KHANDELIA & SHARMA
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of PRIZE PETROLEUM COMPANY LIMITED (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred as 'The Group'), which comprise the Consolidated Balance Sheet as at 31st March 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 consolidated state of affairs of the Company as at March 31, 2019, and Consolidated loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India,

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Peer Review Certificate No. 011580 Dated 05th March 2019

including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

1. We did not audit the Standalone Financial Statements of two unincorporated Joint Ventures (ONGC Onshore Marginal Field – PI 50% (Hirapur Field) and NELP-VI Block SR-OWN-2004/1 – PI 10% (South Rewa)), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 10,35,57,834/- , net cash flows of Rs. (90,749/-) as at 31st March, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-, pertaining to Group's share in these joint ventures, for the year ended on that date, are considered in the Consolidated Financial Statements. 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 Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on the report of such auditors.

2. We did not audit the Standalone financial statements of two Joint Ventures (Sanganpur – PI 50% and Cluster-7 – PI 10%) included in the Consolidated financial statements of the Group proportionate to respective participating interest (PI) The total assets of Rs. 10,35,57,834/- , net cash flows of Rs. (90,749/-) as at 31st March, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-total revenues of Rs. 12,229/- and net profit of Rs. 12,229/-, pertaining to Group's share in these joint ventures, for the year ended on that date are considered in the Consolidated financial statements. The unaudited financial information have been provided to us by the management and our opinion on the Consolidated financial

statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on such unaudited financial information furnished to us.

3. We did not audit the Standalone Financial Statements of Prize Petroleum International Pte. Limited (wholly owned subsidiary), included in the Financial Statements of the Group. The total assets of Rs. 224,82,48,777/-, net cash flows of Rs. 7,01,79,022/- as at 31st March, 2019, total revenues of Rs. 100,06,50,599/- and net loss of Rs. 13,83,85,088/-, pertaining to Group's share, for the year ended on that date, are considered in the Consolidated Financial Statements. 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 Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of such auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) the Consolidated balance sheet as at 31st March 2019, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

(g) 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 information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position (Refer Note 30).

ii. The Group has long-term contracts as at 31st March, 2019 for which there were no material foreseeable losses.

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iii. There were no amounts which required to be transferred by the Group to the Investor Education and Protection Fund by the Group during the year ended 31st March, 2019.

For Khandelia & Sharma
Chartered Accountants
Firm's Regn. No. 510525C

Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : May 11, 2019

Annexure-"A"

To the Independent Auditor's Report on the Consolidated Financial Statements of PRIZE PETROLEUM COMPANY LIMITED.

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013("THE ACT")

We have audited the internal financial controls over financial reporting of **PRIZE PETROLEUM COMPANY LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and payments of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For Khandelia & Sharma
Chartered Accountants
Firm's Regn. No. 510525C

Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : May 11, 2019

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Balance Sheet as at 31st March 2019

PARTICULARS	Notes	As at 31st March 2019 INR	As at 31st March 2018 INR
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	1,727,229,110	2,050,966,311
(b) Intangible assets	2	-	-
(c) Intangible assets under development	3	228,129,373	215,057,965
(d) Financial assets			
(i) Investments		-	-
(ii) Long-term loans and advances	4	199,364	260,698
(ii) Others	5	54,488	54,488
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets	6	8,575,894	6,313,291
2 Current assets			
(a) Inventories	7	36,575,624	36,498,964
(b) Financial assets			
i) Trade receivables	8	67,797,142	66,267,154
ii) Cash and cash equivalents	9	1,227,638,274	1,109,762,668
iii) Loans	10	76,066,966	80,773,799
iv) Others		-	-
(c) Current tax assets (net)	11	44,013,008	21,978,311
(d) Other current assets	12	11,536,680	11,784,150
Total Assets		3,427,815,923	3,599,717,799
II Equity and liabilities			
1 Equity			
(a) Equity share capital	13	2,450,000,000	2,450,000,000
(b) Other equity	14	(4,842,101,082)	(4,513,656,654)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	15	5,640,061,229	5,530,574,393
ii) Other financial liabilities		-	-
(a) Provisions	16	2,018,775	1,711,755
(b) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Trade payables - Micro & Small Enterprises		-	-
iii) Trade payables - Other than Micro & Small Enterprises	17	69,461,032	52,279,401
iv) Other financial liabilities	18	96,992,426	65,858,771
(b) Other current liabilities	19	11,105,135	12,768,087
(c) Provisions	20	278,408	182,046
Total Equity and Liabilities		3,427,815,923	3,599,717,799
See accompanying notes to the financial statements forming integral part of the financial statements	30		

This is the Balance Sheet referred in our report
As per our Report of even date

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: May 11, 2019

R. K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

Pushp Kumar Joshi
Director
DIN: 05323634

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Prize Petroleum Company Limited

(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Statement of Profit and Loss for the year ended 31st March 2019

	PARTICULARS	Notes	For the Year ended 31st March 2019 INR	For the Year ended 31st March 2018 INR
1	**Revenue**			
	a) Revenue from operations	21	924,191,146	873,178,895
	b) Other income	22	76,459,453	189,511,451
	Total Revenue		1,000,650,599	1,062,690,346
2	**Expenses**			
	a) Production, Transportation and other expenses	23	320,717,465	376,397,907
	b) Geological and Geophysical expenses	24	2,682,392	7,191,121
	c) Employee benefits expense	25	67,098,627	51,735,132
	d) General and Administrative expenses	26	53,337,178	50,317,219
	e) Finance costs	27	241,902,338	165,920,815
	f) Depreciation and amortisation expense	28	453,297,687	474,149,237
	g) Other expenses	29	-	66,549,606
	Total Expenses		1,139,035,687	1,192,261,037
3	Profit/(Loss) before exceptional items and tax		(138,385,088)	(129,570,691)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(138,385,088)	(129,570,691)
7	Profit/(Loss) before exceptional items and tax from Discontinued Operations		-	-
8	Exceptional Items		-	-
9	Tax Expense of Discontinued Operations			
	- Current tax		-	-
	- Deferred tax		-	-
10	Profit (Loss) for the period from Discontinued Operations		-	-
11	**Profit (Loss) for the period**		**(138,385,088)**	**(129,570,691)**
12	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss		(16,141)	(388,498)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		(190,043,199)	(15,430,496)
	(ii) Income tax on above		-	-
13	**Total other comprehensive income**		**(190,059,340)**	**(15,818,994)**
14	**Total comprehensive income for the period**		**(328,444,428)**	**(145,389,685)**
15	Earnings per equity share (Rs.)			
	Basic		(0.56)	(0.53)
	Diluted		(0.56)	(0.53)

See accompanying notes to the financial statements forming integral part of the financial statements — 30

This is the Profit and Loss Statement referred to in our report
As per our Report of even date

for **KHANDELIA & SHARMA**
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: May 11, 2019

