this award was contested by the Government of India in the high court of Delhi. The hon'ble high court has upheld the arbitration award and therefore the provision made for doubtful claim is reversed in the current year. However, GOI has again made an appeal to the Delhi High Court which is being adjudicated.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***44. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year as per statement of profit & loss	₹ 15,674.31 lacs	₹ 3,752.10 lacs
	No.	No.
Weighted average number of equity shares used in calculating basic EPS	13,04,93,289	13,04,93,289
Par value per share	₹ 10	₹ 10
<b>Earnings per equity share in ₹ computed on the basis of profit for the year - Basic</b>	<b>12.01</b>	<b>2.88</b>
Weighted average number of equity shares used in calculating - Diluted EPS	13,15,63,149	13,15,63,149
<b>Earnings per equity share in ₹ computed on the basis of profit for the year - Diluted</b>	<b>11.91</b>	<b>2.85</b>

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted average number of equity shares used in the calculation of basic earnings per share	13,04,93,289	13,04,93,289
Shares deemed to be issued for no consideration in respect of:		
- employee options	10,69,860	10,69,860
Weighted average number of equity shares used in the calculation of diluted earnings per share	13,15,63,149	13,15,63,149

**45 Information relating to Hindage Oilfield Services Limited & Geopetrol International Inc (100% subsidiaries of Hindustan Oil Exploration Company Limited)**

Information required pursuant to General Circular No. 2 /2011 No: 5/12/2007-CL-III dated February 08, 2011 issued by Ministry of Corporate Affairs, is as below:

**1) Hindage Oilfield Services Limited**

Particulars	2018-2019	2017-2018
Capital	50.00	50.00
Reserves	925.97	967.34
Total Assets (excluding Investments)	185.97	198.31
Total Liabilities (excluding Capital and other equity)	55.58	62.13
Investments (refernote below)	845.58	881.15
Turnover	-	-
(Loss) / Profit before tax	(41.37)	(31.51)
Tax expenses	-	-
(Loss) / Profit after tax	(41.37)	(31.51)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***Note: Details of Investments of Hindage Oilfield Services Limited**

Particulars	2018-2019	2017-2018
<b>Schemes of Mutual funds</b>		
Birla Sun Life Dynamic Bond - Growth	–	151.97
HDFC High Interest Fund Dynamic Plan - Growth	185.83	181.48
Hdfc Liquid Fund - Reg - Growth	211.84	–
IDFC Super Saver Income fund - Medium term - Growth	270.84	252.19
Tata Treasury Advantage Fund - Growth	46.54	62.99
TATA Dynamic Bond - Regular Plan - Growth	130.53	232.52
<b>Total</b>	<b>845.58</b>	<b>881.15</b>

**2) Geopetrol International Inc. ("GPII")**

Particulars	2018-2019
Capital	6,506.20
Reserves	253.69
Total Assets	11,098.61
Total Liabilities (excluding Capital and other equity)	4,338.72
Turnover	2,824.66
Profit before tax	738.74
Tax expenses	(80.49)
Profit after tax	819.23

**3) Disclosure of additional information as required by Schedule III****i) As at and for the year ended March 31, 2019**

Name of the Company	Net Assets		Share in Profit (Loss)		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	₹ in lacs	As % of consolidated profit/(loss)	₹ in lacs	As % of consolidated other comprehensive income	₹ in lacs	As % of consolidated total comprehensive income	₹ in lacs
<b>Parent</b>								
HOEC	96.69%	52,233.69	95%	14,896.46	100%	(16.17)	95%	14,880.29
<b>Subsidiaries (wholly owned)</b>								
<b>Indian</b>								
Hindage	1.71%	925.97	0%	(41.37)	–	–	0%	(41.37)
<b>Foreign</b>								
GPII	1.60%	864.07	5%	819.22	–	–	5%	819.22
		<b>54,023.73</b>		<b>15,674.31</b>		<b>(16.17)</b>		<b>15,658.14</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

