

BGJC & Associates

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Prize Petroleum Company Limited** ("the Company"), which comprise the Balance Sheet as at March 3, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the

Raj Tower-I, G-1, Alaknanda Community Centre New Delhi - 110 019, India
Ph. : +91 11 2602 5140 Fax : +91 11 2603 0436 e-mail : bgjc@bgjc.in

Delhi

Gurgaon

Indore

Noida

Dehradun



accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Other Matters

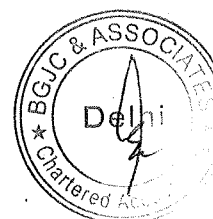
9. We did not audit the standalone financial statements of two Joint Ventures (Hirapur Field; South Rewa Block) included in the financial statements of the Company, which constitute total assets of Rs119,985,753 and net assets of Rs118,881,604 as at March 31, 2015, total revenue of Rs. 9,776,711 and net loss of Rs10,458,322 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements to the extent they have been derived from such standalone financial statements is based solely on the report of such other auditors.
10. We did not audit the standalone financial statements of two Joint Ventures (Sanganpur; Cluster 7) included in the financial statements of the Company, which constitute total assets of Rs55,885,520 and net assets of Rs55,520,164 as at March 31, 2015, total revenue of Rs. 1,331,627 and net loss of Rs909,531 for the year then ended. The unaudited financial information has been provided to us by the management, and our opinion on the standalone financial statements of the Company to the extent they relate to these Joint Ventures is based solely on such unaudited financial information furnished to us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements


11. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
 - ii. The Company has long-term contracts as at March 31, 2015 for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015

For BGJC & Associates
Chartered Accountants
Firm Registration Number: 003304N


Darshan Chhajer
Partner
Membership Number: 088308



Place: New Delhi
Date: May 7, 2015

Annexure to Independent Auditors' Report

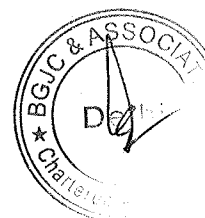
Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Prize Petroleum Company Limited on the standalone financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

- ii. (a) As explained to us, stock of crude oil in Joint Venture operation where the company is the operator have been physically verified by the management at reasonable intervals and stock of spares and spares parts have been physically verified by the management during the year in a phased manner. In our opinion, the frequency of such verification is reasonable.

In respect to the inventories of Joint Venture where the company is not the operator, the company has accounted/incorporated the share of inventories in the books of accounts based on audited financial statements available.

- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax,



Annexure to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Prize Petroleum Company Limited on the standalone financial statements as of and for the year ended March 31, 2015

service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and or value added tax or cess which have not been deposited on account of any dispute.
- c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- viii. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For BGJC & Associates

Chartered Accountants

Firm Registration Number: 003304N



Darshan Chhajjer
Partner

Membership Number: 088308



Place: New Delhi

Date: May 7, 2015

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

BALANCE SHEET AS AT 31ST MARCH 2015

	<u>Note No.</u>	<u>Amount in Rupees</u>	
		<u>Figures as at</u>	<u>Figures as at</u>
		<u>31st March 2015</u>	<u>31st March 2014</u>
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	1,200,000,000	1,200,000,000
(b) Reserves and surplus	2	(559,140,341)	(579,736,567)
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	3	6,500	181,500
(d) Long-term provisions	4	1,243,599	897,336
4 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	5	4,272,768	48,794,440
(c) Other current liabilities	6	1,530,936	3,437,421
(d) Short-term provisions	7	220,941	465,222
TOTAL		648,134,403	674,039,352
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	146,203,199	147,800,275
(ii) Intangible assets	9	13,750,302	13,801,895
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development	10	13,552,000	13,873,953
(b) Non-current investments	11	621,800	621,800
(c) Deferred tax assets (net)	12	13,742,000	13,232,000
(d) Long-term loans and advances	13	176,140	176,140
(e) Other non-current assets	14	2,133,287	5,511,215
2 Current assets			
(a) Current investments		-	-
(b) Inventories	15	7,125,698	10,645,238
(c) Trade receivables	16	11,583,482	8,580,927
(d) Cash and Bank balances	17	381,242,919	393,245,113
(e) Short-term loans and advances	18	58,003,576	66,550,796
(f) Other current assets		-	-
TOTAL		648,134,403	674,039,352

The accompanying notes are integral
part of the financial statements

26

This is the Balance Sheet referred to in our report
As per our Report of Even Date
For **BGJC & Associates**
Chartered Accountants
Registration No. 003304N
By the hand of

Partner Charshan Chhajer
M No: 088308



M.K. Surana
M.K. Surana
Chief Executive Officer

P. S. Joshi
P. S. Joshi
Director

U. C. Agrawal
U. C. Agrawal
Company Secretary

K. V. Rao
K. V. Rao
Director

Place: Mumbai
Date : 7th May, 2015

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31ST MARCH 2015

		Amount in Rupees		
		Figures for the Period ended		
		31st March 2015	31st March 2014	
A CONTINUING OPERATIONS				
I	Revenue from operations (Gross)	19	89,503,220	85,856,245
	Less- Excise Duty		-	-
	Revenue from operations (Net)		89,503,220	85,856,245
II	Other income	20	27,380,100	4,158,862
III	Total Revenue (I+II)		116,883,320	90,015,107
IV Expenses :				
a)	Production, Transportation & Other Expenses	21	7,233,909	7,247,751
b)	Geological & Geophysical Expenses	22	3,680,762	11,932,346
c)	Employee benefits expenses	23	35,072,875	35,207,011
d)	General & Administrative Expenses	24	44,194,594	93,723,024
e)	Finance Costs		-	-
f)	Depreciation, Depletion, Amortization & Impairment	25	3,369,464	77,251,510
g)	Other Expenses		-	-
Total expenses			93,551,604	225,361,642
V.	Profit(Loss) before exceptional and extraordinary items and tax (III-IV)		23,331,716	(135,346,535)
VI	Exceptional items	26 (III) (2)	3,059,990	425,595
VII	Profit(Loss) before extraordinary items and tax (V - VI)		20,271,726	(135,772,130)
VIII	Extraordinary items		-	-
IX.	Profit(Loss) before tax (VII-VIII)		20,271,726	(135,772,130)
X	Tax expenses			
	(1) Current tax		-	-
	(2) Deferred tax		(510,000)	92,359,000
XI	Profit(loss) for the year from continuing operations (IX-X)		20,781,726	(228,131,130)
B DISCONTINUING OPERATIONS				
XII	Profit(loss) from discontinuing operations (before tax)		-	-
XIII	Tax expenses of discontinuing operations		-	-
XIV	Profit(loss) from discontinuing operations (after tax)(XII-XIII)		-	-
C TOTAL OPERATIONS				
XV	Profit (loss) for the year (XI-XIV)		20,781,726	(228,131,130)
XVI	Earnings: per equity share of Rs.10 each			
	(1) Basic		0.28	(3.06)
	(2) Diluted		0.28	(3.06)