R. K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

Pushp Kumar Joshi
Director
DIN: 05323634

PRIZE PETROLEUM CO. LTD. नई दिल्ली NEW DELHI

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Statement of changes in equity

(All amounts in Indian Rupees)

A. Equity Share Capital

Balance at 1 Apr 2018	Issued during the period	Balance at 31 Mar 2019
2,450,000,000	-	2,450,000,000

Balance at 1 April 2017	Issued during the period	Balance at 31 March 2018
2,450,000,000	-	2,450,000,000

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves	Retained earnings								
Balance at 1 Apr 2018						(4,536,808,943)					23,152,289.00			(4,513,656,654)
Changes in accounting policy or prior period errors						-								-
Total comprehensive income for the year						(138,401,229)					(190,043,199)			(328,444,428)
Dividends														-
Transfer to retained earnings														-
Any other change			-											-
Balance at 31 Mar 2019	-	-	-	-	-	(4,675,210,172)	-	-	-	-	(166,890,910)	-	-	(4,842,101,082)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves	Retained earnings								
Balance at 1 April 2017						(4,406,849,754)					38,582,785.00			(4,368,266,969)
Changes in accounting policy or prior period errors						-								-
Total comprehensive income for the year						(129,959,189)					(15,430,496)			(145,389,685)
Dividends														-
Transfer to retained earnings														-
Any other change			-											-
Balance at 31 March 2018	-	-	-	-	-	(4,498,226,158)	-	-	-	-	(15,430,496)	-	-	(4,513,656,654)

for and on behalf of the Board

R. K. Mohai
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07532981

Pushp Kumar Joshi
Director
DIN: 05323634

प्राईज पेट्रोलियम कं० लि० * PRIZE PETROLEUM CO. LTD. नई दिल्ली NEW DELHI

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: May 11, 2019

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Consolidated Cash Flow Statement for the year ended 31st March 2019

Particulars	As at 31st March 2019 INR	As at 31st March 2018 INR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(138,385,088)	(129,570,691)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
- Depreciation and impairment of property, plant and equipment	453,297,687	474,149,237
- (Gain)/loss on sale of property, plant and equipment	-	-
- Amortised Finance Cost	14,408,973	13,284,698
- Acturial (Gain) / Loss from OCI	(16,141)	(388,498)
- Foreign Exchange Fluctuation (Unrealised)	(190,043,199)	(15,430,496)
- Provision for Diminution / Impairment in Value of Investments	-	-
- (Profit)/Loss on Sale of Current Investment	-	-
- Finance Costs	227,454,350	152,600,324
- Provision for Doubtful Debts & Receivables	-	-
- Provision for write off of Sanganpur Assets	-	66,549,606
- Interest Income	(71,336,594)	(61,193,970)
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	**295,379,988**	**500,000,210**
(Increase) / Decrease in Assets and Liabilities :		
- Trade Receivables	(1,541,312)	6,954,949
- Loans and Advances and Other Assets	(16,004,457)	42,439,283
- Inventories	(76,659)	(1,411,264)
- Liabilites and Other Payables	43,789,835	(316,250,682)
Sub Total - (ii)	**26,167,407**	**(268,267,714)**
Cash Generated from Operations (i) + (ii)	321,547,395	231,732,496
Less : Direct Taxes / FBT refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	**321,547,395**	**231,732,496**
B. Cash Flow From Investing Activities		
- Purchase of Property, Plant & Equipment	(142,631,896)	(84,450,529)
- Sale of Asset		
- Investments	-	-
- Interest received	71,336,594	61,193,970
- Unamortised Expenses	-	-
Net Cash Flow generated from / (used in) Investing Activities (B)	**(71,295,302)**	**(23,256,559)**
C. Cash Flow From Financing Activities		
- Long term Loans raised	-	-
- Long term Loans repaid	95,077,863	27,653,365
- Short term Loans raised / (repaid)	-	-
- Finance Cost paid	(227,454,350)	(152,600,324)
- Increase in Share Capital		-
Net Cash Flow generated from / (used in) Financing Activities (C)	**(132,376,487)**	**(124,946,959)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	117,875,606	83,528,978
Cash and cash equivalents at the beginning of the year	1,109,762,668	1,026,233,690
Cash and cash equivalents at the end of the year	1,227,638,274	1,109,762,668
D. Details of cash and cash equivalents at the end of the year *(Refer Note 9)*		
Cash & Cheques in Hand	2,565	2,565
Current accounts & term Deposit in Scheduled Banks	1,227,635,709	1,109,760,103
Cash and cash equivalents at the end of the year	**1,227,638,274**	**1,109,762,668**

R. K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

As per our Report of even date
for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

KHANDELIA & SHARMA NEW DELHI 110049 CHARTERED ACCOUNTANTS

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: May 11, 2019

प्राइज पेट्रोलियम कं० लि० नई दिल्ली PRIZE PETROLEUM CO. LTD. NEW DELHI

Vinod S. Shenoy
Director
DIN: 07632981

Pushp Kumar Joshi
Director
DIN: 05323634

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

1 Property, plant and equipment

Particulars	Gross Block				Depreciation/Impairment					Net Block	
	As at 1 April 2018	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2019	As at 1 April 2018	for the year	Foregin Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
F & F Purchased under scheme	77,726	33,300	-	111,026	8,067	12,240	-	-	20,307	90,719	69,659
F & F Others	89,619	-	-	89,619	58,188	2,481	-	-	60,669	28,949	31,431
Vehicles Purchased under scheme	129,234	-	-	129,234	129,234	-	-	-	129,234		
Vehicles Others	38,454	-	-	38,454	-	-	-		-	38,454	38,454
Office Equipments	383,329	-	-	383,329	260,733	85,030	-	-	345,763	37,566	122,596
Others - Computer hardware	56,555	-	-	56,555	36,508	2,844	-	-	39,352	17,203	20,047
ONGC on shore marginal field (50%)-Well cost	87,780,231	-	-	87,780,231	3,744,297	1,086,437	-	-	4,830,734	82,949,497	84,035,934
ONGC on shore marginal field (50%)-F &F	52,246	-	-	52,246	39,734	807	-	-	40,541	11,705	12,512
ONGC on shore marginal field (50%)-P&M	4,719,445	-	-	4,719,445	635,104	211,891	-	-	846,995	3,872,450	4,084,341
Project Sanganpur (50%)-Well cost	52,677,332	-	-	52,677,332	52,677,332	-	-	-	52,677,332		
Project Sanganpur (50%)-P&M	84,568	-	-	84,568	84,568	-	-	-	84,568	-	-
Project Sanganpur (50%)-Office Equipments	2,922	-	-	2,922	2,922	-	-	-	2,922	-	-
Project Sanganpur (50%)-F&F	1,814	-	-	1,814	1,814	-	-	-	1,814	-	-
Project Sanganpur (50%)-Bldg	89,911	-	-	89,911	89,911	-	-	-	89,911	-	-
Project SR-ONN (10%)-Computer	228	-	-	228	181	-	-	-	181	47	47
Project SR-ONN (10%)-Digital camera	490	-	-	490	407	-	-	-	407	83	83
Project SR-ONN (10%)-Global positioning system	130	-	-	130	-	-	-			130	130
Yolla Field Acquisition cost (license T/L1)	4,195,017,261	-	261,838,835	4,456,856,096	3,621,787,045	131,764,754	225,403,345	-	3,978,955,144	477,900,951	573,230,216
Yolla Stage 2 - Y5 & Y6 Drilling Cost	1,336,005,989	-	81,476,278	1,417,482,267	475,786,063	197,733,203	26,799,252	-	700,318,518	717,163,749	860,219,926
Compressor Installation(Capitalized)	525,470,229	1,545,811	32,045,783	559,061,823	104,204,002	97,085,255	5,266,575	-	206,555,832	352,505,991	421,266,227
Other Plant & Manchinery	137,018,767	3,229,608	8,356,084	148,604,459	29,184,059	25,312,745	1,496,039	-	55,992,843	92,611,616	107,834,708
TOTAL	6,339,696,480	4,808,719	383,716,980	6,728,222,179	4,288,730,169	453,297,687	258,965,211	-	5,000,993,067	1,727,229,110	2,050,966,311