## ii) As at and for the year ended March 31, 2018

Name of the Company	Net Assets		Share in Profit (Loss)		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	₹ in lacs	As % of consolidated profit/(loss)	₹ in lacs	As % of consolidated other comprehensive income	₹ in lacs	As % of consolidated total comprehensive income	₹ in lacs
<b>Parent</b>								
HOEC	97%	37,353.40	100%	3,783.61	100%	(16.09)	100%	3,767.52
<b>Subsidiaries (wholly owned)</b>								
<b>Indian</b>								
Hindage	3%	967.34	0%	(31.51)	-	-	0%	(31.51)
		<b>38,320.74</b>		<b>3,752.10</b>		<b>(16.09)</b>		<b>3,736.01</b>

**46. Significant Accounting Estimates, Assumptions and Judgements****(a) Site Restoration Costs**

The Group estimates and provides for abandoning of wells, decommissioning of facilities and restoration of sites expected to be incurred at a future date. The same is capitalized as part of producing property in accordance with Ind AS 16. The estimation of liability is as per the industry practice and adjusted for inflation. The estimated cost is discounted to the reporting date by an appropriate discount factor. Accordingly, the difference in cost and depletion is adjusted.

**(b) Employee Benefit Estimates****i. Defined contribution plan**

The Group makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll cost to fund the benefits. The Group recognized ₹ 81.86 lacs (PY: ₹ 50.73 lacs) for provident fund contribution in the statement of profit and loss. The contributions are payable to this plan by the Group at rates specified in the rules of the scheme.

**ii. Defined benefit plan****a) Gratuity**

The following table sets out funded status of the gratuity and the amount recognized in the financial statements.

**Profit and loss account for current period**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service cost:		
Current service cost	21.17	5.81
Past Service cost	-	13.05
Loss / (gain) on curtailments and settlement	-	-
Net interest cost	0.73	(0.73)
<b>Total included in 'Employee Benefits Expense'</b>	<b>21.90</b>	<b>18.13</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***Other Comprehensive Income for the current period**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Components of actuarial gain / losses on obligations:		
Due to Change in financial assumptions	(0.18)	(1.49)
Due to change in demographic assumptions	(6.03)	–
Due to experience adjustments	23.92	15.88
Return on plan assets excluding amounts included in interest income	(1.54)	1.19
<b>Amounts recognized in Other Comprehensive Income</b>	<b>16.17</b>	<b>15.58</b>

**Changes in the present value of the defined benefit obligation ("DBO")**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Defined Benefit Obligation	79.91	49.84
Current service cost	21.17	5.81
Past service cost	–	13.04
Interest cost	5.02	3.16
Actuarial (gain) / loss due to change in financial assumptions	(0.18)	(1.49)
Actuarial (gain) / loss due to change in demographic assumptions	(6.03)	–
Actuarial (gain) / loss due to experience adjustments	23.92	15.89
Benefits paid	(2.17)	(6.34)
<b>Closing defined benefit obligation</b>	<b>121.64</b>	<b>79.91</b>

**Changes in fair value of plan assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening value of plan assets	62.87	57.65
Interest Income	4.29	3.89
Return on plan assets excluding amounts included in interest income	1.54	(1.19)
Contributions by employer	17.97	8.86
Benefits paid	(2.17)	(6.34)
<b>Closing value of plan assets</b>	<b>84.50</b>	<b>62.87</b>

**Net liability recognized in the balance sheet**

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of the defined benefit obligation	121.64	79.91
Fair value of plan assets	84.50	62.87
<b>Plan liability</b>	<b>37.14</b>	<b>17.04</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

The principal assumptions used in determining gratuity and for the Group's plans are shown below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.35%	7.30%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 10% at older ages

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Group expects to contribute ₹ 26.64 lacs towards its gratuity plan during the year 2019-20.

