



Hindustan Oil Exploration Company Limited

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February 13, 2013
By Courier /Fax/Email

**The Listing Department
The National Stock Exchange of India Ltd.,
"EXCHANGE PLAZA", Bandra Kurla Complex
Bandra (East), MUMBAI – 400 051**

FAX # 022-26598237 / 38 / 66418125 / 26

**The Corporate Relationship Department
BSE Limited
1st Floor, P. Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 001**

Fax # 022-22723121 /2037/2041/2061

**SUBJECT: STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE
QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012 AND LIMITED
REVIEW REPORT.**

Dear Sir,

In compliance with Clause 41 and other applicable provisions, if any, of the Listing Agreement entered into with your stock exchange, please find enclosed the Statement of Standalone Unaudited Results for the Quarter and Nine months ended December 31, 2012.

Please also find enclosed a copy of the Limited Review Report on the Statement of Standalone Unaudited Results for the Quarter and Nine months ended December 31, 2012 issued by the Statutory Auditors of the Company.

The said results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held February 13, 2013.

Kindly take note of the said results and circulate the same amongst the members of your stock exchange.

Thanking you

Yours faithfully,
For Hindustan Oil Exploration Company Limited


Minessh Bhatt
Assistant Company Secretary

Encl: a.a.

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Registered Office: 'HOEC HOUSE' Tandalja Road, Off Old Padra Road, Vadodara 390 020

PART I
Statement of Standalone Unaudited Results for the Quarter and Nine Months Ended on December 31, 2012

Rupees in Lacs							
Sr. No.	Particulars	Unaudited for three Months			Unaudited Year to date figures		Audited standalone for the Year
		Ended on 31.12.2012	Ended on 30.09.2012	Ended on 31.12.2011	Current Period 31.12.2012	Previous Period 31.12.2011	Ended on 31.03.2012
1	Income From Operations						
a)	Net Sales / Income from Operations (See Note 2 & 3)	2,310.87	2,533.56	3,270.03	7,524.81	12,541.81	15,139.23
b)	Other Operating Income	-	-	-	-	-	-
c)	(Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	(45.37)	128.97	115.29	(83.77)	(756.94)	(739.23)
	Total Income From Operations (Net)	2,265.50	2,662.53	3,385.32	7,441.04	11,784.87	14,400.00
2	Expenses						
a)	Purchase of Stock in Trade	-	-	-	-	-	-
b)	(Increase) / Decrease in inventories of stock-in-trade	-	-	-	-	-	-
c)	Employee Benefit Expenses	236.01	257.23	235.64	748.29	715.62	1,083.06
d)	Other Expenses						
	- Operating Expenditure	1,166.54	954.46	1,109.96	3,078.19	3,831.90	5,349.31
	- Net (Gain) / Loss on Foreign Exchange	380.74	(138.00)	86.14	551.49	243.63	193.58
	- Administrative and other Expenses	281.29	224.04	124.21	740.43	488.95	691.74
e)	- Recovery of Expenses	(439.54)	(503.59)	(365.51)	(1,495.85)	(998.87)	(1,471.52)
f)	Depreciation, Depletion and Amortisation (also see Note 4)	1,085.93	1,117.26	1,787.18	3,358.14	4,557.93	5,545.98
	Total Expenses	2,710.96	1,911.41	2,977.62	6,980.70	8,839.16	11,392.15
3	Profit from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	(445.46)	751.13	407.70	460.34	2,945.71	3,007.85
4	Other Income (Net)	480.90	194.34	312.84	973.93	1,270.02	2,501.26
5	Profit from Operations before Finance Cost and Exceptional Items (3+4)	35.44	945.47	720.54	1,434.27	4,215.73	5,509.11
6	Finance cost	251.40	258.19	269.38	795.28	791.84	1,089.82
7	Profit from Operations after Finance Cost but before Exceptional Items (5-6)	(215.96)	687.28	451.16	638.98	3,423.89	4,419.29
8	Exceptional Items-Impairment Loss/Additional Depletion (See Note 4)	57,197.44	-	-	57,197.44	-	-
9	Profit from Ordinary Activities before Tax (7-8)	(57,413.40)	687.28	451.16	(56,558.46)	3,423.89	4,419.29
10	Tax Expenses						
a)	Provision for Current Income Tax	(130.00)	120.00	30.00	-	530.00	690.00
b)	Provision for Deferred Tax	(4,538.52)	210.00	(30.00)	(4,308.52)	830.00	1,070.00
c)	MAT Credit Entitlement (Net)	130.00	(120.00)	(30.00)	-	(530.00)	(690.00)
11	Net Profit from Ordinary Activities after Tax (9-10)	(52,874.88)	477.28	481.16	(52,249.94)	2,593.89	3,349.29
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-
13	Net Profit for the Period (11-12)	(52,874.88)	477.28	481.16	(52,249.94)	2,593.89	3,349.29
14	Paid up Equity Share Capital (Face Value of Rs. 10/- each)	13,050.93	13,050.93	13,050.93	13,050.93	13,050.93	13,050.93
15	Reserves excluding Revaluation Reserve as per Balance Sheet of Previous Accounting Year						104,373.90
16	Basic and Diluted EPS (Rs.) - Not Annualised - before Extraordinary Items	Rs.(40.51)	Rs. 0.37	Rs. 0.37	Rs.(40.04)	Rs. 1.99	Rs. 2.57
17	Basic and Diluted EPS (Rs.) - Not Annualised - after Extraordinary Items	Rs.(40.51)	Rs. 0.37	Rs. 0.37	Rs.(40.04)	Rs. 1.99	Rs. 2.57