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2018	Addition/(Deletion)	Foregin Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2019
Office Equipment	122,643	-	-	(85,030)		37,613
Plant & Equipment	111,939,309	3,229,608	6,860,045	(25,527,480)	-	96,501,482
Building	-	-	-	-	-	-
Furniture & Fixtures	113,602	33,300	-	(15,528)	-	131,374
Vehicles	31,431	-	-	2,481	-	33,912
Others - well Cost	944,255,860	-	54,677,026	(198,819,640)	-	800,113,245
Others - Acquisition Cost	994,503,466	1,545,811	63,214,698	(228,852,490)	-	830,411,484
TOTAL	2,050,966,311	4,808,719	124,751,769	(453,297,687)	-	1,727,229,110

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Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

2 Intangible assets

Particulars	Gross Block				Depreciation/Impairment					Net Block	
	As at 1 April 2018	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2019	As at 1 April 2018	for the year	Foregin Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Hydrocarbon rights and Conessions (Sanganpur field)	13,743,774	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-
TOTAL	13,743,774	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-

3 Intangible assets under development

Particulars	As at 1 April 2018	Addition/(Deletion)	Foregin Exchange Translation	As at 31 March 2019	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31 March 2019
Intangible assets under development - Acquisition Cost							
ONGC onshore Marginal fields	13,552,000	-	-	13,552,000	-	-	13,552,000
Tangible Assets							
Discovered field (permit T/18P)	185,736,805	-	11,327,152	197,063,957	-	-	197,063,957
Yolla Field (license T/L 1) Compressor installation	-	-	-	-	-	-	-
Yolla Field (license T/L 1) Yolla Stage 2-Y5 & Y6 Drilling	-	-	-	-	-	-	-
Yolla Field (license T/L 1) Other P&M	15,769,160	782,574	961,682	17,513,416	-	-	17,513,416
TOTAL	215,057,965	782,574	12,288,834	228,129,373	-	-	228,129,373

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4 Long-term loans and advances

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Security Deposits - Unsecured Considered Good		
Security Deposit- MP state govt	15,000	15,000
Deposit - Asstt. Labor Commissioner	-	60,084
Security Deposit- Rent	26,250	26,250
Security Deposit- Elec, gas, water	143,114	143,114
Telephone deposit	1,250	1,250
Other Deposits	13,750	15,000
Total	199,364	260,698

5 Other non-current financial assets

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Other deposits	54,488	54,488
Total	54,488	54,488

6 Other non-current assets

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Balance with Revenue Authorities - GST	8,575,894	6,313,291
Total	8,575,894	6,313,291

7 Inventories

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Inventory (License: T/L1)	29,463,258	29,386,599
Casing & Tubing	5,418,525	5,418,525
Casing Accessories	27,000	27,000
Cementing Chemicals	2,405	2,405
Pumps & Spares	205,629	205,629
Bridge Plug 5 1/2"	23,414	23,413
Retrievable Mechanical Packer	417,500	417,500
X-Mas Tree	90,000	90,000
Electrical Submersible Pump	22,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	282,042	282,042
Wellheads	525,370	525,370
Total	36,575,624	36,498,964

8 Trade receivables

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Unsecured, considered good	67,797,142	66,267,154
Total	67,797,142	66,267,154

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Notes forming part of Consolidated Financial Statements

9 Cash and cash equivalents

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
a. Cash in hand	2,565	2,565
b. Balance with banks		
Current accounts	13,903,686	74,725,674
Fixed deposit accounts *(including accrued interest) ($)*	1,168,236,064	991,550,246
Interest Accrued on Deposit	41,985,081	41,238,081
Less: Amount disclosed under other non-current assets (*)	-	-
c. Other bank balances		
Fixed deposits (kept as margin money)	3,510,878	2,246,102
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
Total	**1,227,638,274**	**1,109,762,668**

10 Short-term loans and advances

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Receivables from Joint Venture Projects	42,079,552	38,193,204
Advance Cash Calls (Yolla - T/L1)	33,648,806	42,247,069
Security Deposit (TMF)	255,031	248,271
Other Deposits (Yolla - T/L1)	83,577	85,255
Total	**76,066,966**	**80,773,799**

11 Current tax assets (net)

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Tax Deducted at Source	44,013,008	21,978,311
Total	**44,013,008**	**21,978,311**

12 Other current assets

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Prepaid expenses	11,511,134	11,758,284
Advance to Employees/Other advances	25,546	25,866
Total	**11,536,680**	**11,784,150**

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13 Equity share capital

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
A. Authorised :		
620000000 Equity Shares of Rs. 10 each	6,200,000,000	6,200,000,000
100000000 Preference Shares of Rs.10 each	1,000,000,000	1,000,000,000
	7,200,000,000	7,200,000,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each fully paid up	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
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		
a) Equity Shares		
Opening Balance	245,000,000	245,000,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	245,000,000	245,000,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

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Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

14 Reserves and Surplus

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Foreign Currency Translation Reserve		
Opening Balance	23,152,289	38,582,785
Effect of Foregin Exchange rate variation during the period	(190,043,199)	(15,430,496)
Closing Balance - A	**(166,890,910)**	**23,152,289**
Retained earnings		
Opening Balance	(4,536,808,943)	(4,406,849,754)
Profit (Loss) for the year	(138,401,229)	(129,959,189)
Closing Balance - B	**(4,675,210,172)**	**(4,536,808,943)**
Total (A+B)	**(4,842,101,082)**	**(4,513,656,654)**

