33rd Annual Report 2016-2017

INDIA'S FIRST

PRIVATE OIL AND GAS COMPANY

Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

CONTENTS

STRATEGIC REPORTS

STATUTORY REPORTS & FINANCIALS

COMPANY INFORMATION

Registered Office
'HOEC House', Tandalja Road
Vadodara – 390 020, Gujarat (India)
E-mail: contact@hoec.com
Website: www.hoec.com

Chennai Office
Hindustan Oil Exploration Company Limited
'Lakshmi Chambers', 192, St. Mary's Road
Alwarpet, Chennai – 600 018
Tamil Nadu (India)

CIN
L11100GJ1996PLC029880

ISIN
INE345A01011

Statutory Auditor
Deloitte Haskins & Sells LLP
Chartered Accountants
Audit Partner
Bhavani Balasubramanian

Secretarial Auditor
S Sandeep & Associates
Company Secretaries

Internal Auditor
Guru & Ram
Chartered Accountants

Cost Auditor
K. Suryanarayanan

33rd Annual General Meeting

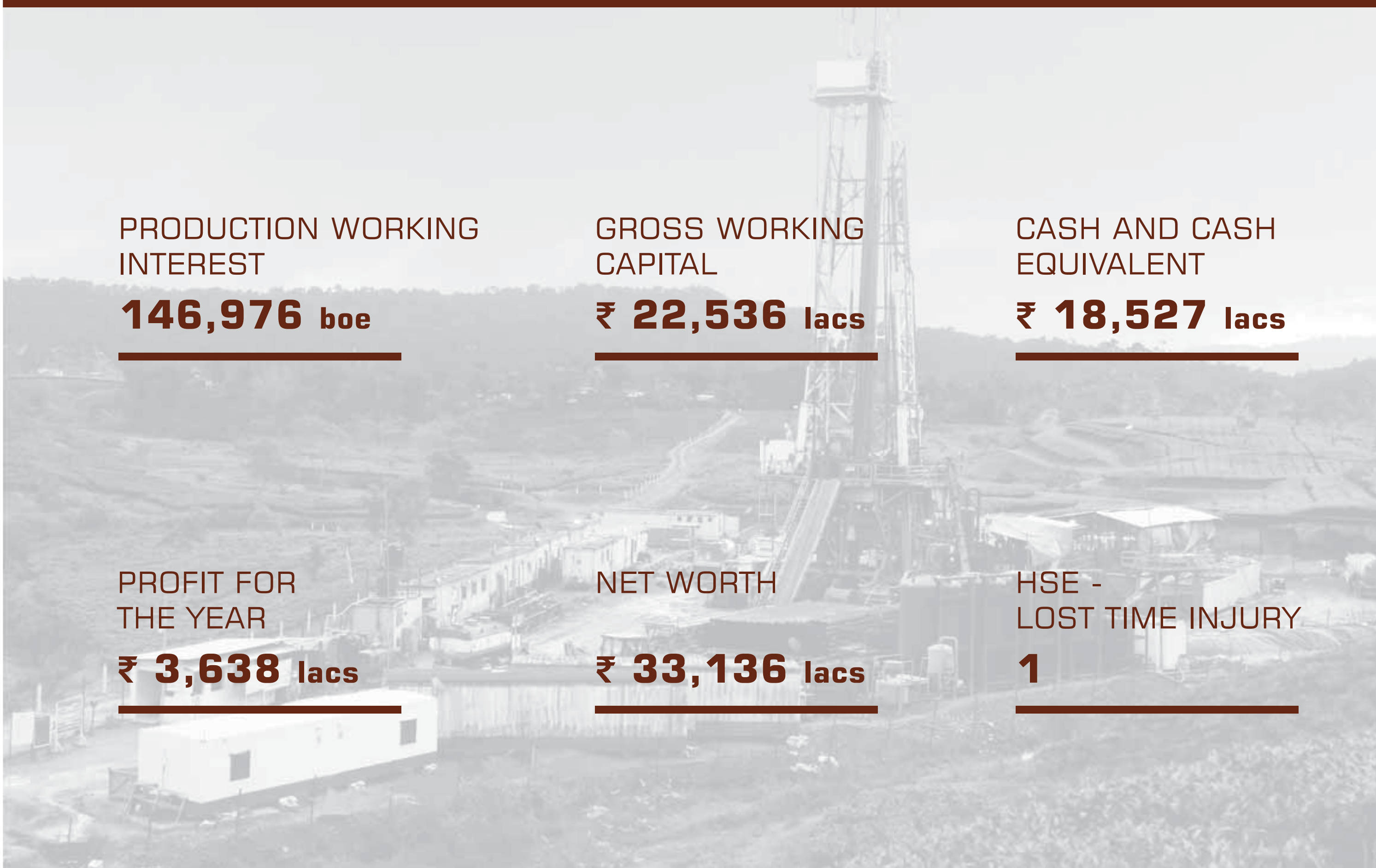
Day : Monday
Date : September 25, 2017
Time : 10.30 a.m.
Place : "Tropicana Hall" The Gateway Hotel, Akota Gardens, Akota, Vadodara - 390 020

HIGHLIGHTS
FY 2016-2017

- Dirok phase-1 development completed and ready to flow gas.
- PY-3 Alternate Integrated Field Development Plan (AIFDP) submitted to all stakeholders.
- PY-1 re-entry and completion of an existing well is under review to enhance production.
- B-80 (Mumbai High Offshore) and Kherem (North East) discovered fields RSC under DSF executed on March 27, 2017.
- Debt free balance sheet & self-funding for organic growth.

AVERAGE PRODUCTION
403 boepd

REVENUE
₹ 4,211 lacs



PRODUCTION WORKING INTEREST
146,976 boe

GROSS WORKING CAPITAL
₹ 22,536 lacs

CASH AND CASH EQUIVALENT
₹ 18,527 lacs

PROFIT FOR THE YEAR
₹ 3,638 lacs

NET WORTH
₹ 33,136 lacs

HSE - LOST TIME INJURY
1

OUR ASSET PORTFOLIO

Consist of 9 Oil & Gas blocks of Discovered Resources

On-Shore

A AAP-ON-94/1, HOEC PI: 26.882 % (O)

- Phase 1 Completed and tested
- Pending PML:
  Oil India Limited (licensee) is in the process of obtaining the Petroleum Mining Lease (PML) from the Government of Assam
- Commercial sales to commence on obtaining PML

B AA/ONDSF/ Kherem/2016 (HOEC PI 40%) (O)

- Block awarded under DSF Bid Round 2016
- Contract signed on March 27, 2017
- Work Program (2 wells) to be completed in 3 years
- Tested: Oil 402 bopd
- Nearest Facility 30 kms (Digboi Refinery)

C CB-ON-7, HOEC PI: 35 % (O)

- Average Gross (100%) Production (FY 2016-17) – 100 boepd
- Net Revenue – ₹ 276 lacs
- Field Opex – ₹ 79 lacs

D North Balol, HOEC PI: 25 % (O)

- Average Gross (100%) Production (FY 2016-17) – 66 boepd
- Net Revenue – ₹ 93 lacs
- Field Opex – ₹ 63 lacs

E Asjol, HOEC PI: 50 % (O)

- Average Gross (100%) Production (FY 2016-17) – 15 bopd
- Net Revenue – ₹ 79 lacs
- Field Opex – ₹ 69 lacs

Off-Shore

F PY-1, HOEC PI: 100 % (O)

- Average Gross (100%) Production (FY 2016-17) – 344 boepd
- Revenue – ₹ 2054 lacs
- Field opex – ₹ 919 lacs
- Re-entry and completion of PY-1-12 is evaluated to enhance production from PY-1

G PY-3, HOEC PI: 21 %

- Field shut-in since July 2011
- Last production (100%) – 3,300 bopd
- Alternate Integrated Field Development Plan (AIFDP) for PY-3 was submitted to stakeholders and awaiting approval

H MB/OSDSF/B-80/2016 (HOEC PI 50%) (O)

- Block awarded under DSF Bid Round 2016
- Contract signed on March 27, 2017
- Work Program (1 well) to be completed in 4 years
- Tested: Oil 3737 bopd & Gas 7.90 mmscfd
- Nearest Facility 20 kms (ONGC)

I CB-OS/1, HOEC PI: 38.07 %

- Plan of Development was approved in FY 2015-16
- ONGC (Operator) is optimizing the offshore development concept

(O) - HOEC as Operator
(PI) - Participating Interest

*Notes: Production figures are gross for respective fields for Financial Year 2016-17

Gas Gathering Station at Assam

From Left to Right: P. Elango, Sunil Behari Mathur, Sharmila H. Amin, Ramasamy Jeevanandam, P.K. Borthakur

BOARD OF DIRECTORS

SUNIL BEHARI MATHUR

Non-Executive Independent Director/Chairman

Mr. Sunil Behari Mathur is a Chartered Accountant and has more than 47 years of experience in the fields of insurance and housing finance. He has been the Chairman of Life by United States Agency for International Development ("USAID") for a training program on housing finance at the Wharton Business School of the University of Pennsylvania. Also, he holds membership, advisory/administrative roles on various Government bodies, authorities and corporations.

SHARMILA H. AMIN

Non-Executive Independent Director

Ms. Sharmila H. Amin, is a Graduate in Commerce from the University of Mumbai. She also has a long list of additional qualifications that include Shipping Management from the Indian Institute of Management, Ahmedabad and is a Customs License Holder (Rule 9), Mumbai.

In her long career in Heavy Lift Projects Logistics, she has previously headed Panprojects / Oil & Gas for the South Asia Region as a part of the Panalpina Group. She has headed CRC's Projects Division and also N.S.Guzder and Company's Project Logistics Division. Currently she is the South Asian Regional Director and Managing Director for Bertling Logistics.

P.K. BORTHAKUR

Non-Executive Independent Director

Mr. Borthakur brings in more than 37 years of rich & diverse experience from his illustrious career in ONGC, where he has led multiple large onshore and offshore operations and projects. His wide technical expertise ranges from managing oil & gas operations, artificial lift, well completion, drilling, well control, reservoir management to processing and extraction of value added petroleum products. He is well recognized and respected technical authority in the domain of well completion, workover operations (nearly 2000 wells) and marginal development of onshore and offshore fields in India.

P. ELANGO

Managing Director

In his career spanning over 28 years in Upstream Oil & Gas Sector, Mr. P. Elango has held several leadership roles in different areas of the business and is a recognized leader in the Indian industry. Prior to joining HOEC, he was the Chief Executive Officer & Whole Time Director of Cairn India Limited. Over his long association with Cairn, he played a key role in building Cairn into a leading Oil & Gas company. He holds a Master's degree in Business Administration and began his career with ONGC in 1985. Also, he was one of the five finalist for Platts' first-ever Asia CEO of the Year Award 2013.

RAMASAMY JEEVANANDAM

Whole-time Director and Chief Financial Officer

Mr. RamasamyJeevanandam has an overall experience of 30 years in various aspects of finance, listing, funding, finalization of accounts and taxation of upstream oil and gas industry in India. Before joining HOEC, he worked as Vice President at Aban Offshore Limited and functioned as CFO & Director at Hardy Exploration & Production (India) Inc. He started his career with ONGC in 1982. He is CPA (USA), CGMA (USA), Qualified Cost Accountant, Chartered Financial Analyst and Company Secretary with a Bachelor's Degree in Law.

SAFETY FIRST

Integrated HSE Policy: Health, Safety, Environment, Quality

HOEC believes that "All Lives Have Equal Value" and nothing that we do can be more important than ensuring safety. HOEC is committed to making a positive contribution to the protection of the environment in areas in which we operate and to do everything possible to minimize any adverse effects of our operations.

To ensure this:

- HOEC has a robust Emergency Response Plan (ERP) for production operations, drilling campaigns and project execution activities to respond swiftly during any emergency.
- Risk assessment studies are conducted for critical activities and safe operation procedures are developed for controlling identified hazards.
- All Health, Safety, Environment and related issues are incorporated and addressed, while hook-up & commissioning new installations, routine productions, and regular logistical facilities, for onshore and offshore.
- All equipment and material procured pertains to industrial HSE standards.
- HSE awareness campaigns are conducted regularly and best practices are felicitated by HSE Awards Program.
- Mock Safety Drills are carried out at operating sites on a monthly basis.
- Practical training on fire protection system and oil spill response are provided to site personnel.
- Fields are regularly inspected for HSE compliances.
- HSE culture is promoted by HSE Steering & Risk Management Committee which includes members from Management team.
- Mutual aid scheme with nearby operators to meet emergency.
- Field based HSE trainings to create awareness during operations.
- HSE Gap analysis through third party inspectors.
- Compliance to the guidelines recommended by regulatory authorities.

Key Performance Indicators (KPIs) : 2016 -17	HOEC	OGP*
Fatal Accident Rate (FAR)	0.00	1.45
LTI Frequency (LTIF)	0.01	0.29
LTI Severity Rating (LTI SR)	0.00	54.0
First Aid Cases	0.01	NR
Total Recordable Injury Rate (TRIR)	0.00	1.21

* International Association of Oil and Gas Producers (OGP) Safety Performance Indicators Report No.2015s (June 2016)


Safety award to civil workers at Assam


Oil spill containment training, patrolling vessel PY-1


Fire fighter training at Cambay

GROWTH STRATEGY

FOCUS ON NORTH EAST

KEY FACTS

ASSAM-ARAKAN BASIN

FIRST GAS
FY 2017-18

PRODUCTION
25 mmscfd

PLATEAU PERIOD/ ECONOMIC LIFE
15 Years | 20 Years

WELLS

3 Existing wells
3 New wells

RESERVES BEING DEVELOPED

244 bcf
- Gas Initially in Place

145 bcf
- Recoverable Reserves

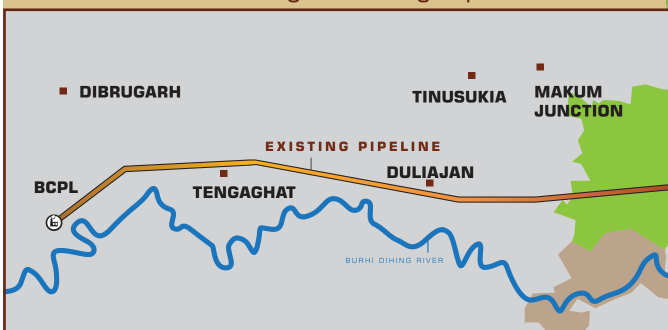
PARTNERS

HOEC (26.882%) *Operator*
OIL (44.086%) *Licensee*
IOC (29.032%)