The accompanying notes are
integral part of the financial
statements

26

This is the Profit and Loss Account referred in
As per our Report of Even Date
For **BGJC & Associates**
Chartered Accountants
Registration No. 003304N
By the hand of

Partner - Parshan Chhabra
M No. 088308



M.K Surana
Chief Executive Officer

P. K. Joshi
Director

U. C. Agrawal
Company Secretary

K. V. Rao
Director

Place: Mumbai
Date : 7th May, 2015

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 1

		<u>Amount in Rupees</u> <u>Figures as at</u>	
		<u>31st March 2015</u>	<u>31st March 2014</u>
<u>SHARE CAPITAL</u>			
a)	Authorised :		
	620,000,000 Equity Shares of Rs. 10 each	6,200,000,000	6,200,000,000
	100,000,000 Preference Shares of Rs.10 each	1,000,000,000	1,000,000,000
		<u>7,200,000,000</u>	<u>7,200,000,000</u>
b)	i) Issued :		
	120,000,000 Equity Shares of Rs 10 each	1,200,000,000	1,200,000,000
		<u>1,200,000,000</u>	<u>1,200,000,000</u>
	ii) Subscribed and paid up :		
	120,000,000 Equity Shares of Rs.10 each fully paid up	1,200,000,000	1,200,000,000
		<u>1,200,000,000</u>	<u>1,200,000,000</u>
c)	Par Value per Share		
	i) Equity Shares :	Rs. 10/-	Rs. 10/-
	ii) Preference Shares	Rs. 10/-	Rs. 10/-
d)	Reconciliation of No. of Shares Outstanding	<u>in Nos.</u>	<u>in Nos.</u>
	a) Equity Shares		
	Opening Balance	120,000,000	70,000,000
	Add : Issued/converted during the year	-	50,000,000
	Less : Buy back during the year	-	-
	Closing Balance	<u>120,000,000</u>	<u>120,000,000</u>
	b) Preference Shares		
	Opening Balance	-	-
	Add : Issued during the year	-	-
	Less : Buy back during the year/Converted during the year	-	-
	Closing Balance	<u>-</u>	<u>-</u>
e)	The rights, preferences and restrictions attaching to each classes of Shares. Refer to Note 26 (III) (7)		
f)	Shares held by holding Company - Hindustan Petroleum Corporation Ltd.	<u>in Nos.</u>	<u>in Nos.</u>
	Equity Shares of Rs.10 each fully paid up	120,000,000	120,000,000
g)	Shareholding pattern (in %)		
	Equity Shares :		
	Hindustan Petroleum Corporation Ltd.	100%	100%
h)	Shares Reserved	NIL	NIL
i)	Details of Shares issued for other then cash consideration and bought back in last 5 year	NIL	NIL
j)	Terms of any securities convertible in to Equity/ Preference	NIL	NIL
k)	Calls unpaid	NIL	NIL



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 2

	<u>Amount in Rupees</u> <u>Figures as at</u>	
	<u>31st March 2015</u>	<u>31st March 2014</u>
<u>RESERVES AND SURPLUS</u>		
i) Capital Reserve	-	-
ii) Capital Redemption Reserve	-	-
iii) Securities Premium Reserve	-	-
iv) Debenture Redemption Reserve	-	-
v) Revaluation Reserve	-	-
vi) Share Options Outstanding Account	-	-
vii) Surplus/(Deficit) in statement of Profit & Loss		
Opening Balance	(579,736,567)	(351,605,437)
Add : Profit/(Loss) for the year	20,781,726	(228,131,130)
Add : Depreciation Prior Period	(185,500)	
Closing balance	(559,140,341)	(579,736,567)

NOTE : 3

OTHER LONG TERM LIABILITIES

Retention Money

6,500	181,500
<u>6,500</u>	<u>181,500</u>

NOTE : 4

LONG TERM PROVISIONS

Provisions for Employee Benefits

 Provision for Gratuity
 Provision towards compensated absences
 Provision for Abandonment cost

604,967	596,164
378,632	171,172
260,000	130,000
<u>1,243,599</u>	<u>897,336</u>

Refer to Note 26 (III) (17)