15 Long-term borrowings

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Sumitomo Mitsui Banking Corporation-Singapore	5,705,287,500	5,605,480,000
Unamortised upfront fees	(65,226,271)	(74,905,607)
Total	**5,640,061,229**	**5,530,574,393**

16 Non-Current Liabilites - Provisions

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Provision for Gratuity *(#)*	955,506	805,487
Provision towards compensated absences *(#)*	308,344	190,358
Provision for Abandonment cost	754,925	715,910
(#) Refer Note 30		
Total	**2,018,775**	**1,711,755**

17 Trade payables - Other than Micro & Small Enterprises

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Trade payable - Other than Micro Enterprises and Small Enterprises	36,174,669	13,641,974
Trade payables-Expenses payables	5,663,499	18,257,229
Expenses Payable	16,233,905	8,034,297
Accounts payable	10,138,132	12,345,901
Other Liabilities	1,250,827	-
Total	**69,461,032**	**52,279,401**

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18 Other current financial liabilities

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Interest Payable	96,992,426	65,858,771
Total	96,992,426	65,858,771

19 **Other current liabilities**

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Statutory liabilities	11,105,135	12,768,087
Total	11,105,135	12,768,087

20 **Provisions**

Particulars	As at 31st March 2019 (INR)	As at 31st March 2018 (INR)
Provision for Gratuity	4,254	3,230
Provision towards compensated absences	274,154	178,816
Total	278,408	182,046

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Notes forming part of Consolidated Financial Statements

21 Revenue from operations

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Income from Hydrocarbons	857,108,746	807,838,895
Income from Management fee	67,082,400	65,340,000
Total	**924,191,146**	**873,178,895**

22 Other income

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Interest on Fixed Deposit	73,230,298	55,701,882
Bank Interest - PPIPL	460,347	656,601
Others	2,768,808	133,152,968
Total	**76,459,453**	**189,511,451**

23 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Operating Cost- PPIPL, Singapore	313,309,689	369,897,936
Insurance	123,380	123,736
Electricity & Utilities	512,785	562,556
Consultancy Fees	63,000	103,875
Well Maintenance Charges	205,809	270,814
Security Charges	1,111,016	1,099,797
Processing & Handling of Crude Oil	1,029,561	1,113,094
Manpower Charges	2,683,242	1,856,918
Land Rent	441,996	343,880
Crude Oil Transportation	1,236,987	1,025,301
Total	**320,717,465**	**376,397,907**

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Notes forming part of Consolidated Financial Statements

24 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
G&G Expenses - OALP & Discovered Small Field	146,148	1,257,047
G&G Expenses - South Rewa (SR-ONN Block)	-	399,202
G & G Studies (Permit 18/P)	2,536,244	5,534,872
Total	**2,682,392**	**7,191,121**

25 Employee benefits expense

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Salaries and wages	48,559,426	36,030,904
Contribution towards Provident Fund	3,147,068	3,161,755
Pension, Gratuity and Other Employee Benefit	7,886,675	3,766,021
Employee Welfare Expenses	7,505,458	8,776,452
Total	**67,098,627**	**51,735,132**

26 General and administrative expenses

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Repairs & Maintenance	68,220	113,813
Auditor's Remuneration	1,523,125	2,439,262
Electricity & Utilities	1,379,117	1,467,513
Traveling & Conveyance	2,472,965	1,713,807
Legal Expenses	2,090,252	1,179,597
Consultancy Charges	4,940,570	10,962,144
Insurance	13,672	-
Rent	18,433,470	18,653,201
Advertisement & Business Relation Expenses	221,800	320,600
Telephone Charges	438,147	429,870
Bank Charges	133,381	164,103
Postage & Courier	46,854	45,398
Printing & Stationery	145,473	197,299
Foreign Exchange Fluctuations	18,000,064	7,235,273
Contract Labour	3,230,450	3,718,043
Training & Seminar Expenses	25,000	60,350
Membership & Subscription	5,862	215,829
HO Overheads	469,158	421,578
General Expenses	186,174	75,827
G & A Expenses (PPIPL)	451,741	1,739,851
TOTAL	54,275,495	51,160,377
Allocated to Projects	(938,317)	(843,158)
Total	**53,337,178**	**50,317,219**

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)

Notes forming part of Consolidated Financial Statements

27 Finance costs

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Financial Fee	-	22,948
Agency Fee	1,496,695	1,379,914
Security Trustee Fee	897,947	828,013
Bank loan fee	14,408,973	13,284,698
Interest on Long Term Loan	225,059,708	150,369,449
Others - Unwinding of Provision for Abandonment	39,015	35,793
Total	**241,902,338**	**165,920,815**

28 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Depreciation	315,293	316,727
Depletion	452,982,394	473,832,510
Total	**453,297,687**	**474,149,237**

29 Other Expenses

Particulars	For the Year ended 31st March 2019 (INR)	For the Year ended 31st March 2018 (INR)
Provision for write off Sanganpur Assets	-	66,549,606
Total	-	**66,549,606**

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

Note 30

NOTE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

I. DESCRIPTION OF BUSINESS

Prize Petroleum Company Limited ('the Holding Company') is a Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited (HPCL) and engaged in the Exploration and Production of hydrocarbon and related activities thereto.

Prize Petroleum International Pte. Ltd.(PPIPL) Singapore, is wholly owned subsidiary of the holding Company (PPCL) and engaged in the Exploration and Production of hydrocarbon and related activities thereto.

The Holding Company (PPCL) and its subsidiary (PPIPL) are, hereinafter collectively, referred to as 'the Group'.

II. PRINCIPLES OF CONSOLIDATION

a) The Consolidated Financial Statements comprise the financial statements of the Company (Prize Petroleum Company Limited) and its' subsidiary. Subsidiary is the company over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

b) The subsidiary considered in the consolidated financial statements are given below:

Sr. No.	Name	Relationship	Country of Incorporation	Percentage of holding as at March 31, 2019
1	Prize Petroleum International Pte. Ltd.	Wholly owned subsidiary	Singapore	100%

c) The Financial Statements of the Company and its' subsidiary are combined on a line by line basis by adding together the like items of assets, liabilities, equity, incomes and expenditures. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

d) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the manner as the Company's separate Financial Statements.

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III. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

1.1 The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant Provisions of Companies Act, 2013 and Rules thereunder.

1.2 The Financial Statements have been prepared under historical cost convention basis except for certain assets and liabilities measured at fair value at the end of each reporting period.

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).

1.5 The group's presentation and functional currency is Indian Rupees.

2. Use of Estimates:

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Useful lives of property, plant and equipment and intangible assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Assets and obligations relating to employee benefits;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and

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- Contingencies

3. **Revenue Recognition:**

3.1 Revenue from Crude Oil and Natural Gas, net of applicable taxes, rebates and discount, 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 services are rendered and no significant uncertainty is attached to realization.