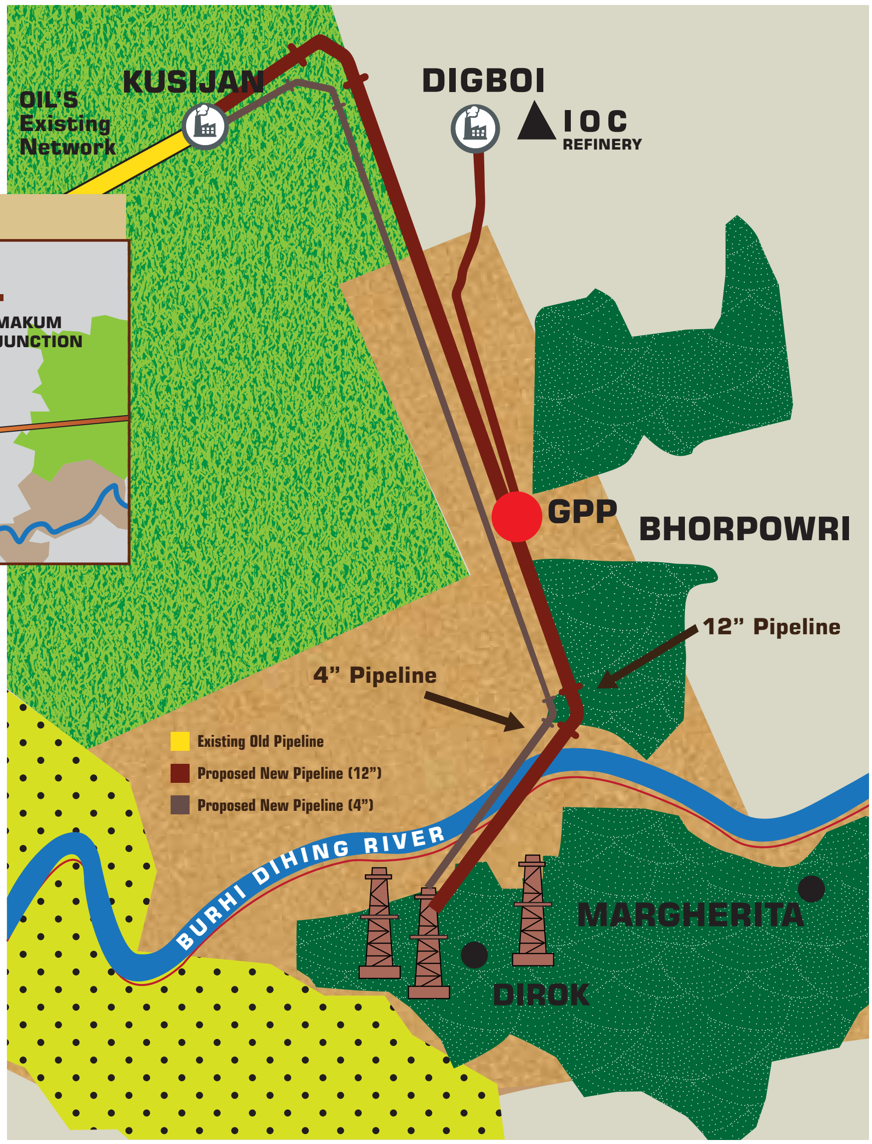
PROJECT KOPOU

PIPELINE LAYOUTS

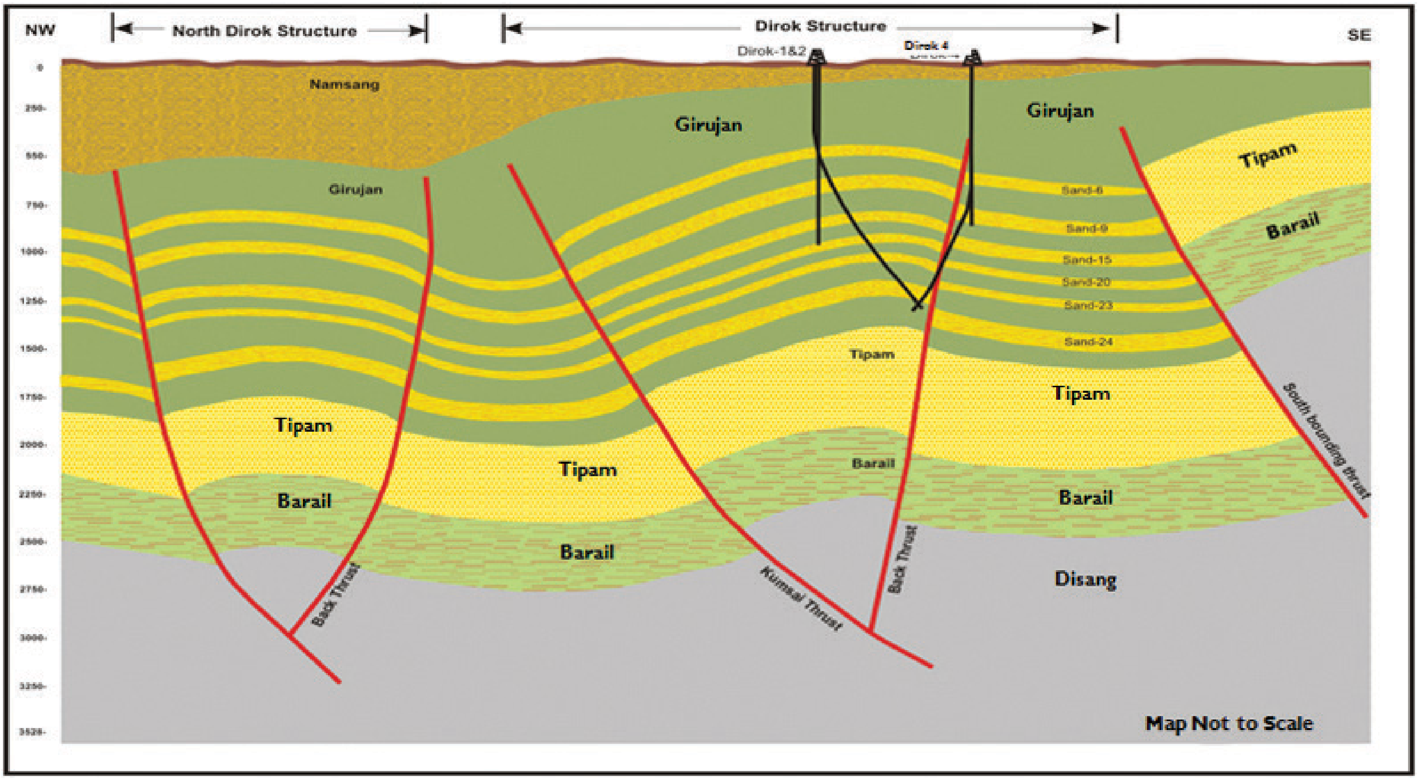
Gas to BCPL Through Existing Pipeline



- Phase 1 facilities completed and tested to flow gas on March 31, 2017
- As soon as Government of Assam issues Petroleum Mining Lease (PML) to Oil India, commercial sales will be actualized.
- Plan to produce 10 mmscfd on issue of PML and increase to 25 mmscfd by FY 2017-18.
- Fifth well completed and sixth well in progress.
- 12" pipeline and Modular Gas Processing Plant is under construction with a capacity to process 36 mmscfd (1 mmscmd)

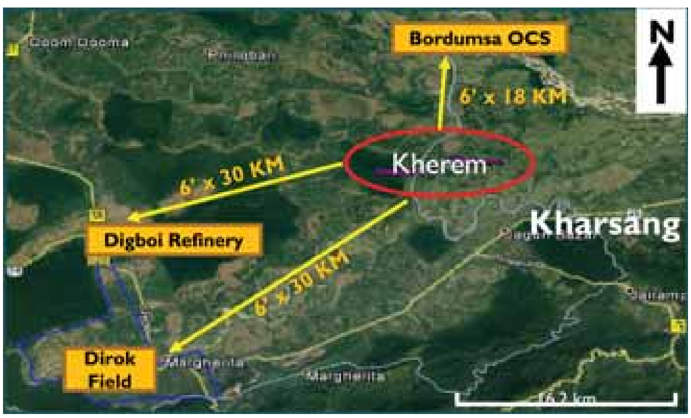


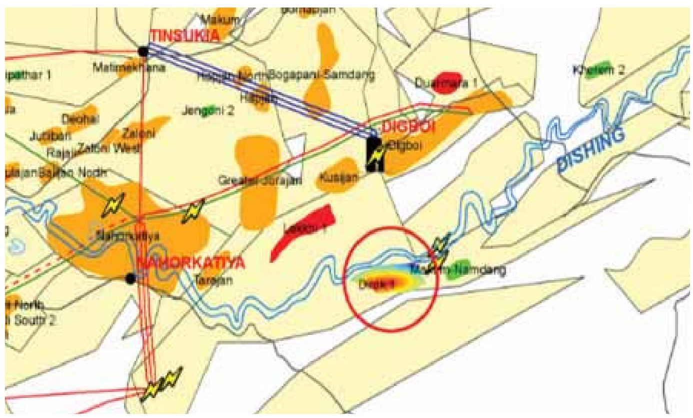
DIROK POTENTIAL



- Dirok field - 110 sq. km. is endowed with Girujan, Tipam and Barail Formation.
- Potential exists for both increasing reserves and improved recovery factor on well performance.
- Application being filed to obtain Environmental Clearance (EC) for drilling additional wells.

FAST TRACK KHEREM

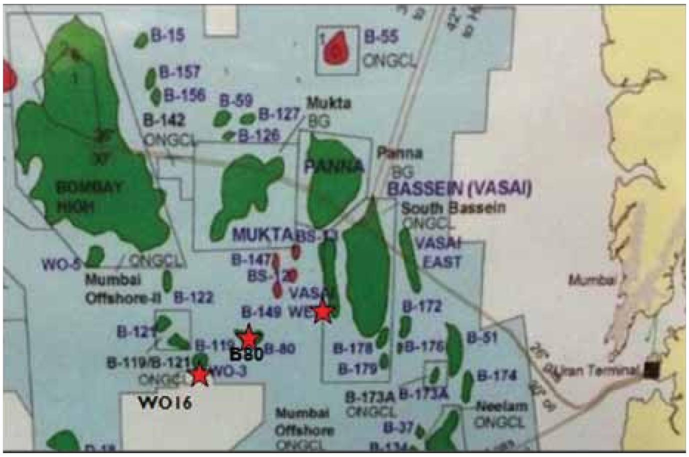


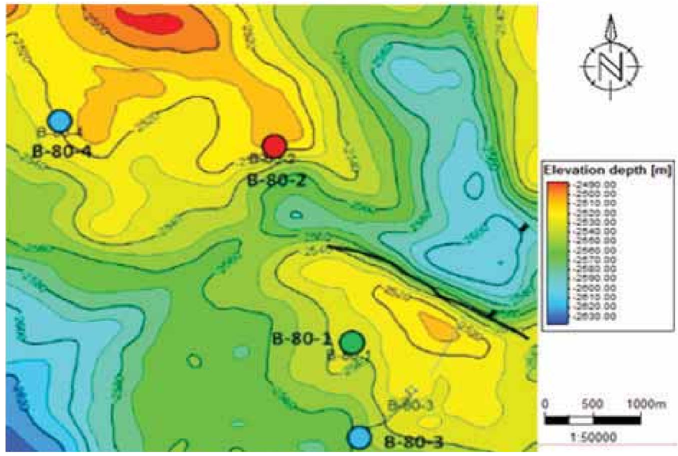


Block Area: 16.45 sq. km. **Drilled Wells:** 3 **Tested Production:** Oil 402 bopd

REVIVE OFFSHORE

B-80





Block Area: 56 sq. km.
Water depth: ~80-90 m
Drilled Wells: 5

Tested Production:

Oil	3,737 bopd
Gas	7.90 mmscfd

PY-1 – UNDEVELOPED RESOURCES TO BE ACCESSED

Significant resource base

- Significant resources exists for additional drilling
- Existing facilities can handle additional production
- Techno-commercial risks are being evaluated

Synergies with PY-3 field

- Proposal on synergy with adjoining PY-3 block to optimize the operating cost to the benefit for all stake holders is submitted. Approval from the stakeholders of PY-3 is awaited.

Planned Activities

- G&G model of PY-1 is being reviewed
- Re-entry and completion of PY-1-12 is evaluated to enhance production from PY-1

Opportunities

- Substantial facilities to handle the increase in production.
- Additional development only through marginal cost of re-entry and completion of an existing well.
- New wells to target undrilled prospects on successful re-entry

TRANSFORMING THROUGH TALENT AND TECHNOLOGY

Dirok - our key growth driver for FY 18

Assam will continue to remain our top priority during FY 18 and beyond. Phase 1 of the Assam Dirok Development Project has been completed on 31 March 2017.

In parallel, we are on track to complete phase 2 facilities that consists of 12" pipeline, two additional wells and an innovative Modular Gas Processing Plant, a first time in India on design, build and operate model by M/s Expro, U.K.

This will allow us to step up the production to 25 mmscmd during FY 2018.

Most importantly, the results of the new well that we have drilled, gives us the confidence:

A. To deliver on the approved production profile of 25 mmscmd (against earlier approved rate of 20 mmscfd) for a plateau period of 15 years.

B. To seek further increase in reserves, recovery factor and production, based on performance of total of 6 wells.

C. To fully utilise the 36 mmscfd capacity of surface facilities that are under construction.

And, with Oil India as the buyer, all the produced gas can be sold without any demand constraints.

Indian Oil Corporation (IOC), our JV partner has agreed to buy all the condensate produced at the prevailing international market price for crude oil.

Robust discovered resources portfolio to sustain growth

Moving on from a single asset focus in Assam during the last two years, we now have the organisational and financial strength to progress multiple assets in parallel. Therefore:

A. We have submitted an Alternative Integrated Development Plan to revive 3000 plus barrels of oil production from the shut-in well in PY-3 block (HOEC PI 21%) for approval by the stake holders.

B. We are progressing the geo technical review to re-enter and complete an existing well in our PY-1 block (HOEC PI 100 %) to revive production.

C. We hope to infuse capital to enhance production from our existing fields in Cambay basin.

D. Our technical, projects & operational talent pool has been further strengthened to discover & develop oil & gas fields.

Award of DSF Contract Areas

Finally, we are delighted that we won two blocks (B80 in Mumbai High and Kherem in Arunachal Pradesh) with discovered resources under the Discovered Small Field (DSF) bid round and signed the Revenue Sharing Contracts on March 27, 2017.

We are particularly excited with the opportunity to enter Mumbai High.

Our preliminary internal estimates of Oil and Gas initially in place, in both the blocks are about three times higher than the DSF data pack estimates.

During the year, we will do further technical assessments by independent third parties.

Overall, the deadline given by the Government is to commence First Oil from onshore blocks within three years and First Oil from offshore blocks within four years.

We are drawing up development plans to beat those deadlines by at least a year.

Looking Ahead

1. HOEC portfolio now consists of 9 assets and all of them have discovered resources with some upside potential.
2. HOEC is now a debt-free company with adequate cash to fund our organic growth.
3. HOEC growth strategy is to invest in projects where “Investment to Cash” cycle is 12 to 18 months.
4. HOEC execution strategy will continue to be “Fast Track and Low Cost Development”.
5. HOEC Vision is to emerge as the finest Independent Oil and Gas Company that beneficially transforms the interests of every stakeholder through Talent and Technology.

I thank all my colleagues in HOEC and their families for their contribution to our growth, all our stakeholders for their continuing support and the Board for their valuable guidance.

P. Elango
Managing Director

Board's Report

To,

The Members,
Hindustan Oil Exploration Company Limited

Your Directors have pleasure in placing before you the 33rd Annual Report on the business and operations of your Company along with the audited financial statements for the Financial Year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Turnover	2,502.29	2,834.43	2,556.66	5,164.62
Other Income	1,708.69	883.99	1,932.86	905.07
Total Income	**4,210.98**	**3,718.42**	**4,489.52**	**6,069.69**
Total Expenses	**3,079.69**	**3,889.93**	**3,382.77**	**6,019.39**
Profit before exceptional items and tax	**1,131.29**	**(171.51)**	**1,106.75**	**50.30**
Exceptional items	2,894.64	514.82	2,894.64	514.82
Profit before tax	**4,025.93**	**343.31**	**4,001.39**	**565.12**
Tax expense	387.58	(6.18)	394.91	63.21
Profit for the year	**3,638.35**	**349.49**	**3,606.48**	**501.91**
Other comprehensive income	(4.23)	(0.45)	(4.23)	(1.64)
Total comprehensive income for the year	**3,634.12**	**349.04**	**3,602.25**	**500.27**

2. BUSINESS PERFORMANCE

During the year, your Company produced around 0.15 million barrel of oil equivalent (mmboe) of crude oil and gas as against 0.18 mmboe in the previous year. The decrease in production is due to natural decline of the existing producing assets.