**Maturity profile of defined benefit obligation:**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to 10
16.02	21.12	17.04	4.03	32.88	21.64

**Sensitivity to Key assumptions**

Particulars	March 31, 2019 (2018-2019) DBO	March 31, 2018 (2017-2018) DBO
Discount rate varied by 0.5%		
+ 0.5%	117.84	78.48
- 0.5%	125.66	81.40
Salary growth rate varied by 0.5%		
+ 0.5%	124.67	81.15
- 0.5%	118.64	78.69
Withdrawal rate (W.R.) varied by 10%		
W.R. x 110%	122.00	79.98
W.R. x 90%	121.21	79.81

**b) Compensated absences**

The key assumptions used in computation of provision for long term compensated absences are as given below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.35%	7.30%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 11% at older ages

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***47. Oil and Gas Reserves**

As at March 31, 2019, the internal estimates of the Management of Proved & Probable Reserves for the working interest as per the development plan approved by the Directorate General of Hydrocarbons is as follows:

**Developed and Undeveloped:**

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved reserves (1P)					
- Oil	MMBBL	3.21	0.29	0.17	3.33
- Gas	BCF	84.22	1.02	7.01	78.23
Proved and probable (2P)					
- Oil	MMBBL	4.22	0.48	0.17	4.53
- Gas	BCF	128.99	2.18	7.01	124.16

**Developed:**

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved Reserves (1P)					
- Oil	MMBBL	0.71	0.21	0.17	0.75
- Gas	BCF	62.57	13.42	7.01	68.98

Note 1: The above reserve estimates excludes the reserves of PY-3 as there is no approved plan for recommencement as on date. CB-OS-1 has been terminated by GOI on September 5, 2018 which is taken up with GOI for withdrawal of termination.

Note 2: Unit of measurement is considered in barrels for oil and cubic feet for gas

**Developed and Undeveloped:**

	Unit of Measurement	As at April 1, 2017	Addition	Production	As at March 31, 2018
Proved (1P)					
- Oil	MMBBL	0.37	2.86	0.02	3.21
- Gas	BCF	15.64	69.96	1.38	84.22
Proved and probable (2P)					
- Oil	MMBBL	0.66	3.58	0.02	4.22
- Gas	BCF	64.99	65.38	1.38	128.99

**Developed:**

	Unit of Measurement	As at April 1, 2017	Addition	Production	As at March 31, 2018
Proved Reserves (1P)					
- Oil	MMBBL	0.37	0.36	0.02	0.71
- Gas	BCF	7.34	56.61	1.38	62.57

Note 1: The above reserve estimates excludes the reserves of PY-3 as there is no approved plan for recommencement as on date. CB-OS-1, GOI has issued a termination notice on 5 September 2018. However, the company requested to withdraw the termination notice as it is not in accordance with the provisions of the law. Therefore, no reserves of CB-OS/1 is included in the above estimates.

Note 2: Unit of measurement is considered in barrels for oil and cubic feet for gas.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***48 Related Party Disclosures**

a) Related Parties as of March 31, 2019:

Key management personnel:

Whole-time directors

- Mr. P. Elango -Managing Director
- Mr. R. Jeevanandam-Director & CFO

Non-Executive independent Directors

- Mr. Sunil Behari Mathur-Chairman (resigned effective April 17, 2019)
- Mr. Vivek Rae (appointed effective April 18, 2019)
- Ms. Sharmila H. Amin
- Mr. P.K. Borthakur

Non-Executive, Non-Independent Directors

- Mr. Ashok Kumar Goel
- Mr. Rohit Rajgopal Dhoot

Company Secretary

- Ms.G.Josephin Daisy

b) Nature and volume of transactions during the year and outstanding balances as at the balance sheet date with the above parties:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Expenditure</b>		
Key managerial personnel remuneration -		
1. Mr. P. Elango - Managing Director	200.63	103.16
2. Mr. R. Jeevanandam - Director & CFO	190.69	97.99
3. Ms. G.Josephin Daisy - Company Secretary	10.31	7.35
Share based payment recognised - Managing Director and Director & CFO	-	450.21
Sitting fee - Independent Directors	18.20	10.20
Commission - Independent Directors*	-	18.00

\* which is within 1% of the net profit of the company for the year ended 31 March 2018 subject to the approval of the shareholders.