3.3 Dividend income is recognized when the right to receive the dividend is established.

3.4 Income from sale of scarp is accounted for on realization.

3.5 Interest income is recognized using effective interest rate (EIR) method.

4. **Geological and Geophysical Expenditures:**

Expenditures other than on tangible assets and equipment & facilities deployed in relation thereto on which usual depreciation allowance is 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. **Property, Plant and Equipment:**

Property, Plant and Equipment 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 are reflected as Property, Plant and Equipment.

Cost of development wells, cost of related equipment, facilities, cost of hydrocarbon rights and concessions are capitalized and reflected as Property, Plant and Equipment.

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 relate to the period till such assets are ready to be put to use.

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Expenditure on the Plant, Property and Equipment which comprises of the initial cost of the asset i.e. purchase price or construction cost; any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management; initial estimated present value of any contractual decommissioning obligation; and borrowing cost of qualifying asset, is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

7. Pre-producing Properties:

7.1 All acquisition costs (including Pre-acquisition cost, Acquisition Cost during Exploration stage, Development stage and Production stage), exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells (including cost incurred toward prospecting activities of exploratory wells) are initially capitalized as Exploratory 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 (Pre-acquisition cost and Intangible Assets (Intangible assets acquired separately and Intangible Assets under Development-Exploratory Well in Progress)) are capitalized and reflected as producing properties.

9. Depreciation/ Amortization:

Property, Plant and Equipment

9.1 Depreciation on Property, Plant and Equipment owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.

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9.2 In the case of vehicles provided to employees under approved schemes of the Company, the depreciation is charged at the rate of 13.5% 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 capitalizes and amortizes the expenses on office renovation over the unexpired lease tenor, only if it is probable that the future economic benefit associated with the expenditure will flow to the company.

9.5 In Line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

Intangible Assets

9.6 Cost of G&G Software licenses are being amortized over useful life.

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 Ind AS-23 (Borrowing Costs), 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.

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12. Segment Reporting:

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.

13. Abandonment Cost:

13.1 The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks is provided at the present value of the expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset.

13.2 The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.

13.3 The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

13.4 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 filed/ 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 Ind AS-23 (Borrowing Costs), 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.

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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:

Monetary items:

16.1 Transactions in foreign currencies are initially recorded at their respective spot rates at the date the transaction first qualifies for recognition.

16.2 Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

16.3 Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items:

16.4 Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

16.5 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.

16.6 The financial statements of subsidiary are prepared in USD and are translated into Indian rupees as follows:

i. assets and liabilities, both monetary and non-monetary, are translated using the closing rate,

ii. items of income and expenditures are translated at the average rate prevailing during the period,

iii. The resulting net exchange difference is credited or debited to a foreign currency translation reserve in other comprehensive income.

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.

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18. Inventory:

18.1 Closing stock of Crude Oil in unfinished condition in storage tank is to be valued at cost or net realizable value whichever is lower.

18.2 Stores and spares are valued at weighted average cost or net realizable value, whichever is lower.

19. Taxes on Income:

19.1 Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting.

Current Tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the statement of Profit or Loss (either in other comprehensive income or in equity). Current Tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity

19.2 Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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20. Contingent Liabilities / Assets and Provisions

20.1 Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

20.2 The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.

20.3 If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

20.4 Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

20.5 Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

20.6 Contingent assets are neither recognized nor disclosed in the financial statements.

20.7 The Company has made provision for all known liabilities.

21. Financial instruments

Financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i. Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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ii. **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

iii. **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

v. **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b. Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Financial Liabilities

i. **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

ii. **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

iii. **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

iv. **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

IV. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitment:

1.1 The Company along with Consortium members, Hindustan Petroleum Corporation Limited (HPCL) (PI-60%) and M3nergy (PI-30%) was awarded a Service Contract in March 2006 for development of ONGC's offshore marginal oilfields of Cluster-7. The Service Contract was signed in September 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

HPCL submitted a bank guarantee of Rs.59.44 crores on behalf of the Consortium as per the provisions of the Service Contract. Company and M3nergy provided a back to- back bank guarantee of Rs.5.94 crores and Rs.17.83 crores respectively for their share to HPCL. After

प्राईज पेट्रोलियम कं० लि० नई दिल्ली PRIZE PETROLEUM CO LTD NEW DELHI execution of Service Contract M3nergy did not co-operate and raised various issues as a result of which petroleum operations could not begin within 6 months from the date of award as stipulated in Service Contract.

ONGC terminated the Service Contract in January 2009 and forfeited the bank guarantees submitted by the Consortium.

Partial Award-I passed by the Arbitral Tribunal on 9th January, 2014 held that initialed Joint Executive Agreement (JEA) was a concluded contract and M3nergy is responsible for Termination of the Service Contract by ONGC on all counts.

Partial Award-II passed by the Arbitral Tribunal on 27th September, 2017 stated that:

i) Claimants (HPCL and PPCL) are entitled to USD 91.30 Million, which when converted into Indian Currency taking into account exchange rate of Rs. 48.68 for a US Dollar prevailing on January 6, 2009, amounts to Rs. 444.45 crores (HPCL's Share Rs. 380.96 crores) be paid by the Respondent along with interest at the rate of 9% p.a. with effect from January 6, 2009 i.e. the date on which communication of ONGC was issued to the parties terminating the contract, within 10 weeks from the date of this award, failing which rate of interest would climb to 12% p.a. from the 11th week;

ii) Respondent is liable for the sum of Rs. 41.6 Crores (HPCL's share Rs. 35.67 crores), being the costs of then cashed bank guarantee with interest at the rate of 9% p.a. from the date of encashment of bank guarantee (April 24, 2009) till the date of payment to the Claimants. If not paid within 10 weeks, then rate of interest shall rise to 12% p.a. from 11th week till full payment of the sums due.

Partial Award-III passed by the Arbitral Tribunal on 15th June, 2018 held that HPCL and PPCL are entitled to Rs. 4.82 crores towards cost of Arbitration.

All three awards were challenged by M3nergy before Bombay High Court by filing Arbitration Petition Nos. 548 of 2014, 76 of 2018 and 1101 of 2018 respectively. Vide order dated 10th January 2019, Bombay High Court allowed petition no. 584 of 2014 and 76 of 2018 holding that important elements of JEA, such as the partners' respective roles and responsibilities matrix for the consortium, were not agreed between the parties when JEA was initialed on 16/18 April 2007. The initialed JEA was a draft prepared by two negotiating teams of the Petitioner and the Respondents. The parties agreed to be bound by JEA only when the terms thereof were approved by their respective managements and final JEA was executed between the authorized signatories of the parties, which was not accomplished till the termination of the Service Contract by ONGC. Thus, there was no concluded arbitration agreement between the parties and hence

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arbitrators lacked jurisdiction to adjudicate upon the disputes and differences between the parties arising under JEA.