The lower production has resulted in a reduction in turnover to ₹ 2,502 lacs for the year in comparison to ₹ 2,834 lacs in the previous year. However, the total revenue for the year was ₹ 4,211 lacs as against ₹ 3,718 lacs in the previous year and the increase is mainly due to interest income and income from financial investments.

On a standalone basis, the Profit-After-Tax was ₹ 3,638 lacs as against the profit of ₹ 349 lacs in the previous year. This is mainly due to the continuous effort of cost reduction, the other income and certain exceptional credits realised during the year.

On a consolidated basis, the total income has reduced from ₹ 6,070 lacs to ₹ 4,490 lacs. This is due to the major reduction in revenue from the subsidiary for the financial year 2016-17 due to discontinuation of marketing the products of Bardahl Manufacturing Corporation, USA. However, a Profit-After-Tax of ₹ 3,606 lacs is reported for the current year as against the profit of ₹ 502 lacs in the previous year for reasons as stated in the standalone accounts.

Capital expenditure

During the year under review, a development expenditure of ₹ 5,310 lacs was incurred for the gas development project at Assam.

Transfer to reserves

During the year under review, no amount was transferred to the capital reserves of the Company.

Measures taken to improve the operational & financial performance

The Company has initiated measures to achieve improvement in operational and financial performance by focusing on cost optimization in existing producing fields. With respect to Dirok field in Assam, the Company has mobilised all the resources to complete the existing wells and drill one more development well. Statutory clearance Stage-1 Forest clearance and Environment Clearance for the development phase of Dirok gas field have been obtained in January 2017.

3. OUTLOOK

Your Company has capital requirements to implement its business plans and to continue the development of Dirok field in Assam, revisiting the development of PY-1 field, B-80, Kherem and other fields in the immediate future, which can be met through the existing working capital by proper scheduling of the project activities.

4. DIVIDEND

Your Directors have not recommended any dividend for the Financial Year 2016-2017.

5. DEPOSITS FROM PUBLIC

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest are outstanding as at the balance sheet date.

6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the Notes to the Standalone Financial Statements provided in this Annual Report.

7. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management's Discussion and Analysis Report is set out in a separate section and forms part of this Annual Report.

8. NO CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business being carried out by the Company.

9. SHARE CAPITAL

There is no change in share capital during the year. The company has not issued any shares with differential rights as to voting, dividend or otherwise.

10. PROMOTERS

During the year, the ENI group companies had divested its entire stake in the Company except for nominal shareholding of 5,745 shares held through Burren Energy India Limited and has applied for re-classification of its status as public shareholder. The promoters have declared that they have not pledged any of their shareholding in the Company.

11. SUBSIDIARY COMPANY

Your Company has one wholly owned subsidiary, namely Hindage Oilfield Services Limited.

Subsequent to the termination of the Distributorship Agreement by Bardahl Manufacturing Corp. USA in February 2016, the name of the Company has been changed from HOEC Bardahl India Limited to Hindage Oilfield Services Limited with effect from August 04, 2016. Also, there has been a change in the nature of business to Oil Field Equipment and Service Sector.

During the year, the following changes took place in the composition of the Board of Directors of the subsidiary company.

- Mr. Hashit Rawal resigned from the post of Whole-time Director & COO and as an employee of the Company with effect from May 24, 2016.
- Mr. Pronip Kumar Borthakur, nominated by the holding company HOEC, was appointed as a Non-Executive Independent Director with effect from July 25, 2016.

Due to the termination of the distribution agreement by BMC, there has been no marketing of BMC products which resulted in substantial decline in revenue from the subsidiary for the financial year 2016-17. However, efforts are being taken to reduce such impact by entering into new line of business.

During the year, the Board of Directors of the Company have reviewed the affairs of the subsidiary.

Pursuant to Section 129(3) of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) and relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Consolidated Financial Statements of the Company has been prepared and forms part of this Annual Report.

Also, a statement containing salient features of the financial statement of the Company's subsidiary is appended as Annexure - III to the Board's Report in the prescribed Form AOC-1.

Further, in accordance with section 136 of the Companies Act, 2013, the Annual Audited Financial Statements including the Consolidated Financial Statements and related information of the company and the Audited Financial Statements of the subsidiary company are available on the company's website *www.hoec.com*. The documents will also be available for inspection at the Registered Office of the Company during normal working hours.

12. UNINCORPORATED JOINT VENTURES

The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the joint venture operations, which are accounted on the basis of available information on a line-by-line basis with similar items in the Company's Accounts, to the extent of the participating interest of the Company, as per various "Production Sharing Contracts". The financial statements of the Unincorporated Joint Ventures are prepared by the respective Operators in accordance with the requirements prescribed by the respective Production Sharing Contracts.

13. COST ACCOUNTING RECORDS

Your Company has maintained cost records which were duly audited in terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

The Board of Directors have appointed Mr. K. Suryanarayanan, a Cost Accountant in Practice, as Cost Auditor of the Company for the financial year 2017-2018 at a fee of ₹ 2,00,000 (Rupees Two Lakhs only) plus applicable taxes and out of pocket expenses, subject to ratification of the said fees by the shareholders at the ensuing Annual General Meeting.

The cost audit report for the financial year 2017-2018 would be filed with the Central Government within the prescribed timelines.

14. CORPORATE GOVERNANCE REPORT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report along with a certificate from a Company Secretary in Practice thereon, is attached and forms part of this Report.

15. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT-9, as required pursuant to Section 92 of the Companies Act, 2013, is given in Annexure - I and forms part of this Report.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the following changes took place in the composition of the Board of Directors.

Mr. Paolo Ceddia and Mr. Filippo Ricchetti, Non-Executive & Non-Independent Directors resigned from the Board on August 03, 2016. Board places on record its appreciation for their valuable contribution during their tenure.

Based on the recommendations of the Nomination and Remuneration Committee, Board appointed Mr. Pronip Kumar Borthakur as Non-Executive Independent Director with effect from June 15, 2016. The shareholders approved the said appointment at the 32nd Annual General Meeting held on September 26, 2016.

Mr. K. Premnatha resigned as Company Secretary & Compliance Officer on October 27, 2016 and based on the recommendations of the Nomination and Remuneration Committee, Board appointed Ms. G. Josephin Daisy as Company Secretary & Compliance Officer with effect from October 27, 2016.

As on March 31, 2017, Mr. P. Elango, Managing Director, Mr. R. Jeevanandam, Whole-time Director & CFO and Ms. G. Josephin Daisy, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

17. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director that he / she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

18. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has carried out an annual evaluation of its own performance, the Committees of the Board and individual directors. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

19. NUMBER OF MEETINGS OF THE BOARD

During the year, five (5) Board Meetings were convened and held. The details of meetings are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

20. COMMITTEES OF THE BOARD

Currently, the Board has five (5) Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The composition of the Board and its Committees are provided in the Corporate Governance Report section of this Annual Report.

21. REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a frame work for the remuneration payable to Directors and other Key Managerial Personnel. This policy also states the criteria for selection and appointment of Board Members. The details of the policy are stated in the Corporate Governance Report.

Nominee Directors of the Company on the Board of Hindage Oilfield Services Limited (wholly owned subsidiary of HOEC) do not receive any remuneration or commission.

22. MANAGERIAL REMUNERATION

The Company has obtained necessary approvals from the Central Government for the appointment and payment of remuneration to Mr. P. Elango, Managing Director and Mr. R. Jeevanandam, Whole-time Director & CFO for a period of three years with effect from February 02, 2015 to February 01, 2018. Also, the application filed with the Central Government regarding the payment of remuneration of Mr. Manish Maheshwari, in his capacity as the Managing Director for the period from April 01, 2014 to October 08, 2014 has been approved.

23. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the year under review were on an arm's length basis and in the ordinary course of business. However, no related party transactions were entered pursuant to Section 134(3)(h) of the Companies Act, 2013 read with the Rule 8 of Companies (Accounts) Rules, 2014. Your Directors draw the attention of the members to Note 39 to the standalone financial statements which set out the related party disclosures.

24. MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

26. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, state that:

(i) in the preparation of annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation for material departures, if any;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts on a going concern basis;

(v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. PARTICULARS OF EMPLOYEES

A statement disclosing the details pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in Annexure - II to this Report.

28. EMPLOYEES STOCK OPTION SCHEME

The shareholders of the Company had at the 31st Annual General Meeting held on September 25, 2015, approved the Employees Stock Option Scheme of the Company namely, Associate Stock Option Plan 2015 (ASOP 2015), in supersession of the existing HOEC Employee Stock Option Scheme 2005.

During the year under review, no options were granted or vested under ASOP 2015.

29. STATUTORY AUDITOR

At the 31st Annual General Meeting (AGM) held on September 25, 2015, M/s. Deloitte Haskins & Sells LLP (FRN:117366W/W-100018), Chartered Accountants, were appointed as Statutory Auditors for a period of five (5) years to hold office from the conclusion of that AGM until the conclusion of 36th AGM, subject to ratification at every AGM of the Company.

Accordingly, their appointment is placed for ratification by the shareholders of the Company at the ensuing AGM.

M/s. Deloitte Haskins & Sells LLP have confirmed that they are eligible for appointment and that their appointment shall be within the limits prescribed under Section 139 of the Companies Act, 2013.

The Auditor's Report issued by them for the financial year ended March 31, 2017 forms part of this Annual Report and does not contain any observations / reservations / qualifications.

30. SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and rules made there under M/s. S. Sandeep & Associates, Company Secretaries in Practice were appointed to conduct the secretarial audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit Report issued by them is included as Annexure - IV to this Report and it does not contain any observations / reservations / qualifications.

31. INTERNAL AUDIT

During the year under review, the Company has engaged M/s. Guru & Ram, Chartered Accountants, as its Internal Auditors. Their scope of work includes review of internal controls and its adherence, statutory compliances, health, safety and environment compliance, compliance towards related party transactions and risk assessments. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an ongoing basis to improve efficiency in operations.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company operates in an environmentally responsible manner for enduring benefit to all stakeholders. During the year under review, several steps were taken for conservation of energy, some of which are listed below:

A) Conservation of Energy:

a) The steps taken or impact on conservation of energy are:

1. Due consideration has been given to energy consumption while procuring equipment with preference for BEE Star rated equipment, wherever feasible.
2. As a responsible Corporate Citizen and in adherence to climate change policy, the Company is continuously taking effective steps to conserve energy and to reduce Green Houses Gases (GHG) emissions, wherever feasible.
3. Minimized environmental impact from its activities with its initiatives on energy and resource conservation and use of renewable energy like solar panels.
4. The Company regularly monitors air emission sources and ambient air quality and ensures that emission levels at all times remain lower than the statutory limits.
5. Except the emergency lights, timers are installed to turn off all lights automatically during day hours to help in minimizing the energy consumption.
6. Periodical preventive maintenance and condition monitoring of the aged equipment thereby increasing life expectancy of assets, eliminating premature replacement and lowering energy consumption.
7. Carrying out Environmental Impact Assessment (EIA) study in conformance to HOEC's Environment and Safety Policy to formulate appropriate environmental management plan and mitigation measures to eliminate or minimize pollution, environmental disturbances during the life-cycle of the project.

b) Steps taken by the Company for utilizing alternate source of energy:

The Company is in the process of formulating a policy for use of solar energy and has experimented in its process installation at Assam.

c) Capital investment on energy conservation equipment:

No additional investment is made or implemented for reduction in energy consumption.

d) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Reduction in emission of Green House Gases as a result of minimal use of air conditioning and reduced consumption of power and fuel.

B) Technology absorption:

(a) Technology absorption, adaptation and innovation: The company has adopted energy efficient Modular approach for Gas Processing Plant at Assam in which Variable Frequency Drives (VFD) are installed in the equipment and machineries.

(b) No technology import was made during the last 3 years.

(c) No Research and Development expenditure was made during the year.

(d) No benefits were derived like product improvement, product development or import substitution during the year.

C) Foreign exchange earnings and outgo:

(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Company is engaged in production of crude oil and natural gas. The existing Government policies and Production Sharing Contracts (PSCs), to which Company is a party, is subject to domestic market obligations till self-sufficiency in domestic production of hydrocarbons.

(b) There were no foreign exchange earnings and outgo during the year.

33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has in place a CSR policy which is available on the website *www.hoec.com*. The details of the composition and meetings of the CSR Committee is provided in the Corporate Governance Report section of this Annual Report.

34. RISK MANAGEMENT

The Risk Management Committee identifies and monitors the risks associated with the Company's operations. The Committee is responsible for reviewing the risk factors and ensuring its effective mitigation and management. In addition, the Audit Committee oversees the areas of financial risks and controls.

The development and implementation of risk management policy has been covered in the Management's Discussion and Analysis Report, which forms part of this Annual Report.

35. PROTECTION TO WOMEN EMPLOYEES

The Company has in place a Corporate Policy on Anti-Sexual Harassment of Employees, in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has also been constituted and during the year under review no complaints were received from any employee.

36. HUMAN CAPITAL & MANAGEMENT

The Company continues to pursue the best practices to develop its human capital. The Company has a transparent Performance Appraisal System with focus on the organizational objectives aligned with Key Performance Indicators. An objective performance measurement with an assessment of potential and identification of training needs for individual growth are being pursued.

37. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has during the year under review, filed necessary forms with the Ministry of Corporate Affairs and has initiated such steps as required under the said Rules for the purpose of effecting transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF.

38. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to NSE and BSE, where the Company's shares are listed.

39. ACKNOWLEDGEMENTS

Your Directors place on record their gratitude for the support and co-operation received from Government agencies namely the Ministry of Petroleum & Natural Gas, Directorate General of Hydrocarbons, Ministry of Defence, Ministry of Environment and Forests and the State Governments of Assam, Gujarat and Tamil Nadu and the authorities working under them. Your Directors express their gratitude to the Company's stakeholders, shareholders, business partners and the bankers for their understanding and support and look forward to their continued support in future. Your Directors value the professionalism, dedication and commitment of the HOEC team to overcome any challenges and to drive growth.