NOTE : 5

TRADE PAYABLES

Trade payable - Vendors
Trade payable - Expenses Payable

4,221,157	48,738,391
51,611	56,049
<u>4,272,768</u>	<u>48,794,440</u>

NOTE : 6

OTHER CURRENT LIABILITIES

Statutory Liabilities
Other Liabilities

1,176,034	3,171,399
354,902	266,022
<u>1,530,936</u>	<u>3,437,421</u>

NOTE : 7

SHORT TERM PROVISIONS

Provisions for Employee Benefits

 Provision for Gratuity
 Provision towards compensated absences

2,371	236,373
218,570	228,849
<u>220,941</u>	<u>465,222</u>



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

NOTES FORMING PART OF FINANCIAL STATEMENT

TANGIBLE FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION/DEPLETION			NET BLOCK	
	As on 1-Apr-14	Additions	Deletion	As on 31-Mar-15	Adjustment	For the year 2014-15	Written back on deletion	As on 31-Mar-15
Office Equipment	506,044	114,750	19,913	600,881	64,638	76,052	980	217,552
Computers Hardware	3,878,410	-	-	3,878,410	41,140	26,435	-	3,834,175
Furniture & Fixtures	165,790	44,210	30,000	180,000	-	23,928	30,000	41,164
- <i>Procured under the Scheme</i>	373,928	-	-	373,928	17,588	41,095	-	290,509
- <i>Others</i>	-	-	-	-	-	-	-	-
Vehicles	300,000	-	-	300,000	-	40,500	-	170,766
- <i>Procured under the Scheme</i>	769,104	-	-	769,104	-	155,416	-	730,650
- <i>Others</i>	-	-	-	-	-	-	-	-
Share of Fixed Assets in Joint Ventures								
- ONGC Onshore Marginal Fields (PI 50%)								
Gandhi Nagar Project Office	98,549,038	-	-	98,549,038	-	1,326,975	-	10,768,807
Wells Cost	97,798	-	31,073	66,725	-	-	31,073	66,725
Computers	14,116	-	3,600	10,516	1,952	-	3,420	10,516
Office Equipments	294,919	-	55,308	239,611	-	75,494	49,547	187,365
Furniture & Fixtures	12,537,740	450,455	-	12,988,195	-	205,084	-	8,292,375
Plant & Machinery	-	-	-	-	-	-	-	-
- Project Sangarpur (PI 50%)								
Wells Cost	53,528,455	-	-	53,528,455	-	55,229	-	851,123
Plant & Machinery	5,561,625	12,549	-	5,574,174	-	2,413	-	5,489,606
Office Equipments	58,447	-	-	58,447	20,547	-	-	55,525
Furniture & Fixtures	36,265	-	-	36,265	-	12,458	-	34,451
Buildings	111,698	-	-	111,698	-	4,343	-	21,787
- Project SR-ONN (PI 100%)								
Computer	5,590	-	-	5,590	-	268	-	5,362
Digital Camera	1,668	-	-	1,668	698	161	-	1,178
Mobile Phone	420	-	-	420	-	-	-	420
Global Positioning System	2,602	-	-	2,602	1,752	-	-	2,472
Total	176,793,657	621,964	139,894	177,275,727	148,315	2,045,851	115,020	31,072,528
Previous Year 2013-14	176,417,974	485,683	(110,000)	176,793,657	-	3,383,520	51,390	28,993,382
								147,800,275

Note: The Amt of Rs 1,48,31,5/- is adjusted FROM the Opening Bal. of accumulated dep due to change in THE method of computation of Depreciation as per Companies Act, 2013



NOTE : 8

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
NOTES FORMING PART OF FINANCIAL STATEMENT

INTANGIBLE FIXED ASSETS

NOTE : 9
Figures in Rupees

Particulars	GROSS BLOCK		DEPRECIATION/DEPLETION		NET BLOCK	
	As on 1-Apr-14	As on 31-Mar-15	As on 1-Apr-14	For the year Adjustments	As on 31-Mar-15	As on 31-Mar-14
Computers Softwares	12,741,969	12,741,969	12,698,257	37,184	12,735,441	43,712
Hydrocarbon Rights & Concessions (Sanganpur Field)	14,045,662	14,045,662	287,479	14,409	301,888	13,758,183
Total	26,787,631	26,787,631	12,985,736	37,184	13,037,329	13,801,895
Previous Year 2013-14	26,787,631	26,787,631	12,682,200	303,536	12,985,736	14,105,431

Note: The Amt of Rs 37,184/- is adjusted from the Opening Bal. of accumulated dep due to change in the method of computation of Depreciation as per Companies Act, 2013



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
NOTES FORMING PART OF FINANCIAL STATEMENT

NOTE : 10
figures in Rupees

PRE-PRODUCING PROPERTIES (Intangible assets under development)

AREA / FIELD	As on 01-Apr-14	Expenditure during the year	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As on 31-Mar-15
ONGC Onshore Marginal Fields	13,552,000	-	-	-	13,552,000
SR-ONN-2004-01 - (South Rewa Block)	321,954	987,252	-	1,309,206	-
Total	13,873,954	987,252	-	1,309,206	13,552,000
Previous Year 2013-14	31,167,548	56,295,359	-	73,588,954	13,873,953



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

BALANCE SHEET AS AT 31ST MARCH 2015

	Amount in Rupees		NOTE : 11
	Figures as at		
	31st March 2015	31st March 2014	
<u>INVESTMENTS</u>			
Prize Petroleum International Pte. Ltd., Singapore (A Wholly Owned Subsidiary)	621,800	621,800	
10,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs 62.18 per US\$)			
	621,800	621,800	
			NOTE : 12
<u>DEFERRED TAXATION ASSETS (NET)</u>			
Net Deferred Tax Asset	13,742,000	13,232,000	
Refer to Note 26 (III) (15)			NOTE : 13
<u>LONG TERM LOAN & ADVANCE</u>			
Security Deposit (Considered Good)			
M.P. State Govt.	15,000	15,000	
Rent	26,250	26,250	
Electricity Gas & Water	133,140	133,140	
Telephone	1,750	1,750	
	176,140	176,140	NOTE : 14
<u>OTHER NON CURRENT ASSETS</u>			
Service Tax Credit Receivable	2,033,418	4,621,917	
Fixed deposits in Bank	30,381	819,810	
Other Deposits	69,488	69,488	
	2,133,287	5,511,215	NOTE : 15
<u>INVENTORIES</u>			
<u>Stores & Spares</u>			
Casing & Tubing	5,418,525	7,805,418	
Casing Accessories	27,000	27,000	
Chemicals	2,660	-	
Cementing Chemicals	5,499	5,499	
Tanker Seal	2,527	642	
Gear Oil	5,953	-	
Pumps & Spares	205,629	255,000	
Bridge Plug 5 1/2"	23,413	23,413	
Retrievable Mechanical Packer	417,500	417,500	
X-Mas Tree	90,000	90,000	
Electrical Submersible Pump	22,000	22,000	
Cement	-	203,517	
Float Equipments	98,481	196,962	
Liner Hanger	282,042	705,195	
Wellheads	525,369	893,182	
	7,125,698	10,645,238	



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

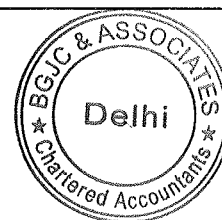
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>Amount in Rupees</u> <u>Figures as at</u>	<u>NOTE : 16</u>
	<u>31st March 2015</u>	<u>31st March 2014</u>
TRADE RECEIVABLE (Unsecured)		
Over Six months		
Considered Good	8,206,212	4,702,266
Others		
Considered Good	3,377,270	3,878,661
	11,583,482	8,580,927

		<u>NOTE : 17</u>
CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
(i) Cash in hand	3,287	34,942
(ii) Balances with Banks		
Current Accounts	13,839,302	54,416,256
Fixed Deposits (*) (**)	365,615,126	334,626,428
	379,454,428	389,042,684
Less : Amount disclosed under other non current assets (***)	(30,381)	(819,810)
(b) Other Bank Balances		
Fixed Deposits (Kept as Margin Money) (**))	1,815,585	4,987,297
Refer to Note 12	381,242,919	393,245,113