Vide Order dated 11th March, 2019 Bombay High Court allowed 3rd Arbitration Petition 1101 of 2018, challenging Partial Award-III on the ground that since arbitration on 'liability' and "quantum" has been allowed thus the third petition which is in respect of cost of arbitration also need to be allowed.

M3nergy had also filed Contempt Petition No. 46 of 2019 in Bombay High Court 2018 alleging that despite stay order date 22nd October 2018, HPCL/PPCL were proceeding in the execution proceedings filed at Malaysian Court. Vide Order dated 2nd April 2019. This Contempt Petition was dismissed as withdrawn by the Bombay High Court vide its order dated 2ndApril, 2019

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 except drilling of one 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 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 Damages (LD) towards non-drilling of 3rd well. DGH vide its letter dated 5th February, 2018 has intimated that the block stands relinquished with effect from 23rd October 2014 subject to the compliance of PSC and the P&NG rules.

1.3 Company was awarded an Exploration block AA ONN 2010/1 in Tripura under NELP IX in consortium with ABG Energy Ltd (ABG). The Product Sharing Contract (PSC) was signed with Government of India (GOI) by the consortium on August 30, 2012. Company has 20% PI (Participating Interest) and ABG 80% PI. As per the Joint Bidding agreement, ABG will carry Company during the exploration phase i.e. Company's share of 20% expenditure during exploration phase shall be borne by ABG. In case of any discovery, 10% of Company's 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 Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

In view of non-submission, GOI terminated the PSC dated 30th August 2012 vide letter dated 15th October 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6thFeb 2015 as per Article 5.6 of PSC. Company has kept ABG on notice that it is their responsibility to pay the entire quantum of liquidated damages, including the share of

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Company, if Company is compelled to pay its share of liquidated damages by the GOI, and if such payment is made, then company will have to claim this money from ABG.

Company had invoked arbitration against ABG in the matter on 10th October 2016. After appointment of arbitrator on behalf of ABG by Delhi High Court Order dated 22nd September 2017, three-member tribunal has been constituted. Company, as directed by Arbitral Tribunal, has filed statement of claim on 4th May 2018. ABG vide letter dated 1st August 2018 had requested Arbitral Tribunal for more time to file Statement of Defense, which was filed on 1st November 2018. Company has filed rejoinder to the Statement of Defense with the Tribunal on 1st December 2018.

ABG has also filed petition under Section 16 of the Arbitration and Conciliation Act, 1996 before the Arbitral Tribunal, to which Company had filed its reply with the Tribunal on 5th December 2018. At the last sitting held on 31st January 2019, Tribunal has observed that ABG has yet not filed its affidavit of admission/denial of the documents. Also, no oral evidence is to be presented and only final arguments will be addressed.

Next hearing of the Tribunal has been fixed for 10th July 2019.

2. In compliance of Indian Accounting Standard 112 on "Disclosure of Interest in Other Entities", a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the Company are given below:

Name of the Block	Country	Participating Interest as on 31st March, 2019
South Rewa – PSC	India	10%
Sanganpur – PSC	India	50%
Hirapur – SC	India	50%
Yolla Field - Acquisition	Australia	11.25%
Trefoil Field – Acquisition	Australia	9.75%

2.1 **ONGC Onshore Marginal Fields**

The Company was awarded Service Contracts dated 28th April, 2004, for development of ONGC's Hirapur, Khambel and West Bechraji onshore marginal oil fields.

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.The Company's share of assets and liabilities as at 31st March 2019 and the Income and expenditure for the year in respect of above joint venture is as follows:

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Figures in Rupees

	Particulars	FY 2018-19	FY 2017-18
A	Property, Plant & Equipment (Gross)	9,98,55,655	9,98,55,655
B	Intangible asset under development	1,35,52,000	1,35,52,000
C	Other Net Non-Current Assets	13,05,432	7,13,276
D	Net Current Assets (*)	2,13,64,104	1,57,91,953
E	Income	91,20,840	90,83,841
F	Expenditure	1,38,76,609	1,21,97,872

(*) Includes receivable from joint venture amounting to Rs. 1,57,08,316 (for FY 17-18- Rs. 1,05,98,082).

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 estimated un-Audited accounts as at 31st March, 2017.

Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 has passed order for appointment of liquidator for assets and business of Company M/s HDCPL. This petition was filed by ETA Star Golding limited for non-payment of its invoices by M/s HDCPL. Said order of Bombay High Court was challenged before its Division Bench and is still pending before the Court.

MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Accordingly, Company had created a 'Provision for Write-off of Sanganpur Assets' of Rs. 6,65,49,606/- in FY 2017-18 (FY 18-19 – NIL)

The Company's share of assets and liabilities as at 31st March 2019 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2018-19	FY 2017-18
A	Property, Plant & Equipment (Gross)	5,62,66,993	5,62,66,993
B	Other Net Non-Current Assets	(2,16,681)	(2,16,681)
C	Net Current Assets (*)	(10,20,785)	(10,20,785)
D	Income	-	-
E	Expenditure	-	-

(*) Includes payable to joint venture amounting to Rs. 4,47,260/-(for FY 17-18 – Rs. 4,47,260/-)

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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 M3nergy (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 M3nergy 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 proposed to relinquish 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). DGH vide its letter dated Feb. 5, 2018 has communicated that the Block stands relinquished with effect from 23.10.2014 subject to the compliance of PSC and the P&NG rules.

The South Rewa Block has standing inventory of Rs. 3.76 crores in which the company has share of 10%. The company is in the process of carrying out elaborate valuation of the inventory for further disposal. The same has been recorded at cost.

The Company's share of assets and liabilities as at 31st March, 2019 in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	**FY 2018-19**	**FY 2017-18**
A	Property, Plant and Equipment (Gross)	10,280	10,280
B	Intangible asset under development	-	-
C	Other Net Non-Current Assets	69,370	69,013
D	Net Current Assets (*)	3,07,54,134	3,21,08,760
E	Expenditure	6,625	3,99,287

(*) Includes receivables from joint venture amounting to Rs. 2,69,72,324 (for FY 17-18 – Rs. 2,81,85,204/-)

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3. Estimated Hydrocarbon Proven Reserves as on 31[st] March, 2019 in the Oil fields as follows:

a) **Domestic Operations (Hirapur and Sanganpur (On-shore Marginal Fields))**

Particulars (*)	FY 2018-19		FY 2017-18	
	MM BBLS	MMT	MM BBLS	MMT
Recoverable Reserves	2.40	0.324	2.40	0.324

(*) TheCompany Share is 50% of total

(+) MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Therefore, the above mentioned recoverable reserves does not include recoverable reserves of Sanganpur Field.

b) **International Operations (Yolla Field, Australia – License T/L 1 – Offshore Filed)**

Particulars	**FY 2018-19**	**FY 2017-18**
	MM BoE	MM BoE
Recoverable Reserves (*)	1.609	1.903

(*) For respective share of the company

4. Quantitative Particulars of Petroleum:

Total Dry Crude Production	FY 2018-19 (BoE)	FY 2017-18 (BoE)
Hirapur Field (*)	31,265	33,752
Yolla Field (T/L1) Australia	4,29,541	4,59,269
TOTAL	4,60,806	4,93,021

(*) For total share in Field.