For and on behalf of the Board of Directors

S.B.Mathur
Chairman
DIN: 00013239

Place: Chennai
Date : April 18, 2017

Annexures to the Board's Report:

Annexure - I
Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31.03.2017

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS

1.	CIN	L11100GJ1996PLC029880
2.	Registration Date	22 September 1983
3.	Name of the Company	HINDUSTAN OIL EXPLORATION COMPANY LIMITED
4.	Category / Sub-category of the Company	Public Company / Limited by shares
5.	Address of the Registered office & contact details	'HOEC House', Tandalja Road, Vadodara - 390020, Gujarat, India E-mail Id: contact@hoec.com Website: www.hoec.com Chennai office: 'Lakshmi Chambers', No. 192, St. Mary's Road, Alwarpet, Chennai - 600018, Tamil Nadu, India Tel: 044-66229000 Fax: 044-66229011/12 E-mail Id: hoecshare@hoec.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any	Link Intime India Pvt. Ltd. Regd. Office: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India Tel No.: 022-49186270 Fax: 022-49186060 Service Branch: B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390020, Gujarat, India Tel: 0265-2356573, 2356794 Fax: 0265-2356791 E-mail Id: vadodara@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and description of main products / services	NIC Code of the product/service	Percentage of total turnover of the Company
1.	Crude Oil	0610	35%
2.	Natural Gas	0620	65%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address of company	CIN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Hindage Oilfield Services Limited	'HOEC House' Tandalja Road Vadodara - 390020 Gujarat, India	U11100GJ1988PLC011536	Subsidiary	100%	2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e. Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f. Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2) Foreign									
a. NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b. Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Bodies Corporate	29,255,248	0	29,255,248	22.42	5,745	0	5,745	0.0044	(22.42)
d. Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e. Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	**29,255,248**	**0**	**29,255,248**	**22.42**	**5,745**	**0**	**5,745**	**0.0044**	**(22.42)**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**29,255,248**	**0**	**29,255,248**	**22.42**	**5,745**	**0**	**5,745**	**0.0044**	**(22.42)**
B. Public Shareholding									
(1) Institutions									
a. Mutual Funds	0	2,500	2,500	0.00	0	2,500	2,500	0.00	0.00
b. Banks / FI	235,064	2,260	237,324	0.18	297,612	2,260	299,872	0.23	0.05
c. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Companies	1,750,537	0	1,750,537	1.34	1,750,537	0	1,750,537	1.34	0.00
g. FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i. Others-Foreign Portfolio Investor	1,370,171	1000	1,371,171	1.05	5,428,960	1,000	5,429,960	4.16	3.11
j. UTI	0	600	600	0.00	0	600	600	0.00	0.00
Sub-total (B)(1)	**3,355,772**	**6,360**	**3,362,132**	**2.58**	**7,477,109**	**6,360**	**7,483,469**	**5.73**	**3.15**
(2) Non-Institutions									
a. Bodies Corporate	32,328,073	43,847	32,371,920	24.81	48,077,904	43,847	48,121,751	36.88	12.07
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	29,394,466	1,581,144	30,975,610	23.74	23,407,548	1,552,172	24,959,720	19.13	(4.6)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	29,220,678	0	29,220,678	22.39	44,340,979	0	44,340,979	33.98	11.59

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
i. Non-Resident Indians	1,720,461	249,152	1,969,613	1.50	1,561,408	241,852	1,803,260	1.38	(0.12)
ii. HUF	2,408,509	5,146	2,413,655	1.85	2,300,815	5,146	2,305,961	1.77	(0.08)
iii. Clearing Members	778,283	0	778,283	0.60	1,303,079	0	1,303,079	1.00	0.40
iv. Trusts	18,731	0	18,731	0.01	18,731	0	18,731	0.01	0.00
v. Market Maker	126,986	0	126,986	0.10	148,796	0	148,796	0.11	0.01
vi. Office Bearers	433	0	433	0.00	4,648	0	4,648	0.00	0.00
Sub-total (B)(2)	**95,996,620**	**1,879,289**	**97,875,909**	**75.00**	**121,161,058**	**1,843,017**	**123,004,075**	**94.26**	**19.26**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**99,352,392**	**1,885,649**	**101,238,041**	**77.58**	**128,638,167**	**1,849,377**	**130,487,544**	**99.99**	**22.42**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**128,607,640**	**1,885,649**	**130,493,289**	**100.00**	**128,643,912**	**1,849,377**	**130,493,289**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Burren Shakti Ltd	29,242,482	22.41	0.00	0	0.00	0.00	(22.41)
2	Burren Energy India Ltd	12,766	0.01	0.00	5,745	0.0044	0.00	(0.01)
	Total	**29,255,248**	**22.42**	**0.00**	**5,745**	**0.0044**	**0.00**	**(22.42)**

iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Burren Shakti Ltd				
	At the beginning of the year	29,242,482	22.41	29,242,482	22.41
	Date wise Increase / Decrease:				
	Sale on June 28, 2016			(80,00,000)	(6.13)
	Sale on August 02, 2016			(21,242,482)	(16.28)
	At the end of the year			0	0.00
2	Burren Energy India Ltd				
	At the beginning of the year	12,766	0.01	12,766	0.01
	Date wise Increase / Decrease:				
	Sale on August 02, 2016			(7,021)	(0.0054)
	At the end of the year			5,745	0.0044

iv) **Shareholding Pattern of top ten Shareholders:** (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Ashok Kumar Goel	18,465,078	14.15	18,465,078	14.15
2	Housing Development Finance Corporation Ltd.	14,826,303	11.36	14,826,303	11.36
3	LCI Estates Private Ltd.	0	0.00	8,100,000	6.21
4	Dhoot Industrial Finance Ltd.	6,198,431	4.75	6,198,431	4.75
5	Poddar Pigments Ltd.	0	0.00	5,500,000	4.21
6	Vijai Shree Private Ltd.	4,616,270	3.54	4,616,270	3.54
7	Fil Investments (Mauritius) Ltd.	0	0.00	4,339,156	3.33
8	Rohit Rajgopal Dhoot	3,034,107	2.33	3,034,107	2.33
9	GKS Logistics Private Ltd.	0	0.00	2,800,000	2.15
10	General Insurance Corporation of India	1,750,537	1.34	1,750,537	1.34

* The shares of the Company are traded on a daily basis and hence the date-wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Sunil Behari Mathur**				
	At the beginning of the year	8,215	0.0063	8,215	0.0063
	Date wise Increase / Decrease:				
	Purchase on 14.06.2016			11,785	0.0090
	Purchase on 04.11.2016			2,000	0.0015
	Purchase on 10.11.2016			6,000	0.0046
	At the end of the year			28,000	0.0214
2	**Mr. Elango Pandarinathan**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease:				
	Purchase on 02.08.2016			5,121,879	3.92
	At the end of the year			5,121,879	3.92
3	**Mr. Ramasamy Jeevanandam**				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease:				
	Purchase on 02.08.2016			5,127,624	3.93
	At the end of the year			5,127,624	3.93

Mr. Pronip Kumar Borthakur and Ms. Sharmila Amin, Directors of the Company and Ms. G. Josephin Daisy Company Secretary did not hold any shares during FY 2016-2017.

V. INDEBTEDNESS

The Company is debt-free as on March 31, 2017 and as such, no amount on account of principal or interest are outstanding at the end of the financial year ended March 31, 2017.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager

(in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. P. Elango	Mr. R. Jeevanandam	
1	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9,805,104	9,311,544	19,116,648
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	511,800	486,600	998,400
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2	**Stock Option**	–	–	–
3	**Sweat Equity**	–	–	–
4	**Commission**			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	**Others, please specify**	–	–	–
	Total	**10,316,904**	**9,798,144**	**20,115,048**

B. Remuneration to other directors

(in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S.B.Mathur	Ms. Sharmila Amin	Mr. P.K.Borthakur	
1	**Independent Directors**				
	Fee for attending board and committee meetings	390,600	505,500	391,000	1,287,100
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	**390,600**	**505,500**	**391,000**	**1,287,100**
2	**Other Non-Executive Directors**	–	–	–	–
	Fee for attending board and committee meetings	–	–	–	–
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**
	Total=(1+2)	**390,600**	**505,500**	**391,000**	**1,287,100**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary Mr. K. Premnatha	Company Secretary Ms. G. Josephin Daisy	
1	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,73,101	193,022	666,123
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	23,932	21,156	45,088
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	
2	**Stock Option**	–	–	
3	**Sweat Equity**	–	–	
4	**Commission** - as % of profit - others, specify	 – –	 – –	
5	**Others, please specify**	–	–	
	Total	**497,033**	**214,178**	**711,211**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences during the year ended March 31, 2017.

For and on behalf of the Board of Directors

S.B.Mathur
Chairman
DIN: 00013239

Place: Chennai
Date : April 18, 2017

Annexure - II

Particulars of employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of directors	Ratio to median remuneration
Non-Executive Independent Directors	
Mr. Sunil Behari Mathur	0.59
Mr. Pronip Kumar Borthakur	0.60
Ms. Sharmila Amin	0.76
Executive Directors	
Mr. Elango Pandarinathan	15.54
Mr. Ramasamy Jeevanandam	14.76

b. The number of permanent employees (excluding Whole-time Directors) on the rolls of Company: 45

c. The Company affirms that the remuneration is as per the remuneration policy of the Company.

d. Names and details of top ten employees in terms of remuneration drawn:

Sr. No.	Name	Designation	Remuneration received (in ₹)	Nature of employment	Qualifications and experience in yrs.	Date of commencement of employment	Age (in yrs.)	Last employment held	Percentage of equity shares held by the employee	Whether relative of any directors or manager
1	2	3	4	5	6	7	8	9	10	11
1	Bhuwan Chandra Gariya	Exploration Manager	62,69,189	Permanent	M.Sc. Physics 33 yrs.	05.09.2008	57	ONGC	0.0003	No
2	Sagar Mehta	Head-Cambay Business unit	55,54,566	Permanent	M.Sc., MBA 27 yrs.	01.06.1989	53	Nil	0.0001	No
3	Sachin Bayond	Lead-C&P, Head-Admin	33,69,432	Permanent	PG Diploma in Management 16 yrs.	01.03.2015	39	Adani Power Ltd	0.0022	No
4	Satyanarayan Zanwar	Interim Installation Manager & Head-Maintenance	22,18,323	Permanent	B.E Instrumentation. 21 yrs	01.03.2005	46	Swazi Paper Mills Ltd	Nil	No
5	V Srinivasan	Senior Geologist	18,97,200	Permanent	M. Tech . in Petroleum Exploration, M.Sc. in Geology 12 yrs	13.11.2015	37	Sterling Global Oil Resources Ltd	Nil	No
6	Rahul Mehta	Head-JV Finance	16,87,872	Permanent	B. Com 21 yrs.	18.10.1996	42	Nil	Nil	No
7	Arunava Mondal	Reservoir Engineer	16,87,872	Permanent	Petroleum Engineering (M.Tech) 9 yrs.	27.08.2014	34	Essar Oil Ltd	Nil	No
8	Sridhar N	Head-Finance	16,87,872	Permanent	B. Com 21 yrs.	01.10.2015	41	Hardy Exploration & Production (India) Inc.	Nil	No
9	Kali Bahadur Chetri	Senior Geologist	14,46,737	Permanent	M. Tech Applied Geology 15 yrs.	01.04.2008	41	Premier Oil Exploration Ltd	Nil	No
10	Ashwin Malathkar	Head-Logistics	14,46,737	Permanent	MBA Production, Diploma in Industrial Safety 26 yrs.	01.12.2009	48	Schlumberger Asia Services	Nil	No

Annexure - III
Form No. AOC - 1

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

PART A: Subsidiary

Statement containing salient features of the financial statements of subsidiary / associate company / joint ventures

(₹ in lacs)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Hindage Oilfield Services Limited
2.	The date since when subsidiary was acquired	30/03/1992
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
5.	Share capital	50.00
6.	Reserves & surplus	998.85
7.	Total assets	1,101.01
8.	Total liabilities	52.16
9.	Investments	917.45
10.	Turnover	54.37
11.	Loss before taxation	24.54
12.	Tax expenses	7.33
13.	Loss after taxation	31.87
14.	Proposed Dividend	–
15.	Extent of shareholding (In percentage)	100%

Note:

1. There are no subsidiaries which are yet to commence operations
2. No subsidiaries have been liquidated or sold during the year.

PART B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company does not have any associate companies / joint ventures.

For and on behalf of the Board of Directors

P.Elango
Managing Director

S.B.Mathur
Chairman

Sharmila Amin
Director

Place : Chennai
Date : April 18, 2017

P.K.Borthakur
Director

R.Jeevanandam
Director & CFO

G.Josephin Daisy
Company Secretary

Annexure - IV

Form No. MR-3

Secretarial Audit Report

for the financial year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Hindustan Oil Exploration Company Limited
CIN: L11100GJ1996PLC029880
Tandalja Road, Off Old Padra Road,
Vadodara - 390020, Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of **HINDUSTAN OIL EXPLORATION COMPANY LIMITED** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time.

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable to the Company during the Audit Period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009; (Not Applicable to the Company during the Audit Period)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period) and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) All other laws which are applicable specifically to the Company in the Oil and Gas Exploration Sector which includes the following, namely -

a) The Petroleum Act, 1934 and the rules made thereunder;

b) Petroleum and Natural Gas Rules, 1959;

c) The Oilfields (Regulation & Development) Act, 1948 and the rules made thereunder;

d) The Mining Act, 1952 and the rules made thereunder; and

e) Indian Explosives Act, 1910 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

b. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

a. The application filed with the Central Government regarding the payment of remuneration of Mr. Manish Maheshwari, in his capacity as the Managing Director for the period from April 01, 2014 to October 08, 2014 has been approved.

b. The application filed with the Central Government regarding the appointment and payment of remuneration of Mr. Elango Pandarinathan, Managing Director for a period of three years with effect from February 02, 2015 to February 01, 2018 has been approved.

c. The application filed with the Central Government regarding the appointment and payment of remuneration of Mr. Ramasamy Jeevanandam, Director and CFO for a period of three years with effect from February 02, 2015 to February 01, 2018 has been approved.

d. During the year, the ENI group companies had divested their entire stake in the Company except for nominal shareholding of 5,745 shares held through Burren Energy India Limited and the particulars of the said divestment / disposals have already been filed with the stock exchange under the applicable SEBI Regulations. Subsequently the Nominee Directors of ENI group companies have stepped down from the Board of the Company with effect from August 03, 2016.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that the Company has adopted and put in place Vigil Mechanism / Whistle Blower Policy in accordance with Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For S.Sandeep & Associates

S.Sandeep
Managing Partner

Place : Chennai
Date : 18.04.2017

FCS No.: 5853
C P No.: 5987

This report is to be read with our letter of even date which is annexed as *Annexure A* and forms an integral part of this report.

Annexure - A

To,

The Members,
Hindustan Oil Exploration Company Limited
CIN: L11100GJ1996PLC029880
Tandalja Road, Off Old Padra Road,
Vadodara - 390020, Gujarat.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S.Sandeep & Associates

S.Sandeep
Managing Partner

Place : Chennai
Date : 18.04.2017

FCS No.: 5853
C P No.: 5987

Management's Discussion and Analysis Report

OIL AND GAS INDUSTRY OUTLOOK AND OPPORTUNITIES

OPEC 2017 production cut agreement prevents oil prices from a steep fall. U.S.A. shale oil industry prevents it from soaring too high. This provides the Oil markets with a virtual new floor and a ceiling. Industry expectation, therefore, is for oil prices to float within a range of US$ 50 to US$ 60 per barrel and no one talks about three-digit oil prices. This new reality requires oil companies to build a new business model where value is created by innovative management of cost and speed of execution.

Energy vision of Government of India has four pillars - energy access, energy efficiency, energy sustainability and energy security and the goal is to reduce import dependence by 10% by 2022.

Ministry of Petroleum & Natural Gas (MoP&NG) has launched and progressed several reform measures to realize this goal. They include direct transfer of subsidies, 'GIVE IT UP' campaign on LPG, freeing petroleum product prices to speeding up strategic storage of petroleum and LNG projects to the most popular and effective Ujwala free LPG scheme to below the poverty line beneficiaries.

Specifically, in upstream oil and gas sector, the following three initiatives have made a major positive impact:

First, in the area of exploration, the Government has funded a programme to acquire Nationwide 2D seismic data with ONGC and Oil India leading the implementation with the award of contracts. The National Data Repository platform being built by DGH is nearing completion and would usher in open acreage policy, where any one can pick a block, trigger a bid round and take up exploration and development.

Second major initiative has been in Natural Gas Sector. The objective is to increase the share of this low cost Green Fuel to one fourth in the primary energy mix at par with U.S.A. by replicating the Gujarat Model. Announcing premium for domestic gas in difficult areas, adding significant LNG regasification capacity, stepping up City Gas Bid rounds, extending the pipeline network especially in North East Region and priority allocation for CNG are concrete steps taken to build a Gas Driven Economy. Industry is looking for free market pricing for Natural Gas.