**49. Commitments and Contingencies**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Contingent Liabilities</b>		
(a) Claims not acknowledged as debts CY-OS-90/1 (Note a)	3,112.00	3,112.00
(b) Royalty demand (Note b)	1,097.00	1,065.00
(c) Claims not acknowledged as debts CB-OS/1 (Note d)	1,245.00	-
(d) Service tax liability (Note e)	168.92	168.92
(e) Central excise	1.49	3.30
<b>(ii) Commitments</b>		
Estimated value of contracts remaining to be executed on capital account and not provided for	1,360.07	4,570.07

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

- a) Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) operator referred the dispute by all non-operators, ONGC Ltd, Tata Petrodyne Ltd and the company to an arbitration for a total claim of ₹ 6,049 lacs (US\$ 9.32 million) without interest. Accordingly, the claim against the company for its participating interest is ₹ 1,624 lacs (US\$ 2.05 million). The non-operating parties have not accepted the claim and the company made a counter claim of ₹ 20,168 lacs (US \$ 31.08 million). The dispute is being adjudicated by the arbitration tribunal. The claim not acknowledged as debt by the company includes ₹ 1,488 lacs for the participating interest of the company relating to the dispute between Aban Offshore Limited and the Operator "Hardy".
- b) In block PY 1, The Ministry of Petroleum & Natural Gas (MOP&NG) has computed the royalty based on the price realized instead of well head value and made a demand of ₹ 1,097 lacs (US\$ 1.59 million) with an interest claim for the period from 2009-10 to 2016-17. The company has re-computed the royalty based on wellhead value in terms of the production sharing contract which results in an excess payment of ₹ 1,319 lacs (US\$ 1.91 million) for the above period and made a request for refund.
- c) With respect to block CB-OS/1 operated by Oil & Natural Gas Corporation Limited (ONGC), there was no operations during the year. Therefore, no expenditure is accounted in the financial statements. CB-OS-1 Block wherein HOEC holds 38.04% of Participating interest and Oil and Natural Gas Corporation Limited (ONGC) with 55.26% an operator of the block was terminated by Government of India (GOI) on September 5,2018. HOEC has issued a letter to GOI, to reconsider the termination of the block in term of PSC as HOEC is interested to take over participating interest of ONGC as well as the operatorship of the block. No value is carried in the books of accounts for the block.
- d) With respect to block CB-OS/1, ONGC made a claim of ₹ 1,245 lacs which was disputed by the Company and the matter is referred to arbitration. The Company made a counter claim of ₹ 6,472 lacs and the matter is being adjudicated by the arbitration tribunal.
- e) During the previous years, there was a demand for service tax for ₹ 77.09 lacs with an equivalent amount of penalty due to disallowance of Cenvat credit for the period from October 2007 to March 2011. An appeal has been filed after paying an amount of ₹ 7.71 lacs to the tax authorities. This dispute is before the Cestat for adjudication and no provision is made in the financial statements. The above amount also includes a demand of ₹ 14.74 lacs pertaining to one of the unincorporated joint ventures.
- f) In respect of Block AA ONN 2003/2, Geopetrol has estimated the liability of unfinished work program as US\$ 3.20 million (₹ 2,211.85 lacs) in terms of the PSC. Out of which an amount of US\$ 2.23 million (₹ 144.57 lacs) was realized by GOI by invocation of bank guarantee provided by Geopetrol and for the balance US\$ 0.97 million (₹ 671.30 lacs) liability was created. However, DGH has made a claim of US\$ 5.63 million (₹ 3,899.12) which has no basis and is being disputed. Accordingly, no liability is created for the disputed amount of US\$ 2.43 million (₹ 1,687.26 lacs).
- g) MZ-ONN-2004/2 block was terminated by the GOI, as M/s Naftogaz as the Operator to the block has made certain misrepresentation to GOI while awarding the contract. Therefore, no basis exists to claim any costs by DGH for the share of unfinished work program from Geopetrol as the Production Sharing Contract itself is void. Accordingly, no liability is considered for the unfinished work program in the block.