- * - Includes interest accrued and reinvested in short term deposits Rs. 30.33 Lacs (Previous Year-Rs.32.06 Lacs)
 ** - Includes TDS on Accrued Interest on Fixed deposit a sum of - Rs. 3.03 Lacs (Previous Year-Rs 3.21 Lacs)
 *** - Bank deposits having more then 12 months maturity is Rs.-0.3 Lacs (previous year Rs.8.20 Lacs)

		<u>NOTE : 18</u>
SHORT TERM LOANS AND ADVANCES		
Balance with Govt. Authorities - Unsecured and Considered Good		
Income Tax Refund Due	26,530,988	15,984,585
Others - Unsecured and Considered Good		
Advances Recoverable in Cash or Kind or for Value Received	-	-
Advance to Employees	-	-
Advance to Joint Venture Projects	14,582,320	44,931,841
Prepaid Expenses	1,210,085	4,402,895
Advance to Subsidiary - Prize Petroleum International Pte. Ltd.	15,680,183	1,231,475
	58,003,576	66,550,796



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE : 19	
	Amount in Rupees	
	Figures for the Period ended	
	31st March 2015	31st March 2014
REVENUE FROM OPERATION		
Income from Hydrocarbons	11,095,220	11,870,245
Income from Management fee	78,408,900	73,589,000
	89,503,220	85,856,245

	NOTE : 20	
	Amount in Rupees	
	Figures for the Period ended	
	31st March 2015	31st March 2014
OTHER INCOME		
Interest on Fixed Deposit	26,175,167	3,597,849
Others	978,234	561,013
Excess Gratuity Provisions Written Back	220,699	-
	27,380,100	4,158,862

	NOTE : 21	
	Amount in Rupees	
	Figures for the Period ended	
	31st March 2015	31st March 2014
PRODUCTION, TRANSPORTATION & OTHER EXPENSES		
Workover Expenses	-	-
Insurance	223,670	181,282
Electricity & Utilities	313,446	346,607
Consultancy Fees	36,458	598,495
Well Maintenance Charges	356,604	255,233
Security Charges	1,114,710	1,011,245
Processing & Handling of Crude Oil	1,295,520	1,363,074
Manpower Charges	2,406,114	2,069,670
Land Rent	323,264	281,368
Crude Oil Transportation	980,874	943,219
Royalty	19,350	21,841
Cess	33,970	38,246
Other Expenses	-	7,371
Abandonment cost	130,000	130,000
	7,233,909	7,247,751

	NOTE : 22	
	Amount in Rupees	
	Figures for the Period ended	
	31st March 2015	31st March 2014
GEOLOGICAL & GEOPHYSICAL EXPENSES		
Exploration Phase Expenses (SR-ONN Block)	3,680,762	9,176,258
G & G Studies	-	2,756,088
	3,680,762	11,932,346



PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE : 23

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2015</u>	<u>31st March 2014</u>
<u>EMPLOYEE BENEFITS EXPENSES</u>		
Manpower Cost	29,724,580	30,368,464
Contribution towards Provident Fund	219,589	239,027
Managerial Remuneration	4,218,424	3,697,868
Other Welfare Expenses	910,282	970,652
	<u>35,072,875</u>	<u>35,207,011</u>

NOTE : 24

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2015</u>	<u>31st March 2014</u>
<u>GENERAL & ADMINISTRATIVE EXPENSES</u>		
Repairs & Maintenance	3,449,272	2,097,485
Auditor's Remuneration	201,153	212,058
Electricity & Utilities	1,485,273	1,360,861
Traveling & Conveyance	1,995,733	4,255,662
Legal Expenses	662,663	1,493,764
Consultancy Charges	17,195,166	74,055,309
Insurance	37,984	25,346
Rent	19,650,609	18,422,977
Advertisement & Business Relation Expenses	266,638	280,368
Telephone Charges	510,274	583,844
Bank Charges	259,526	629,535
Postage & Courier	83,061	72,894
Printing & Stationery	252,191	247,146
Meeting & Conference	38,282	145,873
Contract Labour	1,926,685	1,522,682
Training & Seminar Expenses	-	134,025
Membership & Subscription	60,200	76,951
HO Overheads	499,767	548,164
General Expenses	70,201	38,184
	<u>48,644,678</u>	<u>106,203,068</u>
Less: Allocated to Projects	<u>4,450,084</u>	<u>12,480,045</u>
	<u>44,194,594</u>	<u>93,723,024</u>

NOTE : 25

	<u>Amount in Rupees</u>	
	<u>Figures for the Period ended</u>	
	<u>31st March 2015</u>	<u>31st March 2014</u>
<u>DEPRECIATION, DEPLETION, AMORTISATION & IMPAIRMENT</u>		
Depreciation	663,647	1,940,699
Depletion	1,396,612	1,459,058
Amortisation	-	287,299
Impairment	-	-
Exploratory dry Well written off	<u>1,309,205</u>	<u>73,564,454</u>
	<u>3,369,464</u>	<u>77,251,510</u>



PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

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

I. Company Background:

The Company is engaged in the exploration and production of crude oil and natural gas and related activities. As the Company is Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited hence, covered by the provisions of Section 139 of the Companies Act, 2013.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

- 1.1 The financial statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standards by Companies Accounting Rules, 2006 and the relevant provisions of the Companies Act, 2013.
- 1.2 Financial statements are based on historical cost basis and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- 1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 1.4 The Company generally conforms to the internationally accepted "Successful Efforts Method" (SEM) of accounting read with the revised guidance note on "Accounting for Oil & Gas producing activities" issued by The Institute of Chartered Accountants of India (ICAI) for carrying out petroleum operations and evaluation of prospects for Acquisition Targets.

2. Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue Recognition:

- 3.1 Revenue from Crude Oil and Natural Gas is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in progress is deducted from expenditures on such wells. Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.



3.2 Income from consultancy/ management income being recognized when service are rendered and no significant uncertainty attached to realization.

3.3 Interest income is being recognized on time proportion basis.

4. Geological and Geophysical Expenditures:

Expenditures other than tangible assets and equipment & facilities deployed in relation thereto on which usual depreciation allowance as admissible, are expensed in the year of incidence.

5. General and Administrative Expenses:

General and Administrative expenses are allocated to "Acquisition of Assets" in case of successful bids / efforts, based on the deployment of resources in pursuing those efforts and the balance are charged to Statement of Profit and Loss.