Third and the most significant initiative is the announcement of Discovered Small Field Bid Round 2016 (DSF 2016). The DSF 2016 has been successfully concluded resulting in award of 31 contract areas to 22 companies (singly or in consortium), with 15 companies being new entrants to the oil and gas sector. HOEC has won two contract areas under DSF 2016.

Global Oil Pricing

Crude Oil Prices (Brent) increased from US$ 42 per barrel in April 2016 to US$ 52 per barrel in March 2017.

Gas Pricing

Natural Gas prices increased in U.S.A. (Henry Hub) from US$ 1.96 in April 2016 to US$ 2.87 in March 2017 per mmbtu and similar trend was reflected in the Alberta Hub and other bench mark prices relevant to Indian gas pricing.

The new Government announced a revised gas pricing policy on October 18, 2014. This pricing formula was linked to weighted average prices of Henry Hub, NBP, Alberta Hub and Russia with appropriate reduction for the transport and treatment charges.

HOEC VISION

HOEC operates in the upstream oil & gas sector, with its current portfolio of assets exclusively focussed on India. Energy security being a strategic priority for the country, HOEC's business is therefore linked with the National Priority. HOEC dedicates itself to further the cause of Energy Security and India's goal to reduce import dependence by 10% by 2022. In this endeavour, the Company in association with its consortium partners, works in close collaboration with the Government of India through Production Sharing Contracts (PSCs) and Revenue Sharing Contracts (RSCs) to explore, develop and produce hydrocarbons in a safe and responsible manner.

HOEC will continuously look for ideas, opportunities, talent and technology that has the potential to improve oil & gas discovery and recovery rates. Our passion is to find, develop and deliver oil & gas that everybody in our country needs. In the process, we wish to continuously build the capability of both our people and organisation, to do that over and over again.

Our vision is to establish and transform 'Resources' to 'Assets', thus generate shareholder value. It can be summarized as:

- Explore for Oil & Gas;
- Execute to transform Resources to Reserves; and
- Enhance value for all stakeholders by converting Reserves to Revenues.

HOEC Business Strategy and Values

HOEC's plan is to grow Company's core business over both medium and long term, with improving profitability through enhanced excellence in project execution and operations.

Our near-term focus is to select a value creation opportunity within our current portfolio, develop, de-risk and deliver it by reducing the cycle of successful exploration to production. The first such opportunity identified was Assam Gas Development Project and the next area of focus is to increase gas production from PY-1.

HOEC believes that good environmental, social, health and safe performance is an integral part of our business success.

We conduct our business with respect and care for our communities and the environment in which we operate. We will be a good corporate citizen of India, and will maximise utilization of local talent, services and equipment.

Our first priority is to ensure safe, reliable and regulatory compliant business operations. Our Ten Point strategy is:

- To operate and hold material working interests and maintain a balanced portfolio of assets.
- To continue evaluation of the existing assets and de-risk them appropriately.
- To increase production by re-development of existing producing assets.
- To develop the existing discoveries by improving the speed of execution.
- To increase our reserve base by establishing upside potential in our existing assets.
- To deploy talent and technology to increase value in all our business operations.
- To collaborate with all stakeholders to build long term partnerships to mutual advantage.
- To operate in optimum cost environment and focus on value enhancement.
- To continuously improve focus on safety, people and performance.
- To seek new investment opportunities wherein HOEC can leverage its technical talent and physical assets.

We expect to organically and inorganically replace the produced reserves and grow long-term production by maturing opportunities available through our existing assets in wave-1 and potential acquisitions in wave-2.

The initiatives taken by the Company during FY 2016-17 to pursue these objectives are summarized below:

- Technical Advisory Committee (TAC) consisting of seven domain experts reviewed the technical data of PY-1 Field. Based on review, the Company is firming up a re-entry and completion campaign.
- HOEC has given a synergy proposal to DGH to revive production from the other adjacent Offshore Field PY-3 using the facilities available in PY-1 Field.
- Phase I of Dirok Gas Development completed and tested with gas flow.
- Approval secured to drill additional wells to take the number of production well in Assam to six.

OPERATIONAL AND FINANCIAL DISCIPLINE

Oil & Gas exploration is a capital-intensive industry with associated risks. The financial strategy of the Company is focused on monetising the existing assets and bringing value to the stakeholders. Accordingly, our near-term focus is to monetise the existing discovery in Assam and increase the value of other eight assets in our portfolio of discovered resources.

Corporate Responsibility

Safety First	Never put any person or asset in an unsafe situation.
Environment Friendly	Not to harm the environment.
Regulation Compliant	Compliant with applicable laws all the time.

Optimum Cost (US$/bbl)	Complete the development in a cost and time effective manner.
Investment Prudence	Not to take risk beyond the means and to prioritize the opportunities in our portfolio on risked expected monetary value in any given year.

In pursuit of its business strategy, the Company continuously undertakes a comprehensive risk-reward evaluation and allocates capital post assessment of risked returns expected from projects. Projects within the Company compete against each other for capital.

All projects are screened on a rigorous, consistent basis for technical and commercial viability. We use our in-house geoscience expertise and third party global experts to identify, evaluate and prioritize the opportunities.

As an Optimum Cost Operator in the industry, we scrutinize every value proposition to derive excellence in execution. Cost is considered an element to control when it does not result in value sacrifice in the E&P business.

Our objective is to provide a consistent compounded annual growth rate to our shareholders, commensurate to the risks in this business.

Operations Overview

The Company's activities relate to exploration, development and production (based on exploration success) of hydrocarbons (crude oil and natural gas), which are natural resources. HOEC assets are geographically spread across Tamil Nadu, Gujarat and Assam with a balanced portfolio of development and production projects, both in onshore and offshore.

Product-wise Performance

The Company's aggregate production during the FY 2016-2017 was around 0.15 mmboe (crude oil: 32,690 bbls; gas: 18.79 mmscm) as against 0.18 mmboe crude oil: 29,864 bbls; gas: 23.26 mmscm) during the previous year. The decrease in production is predominantly due to accelerated pressure decline and water breakthrough in existing PY-1 wells.

Reserves

As of March 31, 2017, the estimates of Proved and Probable (P+P) reserves on working interest basis for the Company were 12.74 mmboe excluding the reserves of PY-3, CB-OS/1, B-80 and Kherem. The estimates include reserves in Dirok Gas Discovery based on the development plan approved by DGH and MoP&NG in May 2015.

CAUVERY BASIN

PY-1 Gas Field

The field was put on production in 2009. Earlier than predicted water cut has caused steep decline in production and currently the field is producing at an average rate of 344 boepd. Independent third party estimates the "yet to be recovered 2P resources" at more than 30 bcf.

Forward Plan

PY-1 review of G & G model is in progress and a re-entry and completion of an existing well is under review to enhance the production.

PY-3 Oil Field

PY-3, operated by HEPI, is a conventional sandstone reservoir, and the Field had been producing high quality light crude oil (49° API) at a rate of 3,300 bopd prior to its shutdown in July 2011.

Forward Plan

PY-3 has potential to produce 7,000 plus bopd with an additional well and side track of one existing well. Integration of PY-1 and PY-3 facilities through a 6-km offshore pipeline is feasible and most cost effective to revive production from PY-3. Alternate Integrated Field Development Plan (AIFDP) was submitted to stake holders.

CAMBAY BASIN

Block CB-ON-7 (Palej)

Production on working interest basis to HOEC from Palej was 35 boepd during the year, as compared to 41 boepd during the previous year, the decrease being primarily attributable to natural decline.

North Balol Gas Field

North Balol Gas Field produced on working interest basis to HOEC 17 boepd of natural gas during the year, with an average production rate of 2,756.18 scmd, a decrease of 25% over the previous year attributable to natural decline.

Asjol Field

Asjol Field produced on working interest basis to HOEC at an average rate of 7 boepd, with an aggregate production of 2,716 barrels, a decrease of 16% over the previous year, which is attributed to Asjol 5 well work-over.

Forward Plan

We hope to infuse capital to enhance production from our existing fields in Cambay basin.

ASSAM-ARAKAN BASIN

Block AAP-ON-94/1

HOEC as the Operator, initially secured the approval of the development plan for developing the recoverable reserves of 134 bcf of gas with 20 mmscfd of plateau production for a period of 15 years.

Forward Plan

Plan is to step up gas production to 25 mmscfd during FY 2017-2018; complete surface facilities with capacity of 36 mmscfd (1 mmscmd); recast the reserves on completion of sixth well and based on performance data, seek permission to increase production with total 6 wells.

RISKS, THREATS, UNCERTAINTIES AND CONCERNS

HOEC's business, financial standing and reputation may be impacted by various risks and uncertainties, not all of which are within its control. Company identifies and monitors the key risks and uncertainties affecting our operations and runs the business in a way that minimizes their impact where possible.

The Company's level of risk and its management approach is discussed and reviewed by the Board, Audit Committee and Senior Management. The principal risks and uncertainties facing the Company and the actions taken to mitigate these risks are as follows:

Strategic and Operational Risk

Description of Risk	Mitigation
Business Model	Our Board Members along with Management team periodically reviews the Company's business model and effect necessary adjustments if economic circumstances so demand. The Board has constituted a Risk Management Committee under the chairmanship of Mr. P. K. Borthakur, (former Director Offshore, ONGC) as a Non-Executive Independent Director.
Portfolio Mix	The Company maintains a diverse portfolio of oil and gas assets across a range of sedimentary basins and at different project life cycles to minimize exposure to geographical, geological and commodity market risk.
Health, Safety and Environment	Oil and gas operations by its very nature carry a potentially high level of attendant safety and environmental risks and the impact of an accident can be significant in terms of human, environmental and financial cost. HOEC carries out HAZOP, HAZID, SIMOPS and maintains risk register and Emergency Response Plan covering risks specific to various operations. The Company has devised a comprehensive policy framework as well as health and safety management and reporting systems. These are regularly monitored and reviewed by the Board and the Management. The Company also works closely with various regulatory authorities of the Central and State Governments and compliance audits are conducted. The Company undertakes operations as per international environmental standards of the Oil Industry. Environmental Impact Assessments are prepared and approvals from authorities are secured before any project is executed.
Exploration, Geological and Reservoir Risk	Exploration is inherently a risky business, with statistically only a relatively small proportion of exploration wells resulting in commercial discovery. Systematic geo-scientific work flow is pursued under internal technical stewardship and peer reviewed by third party experts to minimise geological and reservoir risks and maximize opportunities. HOEC has now set up a Technical Advisory Committee (TAC) with seven domain experts.
Reserves Estimation and Recovery Risk	Numerous uncertainties are inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well recognized that these cannot be measured in an exact manner. Reserves estimations involve a high degree of technical judgment and it is a function of the quality of the available geological and reservoir data. Results of drilling, testing and production may substantially change the reserve estimates for a given reservoir over a period of time. For these reasons, actual recoverable reserves may vary substantially from original estimates.
Community Relationship	Continuous dialogue and engagement exists between the Company and its stakeholders, which is central to harmonious operations. A robust local content policy has been announced and being implemented. Local personnel are employed wherever possible and Company helps in developing skill sets of such personnel.

Financial Risk

Description of Risk	Mitigation
Commodity Price Volatility	HOEC is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby our share of gross production increases in a falling oil price environment due to cost recovery mechanism. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.
Foreign Exchange Exposure and Interest Rate Risk	Company enjoys a natural hedge to a certain extent as its receivable and significant expenditure are denominated in United States Dollar (US$).
Cost Inflation impacting both Goods and Services	The Company pursues structured planning processes which allow sufficient time for procurement of services and tracking the critical path activities. Company maintains past procurement cost data and constantly monitors changes in market.

Compliance, Ethical and Governance Risk

Description of Risk	Mitigation
Legal, Regulatory and Litigation	The Company's activities are subject to various laws and regulations. Regulatory changes may impact the value of the Company. Risks are mitigated by proactive assessment and ensuring compliance. The Company is party to various ongoing litigations, which if decided against the Company, may have an adverse impact on the financial position of the Company.
Ethical Conduct	The Company recognizes the importance and maintains transparent and responsible relationships with all its stakeholders and has a robust Whistle Blower Policy wherein the employees have a direct access to the Chairman of the Audit Committee.
Corporate Governance	The Company recognizes the importance of maintaining strong corporate governance procedures and processes. The Company has a robust governance framework in place. The Board reviews compliance with the applicable regulatory guidelines and best practices.

Insurance Coverage

Our business is subject to the operating risks. As protection against financial loss resulting from some of the operating hazards, we maintain insurance coverage for all operated and non-operated assets, including physical damage, control of well, seepage and pollution and employer's liability, third party liability, goods in transit, coverage for assets and comprehensive general liability insurance.

The coverage is subject to customary deductibles, waiting periods and recovery limits. We maintain insurance at levels that we believe are appropriate and consistent with industry practice and we regularly review our potential risks of loss and the cost and availability of insurance and revise our insurance program accordingly. The Company also procures director's liability insurance covering the cost of legal representation and crisis management.

FINANCIAL REVIEW

Revenue from operations of HOEC for the FY 2016-2017 was ₹ 2,502 lacs as compared to ₹ 2,834 lacs of previous year, a decrease of 12%. This decrease is primarily on account of lower production for reasons as detailed in the section 'Operational and Financial Discipline' of the Management's Discussion & Analysis Report.

The Company's production on working interest basis during the year was 1,46,976 boe (403 boepd), which is 18% lower than the previous year.

The other income for the FY 2016-2017 was ₹ 1,709 lacs as compared to ₹ 884 lacs in the previous year, which includes interest income and income from financial investments.

The average sale price of crude oil was US$ 47/bbl and gas price realisation for PY-1 was US$ 3.66 per mmbtu.

Operating Costs

Operating expenses have reduced from ₹ 1,250 lacs to ₹ 1,133 lacs during the financial year 2016-2017. And there is increase in the other expenses from ₹ 482 lacs to ₹ 803 lacs in the current year, mainly due to certain consultancy charges and expenses for bidding the DSF blocks offered by the Government of India.

Finance Costs

The Company has not incurred any interest or finance cost during the financial year 2016-2017 except the impact of unwinding the decommissioning cost.

Net Profit/Loss

On a standalone basis, the Profit-After-Tax for the Company was ₹ 3,638 lacs as against ₹ 349 lacs in the previous year.

Cash Flow

Cash flow from operations including the working capital changes was ₹ 2,584 lacs as against ₹ 5,582 lacs during the previous year. The net increase in cash and cash equivalents during the financial year is ₹ 6,596 lacs. The effective cash and cash equivalents of the Company at the end of the financial year is ₹ 18,527 lacs as against ₹ 11,931 lacs in the previous year.

Companies (Indian Accounting Standards) Rules, 2015

In accordance with the Companies (Indian Accounting Standards) Rules, 2015 of the Companies Act, 2013, the financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. The date of transition to the Ind AS is April 01, 2015.

FINANCIAL POSITION

Liquidity

At the year end, HOEC had cash and cash equivalent of ₹ 18,527 lacs. Cash surplus is placed in debt oriented liquid funds and bank deposits as approved by the Board. HOEC manages its short-term liquidity to generate returns by investing its surplus funds, while ensuring safety of capital.

Capital Requirements

The Company has adequate cash in hand, working capital and internal accruals to implement its business plan to drive organic growth of its portfolio. The Board recognizes that the Company has a successful track record of raising capital in the past and that the Company shall raise financial resources as and when needed to meet any new growth opportunities.

