

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

1. We have reviewed the accompanying statement of unaudited results of Hindustan Oil Exploration Company Limited ('the Company') for the quarter ended September 30, 2014 (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 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. *Attention is invited to note 5 of the Statement which describes the uncertainty relating to the recoverability of the carrying value of Rs.6,980 Lakhs in respect of a producing property of the Company. We are unable to obtain sufficient appropriate audit evidence in relation to the assessment of impairment loss, if any, in the carrying value of the producing property. In view of the significant uncertainties involved, we are unable to comment on the adjustments that may be required to be made in the Statement.*
5. Based on our review conducted as above, *except for the possible effects of the matter described in paragraph 4*, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) 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 LLP

Chartered Accountants

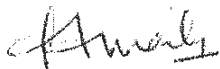
6. **Emphasis of Matter**

Attention is invited to Note 3 of the Statement which describes the factors and conditions that indicate the existence of a material uncertainty that cast a substantial doubt on the Company's ability to continue as a going concern. Our report is not qualified for this matter.

For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W



per **Subramanian Suresh**

Partner

Membership No.: 83673

Place : Chennai

Date : December 17, 2014



PART I							
Statement of Standalone Unaudited Results for the Quarter ended September 30, 2014							
(Rupees in Lacs)							
Sr. No.	Particulars	For the Quarter			Year to date		For the year
		Ended on 30.09.2014 (Unaudited)	Ended on 30.06.2014 (Unaudited)	Ended on 30.09.2013 (Unaudited)	Current Period ended on 30.09.2014 (Unaudited)	Previous Period ended on 30.09.2013 (Unaudited)	Ended on 31.03.2014 (Audited)
1	Income From Operations						
a)	Net Sales / Income from Operations (See Note 5 & 7)	1,197.19	1,204.68	1,411.27	2,401.87	2,961.68	5,984.59
b)	Other Operating Income	-	-	-	-	-	-
c)	(Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	26.66	(97.45)	69.13	(70.79)	(287.17)	(288.79)
	Total Income From Operations (Net)	1,223.85	1,107.23	1,480.40	2,331.08	2,674.51	5,695.80
2	Expenses						
a)	Purchase of Stock in Trade	-	-	-	-	-	-
b)	(Increase) / Decrease in inventories of stock-in-trade	-	-	-	-	-	-
c)	Employee Benefit Expenses	180.15	205.01	288.67	385.16	528.07	1,006.38
d)	Other Expenses						
	- Operating Expenditure	999.09	383.17	1,208.48	1,382.26	1,802.98	2,804.50
	- Net (Gain) / Loss on Foreign Exchange	439.39	17.02	505.19	456.41	747.21	437.07
	- Administrative and other Expenses	172.41	120.32	275.53	292.73	506.81	896.55
e)	- Recovery of Expenses	(177.18)	(205.96)	(335.64)	(383.14)	(685.91)	(1,234.45)
f)	Depreciation, Depletion and Amortisation	1,672.41	1,360.71	2,577.04	3,033.12	4,554.51	10,305.05
g)	Exploration Costs (See Note 8)	39.58	29.55	-	69.13	-	4,461.22
	Total Expenses	3,325.85	1,909.82	4,519.27	5,235.67	7,453.67	18,676.32
3	Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	(2,102.00)	(802.59)	(3,038.86)	(2,904.59)	(4,779.16)	(12,980.52)
4	Other Income (Net)	269.01	153.04	139.33	422.05	307.33	578.39
5	Profit / (Loss) from Operations before Finance Cost and Exceptional Items (3+4)	(1,832.99)	(649.55)	(2,899.54)	(2,482.54)	(4,471.83)	(12,402.13)
6	Finance cost	591.02	492.95	292.07	1,083.98	553.52	1,365.23
7	Profit / (Loss) from Operations after Finance Cost but before Exceptional Items (5-6)	(2,424.01)	(1,142.50)	(3,191.61)	(3,566.52)	(5,025.35)	(13,767.36)
8	Exceptional Items-Impairment Loss/Additional Depletion (See Note 4)	106,131.39	-	-	106,131.39	-	-
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	(108,555.40)	(1,142.50)	(3,191.61)	(109,697.91)	(5,025.35)	(13,767.36)
10	Tax Expenses						
a)	Provision for Current Income Tax	-	-	-	-	-	-
b)	Provision for Deferred Tax / (Write-back)	-	-	-	-	-	-
c)	Reversal of MAT Credit	-	-	-	-	-	4,363.62
d)	Write-back of provision for income tax	-	-	(5,650.00)	-	(5,650.00)	(5,650.00)
11	Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	(108,555.40)	(1,142.50)	2,458.39	(109,697.91)	624.65	(12,480.98)
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-
13	Net Profit / (Loss) for the Period (11-12)	(108,555.40)	(1,142.50)	2,458.39	(109,697.91)	624.65	(12,480.98)
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						52,639.90
16	Basic and Diluted EPS (Rs.) - Not Annualised	Rs. (83.18)	Rs. (0.88)	Rs. 1.88	Rs. (84.05)	Rs. 0.48	Rs. (9.56)
17	Basic and Diluted EPS (Rs.) - Not Annualised - after Extraordinary Items	Rs. (83.18)	Rs. (0.88)	Rs. 1.88	Rs. (84.05)	Rs. 0.48	Rs. (9.56)