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	**FY 2018-19**	**FY 2017-18**
Foreign Travel	6,54,347	-
Consultancy Fees/Reimbursements etc.	-	-
Capital Equipment, Spares etc.	-	-
Equity Contribution	-	14,88,63,625

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.

7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23rd January, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'.

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8. PPIPL has availed loan facility of USD 86 Million out of which USD 82.50 Million is outstanding as of 31st March, 2019 against which shares of the Company in PPIPL, Singapore have been pledged in favour of the lender.

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

9.1 **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.

9.2 **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.

10. Information as per Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures":

10.1 **Related Party relationships**:

	Name of the related party	**Relationship**
1.	Oil & Natural Gas Corporation Ltd.	Ultimate Holding Company
2.	Hindustan Petroleum Corporation Limited	Holding Company
3.	Prize Petroleum International Pte. Ltd. Singapore	Wholly Owned Subsidiary Company

10.2 **Key Management Personnel:**

a) Mr. R. K. Mohal	Chief Executive Officer
b) Mr. M. Ananth Krishnan	Chief Financial Officer (up to Feb. 24, 2019)
c) Ms. Rajalakshmy Ganesh	Chief Financial Officer (wef Feb. 25, 2019)
d) Mr. Asheesh Garg	Company Secretary

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10.3 **Transactions during the period with related parties are:**

Figures in Rupees

Particulars	FY 2018-19			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	91,20,198	6,70,82,400	-	7,62,02,598
Expenses recovered from company by	10,29,561	8,86,90,934	-	8,97,20,495
Expenses recovered by company from	-	17,14,286	74,85,626	91,99,912
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Closing Balance of Investment in	-	-	90,75,53,875	90,75,53,875

Figures in Rupees

Particulars	FY 2017-18			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	90,83,841	6,53,40,000	-	7,44,23,841
Expenses recovered from company by	11,13,094	7,45,72,436	-	7,56,85,530
Expenses recovered by company from	-	46,71,428	65,06,909	1,11,78,337
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	14,88,63,625	14,88,63,625
Closing Balance of Investment in	-	-	90,75,53,875	90,75,53,875

(*) The amount pertains to 50% share of the company in Unincorporated JV formed for Hirapur Field awarded to the company in 2004.

Note:

1. The Expenses recovered by Holding Company also includes Remuneration paid to the Managing Personnel amounting to Rs. 1,71,72,309/- (PY- Rs. 1,30,62,876/-)

2. The reimbursement of expenses to KMPs by the company Rs. 6,43,588 (PY – Rs. 4,84,442)

10.4 **Balance Outstanding**

Figures in Rupees

Heads	FY 2018-19			FY 2017-18		
	Ultimate Holding Co.	Holding Company	Subsidiary Company	Ultimate Holding Co.	Holding Company	Subsidiary Company
Payable by Company to	-	3,07,76,420	-	-	93,89,014	-
Receivable by Company from	39,76,150	-	22,06,204	24,03,105	-	56,37,481

11. Auditors Remuneration includes: (*)

Figures in Rupees

Particulars	FY 2018-19	FY 2017–18
Statutory Audit fees	50,000	1,75,000
Tax Audit fees	30,000	25,000
Reimbursement towards out of pocket expenses (#)	-	-
TOTAL	80,000	2,00,000

(*) Corporate audit fee only (includes Consolidation audit fee but does not include Secretarial audit fee and amount paid to JVs auditors)

(#) Bill are yet to be raised.

12. 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".

13. 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.

14. Deferred Tax Assets / Liability:

14.1 Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment.

Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes with virtual certainty that the Company will not be able to realize the benefits of those recognized deductible differences and tax loss carry forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Therefore, provision for deferred tax assets has not been made as there is no virtual certainty of its realization.

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Any changes in such future taxable income would impact the recoverability of deferred tax assets.

14.2 Movement in Deferred Tax Balances

Heads	April 1, 2018	Recognized in Profit & Loss	Recognized In OCI	Recognized in Equity	Acquired in business combination	March 31, 2019		
	Net balance					Net	DTA	DTL
Deferred tax asset								
Property, plant and equipment	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-
Tax assets (Liabilities)	-	-	-	-	-	-	-	-
Set off tax	-	-	-	-	-	-	-	
Net tax assets / (liabilities)	-	-	-	-	-	-	-	-

a) *DTA : Deferred tax asset*
b) *DTL: Deferred tax liability*
c) *OCI : Other Comprehensive Income*

15. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2019.

16. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified Ind AS 115, Revenue from contracts with customers. The company has assessed the implication of provisions of Ind AS 115 and noted that the company has no direct disclosure obligation other than already disclosed basis the exemption available in the standard

17. The company is current assessing the impact of Ind AS 116. The effect of adoption of Ind AS is expected to be insignificant.

18. Employee Benefits:

18.1 Defined Contribution Plans:

The Company's contribution to provident fund of Rs. 1,38,145/- (PY Rs. 1,27,335/-) and the same is recognized and included in "Salaries and Wages" in Employee Benefits cost under Statement of Profit & Loss.

18.2 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 17 to the Balance Sheet.

18.3 The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

a. Present Value of projected benefit obligation

Particulars	FY 2018-19	FY 2017-18
Present value of Benefit Obligation at the beginning of the period	8,08,717	7,68,347
Interest Cost	63,035	56,049
Current Service Cost	71,867	1,640
Past Service Cost	-	3,75,871
Benefit Paid	-	(7,81,688)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	25,479	(40,935)
Actuarial (gains)/ losses on obligations - due to experience	(9,338)	4,29,433
Present value of Benefit Obligation at the end of the period	**9,59,760**	**8,08,717**

b. Included in Profit & Loss Account

Particulars	FY 2018-19	FY 2017-18
Current Service Cost	71,867	1,640
Net Interest Cost	63,035	56,049
Past Service Cost	-	3,75,871
Total Amount recognised in Profit and loss account	1,34,902	4,33,560

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c. Re-Measurements – Other Comprehensive Income (OCI)

