

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 ended June 30, 2013					
(Rupees in Lacs)					
Sr. No.	Particulars	For the Quarter			For the year
		Ended on 30.06.2013 (Unaudited)	Ended on 31.03.2013 (Audited)	Ended on 30.06.2012 (Unaudited)	Ended on 31.03.2013 (Audited)
1	Income From Operations				
	a) Net Sales / Income from Operations (See Note 3)	1,550.41	3,336.57	2,680.37	10,861.38
	b) Other Operating Income	-	-	-	-
	c) (Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	(356.31)	100.72	(167.36)	16.96
	Total Income From Operations (Net)	1,194.10	3,437.29	2,513.01	10,878.34
2	Expenses				
	a) Purchase of Stock in Trade	-	-	-	-
	b) (Increase) / Decrease in inventories of stock-in-trade	-	-	-	-
	c) Employee Benefit Expenses	239.40	246.06	255.06	994.35
	d) Other Expenses				
	- Operating Expenditure	594.50	145.48	957.19	3,223.67
	- Net (Gain) / Loss on Foreign Exchange	242.02	33.82	308.45	585.32
	- Administrative and other Expenses	231.28	747.14	235.41	1,487.57
	e) - Recovery of Expenses	(350.27)	(361.28)	(552.72)	(1,857.13)
	f) Depreciation, Depletion and Amortisation (See Note 5)	1,977.47	5,386.86	1,154.95	8,745.00
	Total Expenses	2,934.40	6,198.09	2,358.34	13,178.78
3	Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	(1,740.30)	(2,760.79)	154.67	(2,300.44)
4	Other Income (Net)	168.00	189.43	298.69	1,163.36
5	Profit / (Loss) from Operations before Finance Cost and Exceptional Items (3+4)	(1,572.30)	(2,571.36)	453.36	(1,137.09)
6	Finance Cost	261.45	262.02	285.70	1,057.30
7	Profit / (Loss) from Operations after Finance Cost but before Exceptional Items (5-6)	(1,833.75)	(2,833.38)	167.66	(2,194.38)
8	Exceptional Items-Impairment Loss/Additional Depletion (See Note 5)	-	-	-	57,197.44
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	(1,833.75)	(2,833.38)	167.66	(59,391.82)
10	Tax Expenses				
	a) Provision for Current Income Tax	-	-	10.00	-
	b) Provision for Deferred Tax	-	-	20.00	(4,308.52)
	c) MAT Credit Entitlement (Net)	-	-	(10.00)	-
11	Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	(1,833.75)	(2,833.38)	147.66	(55,083.30)
12	Extraordinary Items (net of tax expenses)	-	-	-	-
13	Net Profit / (Loss) for the Period (11-12)	(1,833.75)	(2,833.38)	147.66	(55,083.30)
14	Paid up Equity Share Capital (Face Value of INR 10/- each)	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				52,639.90
16	Basic and Diluted EPS (INR) - Not Annualised - before Extraordinary Items	Rs.(1.41)	Rs.(2.17)	Rs. 0.11	Rs.(42.21)
17	Basic and Diluted EPS (INR) - Not Annualised - after Extraordinary Items	Rs.(1.41)	Rs.(2.17)	Rs. 0.11	Rs.(42.21)

PART II					
A PARTICULARS OF SHAREHOLDING					
1	Public Shareholding				
	Number of Shares	68,924,155	68,924,155	68,924,155	68,924,155
	Percentage of Shareholding	52.82%	52.82%	52.82%	52.82%
2	Promoters and Promoter Group Shareholding (See Note 7)				
	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
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	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%

Particulars		For the Quarter ended June 30, 2013	
B INVESTOR COMPLAINTS			
Pending at the beginning of the period		Nil	
Received during the period		6	
Disposed of during the period		6	
Remaining unresolved at the end of the period		Nil	



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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. The Full Field Development Plan submitted by the Operator during May 2013, is at an advance stage of approval at the Operating Committee.
3. During the Quarter ended June 30, 2013, the PY-1 Field was shut in for a period of 70 days, primarily on account of the buyer, GAIL India Limited, not able to off-take the gas supply. Following the Amendment to the Gas Sales Contract which has been executed in July 2013, GAIL India Limited is preparing to evacuate gas through a low pressure pipeline connecting PY-1 Gas Terminal to grid.
4. The Operating Committee of the Block CB-OS/1 has approved on July 17, 2013, the Revised Plan of Development submitted by the Operator, Oil and Natural Gas Corporation Limited (ONGC), entailing offshore development scheme for Gulf A Discovery. ONGC is also pursuing with the Government of India for approval of Commercial Discovery Report for Harinagar area.
5. Exceptional item for the previous year ended March 31, 2013 represents additional depletion and impairment loss charged to the statement of profit and loss due to reduction in the Proved Reserves of PY-1 Field 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.

The Company had carried out an impairment assessment as at Dec 31, 2012, based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 45,939 lacs and additional depletion amounting to INR 11,258 lacs for the production upto the date of assessment of impairment. The aggregate amount of INR 57,197 lacs is disclosed under exceptional items.

While estimating the future cash flows for determining the value-in-use of PY-1 Asset as per AS 28, the Company had considered a natural gas price of USD 5/MMBtu from 2015 onwards. Company is in the process of analysing the impact of approval by the Cabinet Committee on Economic Affairs (CCEA), of increase in natural gas prices with effect from April 2014 as recommended by Dr. C. Rangarajan Committee, in respect of PY-1 Field.

6. As per the Company's Accounting Policy, the survey costs are initially capitalized as 'Exploration Expenditure' and are retained in exploration expenditure-work-in-progress and subsequently transferred to "Producing Properties" when the well is ready to commence commercial production or expensed off if the exploration activity is determined to be unsuccessful.



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The Auditors, have observed in their Audit Report for financial year 2012-2013 and subsequently in their Limited Review Report for the quarter ended June 30, 2013, non-adherence of the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India) 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 2012-2013 and in financial years prior to 2011-2012 with reference to treatment of survey costs, is in compliance with International Oil and Gas Industry accounting practices and has been accepted by the auditors in the past prior to FY 2011-12 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 June 30, 2013.

7. 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.
8. Figures for previous period/year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.
9. 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 July 22, 2013.



BY ORDER OF THE BOARD

For Hindustan Oil Exploration Company Limited

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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 June 30, 2013 (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 provide 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 6 of the Statement, the Company follows "Successful Efforts Method" method of accounting for its exploration and production activities, the Company has capitalised costs of INR 414.13 million (including INR 342.29 million to March 31, 2013), 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 INR 414.13 million (including prior period charge of INR 342.29 million to March 31, 2013) would have been written off as an expense and the net loss for the quarter and reserves and surplus after considering the related tax effects would have been higher and lower by INR 414.13 million respectively. Our audit opinion on the financial statements for the year ended March 31, 2013 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.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W


per **Subramanian Suresh**
Partner
Membership No.: 083673



Place: *Chennai*
Date: *22 July 2013*