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 9)						
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 September 30, 2014	
B	INVESTOR COMPLAINTS		
	Pending at the beginning of the period		Nil
	Received during the period		1
	Disposed of during the period		1
	Remaining unresolved at the end of the period		Nil

Notes:

1 Statement of Assets and Liabilities as at September 30, 2014

(Rupees in Lacs)

Particulars	Unaudited	Audited
	As at September 30, 2014	As at March 31, 2014
A EQUITY AND LIABILITIES		
1 Shareholders' Funds		
a. Share Capital	13,051	13,051
b. Reserves and Surplus (See Note 6)	26,545	39,805
Sub-total - Shareholders funds	39,596	52,856
2 Non - current liabilities		
a. Long-term borrowings	-	70,168
b. Deferred tax liabilities (net)	-	-
c. Long-term provisions	10,880	10,621
Sub-total - Non-current liabilities	10,880	80,789
3 Current liabilities		
a. Trade payables	3,284	1,648
b. Other current liabilities	2,056	29,856
c. Short-term provisions	6	6
Sub-total - Current liabilities	5,346	31,510
TOTAL - EQUITY AND LIABILITIES	55,822	165,155
B ASSETS		
1 Non-current assets		
a. Fixed assets	30,468	139,476
b. Non-current Investment	50	50
c. Deferred tax assets (Net)	-	-
d. Long-term loans and advances	11,686	11,721
e. Other bank balances	4,727	4,754
f. Other non-current assets	-	-
Sub-total - Non - current assets	46,931	156,001
2 Current assets		
a. Current investments	2,059	2,671
b. Inventories	3,650	3,686
c. Trade receivables	678	636
d. Cash and Bank Balances	1,522	1,272
e. Short-term loans and advances	949	854
f. Other current assets	33	35
Sub-total - Current assets	8,891	9,154
TOTAL ASSETS	55,822	165,155

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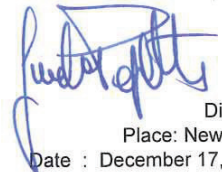
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Notes:

- 2 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".
- 3 The Company has capital requirements to implement its business plans and commitments under the Production Sharing Contracts (PSC) in the foreseeable future, which cannot be met through internal accruals alone. As a strategic exercise initiated pursuant to appointment of a Financial Advisor, discussions are underway between the Company and prospective investors and the Company is confident of raising financial resources to meet its commitments under the Production Sharing Contracts and to transform the reserves from the existing discoveries to production in the near to mid-term. Based on the foregoing, the Financial Results have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 4 Exceptional item represents additional depletion and impairment loss charged to the profit and loss account pursuant to an independent third party reservoir study of PY-1 Field and consequent revision of certain key assumptions by the Board of Directors. As a consequence, additional depletion amounting to INR 6,804 lakhs for the production in the six months period up to September 30, 2014 has been provided in the current quarter. Further the Company has carried out an impairment assessment as at September 30, 2014, based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 99,327 lakhs. 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 based on estimate of Proved Reserves as provided by the independent third party, estimate of commercially produceable proved reserves made by the management and considering cash flows necessary to maintain assessed standard of performance.
 - b. Discount rate of 13.28% has been considered reflecting market assessment based on transactions for similar assets.
- 5 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 has been technically reviewed by all the JV Partners and is yet to be approved by the Government of India so as to enable the Operator to commence production. Further discussions are ongoing amongst the Joint Venture Partners with respect to the proposal to proportionately share cess and royalty on a cost recoverable basis. The Company has a 21% participating interest in the PY-3 Field and the carrying value of PY-3 assets as of September 30, 2014 is approximately Rs.6,980 Lakhs. In view of the above factors, there may be uncertainty in the recoverability of carrying value of PY-3 assets.

The Auditors have qualified their opinion in this regard and the Company's position is as explained above.
- 6 As at September 30, 2014, the Company has loans outstanding of INR 96,084.5 lakhs and interest accrued of INR 543.7 lakhs payable to ENI Group. Vide a Deed of Termination and Release dated December 3, 2014, ENI Group has waived recovery of the above loan. The Company considers the waiver to be in the nature of a capital receipt akin to promoters contribution towards Equity/Share Premium and has accordingly credited the same to "Capital Reserves". The interest accrued for the period up to date of termination has been paid by the Company subsequent to the period end.
- 7 During the Quarter ended September 30, 2014, the PY-1 Field was shut in for a period of 7 days due to annual shutdown by the Buyer / End Users for planned maintenance.
- 8 In compliance with SEBI directions relating to treatment of survey cost under the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India), the Company is expensing survey costs.
- 9 The details of Promoter's Shareholding is based on their declarations giving the status that no share has been pledged for respective periods.
- 10 Figures for previous period/year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.
- 11 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 December 17, 2014.

BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited



Director
Place: New Delhi
Date : December 17, 2014