OUTLOOK

Based on our business plan to covert the discovered resources in our portfolio of assets, our outlook remains positive.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains a comprehensive system of internal control. This comprises the management systems, organizational structures, processes and standards that are implemented to conduct our business operations. The Company has a proper and adequate system of internal control commensurate with the size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the company and ensuring compliance with corporate policies.

The Company also conducts periodic evaluations, mainly through its Internal Audit, to determine the adequacy of its Internal Controls System.

The Company has appointed M/s Guru & Ram, an independent firm with expertise in internal audit and assurance, which inter alia ensures the adequacy of the procedures of recognizing and managing risks applied by the Management, the effectiveness of the Internal Controls System and the quality and reliability of the information given to the Management with regards to the System of Internal Controls. The adequacy of the Internal Controls System is monitored on a systematic basis by the Audit Committee, through reports submitted to it by the Internal Auditors. Reports by the Management and the Internal Auditors include assessments of the major risks and the effectiveness of the Internal Controls System in addressing them.

Systemic weaknesses identified, if any, are incorporated in the reports, including the impact they had or could have had, as well as the actions of Management to correct them. No significant control failures were reported during the year.

After an iterative process, the business plan and budget along with cash forecasts identifying liquidity and financing requirements of the Company are presented to the Audit Committee and the Board for approval. Funding plans are approved by the Audit Committee and the Board based on end utilization of proceeds and cost of capital.

As part of the Company's internal control process, any transactions with related parties are approved by the Audit Committee and Board of Directors, and appropriately disclosed in the financial statements.

The Company's Information Technology (IT) Department provides the required tools and solutions to all employees and manage the operations and support of IT systems and applications efficiently using internal and external resources.

The Company has internal controls regarding fixed assets, inventories, cash and bank checks, etc., such as physical security, inventory counts and reconciliations of physically counted quantities with the recorded ones. Further, the Company has schedule of quarterly inventory counts to confirm inventory levels as per accounting records. The Company also has a delegated authorities and responsibilities, which depicts assigned authorities to various Company executives, to conduct certain transactions or actions (e.g. payments, receipts, contracts, etc.).

WHISTLE-BLOWER POLICY

The Company has a whistle-blower policy in place. A copy of the policy has been made available on the website of the Company. All employees, contractual persons, consultants, vendors and customers of HOEC can raise concerns about possible wrong doing by contacting the Ombudsperson (Chairman - Audit Committee) in a confidential manner.

TALENT DEVELOPMENT

While people are the assets for any business, they are more so to an Oil & Gas company. Oil & Gas discoveries around the world happen because of talented people supported by technology. HOEC is committed to provide a robust platform for talented people to develop ideas, work as a team to create value and make a difference to the Company and society. Our ability to create sustainable shareholder value is linked with our ability to recruit, motivate and retain top talent. Accordingly, technical talent pool is being strengthened continuously both by engaging experienced experts on full and part time basis and by inducting young talent. Company now has a young HR executive to drive HR development activities.

HOEC strives to ensure a caring and energised work environment where employee engagement is high. This is sought to be achieved by empowering employees and encouraging innovation and ownership. Being a small team helps in seamless communication, where relationships amongst our employees are cohesive and team spirit is high.

HOEC values all employees for their contribution to our business. We are committed to develop and deploy people with the skills, capability and determination required to meet our business objectives. Opportunities for advancement are equal and not influenced by considerations other than performance and aptitude. Employees are motivated to develop within a flexible framework and are encouraged to provide feedback on their expectations.

HEALTH, SAFETY, ENVIRONMENT & SOCIAL RESPONSIBILITY

We believe that "All Lives Have Equal Value" and nothing that we do can be more important than ensuring safety. We are committed to making a positive contribution to the protection of the environment in areas in which we operate and to do everything possible to minimize any adverse effects of our operations.

A series of reports are generated on a regular basis to monitor compliance with standards on gas emissions, liquid effluents, solid waste, noise and incident statistics monitoring. These reports are then collated and used to highlight and propose an action plan for any area of non-compliance or where there is potential for improvement. Emergency Response Plan (ERP) is also in place for operational areas.

HOEC continued to maintain a sound health and safety record in FY 2016-2017. As always, special skills training on Job Safety Awareness (JSA) and Risk Assessment and several HSE awareness campaigns have been conducted in our operating sites in Assam and best practices have been felicitated by HSE Awards Program.

The Key Performance Indicators (KPIs) related to HSE are as below:

KPI's statistics	FY 2016-17	FY 2015-16
Fatalities Accident Rate (FAR)	0	0
No. of LTIs	1	0
Days since last LTI	114	2,466
Oil Spill Incidents	0	0
Fatal Accident Rate	0	0
LTI Frequency	0.01	0
LTI Severity	0	0

Corporate Social Responsibility

HOEC believes that its License to Operate is to be earned from the local community in the area of its operations and it is keen to leave a positive economic and social impact through its operations and make a difference to the quality of life of its local stakeholders. Promoting local content in all our operations is at the core of our CSR policy and accordingly Company has rolled out a local content policy for Assam Gas Development Project.

Our CSR Policy and Programmes seek to:

- Promote local content by developing entrepreneurship and local enterprises
- Improve access to clean drinking water
- Enhance the quality of education in our operating area
- Promote personal safety, environmental and technology awareness
- Support promotion of local culture and sports

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements requires the Company's management to make several estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. When alternatives exist among various accounting methods, the choice of accounting method can have a significant impact on reported amounts. The following is a discussion of the accounting policies, estimates and judgment which management believes are most significant in the preparation of the financial statements.

Oil and Gas Properties:

We account for crude oil and natural gas properties under the Successful Efforts Method (SEM) of accounting. Under the SEM, costs to acquire mineral interests in crude oil and natural gas properties, to drill and equip exploratory wells that find commercial quantities of proved reserves, and to drill and equip development wells are capitalized. Proved property acquisition costs are amortized by the unit of production method on a field-by-field basis, based on total proved developed crude oil and natural gas reserves as approved by the Management Committees of the respective Unincorporated Joint Ventures. Costs associated with drilling successful exploratory wells and drilling development wells are amortized by the unit of production method on a field-by-field basis. These costs, along with support equipment and facilities, are amortized based on proved developed crude oil and natural gas reserves. Survey and seismic acquisition costs are expensed.

Besides being the recommended method under the Guidance Note issued by the Institute of Chartered Accountants of India, we believe that the SEM is the most appropriate method to use in accounting for our crude oil and natural gas properties because it provides a better representation of results of operations for a Company of our size.

Site Restoration Liability:

Our site restoration liability consists of estimated costs of dismantling and abandoning producing well sites and facilities, site reclamation and similar activities associated with our oil and gas properties. The recognition of Site Restoration Liability requires that management make estimates, assumptions and judgments regarding such factors as estimated probabilities, amounts and timings of obligation. The corresponding amount is added to the cost of the producing property and is expensed in proportion to the production for the year and the remaining estimated proved reserves of hydrocarbons based on latest technical assessment available with the Company. Any change in the value of the estimated liability is dealt with prospectively and reflected as an adjustment to the provision and the corresponding producing property.

KEY STRENGTHS OF HOEC

- All the nine assets in our portfolio have discovered resources with potential upside.
- We have proven development and operating experience in both onshore and offshore with an ability to execute on fast track with low cost.
- Our balance sheet is debt-free with required funds for organic growth and ability to raise capital for inorganic growth.
- Above all, we have competent technical and professional talent with rich oil and gas experience.

Note:

In preceding sections of this Annual Report, in particular the Board's Report, and the Management's Discussion and Analysis Report-

(a) previous year figures have been regrouped to conform to the current year presentation; and

(b) figures have been rounded off.

Report on Corporate Governance

At HOEC, Corporate Governance is about maintaining highest degree of integrity, transparency, accountability, ethical behaviour and long term sustainability in its business conduct and to be a good corporate citizen by ensuring investor protection, better compliance with statutory laws and regulations and by adopting best industry practices.

In accordance with provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations"), and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Hindustan Oil Exploration Company Limited (HOEC) is as follows:

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Good governance practices stem from a progressive culture and positive mind set of an organization.

It is crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter relationship amongst Board of Directors, Committees of the Board, accounting & corporate secretarial team, auditors and senior management.

We believe that good governance system, anchored to the principles of transparency and trust with all stakeholders, is integral to creating an enduring value.

HOEC not only adheres to the prescribed corporate governance practices as per SEBI Listing Regulations, but is also committed to adopt emerging best principles and practices worldwide.

The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably, increasing the Company's value. The Company has defined policy and guidelines for ethical conduct of business and has established framework for the meetings of the Board and its Committees. These guidelines seek to systematize the decision-making process at the meeting of the Board and the Committees in an informed and efficient manner.

The Board critically evaluates strategic direction of the Company, management policies and their effectiveness. The agenda for Board reviews include strategic review from each of the Board Committees, a detailed analysis and review of annual strategic plans, operating plans, capital allocation, budgets and financial reports.

At the heart of our processes is the extensive use of technology. This ensures robustness and integrity of financial reporting, internal controls, allows optimal use and protection of assets, facilitates accurate and timely compilation of financial statements and management reports and ensures compliance with statutory laws, regulations and company policies.

Over the years, governance processes and systems have been strengthened at HOEC. Corporate Governance is a continuous process for constant improvement of governance. We have undertaken several initiatives towards maintaining the highest standards of governance which includes formulating and adhering to Management Systems and Guidelines, policies and the following codes:

- HOEC Guideline for Prohibition of Insider Trading
- HOEC Directors' Code of Conduct
- Whistle Blower Policy
- HOEC Anti-Corruption Guideline
- HOEC Management and Control Model
- Our People Policy
- Corporate Governance Policy
- Procurement Management System Guideline
- Human Resources Guideline
- Operational Excellence Policy
- Health Safety and Environment (HSE) Policy

- Policy on Security
- Corporate Policy on Anti Sexual Harassment of Employees

In addition, the Company has a strong sense of participation in community development such as using and developing local sources wherever possible for our operations. It has an established system to encourage and recognize employees' participation in environmental and social initiatives, that contribute to organizational sustainability, conservation of energy and promotion of safety and health.

2. BOARD OF DIRECTORS

(i) Board composition and category of Directors

As on March 31, 2017, the Company has five (5) Directors - three (3) Non-Executive Independent Directors and two (2) Executive Directors.

Mr. Sunil Behari Mathur, Chairman of the Board is a Non-Executive Independent Director and Ms. Sharmila Amin is a Non-Executive Independent Woman Director. There are no inter-se relationships between the Board members.

Accordingly, the composition of the Board is in compliance with provisions of Regulation 17 of SEBI Listing Regulations and Section 149 of the Companies Act, 2013 (the "Act").

(ii) Functions of the Board

Board is the highest decision making body subject to the powers and matters reserved to Members that may be exercised in their meeting.

Board accords its approval to all the key decisions of the Company. For day to day routine operations, the Board has delegated authority to the Managing Director. All matters of strategic or material nature are placed before the Board with background, proposal, situational and option analysis, notes and relevant documents, thereby enabling the Board to take informed decisions.

(iii) Separation of Board's supervisory role from Executive Management

The Company, in line with the best corporate governance practice, has separated the Board's supervisory role from that of the executive management.

(iv) Selection of Independent Directors and their Role

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination & Remuneration Committee for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various Committees of other companies by such persons. The Board considers the Committee's recommendations and takes appropriate decision.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act, having vast, diversified, professional and operational experience in the areas of general management, finance, insurance and public administration. This pool of rich and diverse experience enriches and adds value to the discussions and decisions arrived by the Board.

The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

During the year, a meeting of the Independent Directors was held on January 18, 2017. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

(v) Names and categories of the Directors on Board, other Directorships and Committee Chairmanships / Memberships and shareholding as on March 31, 2017

Name of the Directors	Date of Appointment	Category	No. of Directorship(s) held in Indian public Companies(1)		No. of Committee positions held in other Public Companies(2)		No. of shares held in the company
			Chairperson	Member	Chairperson	Member	
Mr. Sunil Behari Mathur (Chairman)	17.11.2014	Independent, Non-Executive	1	9	5	8	28,000
Ms. Sharmila Amin	17.12.2014	Independent, Non-Executive	Nil	Nil	Nil	Nil	0
Mr. Pronip Kumar Borthakur	15.06.2016	Independent, Non-Executive	Nil	Nil	Nil	Nil	0
Mr. Elango Pandarinathan	02.02.2015	Managing Director	1(3)	1(3)	Nil	Nil	5,121,879
Mr. Ramasamy Jeevanandam	02.02.2015	Whole-time Director & Chief Financial Officer	Nil	1(4)	Nil	Nil	5,127,624

Note: (1) Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

(2) As per Regulation 26 of SEBI Listing Regulations, Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

(3) Non-Executive Director & Chairman of Hindage Oilfield Services Limited, wholly owned subsidiary of HOEC-unlisted public company.

(4) Non-Executive Director of Hindage Oilfield Services Limited, wholly owned subsidiary of HOEC-unlisted public company.

(vi) Board Meetings

During the year under review, five (5) Board meetings were held and the intervening gap between the meetings did not exceed one hundred and twenty days. The required quorum was present for all the meetings.

Details of the attendance of Directors at the Board meetings and Annual General Meeting held during the year are as follows:

Name of the Director	Date of the Meeting					No. of Meetings entitled to attend	No. of Meetings attended	Attendance at last AGM
	18-Apr-16 (1)	25-Jul-16 (2)	25-Sep-16 (3)	27-Oct-16 (4)	18-Jan-17 (5)			
Mr. Sunil Behari Mathur	Yes	Yes	Yes	Yes	Yes	5	5	Yes
Ms. Sharmila Amin	Yes	Yes	Yes	Yes	Yes	5	5	Yes
Mr. Pronip Kumar Borthakur(1)	-	Yes	Yes	Yes	Yes	4	4	Yes
Mr. Elango Pandarinathan	Yes	Yes	Yes	Yes	Yes	5	5	Yes
Mr. Ramasamy Jeevanandam	Yes	Yes	Yes	Yes	Yes	5	5	Yes
Mr. Paolo Ceddia(2)	No(3)	Yes(4)	-	-	-	2	1	-
Mr. Filippo Ricchetti(2)	No(3)	Yes(4)	-	-	-	2	1	-
Total strength of the Board	6	7	5	5	5			
No. of directors present	4	7	5	5	5			

Note: (1) Mr. Pronip Kumar Borthakur was appointed as Director w.e.f. June 15, 2016

(2) Mr. Paolo Ceddia and Mr. Filippo Ricchetti stepped down as Directors w.e.f. August 03, 2016

(3) Meeting held on April 18, 2016, was attended by Mr. Paolo Ceddia and Mr. Filippo Ricchetti, through audio conferencing. Hence their participation would not form part of the quorum.

(4) Meeting held on July 25, 2016, was attended by Mr. Paolo Ceddia and Mr. Filippo Ricchetti, through video conferencing.

(vii) Directors resigned / retiring during the year and re-appointments / appointments

The details of the appointment / re-appointment / resignation of directors during the year are given elsewhere in this Annual Report and forms part of this Report.

(viii) Code of Conduct for the Directors and Senior Executives

In compliance with the SEBI Listing Regulations, the Company has laid down and implemented the Directors' Code of Conduct and Code of Ethics for Senior Management of the Company.

All Board Members, Senior Management and personnel who are one level below the Senior Management but instrumental in the critical operations / functions are covered under the said Codes and have affirmed their compliance thereof to the said Code.

The Company continues to ensure effective implementation and enforcement of these Codes to achieve the objectives enshrined in these Codes. All directors and employees are updated and sensitized about these Codes. Copies of the Codes are available on the intranet and have been also hosted on the Company's website *www.hoec.com* for their reference and compliance.