6. Tangible Fixed Assets:

The fixed assets are stated at historical cost less depreciation. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

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

Cost of development wells, cost of related equipment, facilities, cost of hydrocarbon rights and concessions are capitalized and reflected as Tangible Fixed Assets.

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

7. Pre-producing Properties:

7.1 All acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells under Pre-producing Properties till the time these are either transferred to Producing Properties on completion of commencement of commercial production or expensed in the year when determined to be dry or of no further use, as the case may be.

7.2 All costs relating to development wells are initially capitalized as development Wells under Pre-producing Properties and transferred to producing properties on commencement of commercial production.

7.3 In respect of the wells pending completion of commencement of commercial production, all the expenses incurred net of the billing raised on test production supplied are classified as Pre-producing Properties.



8. Producing Properties:

Producing properties are created in respect of fields/blocks having proved developed Oil and Gas reserves, when the well in the fields/blocks is ready to commence commercial production.

Cost of successful exploratory wells, development wells, related equipment, facilities, hydrocarbon rights, concessions and applicable acquisition costs are capitalized and reflected as producing properties.

9. Depreciation/ Amortization:

Tangible Assets

- 9.1 Depreciation on tangible fixed assets owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.
- 9.2 In the case of furniture and vehicles provided to employees under approved schemes of the Company, the depreciation is charged at the rates of 15% and 13.5% respectively under the Straight Line Method as per the provision of the Scheme.
- 9.3 Individual items of Fixed Assets, the acquisition cost of which is up to Rs.5,000/- is depreciated in full in the year of acquisition.
- 9.4 The Company amortizes the expenses on office renovation over the unexpired lease tenor.

Intangible Assets

- 9.5 Cost of G&G Software licenses are being amortized over useful.

10. Depletion of Producing Properties:

- 10.1 Producing properties including acquisition cost are depleted using the "Unit of Production method" (UOP) based on the related Proved Developed Reserves in accordance with guidance note on "Accounting for Oil & Gas producing activities".
- 10.2 Interest capitalized on producing properties including acquisition cost, as required under AS-16 (borrowing cost), are also depleted using the Unit of Production Method.
- 10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

11. Earnings Per Share:

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



shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12.Segment Reporting:

12.1 **Identification of Segments:** The Company's operating businesses are organized and managed separately according to the nature of products sold and/or services provided. The analysis of geographical segments is based on geographical location of the customer i.e. domestic and overseas.

12.2 **Unallocated items:** General Corporate income and expense items are not allocated to any business segment.

13.Abandonment Cost:

13.1 The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks are recognized as cost based on the technical assessment available.

13.2 The abandonment cost on exploratory dry well is charged as expense when incurred.

13.3 The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated field/ block ceases to produce.

14.Joint Ventures:

14.1 In respect of PSCs and Service Contracts (SCs) executed by the Company under Joint Ventures with Govt. of India and/or other parties; the financial statements reflect the Company's assets and liabilities as also the income and expenditure of the Joint Venture operations (to the extent of available details) in proportion to the participating interest (PI) of the Company as per the terms of the PSCs/SCs, on a line by line basis, in alignment with Company's policy.

14.2 Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.

14.3 Interests capitalized on loan funds utilized in Joint venture projects, as required under AS-16 (borrowing cost), are included in the value of respective joint venture assets and are depreciated/ amortized on the same basis on which the original asset is depreciated/ amortized.

15.Retirement and Other Employees Benefits:

15.1 Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method.

15.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.

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



16.Foreign Currency Transactions:

- 16.1 Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction.
- 16.2 The Foreign Currency Assets and Liabilities are translated at the exchange rate prevailing on the balance sheet date.
- 16.3 Exchange difference, if any, depending on the nature of the expenditure are either allocated to respective projects or are directly treated as income/ expenses in the period they accrue.

17.Impairment of Assets:

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

18.Inventory:

- 18.1 Closing stock of Crude Oil in unfinished condition in storage tank is not valued.
- 18.2 Stores and spares are valued at weighted average cost or net realizable value, whichever is lower.

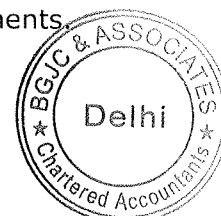
19.Taxes on Income:

- 19.1 Provision for current tax is made in accordance with the provisions of Income tax Act, 1961.
- 19.2 Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

20.Contingent Liabilities / Assets and Provisions

- 20.1 Liabilities contingent upon happening of future events are disclosed by the way of note to the accounts.
- 20.2 Contingent assets neither recognized nor disclosed in the financial statements.
- 20.3 The Company has made provision for all known liabilities.



21. Investments

- 21.1 Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investment.

III. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitment:

- 1.1 Counter claim dated 23rd August, 2010 of US\$ 42.6 Million, equivalent to Rs.255,25,92,000/- (at exchange rate one US\$ equal to INR=62.505) lodged by M3energy, Berhad, Malaysia (formerly known as Trenergy, Berhad, Malaysia) before the Arbitral Tribunal in the matter of Cluster -7 field against HPCL and the Company. The share of the Company is 1/7th i.e. Rs.38,03,87,571/- (PY: Rs.36,46,56,000/-).

Partial Award is passed by the Tribunal on 9th January, 2014 dismissing the Counter Claim of the Respondents and holding them liable for termination of Service Contract by ONGC. Next tranche wherein the quantification of liability of M3energy would be done is still pending. The Partial Award passed by Arbitral Tribunal on 9th January, 2014 is also challenged by M3energy before High Court of Bombay.

- 1.2 The Company is Operator in exploration block; SR-ONN-2004/1, awarded under NELP round -VI with 10% PI along with Consortium partner M/s Jaiprakash Limited. The consortium has completed all Minimum Work Program in Phase-1 except drilling of one exploratory well for which environmental clearance (EC) was not granted from Ministry of Environment and Forests due to drilling location falling within the radius of 10km from a wildlife sanctuary. Further as per recent Policy Framework Guidelines issued by MoP&NG dated 10th November, 2014, consortium has requested DGH to allow to exit from the block without paying any Liquidity Damage (LD) towards non-drilling of 3rd well. The proposal is under review with DGH. Impact of LD could not be ascertained.
- 1.3 The Company is Executive Contractor in Service Contract signed with ONGC for development of Hirapur Marginal Field along with Associate Contractor M/s Valdel Oil & Gas Private Limited. The Company has to drill three wells under development phase as per the Contract. Final Development Plan has been finalized for submission to ONGC.