Particulars	FY 2018-19	FY 2017-18
Return on plan assets, excluding interest income	-	-
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	25,479	(40,935)
Experience (gains)/losses	(9,338)	4,29,433
Change in asset ceiling, excluding amounts included in interest expense	-	-
Total amount recognised in other comprehensive income	16,141	3,88,498

d. Amount recognised in Balance Sheet

Particulars	FY 2018-19	FY 2017-18
Present value of benefit obligation	9,59,760	8,08,717
Fair value of plan assets	-	-
Net Liability / (Asset) recognised in the balance sheet	**9,59,760**	**8,08,717**

18.4 Significant estimates: Actuarial assumptions and sensitivity analysis

a) Significant actuarial assumptions were as follows:

i. Financial Assumptions

1. Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yields at the balance sheet date on government bonds

2. Salary increase: Salary increase takes into account inflation, seniority and promotion and other relevant factors such as supply and demand in the employment market.

ii. Demographic assumptions

Particulars	FY 2018-19	FY 2017-18
Retirement age	60 years	60 years

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b) Sensitivity Analysis

The sensitivity analysis presented herein under may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the said sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Particulars	FY 2018-19	FY 2017-18
Delta effect of +/-1% Change in Rate of Discounting	1,74,234	1,60,888
Delta effect of +/-1% Change in Rate of Salary Increase	90,870	1,37,053
Delta effect of +/- 50% of Attrition Rate	-	-
Delta effect of +/- 10% of Mortality Rate	(1,818)	(1,614)

The expected maturity analysis of undiscounted benefits is as under:

Particulars	FY 2018-19
Less than a year	4,254
Between 2 - 5 year	28,078
Between 6 - 10 year	19,15,156
Over 10 years	-
Total	**19,47,488**

Particulars	FY 2017-18
Less than a year	3,230
Between 1 - 2 year	21,638
Between 2 - 5 year	61,289
Over 5 years	17,28,004
Total	**18,14,161**

19. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

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The Company does not have any externally imposed capital requirements for the financial period ended 31 March 2019. (PY - Nil)

20. Fair Value Measurements

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

Management has determined that the carrying amounts of bank balances, trade and other receivables, trade and other payables are a reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Particulars	FY 2018-19 (INR)	FY 2017-18 (INR)
Financial assets		
Trade receivables	6,77,97,142	6,62,67,154
Cash and cash equivalents	122,76,38,274	110,97,62,668
Short-term loans and advances	7,60,66,966	8,07,73,799
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	564,00,61,229	553,05,74,393
Trade payables	6,94,61,032	5,22,79,401
Other current financial liabilities	3,69,92,426	6,58,58,771

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from bank balances and trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flow

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Status as on 31-Mar-19					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	9,69,92,446	-	570,52,87,500	-	580,22,79,946
Trade payables	7,41,38,541	-	-	-	7,41,38,541
Other financial liabilities	22,06,045	-	-	-	22,06,045
Total undiscounted financial liabilities	**17,33,37,032**	-	**570,52,87,500**	-	**587,86,24,532**

Status as on 31-Mar-18					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	6,58,58,781	-	-	560,54,80,000	567,13,38,785
Trade payables	5,22,79,401				5,22,79,401
Other financial liabilities	-				-
Total undiscounted financial liabilities	**11,81,38,182**	-	-	**560,54,80,000**	**572,36,18,186**

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 that 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. There are no dues outstanding to vendors who are "Micro, Small and Medium Enterprises".

24. During the year there was NIL (FY 17-18: NIL) expenditure incurred towards Corporate Social Responsibility.

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

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

R.K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

for Khandelia & Sharma
Chartered Accountants
Registration No.:510525C

Vinod S. Shenoy
Director
DIN:07632981

Pushp Kumar Joshi
Director
DIN: 05323634

Nitin Kumar Lohia
Partner
M No.:508528

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Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31 March, 2019

Name of the Entity	Net Assets (Total Assets reduced by Total Liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated Net Assets	Amount (in Rupees)	As a % of Consolidated profit or loss	Amount (in Rupees)	As a % of Consolidated OCI	Amount (in Rupees)	As a % of Consolidated TCI	Amount (in Rupees)
Prize Petroleum Company Limited	47.56%	1,137,592,707	36.26%	50,180,134	0.01%	(16,141)	15.27%	50,163,993
Subsidiaries								
Prize Petroleum International Pte. Ltd	-147.56%	(3,529,693,789)	-136.26%	(188,565,222)	99.99%	(190,043,199)	-115.27%	(378,608,421)
Total		(2,392,101,082)		(138,385,088)		(190,059,340)		(328,444,428)

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Nitin Kumar Lohia
Partner
Membership No.: 508528

Place: Mumbai
Date: May 11, 2019

R. K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Asheesh Garg
Company Secretary

Vinod S. Shenoy
Director
DIN: 07632981

Pushp Kumar Joshi
Director
DIN: 05323634

KHANDELIA & SHARMA NEW DELHI 110049 Chartered Accountants

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Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule-5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part- "A" : Subsidiaries

Sr. No.	Particulars	Rs./Crs	US $
1	Serial No.	1	
2	Name of Subsidiary	Prize Petroleum International Pte. Ltd., Singapore	
3	Financial Year ending on	31/03/2019	31/03/2019
4	Reporting Currency	Rs. In Crores	US $
4A	Exchange Rate	69.155	69.155
5	Share Capital	90.76	13,960,000
6	Reserves & Surplus	(443.72)	(65,000,325)
7	Total Assets	224.82	32,510,287
8	Total Liabilities	577.79	83,550,612
9	Investment	-	-
10	Turnover	84.80	12,124,688
11	Profit (Loss) before Taxation	(18.86)	(2,696,138)
12	Provision for Taxation	-	-
13	Profit (Loss) after Taxation	(18.86)	(2,696,138)
14	Proposed Dividend	-	-
15	% of Shareholding	100%	100%
	Note:		
1	Names of subsidiaries which are yet to commence operations	NA	NA
2	Names of subsidiaries which have been liquidated or sold during the year	NA	NA

Part- "B" : Associates and Joint Ventures

	Name of Associate/ Joint Venture	NA	
1	Latest Audited Balance Sheet date	31/03/2019	31/03/2019
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No.	NA	
	Amount of Investment in Associates/Joint Venture	NA	
	Extend of Holding %	NA	
3	Description of how there is significant influence	NA	
4	Reason why the associate/joint venture is not consolidated	NA	
6	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	
7	Profit / Loss for the year		
	Considered in Consolidation	NA	
	Not Considered in Consolidation	NA	
	Note:		
1	Names of associates/ joint ventures which are yet to commence operations	NA	NA
2	Names of associates/ joint ventures which have been liquidated or sold during the year	NA	NA

For and on behalf of the Board of Directors

Vinod S. Shenoy
Director
DIN: 07632981

Pushp Kumar Joshi
Director
DIN: 05323634

Asheesh Garg
Company Secretary

R. K. Mohal
Chief Executive Officer

Rajalakshmy Ganesh
Chief Financial Officer

Place: Mumbai
Date: May 11, 2019

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