(ix) Code of Conduct for prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has laid down and adopted a Code of Conduct for Regulating, Monitoring and Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information based and modelled on said Regulations. The said Code incorporates the amendments made in the aforesaid Regulations from time to time. The Company inter-alia observes a closed period for trading in securities of the Company for Directors / Officers and Designated Employees of the Company for the period of at-least seven days prior to the consideration of quarterly / half-yearly / yearly results.

The trading window is also closed in anticipation of price sensitive information / announcements / events. The said closure extends up to at-least 48 hours after the disclosure of the said results / price sensitive information / announcements / events to the Stock Exchanges.

(x) Information provided to the Board

During the year, the information as mentioned in Schedule II to Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

The Managing Director & Chief Financial Officer jointly give certificate of compliance of the laws applicable to the Company on a periodical basis to the Board, for its review and noting. These certificates also contain reasons and action plans to remedy non-compliance, if any.

The agenda and notes on the agenda items are circulated to the Directors in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is circulated prior to the day of the meeting and tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted by the Chairman.

Draft minutes are circulated to all the members of the Board / Committee for their comments within the prescribed time. The minutes are entered in the Minutes Book within thirty (30) days from conclusion of the meeting.

3. COMMITTEES OF THE BOARD

(i) Procedure at the Committee Meetings

The Company's guidelines relating to the Board Meetings are also applicable to the Committee Meetings as far as practicable. Each Committee and also their Chairman have the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of the Committee Meetings are circulated to the concerned Committee members for approval and then placed before the Board for taking note thereof.

(ii) Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. The Audit Committee comprises of Mr. Sunil Behari Mathur as Chairman, Ms. Sharmila Amin, Mr. Pronip Kumar Borthakur & Mr. R. Jeevanandam as members.

All the members of this Committee possess relevant financial / accounting expertize / exposure. The Audit Committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings.

The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 26, 2016.

During the year under review, five (5) Audit Committee meetings were held and the intervening gap between the meetings did not exceed one hundred and twenty days. The required quorum was present for all the meetings.

Details of the attendance of members at the Audit Committee meetings held during the year are as follows:

Name of the Member	Date of the Audit Committee Meeting					No. of Meetings entitled to attend	No. of Meetings attended
	18-Apr-16 (1)	25-Jul-16 (2)	25-Sep-16 (3)	27-Oct-16 (4)	18-Jan-17 (5)		
Mr. Sunil Behari Mathur	Yes	Yes	Yes	Yes	Yes	5	5
Ms. Sharmila Amin	Yes	Yes	Yes	Yes	Yes	5	5
Mr. Pronip Kumar Borthakur	-	Yes	Yes	Yes	Yes	4	4
Mr. Ramasamy Jeevanandam	Yes	Yes	Yes	Yes	Yes	5	5
Mr. Paolo Ceddia	No(1)	Yes(2)	-	-	-	2	1

Note: (1) Meeting held on April 18, 2016, was attended by Mr. Paolo Ceddia through audio conferencing. Hence his participation would not form part of the quorum.

(2) Meeting held on July 25, 2016, was attended by Mr. Paolo Ceddia through video conferencing.

a) The Audit Committee is empowered to -

- investigate any activity within its terms of reference.
- seek information from any employee.
- obtain outside legal or other professional advice.
- secure attendance of outsiders with relevant expertise, if it considers necessary.

b) The terms of reference of the Audit Committee, *inter alia*, includes the following:

- oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment.
- approving payment to statutory auditors, including cost auditors for any other services rendered by them.
- reviewing with the management, annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by the management;
  - significant adjustments made in financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of related party transactions; and
  - qualifications in draft audit report.
- reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- approval or any subsequent modification of transactions of the Company with related parties.
- evaluation of internal financial controls and risk management systems.
- reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- discussion with internal auditors, any significant findings and follow-up thereon.
- reviewing the findings of any internal investigations by the internal auditors into

matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.

- discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- to review the functioning of the Whistle Blower mechanism.
- approval of appointment of the CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate.
- reviewing financial statements, in particular the investments made by the Company's unlisted subsidiary.
- reviewing the following information:
  - the Management's Discussion and Analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - management letter / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of internal auditors.
- to call for comments from the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company.
- carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and / or other Committees of Directors.

(iii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted with Ms. Sharmila Amin as Chairperson and Mr. Sunil Behari Mathur and Mr. Pronip Kumar Borthakur as Members.

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, SEBI Listing Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

During the year under review, five (5) Nomination and Remuneration Committee meetings were held and the required quorum was present for all the meetings.

Details of the attendance of members at the Nomination and Remuneration Committee meetings held during the year are as follows:

Name of the Member	Date of the Nomination and Remuneration Committee Meeting					No. of Meetings entitled to attend	No. of Meetings attended
	18-Apr-16 (1)	12-May-16 (2)	25-Jul-16 (3)	27-Oct-16 (4)	18-Jan-17 (5)		
Ms. Sharmila Amin	Yes	Yes	Yes	Yes	Yes	5	5
Mr. Sunil Behari Mathur	Yes	Yes	Yes	Yes	Yes	5	5
Mr. Pronip Kumar Borthakur	-	-	-	Yes	Yes	2	2
Mr. Paolo Ceddia	No	No	No	-	-	3	0

a) The terms of reference of the Nomination and Remuneration Committee, *inter-alia*, include the following.

- to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;

- to decide the term of services and compensation payable to Whole-time / Managing Director;
- to formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- to formulate the criteria for evaluation of Independent Directors and the Board;
- to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- to administer, monitor and formulate detailed terms and conditions of the Incentive and ESOS of the Company including the HOEC Associate Stock Option Scheme 2015; and
- to discharge such other functions as may be referred by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

b) Remuneration Policy

The Company inter-alia while deciding the remuneration package takes into consideration, the employment scenario and demand for talent in the upstream oil and gas sector. In addition, the remuneration package of the industry / other industries for the requisite managerial talent and the qualification and experience held by the appointee are being considered.

c) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance, the Committees of the Board and the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Independent Director who is being evaluated. The performance evaluation of the Chairman, the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

d) Details of Remuneration of Directors for the year ended March 31, 2017

i) Remuneration to Executive Directors:

The remuneration paid to Executive Directors comprises of salary, allowances, perquisites and bonuses, if any, which shall be approved by the Members at the Annual General Meeting as recommended by the Board. The Company has not granted any stock option to any of its Executive Directors and no commission was paid during the year.

Name of Director	Fixed Component (in ₹)				Performance Linked Incentive (in ₹)			Total Remuneration (in ₹) (Refer Note 2 below)
	Salary	Contribution to Provident Fund & Super-annuation Fund	Other allowances/ perquisites (Refer Note 1 below)	Total (A)	Bonus	Stock Options (No. of shares)	Total (B)	
Mr. P. Elango	4,140,000	496,800	5,680,104	10,316,904	–	–	–	10,316,904
Mr. R. Jeevanandam	3,930,000	471,600	5,396,544	9,798,144	–	–	–	9,798,144

Notes: 1. In computing the above Managerial Remuneration, perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits, or notional amount (as per Income Tax Rules) has been added where the actual amount of expenditure cannot be ascertained.

2. As per the policy of the Company, gratuity and eligible leave encashment is payable at the time of retirement / separation and hence, gratuity and leave encashment are included in the remuneration of the year in which they are payable.

3. Details of remuneration paid to the Directors are given in Form MGT-9.

ii) Remuneration to Non-Executive Directors:

Non-Executive Directors of the Company are entitled to receive sitting fees for the Board and other Committee meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. The Company has not granted any stock option to any of its Non-Executive Directors and no commission was paid during the year.

Sr. No.	Name of Director	Sitting Fees (in ₹)
1.	Mr. Sunil Behari Mathur	390,600
2.	Ms. Sharmila Amin	505,500
3.	Mr. Pronip Kumar Borthakur	391,000

(iv) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company is constituted in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. The Committee is constituted with Ms. Sharmila Amin as Chairperson and Mr. Pronip Kumar Borthakur, Mr. P. Elango and Mr. R. Jeevanandam as members.

During the year under review, four (4) Stakeholders Relationship Committee meetings were held and the required quorum was present for all the meetings.

Details of the attendance of members at the Stakeholders Relationship Committee meetings held during the year are as follows:

Name of the Member	Date of the Stakeholders Relationship Committee Meeting				No. of Meetings entitled to attend	No. of Meetings attended
	18-Apr-16 (1)	25-Jul-16 (2)	27-Oct-16 (3)	18-Jan-17 (4)		
Ms. Sharmila Amin	Yes	Yes	Yes	Yes	4	4
Mr. Pronip Kumar Borthakur	-	-	Yes	Yes	2	2
Mr. P. Elango	Yes	Yes	Yes	Yes	4	4
Mr. R. Jeevanandam	Yes	Yes	Yes	Yes	4	4

a) The terms of reference of the Stakeholders Relationship Committee, *inter-alia,* are:

- to consider and resolve the shareholders / investors grievances / complaints pertaining to transfer and transmission of shares, issue of duplicate shares, non-receipt of annual report, non-receipt of dividends declared, etc.
- oversee the performance of the Company's Registrars and Transfer Agents.
- monitor the implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.

b) Name, designation and address of Compliance Officer:

Ms. G. Josephin Daisy
Company Secretary & Compliance Officer,
Hindustan Oil Exploration Company Limited,
'Lakshmi Chambers', 192,
St. Mary's Road, Alwarpet,
Chennai - 600018,
Tamil Nadu, India.
Tel: +91 (044) 66229000
Fax: +91 (044) 66229011/12
E-mail Id: hoecshare@hoec.com

c) Details of investor complaints received and replied / resolved during the year are as follows:

Particulars	Total grievances / complaints received	Total grievances / complaints addressed	Pending grievances / complaints as on March 31, 2017
Received from Investors	6	6	-
Received from NSDL / CDSL	-	-	-
Referred by SEBI	1	1	-
Referred by Stock Exchange(s)	-	-	-
RBI / Govt. Authorities	-	-	-
Total	7	7	-

There were no grievances / complaints from shareholders which remained unaddressed / unresolved except where Company was restrained by courts or constrained because of courts' proceedings or subject matters of complaints were disputed. Every effort is made to redress investors' grievances / complaints in least possible time.

(v) Other Committees

a) Corporate Social Responsibility (CSR) Committee

CSR Committee of the Company is constituted in line with the provisions of Section 135 of the Act with Mr. Sunil Behari Mathur as Chairman and Mr. Pronip Kumar Borthakur, Ms. Sharmila Amin and Mr. P. Elango as members.

Policy on Corporate Social Responsibility for the Company has been formulated and the same is available on the company's website *www.hoec.com*.

During the year under review, two (2) CSR Committee meetings were held and the required quorum was present for all the meetings.

Details of the attendance of members at the Corporate Social Responsibility Committee meetings held during the year are as follows:

Name of the Member	Date of the CSR Committee Meeting		No. of Meetings entitled to attend	No. of Meetings attended
	18-Apr-16 (1)	25-Jul-16 (2)		
Mr. Sunil Behari Mathur	Yes	Yes	2	2
Ms. Sharmila Amin	Yes	Yes	2	2
Mr. Pronip Kumar Borthakur	-	-	0	0
Mr. P. Elango	Yes	Yes	2	2

The broad terms of reference of the CSR committee is as follows:

- formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred to above; and
- monitor the CSR Policy of the Company from time to time.

b) Risk Management Committee

Risk Management Committee of the Company is constituted with Mr. Pronip Kumar Borthakur as Chairman, Mr. P. Elango and Mr. R. Jeevanandam as members and also a member of the Senior Management.

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Details of the attendance of Directors at the Risk Management Committee meetings held during the year are as follows:

Name of the Member	Date of the Risk Management Committee Meeting				No. of Meetings entitled to attend	No. of Meetings attended
	25-Sep-16 (1)	04-Nov-16 (2)	25-Nov-16 (3)	30-Dec-16 (4)		
Mr. Pronip Kumar Borthakur (Chairman w.e.f. 04 Nov 2016)	Yes	Yes	Yes	Yes	4	4
Mr. P. Elango (Chairman upto 25 Sep 2016}	Yes	Yes	Yes	Yes	4	4
Mr. R. Jeevanandam	Yes	Yes	Yes	Yes	4	4
Ms. Sharmila Amin (member upto 25 Sep 2016)	Yes	–	–	–	1	1

(vi) Independent Directors' Meeting

During the year under review, the Independent Directors met on January 18, 2017 to:

- review the performance of the non-independent directors and the board as a whole;
- review the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors; and
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The directors expressed their satisfaction with the evaluation process.

4. GENERAL BODY MEETINGS

(a) Location, Date and Time of last three Annual General Meetings are as follows:

Year	Location	Date	Time
2013-14	"Tropicana Hall", The Gateway Hotel, Akota Gardens, Akota, Vadodara - 390 020. Gujarat, India	26.09.2014	10.30 a.m
2014-15	"Tropicana Hall", The Gateway Hotel, Akota Gardens, Akota, Vadodara - 390 020. Gujarat, India	25.09.2015	10.30 a.m.
2015-16	"Chandarva Hall", Welcom Hotel Vadodara, R.C. Dutt Road, Alkapuri, Vadodara - 390 007. Gujarat, India	26.09.2016	10.30 a.m.

(b) Special Resolutions passed at the Annual General Meeting (AGM) for the last 3 years are as under:

At the Annual General Meeting held on September 26, 2014:

- Alteration of Clause V of Memorandum of Association for increase in the authorized share capital from ₹ 200 Crores to ₹ 500 Crores.
- Alteration of Article 3 of Articles of Association of the Company for increase in the authorized share capital from ₹ 200 Crores to ₹ 500 Crores.
- Re-appointment of Mr. Manish Maheshwari as the Managing Director of the Company w.e.f. September 26, 2014 for a period of 5 years.
- Approval & ratification of remuneration paid to Mr. Manish Maheshwari for the period April 01, 2013 to March 31, 2014 being in excess of the limits specified in Schedule V of the Companies Act, 2013.

At the Annual General Meeting held on September 25, 2015:

- Appointment of Mr. Sunil Behari Mathur as an Independent Director for a period of 5 years.
- Appointment of Mr. P. Elango as Managing Director for a period of 3 years.
- Appointment of Mr. R. Jeevanandam as Whole-time Director & CFO for a period of 3 years.
- Approval of HOEC Associate Stock Option Scheme 2015.
- Grant of Employee Stock Options to issue securities exceeding 1% of the issued capital of the Company during any one financial year to eligible associates under ASOP 2015.
- Approval of borrowing powers of the Company.
- Powers to create charges for the Company.
- Powers to raise capital.
- Ratification of remuneration paid to Mr. Manish Maheshwari in his capacity as Managing Director.

No Special Resolution was passed at the Annual General Meeting held on September 26, 2016.

Special Resolution passed through postal ballot, if any:

No Special Resolution was passed through postal ballot during the last three years. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through postal ballot.

5. SUBSIDIARY COMPANY

The Company does not have any material unlisted subsidiary and hence is not required to have an Independent Director on the Board of such subsidiary. The Audit Committee reviews the financial statements of the Company's unlisted subsidiary. The minutes of the meetings of the Board of Directors of the subsidiary are periodically placed before and reviewed by the Board of Directors of the Company.