In view of the legal opinion taken by the management, Service tax on the above contract has not been charged while billing to ONGC in continuation of previous years practice.

- 1.4 The Company was awarded an Exploration block AA-ONN-2010/1 in Tripura under NELP bidding round IX in consortium with ABG Energy Ltd. The Product Sharing agreement was signed with Govt. of India (GOI) by the consortium on 30th August, 2012. The Company has 20% Participating interest and ABG 80%. As per the Joint Bidding agreement, ABG will carry the Company during the exploration phase meaning, 20% share of expenditures during exploration phase also shall be borne by ABG. In case of any discovery, 10% of Prize share paid by ABG will be recovered by them out of Profit petroleum and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to the Company to enable the Company to submit BG to GOI for



Company's share of 20%. The value of back guarantee to be submitted by ABG to Prize is USD 1.801 Million. ABG did not submit BG of their 80% share by due date to GOI. Also since back up guarantee was not submitted by ABG to the Company, the Company also could not submit the BG for 20% of its share to GOI.

In view of non-submission, GOI terminated PSC dated 30th August, 2012 vide termination letter dated 15th Oct, 2013 and has imposed LD of USD 9,005,000 as per Article 5.6 of PSC. The Company has kept ABG on notice that it is their responsibility to pay entire quantum of LD, including the share of the Company. MOP&NG has also been kept informed about the same. In case the Company is compelled to pay its share of LD i.e. USD 1,801,000 (equivalent to Rs.11,25,71,505/- at the rate of Rs.62.505 per USD) by the GOI, and if such payment is made by the Company to GOI, then the Company will claim such amount from ABG and such amount shall be disclosed as receivable.

2. Joint Venture Operations:

In compliance of Accounting Standard 27 on "Financial reporting of Interests in Joint Ventures", a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the Company are given below:

2.1 ONGC Onshore Marginal Fields

The Company along with M/s Aban Loyd Chiles Offshore Limited was awarded Service Contract dated 28th April, 2004, for development of ONGC's Hirapur onshore marginal oil field.

On 9th December, 2009, the Company executed an Agreement for development of Hirapur onshore marginal field with Valdel Oil and Gas Private Limited (Valdel) as Associate Contractor with equal share in the Service Contract.

The Company's share of assets and liabilities as at 31st March 2015 and the Income and expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees			
	Particulars	2014-15	2013-14
A	Gross Tangible Assets	9,98,32,030	9,94,71,555
B	Pre-Producing Properties (CWIP)	1,35,52,000	1,35,52,000
C	Other Net Non-Current Assets	(1,610)	(96,610)
D	Net Current Assets (*)	1,03,30,954	1,12,37,053
E	Income – Revenue from Crude Oil	97,76,712	1,00,60,313
F	Expenditure (**)	1,21,84,645	1,52,84,864

(*) Includes advances to joint venture amounting to Rs.59,65,571/-, (Previous year Rs.59,79,373/-).

(**) Includes expenses written off amounting to Rs. Nil in the F.Y. 2014-15 (Previous year Rs.4,25,595/-)



2.2 Sanganpur Field

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1st September, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18,17,034/- have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on un-Audited accounts as at 31st March, 2015 as made available by the Operator.

The Company's share of assets and liabilities as at 31st March 2015 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees			
	Particulars	2014-15	2013-14
A	Gross Tangible Assets	5,62,66,993	5,62,54,443
B	Other Net Non-Current Assets	(34,262)	15,738
C	Net Current Assets (*)	(7,53,648)	1,31,119
D	Income – Revenue from Crude Oil	13,18,939	18,17,850
E	Expenditure	22,41,158	30,97,760

(*) Includes advances to joint venture amounting to Rs. (7,55,710)- (Previous year Rs.-1,81,269/-).

2.3 ONGC Offshore Marginal Fields (Cluster-7)

The Company along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s Trenergy (PI – 30%) was awarded a Contract vide letter of award dated 31st March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration proceedings against Trenergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department-HPCL.

2.4 SR – ONN – 2004 / 1 (South Rewa Block):

The Company along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) was awarded PSC for the SR-ONN-2004/1 block vide letter dated 12th February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2nd March, 2007.

Consortium has relinquished the block effective from 23rd October, 2014 and Operating Committee resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH).

The Company is following "Successful Efforts Method as per revised Guidance Note for Accounting of Oil and Gas Producing Activities issued by ICAI. Expenditures relating to exploration activities are charged off to Statement of Profit & Loss in line



with Guidance Note. The Company has accounted its proportionate share in the SR-ONN-2004/1 project based on audited accounts as of 31st March, 2015.

The Company's share of assets and liabilities as at 31st March, 2015 in respect of above joint venture is as follows:

		Figures in Rupees	
	Particulars	2014-15	2013-14
A	Gross Tangible Assets	10,280	10,280
B	Pre-producing Properties (CWIP)	-	3,21,954
C	Other Net Non-Current Assets	15,000	15,000
D	Net Current Assets (*)	1,34,41,434	1,39,14,101
E	Expenditure (**)	80,50,387	8,27,41,821

(*) Includes advances to joint venture amounting to Rs.94,80,814/- (Previous year Rs.53,55,056/-).

(**) Includes Rs.13,09,206/- (Previous year Rs.7,35,64,454/-) written off towards dry wells cost. Also includes Inventory written off amounting to Rs.30,59,990/- in the F.Y. 2014-15 (Previous year Rs.Nil).

3. Estimated Hydrocarbon Proved Reserves as on 31st March, 2015 in the Oil fields are as follows:

Hirapur and Sangapur (On-shore Marginal Fields):

Particulars (*)	2014-15		2013-14	
	MM BBLs	MMT	MM BBLs	MMT
Recoverable Reserves	3.08	0.411	3.12	0.416

(*) The Company Share is 50% of total

4. Quantitative Particulars of Petroleum:-

Particulars (*)	2014-15		2013-14	
	BBLs	TMT	BBLs	TMT
Total Dry Crude Production				
Hirapur Field	38,326	5.15	39,874	5.35
Sanganpur Field	572	0.07	645	0.08
TOTAL	38,898	5.22	40,519	5.43

(*) The Company Share is 50% of total

5. Remittance in Foreign Currencies (*):

		Figures in Rupees	
	Particulars #	2014-15	2013-14
	Foreign Travel	-	7,71,276
	Consultancy Fees/Reimbursements etc.	6,23,34,629	5,23,82,062
	Capital Equipments, Spares etc.	42,642	43,96,292
	Equity Contribution	-	6,21,800

(*) Represent the total value of foreign exchange outflow. Include share of its consortium partner(s) Rs.5,63,77,622/- (Previous Year -Rs.3,53,18,853/-)

As certified by the management



6. The limit of non-funded credit facilities of bank guarantees/Letter of Credit is Rs.10,00,00,000/- with Corporation Bank, New Delhi. Against the said limit bank guarantees totaling to Rs.1,81,55,850/- have been issued by the banker. (Previous Year Rs.4,50,88,400/-).