PART II							
A PARTICULARS OF SHAREHOLDING							
1	Public Shareholding						
	Number of Shares	68,924,155	68,924,155	68,924,155	68,924,155	68,924,155	68,924,155
	Percentage of Shareholding	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%
2	Promoters and Promoter Group Shareholding (See Note 6)						
a)	Pledged / Encumbered						
	Number of shares	-	-	-	-	-	-
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
b)	Non - encumbered						
	Number of shares	61,569,134	61,569,134	61,569,134	61,569,134	61,569,134	61,569,134
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shareholding (as a % of the total share capital of the company)	47.18%	47.18%	47.18%	47.18%	47.18%	47.18%

Particulars		For the Quarter Ended December 31, 2012	
B	INVESTOR COMPLAINTS		
	Pending at the beginning of the quarter		Nil
	Received during the quarter		5
	Disposed of during the quarter		5
	Remaining unresolved at the end of the quarter		Nil

1/4

Notes to the Financial Results:

1. The Company is primarily engaged in a single business segment of "Hydrocarbons and Other Incidental Services". All the activities of the Company are around the main business. Further, the Company does not have any separate geographic segments other than India. Hence, there are no separate reportable segments as per AS-17 "Segmental Reporting".
2. PY-3 Field, operated by Hardy Exploration & Production (India) Inc., remains shut since July 31, 2011. Operator is preparing a Comprehensive Field Development Plan for approval of Consortium Partners and finally the Authorities.
3. During the Quarter ended December 31, 2012, the PY-1 Field was shut in for a period of 46 days, primarily on account of the buyer, GAIL India Limited, not able to off-take the gas supply due to shut-down of downstream consumer (29 days) and unplanned maintenance at PY-1 onshore processing terminal (17 days).
4. Exceptional item represents additional depletion and impairment loss charged to the profit and loss account pursuant to an independent third party certification of PY-1 Field reserves based on information available subsequent to the drilling of Surya Well in PY-1 Field. Based on such certification, the estimate of Proved Reserves of PY-1 Field has been revised to 120 billion cubic feet.