**50 Lease obligation**

The Group has entered into a lease agreement pertaining to one of the unincorporated joint ventures for the lease of land to install wireless communication tower for a period of 9 years till 2028 and other rentals entered towards office premises which is cancellable. The obligations under the above lease are as follows:

Particulars	2018-2019	2017-2018
Not later than 1 year	131.68	105.20
Later than 1 year and not later than 5 years	2.84	2.73
Later than 5 years	2.15	2.77

**51 Effects of Changes in Foreign Exchange Rates****a) Expenditure in foreign currency (on accrual basis)**

Particulars	2018-2019	2017-2018
Operating expenditure	715.50	9.30

**b) Value of Imports calculated on CIF basis (on accrual basis)**

The details of the adjustment pursuant to the above are as under:

Particulars	2018-2019	2017-2018
Components and spare parts	42.08	-
Capital goods	29.96	315.73

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)***52 Corporate social responsibility**

Gross amount required to be spent towards CSR activities from the profits calculated as per Section 198 of the Companies Act, 2013 during the year: ₹ 23.34 lacs (PY: Nil). Amount spent during the year on:

Particulars	2018-2019
Construction of asset	28.05
Others	12.38
<b>Total</b>	<b>40.43</b>

**53 Fair value measurements of financial assets**

The following table gives information about how the fair value of these financial assets are determined.

As at March 31, 2019	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value (refer note 15)</b>				
- Quoted equity instruments	17.45	17.45	-	-
- Mutual fund investments	11,956.92	11,956.92	-	-
As at March 31, 2018	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value (refer note 15)</b>				
- Quoted equity instruments	11.56	11.56	-	-
- Mutual fund investments	5,053.09	5,053.09	-	-

\* Note: Level 1: Quoted market prices in active markets, where available.

Level 2: Valuation techniques where fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for where fair value measurement is unobservable.

**54 Financial instrument disclosure****a. Capital Management**

The Group manages its capital to ensure that it will be able to continue as a going concern by optimizing the shareholder's value with the right balance of debt and equity. The Group maintains the debt free status as on date and would raise capital as required by maintaining an appropriate gearing. The Risk Management committee of the Group periodically reviews the capital to ensure the capital adequacy. Currently, the capital structure of the Group consists of total equity and the Group has no borrowings.

**b. Financial Risk Management Objectives**

The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, managed and mitigated in accordance with the Group's policies.

**(i) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the Group is exposed to include oil and natural gas prices that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flow. Market risk comprises the risk of interest rate, currency risk and the other commodity price.

- Interest rate risk**

This risk causes the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019***(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and operational contracts with the rates payable in foreign currencies. The Group manages its foreign currency risk by having natural hedge as the revenue on sale of oil and gas is determined and paid in equivalent US dollars.

**Details of Unhedged Foreign Currency Exposure**

The details of unhedged Foreign Currency Exposure of the Group, are as under:

Particulars	As at March 31, 2019		As at March 31, 2018	
Trade payables	-	-	-	-
Trade receivables	\$141,295	₹ 98.07 lacs	\$140,474	₹ 90.25 lacs

- **Commodity price risk**

The Group is exposed to volatility in the oil and gas prices since the Group does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby the share of gross production to the Group increases in a falling oil price environment and the recovery of costs. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

**(ii) Credit risk**

Credit risk is the risk that counterparty for sale of its products will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is not exposed to credit risk as its sale of oil and gas is to Government Nominees.

**(iii) Liquidity risk**

A formal budgeting and forecasting process is in place and cash forecasts identifying liquidity requirements of the Group are reviewed regularly by the Audit Committee and Board and financing plans are approved based on end utilization of proceeds and cost of capital.

**55 Events after the reporting period**

There is no material event after the reporting period.

**56 Approval of financial statements**

The financial statements were approved for issue by the board of directors on May 14, 2019.