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

7.1 **Equity Shares** – Equity shares of the Company has a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of equity shares will be entitled to receive remaining assets (if any) after distribution of all preferential accounts. The distribution will be in pro-rata to the equity shares held by the shareholder.

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

8. During the year, the Company has received Rs.Nil amount (PY: Rs.47,50,00,000) towards Equity Share Capital.

9. Current liabilities include Rs.84,500/- towards recoveries from employees covered under the vehicle policy as per the scheme of the Company. (Previous Year Rs.65,000/-).

10. Information as per Accounting Standard (AS) 18 "Related Party Disclosures":

10.1 **Related Party relationships:**

	<u>Name of the related party</u>	<u>Relationship</u>
1.	Hydrocarbon Development Pvt. Co. Ltd.	Consortium Partner
2.	Jai Prakash Associates Limited	
3.	Valdel Oil & Gas Private Limited	
4.	Hindustan Petroleum Corporation Limited	Holding Company
5.	Prize Petroleum International Pte. Ltd. Singapore	Wholly Owned Subsidiary Company

10.2 **Key Management Personnel:**

a) Mr. M. K. Surana

"Manager " & CEO

b) Mr. U. C. Agrawal

Company Secretary (*)

(*) pursuant to the Companies Act, 2013.



10.3 Transactions during the period with related parties are:

Particulars	2014-15			2013-14		
	Holding Company	Subsidiary Company	Total	Holding Company	Subsidiary Company	Total
Services rendered	8,44,28,424	-	8,44,28,424	7,67,53,116	-	7,67,53,116
Expenses recovered from us	7,22,30,491	-	7,22,30,491	7,01,61,633	-	7,01,61,633
Expenses recovered by us	2,60,135	1,44,48,708	1,47,08,843	2,35,916	12,31,475	14,67,391
Share Capital Received	-	-	-	47,50,00,000	-	47,50,00,000
Shares Subscribed	-	-	-	-	6,21,800	6,21,800
Amount outstanding	24,93,927 (Cr.)	1,56,80,183 (Dr.)	1,31,86,256 (Dr.)	15,42,354 (Cr.)	12,31,475 (Dr.)	3,10,879 (Cr.)
Closing Balance of Investment	-	6,21,800	6,21,800	-	6,21,800	6,21,800

Note: The Expenses recovered by Holding Company also includes the amount of Remuneration paid to the Managing Personnel of Rs.93,73,167/- (PY: Rs.79,26,553/-).

11. Auditors Remuneration includes: (*)

Particulars	Figures in Rupees	
	2014-15	2013-14
Statutory Audit fees	1,00,000	1,00,000
Tax Audit fees	22,000	22,000
Reimbursement towards out of pocket expenses	9,490	11,486
TOTAL	131,490	133,486

(*) Corporate audit fee only (excludes Secretarial audit fee and amount paid to JVs auditors)

12. Included under Cash and Bank Balances, balance held as margin money towards Bank Guarantees issued of Rs.18,15,585/- (Previous Year- Rs.49,87,297/-)

13. Disclosures as required by Accounting Standards 19, "Leases": Where the Company is a lessee, Lease payments are recognized in the Statement of Profit & Loss under "Rent".

14. As the Company has no book profit as per income tax during the financial year, there was no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation was required.

15. Deferred Tax Assets / Liability:

- 1.1. The Company has accumulated losses as at 31st March, 2015 amounting to Rs.55,91,40,341/-. The Company has been recognizing net deferred tax assets till 31st March, 2013 on accumulated business losses and unabsorbed depreciation. After the Company was made a Wholly Owned



Subsidiary in December, 2011, various actions were initiated in terms of acquisition of new assets and speeding up exploration activities.

During the previous year the company has formed a wholly owned subsidiary in Singapore. The Singapore subsidiary has signed Sales Purchase Agreement for acquisition of a producing asset & a discovered asset in Australia. The deal of acquisition has been completed on 3rd November, 2014 and acquired assets are held in the name of the Singapore subsidiary. The producing assets is cash generating asset and based on techno -financial study carried out, the Singapore based subsidiary is likely to generate reasonable profits in future to provide income to the holding company.

However, following conservative accounting approach, in accordance with AS-22 the management has decided not to recognize deferred tax assets on accumulated business losses from the financial year 2013-14 and to charge off deferred tax assets recognized on accumulated business Loss till 31st March, 2013 to Statement of Profit & Loss amounting to Rs,9,23,59,000/-.

In view of the fact that the Singapore subsidiary is likely to have sufficient future profits, deferred tax assets is being recognized on unabsorbed depreciation loss, as per management judgment which is based on the convincing evidence.

Major Components of deferred tax assets/liabilities arising on account of timing difference are:

Figures in Rupees			
Particulars	As at 31.03.2014	Movement for the year	As at 31.03.2015
<u>Deferred Tax Asset</u>			
Depreciation loss	6,01,03,000	4,90,00,000	6,05,93,000
<u>Deferred Tax Liability</u>			
Depreciation Differential	4,68,71,000	(20,000.00)	4,68,51,000
Net Deferred Tax Asset	1,32,32,000	5,10,000.00	1,37,42,000

16. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2015 (AS-28).

17. Employee Benefits:

Effective 1st April, 2008, the Company has adopted AS-15 (Revised 2005) for employee's benefits. Consequent to the adoption, the following disclosure related to accounting, etc., are made as far as practicable under AS-15 (revised 2005) requirement.

1.1. Defined Contribution Plans:

The Company's contribution to provident fund of Rs.1,83,948/- (PY Rs.2,00,023/-) and the same is recognized and included in "Manpower Cost" in Note-23 to Statement of Profit & Loss.



1.2 Defined Benefit Plans:

The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. The amount recognized is included in Note-4 & 7 to the Balance Sheet.