As a consequence, additional depletion amounting to INR 17,256 lacs for the production in the nine months period upto December 31, 2012 has been provided in the current quarter.

Further, the Company has carried out an impairment assessment based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 39,941 lacs. The following key assumptions have been used for determining the value-in-use of PY-1 Asset:

- a. Pre-tax cash flows have been projected for the life of the PY-1 Field based on the estimate of Proved Reserves as certified by the independent third party and considering cash flows necessary to maintain originally assessed standard of performance.
 - b. Discount rate of 10% has been considered reflecting market assessment based on transactions for similar assets.
5. As per the Company's Accounting Policy, the survey costs are initially capitalized as 'Exploration Expenditure' and subsequently either expensed if the exploration activity is determined as unsuccessful or transferred to "Producing Properties" in case the activities are determined to be successful.

The Auditors, have observed in their Audit Report for FY 2011-12 and subsequently in their Limited Review Report for the quarter ended Dec 31, 2012, non-adherence of the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India, 2003) requirement that costs of surveys relating to exploration activities is to be expensed in the year incurred. In this regard, the Company has to state that:

- a. the aforesaid Guidance Note is not mandatory and only recommendatory in nature;
- b. the Company's Accounting Policy, which has been followed consistently during the earlier quarters in the Financial Year 2011-12 and in the Financial Years prior to 2011-12 with reference to treatment of survey costs, is in compliance with International Oil and Gas Industry accounting practices and International Financial Reporting Standards (IFRS), and has been accepted by the auditors in the past without modification; and
- c. the accounting for the cost of surveys is in compliance with the terms of the Production Sharing Contract signed with the Government of India.

The above may be treated as our response to the observations in the Auditor's Limited Review Report for the quarter ended December 31, 2012.

6. The details of the Promoter's shareholding, Eni Group, are based on their declarations giving the status that no share has been pledged for the respective periods.
7. Figures for previous period/year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.
8. The above results and notes thereto were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 13, 2013.

BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited

Manish
Delhi Feb 13, 2013

Limited Review Report**Review Report to
The Board of Directors
Hindustan Oil Exploration Company Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Hindustan Oil Exploration Company Limited ('the Company') for the quarter ended December 31, 2012 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors/ committee of Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. The Company's proportionate share in the Unincorporated Joint Ventures where the Company is having participating interest has been considered in the unaudited standalone financial results and has been incorporated by the Company on the basis of the information obtained from the Operator of the respective Unincorporated Joint Ventures or the information available with the Company.
4. *As more detailed in note 5 of the Statement, the Company follows "Successful Efforts Method" method of accounting for its exploration and production activities, the Company has capitalized costs of Rs.277.63 million (including Rs. 122.35 million to September 30, 2012 and Rs. 64.49 Million to March 31, 2012), incurred in respect of surveys and studies relating to exploration activities.*

The "Guidance Note on Accounting for Oil and Gas Producing Activities" (Guidance Note) issued by the Institute of Chartered Accountants of India requires costs of surveys and studies relating to exploration activities to be expensed when incurred under the "Successful Efforts Method" of accounting. Had the Company followed the recommendation of the Guidance Note, survey costs of Rs. 277.63 million (including prior period charge of Rs. 122.35 million to September 30, 2012 and Rs 64.49 million to March 31, 2012) would have been written off as an expense and the net profit for the quarter and reserves and surplus after considering the related tax effects would have been lower by Rs. 277.63 Million (including Rs. 82.65 million to September 30, 2012 and Rs. 43.06 million to March 31, 2012. Our review opinion for the quarter ended September 30, 2012 and our audit opinion on the financial statements for the year ended March 31, 2012 was also qualified in respect of the above matter.

5. Based on our review conducted as above, *except for the effect of the matter stated in paragraph 4* nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

S.R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm registration number: 101049W

Amesh
per Subramanian Suresh
Partner
Membership No.: 083673

Place: New Delhi
Date: February 13, 2013