**57 Previous Year Figures**

Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board of Directors

Vivek Rae  
Chairman

Sharmila Amin  
Director

P.K. Borthakur  
Director

Ashok Kumar Goel  
Director

Rohit Rajgopal Dhoot  
Director

P. Elango  
Managing Director

R. Jeevanandam  
Director & CFO

Josephin Daisy  
Company Secretary

Place : Mumbai  
Date : May 14, 2019

## GLOSSARY

3D Seismic	- Three Dimensional Seismic	CEO	- Chief Executive Officer
2P/P+P Reserves	- Proved and Probable Reserves	CFO	- Chief Financial Officer
	Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least 90% probability that the quantities actually recovered will equal or exceed the estimate. Developed Reserves are expected quantities to be recovered from existing wells and facilities. Undeveloped Reserves are quantities expected to be recovered through future investments.	CFS	- Consolidated Financial Statement
	Probable Reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.	CGD	- City Gas Distribution
		CIN	- Corporate Identification Number
		CNG	- Compressed Natural Gas
		COO	- Chief Operating Officer
		CS	- Company Secretary
		CSR	- Corporate Social Responsibility
		DP	- Depository Participant
		Development well	- A well drilled within the proved area of an oil and / or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.
		DGH	- Directorate General of Hydrocarbons
		DIN	- Director Identification Number
		DSF	- Discovered Small Fields
		EFI	- Eni Finance International
		EPS	- Earnings Per Share
		ERP	- Emergency Response Plan
		ESOS	- Employee Stock Option Scheme
		Exploratory well	- A well drilled to find oil and / or gas in an unproved area, to find a new reservoir in an existing field or to extend a known reservoir
ADR	- American Depository Receipts	E&P	- Exploration and Production
AGM	- Annual General Meeting	FI	- Financial Institutions
AIFDP	- Alternate Integrated Field Development Plan	GDR	- Global Depository Receipts
AS	- Accounting Standard	G&G	- Geological & Geophysical
ASOP	- Associate Stock Option Plan, 2015	GHG	- Green House Gas
ATRs	- Action Taken Reports	GML	- Geopetrol Mauritius Ltd.
bbl	- barrel	GPII	- Geopetrol International Inc.
bcf	- billion cubic feet	HAZID	- Hazard Identification (Risk Analysis)
BEE	- Bureau of Energy Efficiency	HAZOP	- Hazard and Operability Analysis
boe	- barrels of oil equivalent	HELP	- Hydrocarbon Exploration Licensing Policy
bopd	- barrels of oil per day	HOEC	- Hindustan Oil Exploration Company Limited
boepd	- barrels of oil equivalent per day	HSECSR	- Health, Safety, Environment & Corporate Social Responsibility
BSE	- Bombay Stock Exchange	IEPF	- Investor Education and Protection Fund
CDSL	- Central Depository Services (India) Limited		

IND AS	- Indian Accounting Standards	NSE	- National Stock Exchange
IOGP	- International Association of Oil & Gas Producers	NSDL	- National Securities Depository Limited
JSA	- Job Safety Awareness	OALP	- Open Acreage Licensing Policy
JV	- Joint Venture	ONGC	- Oil & Natural Gas Corporation Limited
KPI	- Key Performance Indicator	OPEC	Organization of the Petroleum Exporting Countries
LNG	- Liquefied Natural gas	PI	- Participating Interest
LLP	- Limited Liability Partnership	PoD	- Plan of Development
LPG	- Liquefied Petroleum Gas	PSC	- Production Sharing Contract
LTl	- Loss Time Incident	Revenue	- Sales + Increase / (Decrease) in stock of crude oil + Other Income
MC	- Management Committee	RD	- Regional Director
MCA	- Ministry of Corporate Affairs	ROU	- Right of Use
M-GPP	- Modular Gas Processing Plant	RSC	- Revenue Sharing Contract
mmboe	- million barrels of oil equivalent	scmd	- standard cubic meters per day
mmbtu	- million british thermal unit	scm	- standard cubic meters
mmscfd	- million standard cubic feet per day	SEBI	- Securities and Exchange Board of India
mmscm	- million standard cubic meters	SEBI LODR	- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
mmscmd	- million standard cubic meters per day	SEM	- Successful Efforts Method
mmdbl	- million Barrels	SIMOPs	- Simultaneous Operations
mm	- million	USD/US\$	- United States Dollar
MoP&NG	- Ministry of Petroleum & Natural Gas	UTI	- Unit Trust of India
MSMED	- Micro Small & Medium Enterprises Development Act, 2006	UJV	- Unincorporated Joint Venture
NBP	- National Balancing Point	Working interest basis	- Field Production x Participating Interest
NCLT	- National Company Law Tribunal		
NELP	- New Exploration Licensing Policy		









Operations at Hollong Modular Gas Processing Plant - Assam



Classroom built for Government school at Margherita, Assam



Celebrating the success of PY-1 & Dirok with the HOEC Family



Share Holders at 34<sup>th</sup> AGM