Certified Actuarial Data:

A. The amount recognized in Balance Sheet for post-employment benefits:

Particulars	Gratuity	Leave Encashment
Present value of obligation at the end of the year	6,07,338 (8,32,537)	5,97,202 (4,00,021)
Fair value of Plan Assets at the end of the year	-	-
Fund Status at the end of the year {(Net Assets)/Net liability}	6,07,338 (8,32,537)	5,97,202 (4,00,021)

B. Reconciliation of opening and closing balances of defined benefits obligations:

Particulars	Gratuity	Leave Encashment
Present value of obligation at the beginning of the year	8,32,537 (10,04,241)	4,00,021 (7,87,945)
Interest Cost	72,431 (80,340)	34,802 (63,036)
Current Service Cost	56,040 (73,347)	21,784 (55,077)
Benefits Paid	- (-1,81,751)	-92,519 (-3,49,742)
Actuarial (Gains)/ Loss on obligations	-3,53,670 (-1,43,643)	2,33,114 (-1,56,295)
Present value of obligation at the end of the year	6,07,338 (8,32,537)	5,97,202 (4,00,021)

C. Reconciliation of opening and closing balances of Fair value of Plan assets:

Particulars	Gratuity	Leave Encashment
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial (Gains)/ Loss on plan assets	-	-
Fair value of plan assets at the end of the year	-	-



D. Expenses recognized in Statement of Profit & Loss:

Particulars	Gratuity	Leave Encashment
Current Service Cost	56,040 (73,347)	21,784 (55,077)
Interest Cost	72,431 (80,340)	34,802 (63,036)
Expected return on plan assets	-	-
Actuarial (Gains)/ Loss	-3,53,670 (-1,43,643)	2,33,114 (1,56,295)
Expenses recognized in Statement of Profit & Loss	-2,25,199 (10,044)	2,89,700 (-38,182)

E. Actuarial assumptions:

Particulars	Gratuity	Leave Encashment
Mortality Table	2006-08 (2006-08)	2006-08 (2006-08)
Superannuation age	60 (60)	60 (60)
Withdrawal rate (all ages)	Nil (28.54%)	Nil (28.54%)
Discount rate	7.90% (8.70%)	7.90% (8.70%)
Rate of increase in compensation levels	8.27% (10%)	8.27% (10%)
Expected rate of return on plan assets	-	-

F. Current /Non-Current classification of employee benefits:

Particulars	Gratuity	Leave Encashment
Current liability	2,371 (2,36,373)	2,18,570 (2,28,849)
Non-current liability	6,04,967 (5,96,164)	3,78,632 (1,71,172)
Total	6,07,338 (8,32,537)	5,97,202 (4,00,021)

Figures in brackets represent corresponding previous year's figure.

18. Closing stock of Crude Oil in unfinished condition in storage tank is not valued as the net realizable value is not ascertainable.

19. Pursuant to adoption of Schedule II to the Companies Act, 2013, the depreciation charge for the year is lower by Rs.11,16,629/-.



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

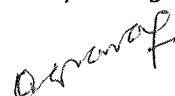
21. In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to them out at which they are stated in the Balance sheet.

22. Allocated Overheads recovered from Joint Ventures are shown as deduction from General and Administrative expenses in the Statement of Profit and Loss.

23. Other additional information are either nil or not applicable.

24. Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with current year figures.


M.K. Surana
Chief Executive Officer


U. C. Agrawal
Company Secretary

For BGJC & Associates
Chartered Accountants
Registration No.003304N


P. K. Joshi
Director


K. V. Rao
Director




CA Darshan Chhajer
Partner
M No.:088308

Place: Mumbai
Date : 7th May, 2015

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Year Ending 31st March 2015	Year Ending 31st March 2014
(A) Cash flow from Operating activities:-		
Profit before tax	20,271,726	(135,772,130)
Adjustment for:-		
- Depreciation / Depletion / Impairment	2,060,259	3,687,056
- Expenses Written off	4,369,195	73,990,048
- Loss on sale of Fixed assets	-	-
- Interest Paid	-	-
- Interest received	(27,150,811)	(4,159,545)
	<u>(20,721,357)</u>	<u>73,517,559</u>
Operating profit before working capital changes	(449,631)	(62,254,571)
Adjustment For (Increase) / Decrease		
- Trade Receivables	(3,002,555)	19,199,058
- Loans & Advances	22,471,551	(44,503,499)
- Inventories	459,550	1,227,005
- Trade Payables & Other Current liabilities	(46,501,175)	33,415,811
	<u>(26,572,629)</u>	<u>9,338,375</u>
Cash generated from operation	(27,022,260)	(52,916,196)
- Direct Taxes paid (Net of Refund)	(10,546,403)	(7,666,018)
Cash Flow before prior period	(37,568,663)	(60,582,214)
- Prior Period Item	-	-
Net Cash Flow from operating activities ' A '	(37,568,663)	(60,582,214)
(B) Cash Flow from investing activities :		
- Purchase of fixed assets (Net)	(621,962)	(485,683)
- Sale of Assets	24,874	58,610
- Addition to Pre-Producing Properties / Misc Expenditure	(987,252)	(56,295,359)
- Interest received	27,150,811	4,159,545
- Investment in Prize Petroleum International Pte. Ltd., Singapore	-	(621,800)
Net cash flow from investing activities ' B '	25,566,471	(53,184,687)
(C) Cash flow from financing activities :		
- Increase in Share Capital	-	475,000,000
- Decrease in loan	-	-
- Interest paid	-	-
Net Cash flow from financing activities ' C '	-	475,000,000
Net increase in cash and cash equivalents (A+B+C)	(12,002,192)	361,233,099
Cash and Cash equivalent at the beginning of the period	393,245,113	32,012,014
Cash and Cash equivalent at the end of the period	381,242,919	393,245,113
Notes :		
a Cash & Cash equivalents (Note - 16) :		
i) Cash & Cheques in hand	3,287	34,942
ii) Current accounts & term Deposit in Scheduled Banks	381,239,632	393,210,171
	<u>381,242,919</u>	<u>393,245,113</u>
b The above cash flow statement has been prepared under the " indirect method as set out in the Accounting Standard - 3, "Cash Flow Statements" issued by The Institute of Chartered Accountants of India.		
c Figures in brackets represent cash outflows		

As per our Report of Even Date

M.K Surana
Chief Executive Officer

U. C. Agrawal
Company Secretary

P. K. Joshi
Director

K. V. Rao
Director



For BGJC & Associates
Chartered Accountants
Registration No. 003304N

Partner: Darshan Chhajjer
M No: 088308

Place: Mumbai
Date : 7th May, 2015