6. MEANS OF COMMUNICATION

a) Quarterly, half-yearly, annual results of the Company are published in the newspapers viz. Business Line, Business Standard and Loksatta. The results are displayed on the Company's website *www.hoec.com*.

b) Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are sent to the Stock Exchanges and are also displayed on the Company's website *www.hoec.com*.

c) Official news releases and official media releases are sent to the Stock Exchanges and are also displayed on the Company's website *www.hoec.com*.

d) Annual Report
The Annual Report, inter-alia, containing the Audited Annual Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information are circulated to the members and others entitled thereto and is also available on the website in a user-friendly and downloadable form. Management's Discussion and Analysis Report forms part of the Annual Report and is given in a separate section.

e) Chairman's Communique

Printed copy of the Chairman's speech is distributed to the shareholders at the Annual General Meeting.

f) SEBI Complaints Redressal System (SCORES)

The investors' complaints are processed through SCORES, a centralized web-based redressal system. The salient features of this system are:
(i) centralized database of all complaints; (ii) online upload of Action Taken Reports (ATRs) by the concerned companies; and (iii) online viewing by investors of actions taken on the complaint and its current status.

g) Electronic filing with the Stock Exchanges

i) NSE Electronic Application Processing System (NEAPS) is a web based application designed by NSE for Corporates. The Shareholding pattern, Corporate Governance Report and other announcements are also filed electronically on NEAPS.

ii) BSE Corporate Compliance & Listing Centre (the 'Listing Centre') is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

h) Designated exclusive e-mail ID

The Company has designated the email-id *hoecshare@hoec.com* exclusively for investor servicing.

i) Green Initiative

As a responsible corporate citizen, the Company supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA) by its Circulars, enabling electronic delivery of documents including the Annual Report to the shareholders at their e-mail address registered with the Depository Participants (DPs) / Registrars & Share Transfer Agents.

Shareholders who have not registered their e-mail addresses so far, are requested to register their e-mail addresses. Shareholders holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA Link Intime India Pvt. Ltd. by sending a letter, duly signed by the first / sole-holder quoting details of Folio No.

Also, the shareholders may register / update their email ID with the Company by filling the registration form given at *http://www.hoec.com/inv_reg/*.

Company's website is a comprehensive reference on the Company's management, business, policies, corporate governance, investor relations, HSE, updates and news, as it serves to inform the shareholders by giving complete financial details, annual reports, shareholding patterns, corporate benefits, information relating to stock exchanges, Registrars and Share Transfer Agent, etc.

7. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting for FY 2016-2017:

Day and Date	:	Monday, September 25, 2017
Time	:	10:30 a.m.
Venue	:	'Tropicana Hall', The Gateway Hotel, Akota Gardens, Akota, Vadodara - 390 020

b) Financial Year: 1st April to 31st March

c) Dividend Payment Date:
Board has not recommended dividend for the Financial Year 2016-17.

d) Corporate Identity Number (CIN) of the Company:
L11100GJ1996PLC029880

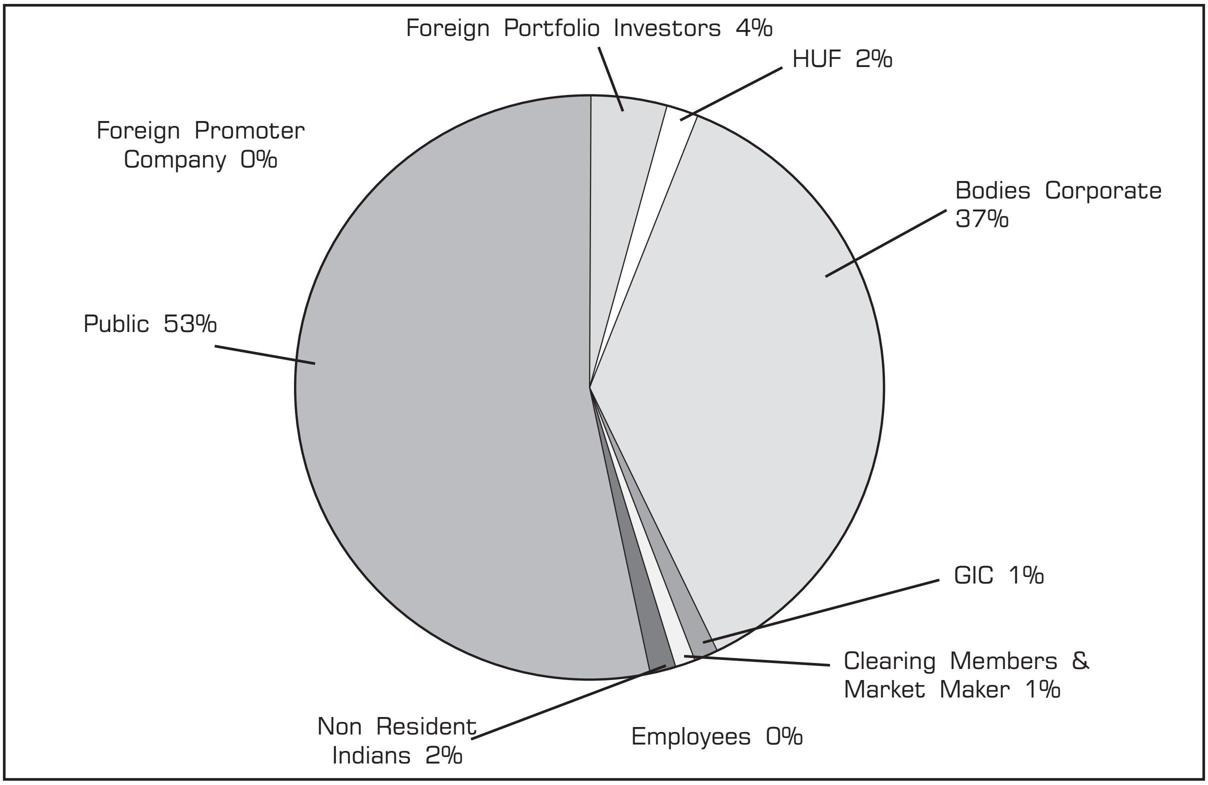
e) Listing on Stock Exchanges:
Equity Shares of the Company at present are listed at -
(1) Bombay Stock Exchange Limited (BSE) and
(2) National Stock Exchange of India Limited (NSE)
The Company has paid annual listing fees for the FY 2017-2018 to the said Stock Exchanges.

f) Stock / Scrip Code:
BSE: 500186
NSE: HINDOILEXP
The Company has established connectivity for trading of equity shares in the depository system with both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ISIN Number for NSDL/CDSL: INE345A01011

g) Registrar & Transfer Agents:
Link Intime India Private Limited
Regd. Office: C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India
Tel No.: 022 49186270; Fax: 022 49186060
Service Branch:
B-102 & 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara - 390020, Gujarat, India
Tel: 0265-2356573, 2356794; Fax: 0265-2356791
E-mail Id: vadodara@linkintime.co.in

h) Shareholding Pattern as on March 31, 2017



i) Statement showing shareholding of more than 1% of the Capital as on March 31, 2017

Sr. No.	Name of Shareholders	No. of Shares	% of Capital
1	Ashok Kumar Goel	18,465,078	14.15
2	Housing Development Finance Corporation Limited	14,826,303	11.36
3	LCI Estates Private Limited	8,100,000	6.21
4	Dhoot Industrial Finance Limited	6,198,431	4.75
5	Poddar Pigments Ltd	5,500,000	4.22
6	Ramasamy Jeevanandam	5,127,624	3.93
7	Elango Pandarinathan	5,121,879	3.92
8	Vijai Shree Private Ltd	4,616,270	3.54
9	Fil Investments (Mauritius) Ltd	4,339,156	3.33
10	Rohit Rajgopal Dhoot	3,034,107	2.33
11	GKS Logistics Private Limited	2,800,000	2.15
12	General Insurance Corporation of India	1,750,537	1.34

Note: Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

j) De-materialisation of shares and liquidity

The break-up of equity shares held in physical and dematerialized form as on March 31, 2017 is as given below:

Particulars	Physical Segment	Demat Segment		Total
		NSDL	CDSL	
No. of Shares	1,849,377	103,272,565	25,371,347	130,493,289
Percentage	1.42	79.14	19.44	100.00

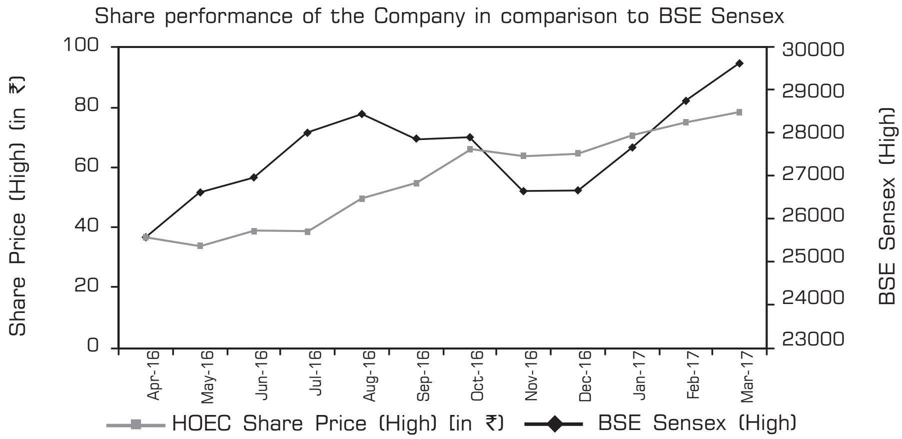
k) Distribution of Shareholding as on March 31, 2017

Distribution of Shares	Number of Shareholders	Percentage of total shareholders	Shares	Percentage of Total Share Capital
1 - 500	63,941	84.10	9,336,351	7.15
501 - 1000	6,147	8.08	4,898,465	3.75
1001 - 2000	3,019	3.97	4,527,510	3.47
2001 - 3000	991	1.30	2,533,308	1.94
3001 - 4000	443	0.58	1,595,438	1.22
4001 - 5000	392	0.52	1,852,750	1.42
5001 - 10000	569	0.75	4,173,787	3.20
10001 & above	530	0.70	101,575,680	77.84
Total	76,032	100.00	130,493,289	100.00

l) Share Price on HOEC vis-à-vis BSE Sensex April 2016 - March 2017 (All prices in ₹)

Month	BSE Sensex Close	HOEC Share Price			No. of shares traded during the month	Total Turnover
		High	Low	Close		
Apr - 16	25,606.62	39.00	30.00	36.55	5,540,877	197,074,141
May - 16	26,667.96	37.00	32.35	33.75	3,044,047	105,672,822
Jun - 16	26,999.72	41.90	33.20	38.80	8,386,074	321,333,109
Jul - 16	28,051.86	43.00	38.15	38.90	5,616,994	226,598,010
Aug - 16	28,452.17	54.15	36.40	49.35	11,238,109	529,051,690
Sep - 16	27,865.96	61.00	48.80	54.65	12,787,513	711,036,147
Oct - 16	27,930.21	68.20	54.85	66.05	11,445,098	717,898,036
Nov - 16	26,652.81	67.85	51.00	63.65	5,428,294	318,631,177
Dec - 16	26,626.46	60.70	60.70	64.70	8,080,157	552,690,189
Jan - 17	27,655.96	64.30	64.30	70.55	7,927,170	565,592,899
Feb - 17	28,743.32	68.80	68.80	74.85	6,271,594	465,750,415
Mar - 17	29,620.50	67.50	67.50	78.40	5,381,808	397,085,063

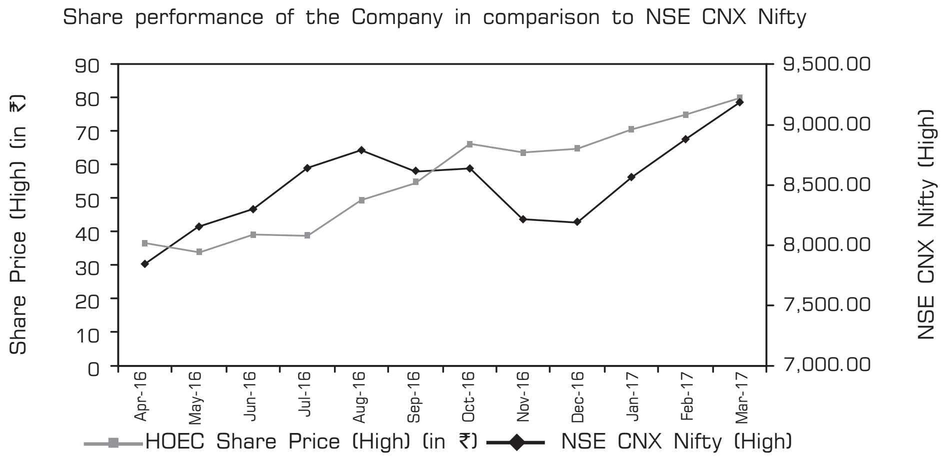
m) Share Price Chart (BSE)



n) Share Price on HOEC vis-à-vis NSE April 2016 - March 2017 (All prices in ₹)

Month	NSE Sensex Close	HOEC Share Price			No. of shares traded during the month	Total Turnover in Lacs
		High	Low	Close		
Apr - 16	7,849.80	39.00	30.10	36.65	18,400,827	6,546.06
May - 16	8,160.10	36.95	32.30	33.80	9,294,278	3,232.73
Jun - 16	8,287.75	41.85	33.05	38.80	27,951,247	10,708.77
Jul - 16	8,638.50	43.25	38.05	38.80	18,386,264	7,441.11
Aug - 16	8,786.20	54.10	36.30	49.40	35,187,320	16,736.00
Sep - 16	8,611.15	61.20	48.60	54.55	40,998,166	22,798.96
Oct - 16	8,625.70	68.25	54.75	66.05	37,823,590	23,804.32
Nov - 16	8,224.50	67.90	50.55	63.80	17,323,009	10,287.84
Dec - 16	8,185.80	74.10	60.60	64.70	26,831,263	18,383.02
Jan - 17	8,561.30	77.65	64.15	70.20	30,201,296	21,649.47
Feb - 17	8,879.60	79.45	68.80	74.90	23,355,818	17,355.35
Mar - 17	9,173.75	81.50	67.05	79.05	15,525,567	11,471.68

o) Share Price Chart (NSE)



p) Share Transfer System

i) Share transfer in physical form requests are generally registered and returned within a period of 15 days from the date of receipt and request for dematerialization, re-materialization are generally confirmed within a period of 21 days from the date of its receipt, if documents are complete in all respect. As on March 31, 2017, 12,86,43,912 equity shares representing 98.58% of total equity shares are dematerialized. Promoters hold their shareholding in dematerialized form.

ii) Nomination facility for shareholding

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form from the Company. Members holding shares in dematerialized form shall contact their Depository Participants (DPs) in this regard.

iii) Permanent Account Number (PAN)

Members who hold shares in physical form are advised to furnish to the Company a copy of the PAN card of the transferees, members, surviving joint holders, legal heirs while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates in accordance with the SEBI mandates.

q) Dividend

i) Payment of dividend through National Electronic Clearing Service (NECS)

The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, Members who hold shares in Demat mode should inform their Depository Participant and such of the Members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue dividend warrants to the Members.

ii) Unclaimed Dividends - Transfer to Investor Education and Protection Fund

Your Company has transferred the funds lying unpaid or unclaimed for a period of more than seven years to Investor Education and Protection Fund (IEPF). Pursuant to the provisions of the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has during the year under review, filed necessary forms with the Ministry of Corporate Affairs.

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund and the dates by which the dividend amounts will be transferred to IEPF are as under:

Financial year ended	Date of declaration	Due date for transfer to IEPF
31.03.2011	12.08.2010	12.09.2017

Also, necessary steps have been initiated under the said Rules for the purposes of effecting transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF.

Those Members whose dividends have remained unclaimed to date are requested to claim the same before transferring the money and the respective shares to IEPF.

r) There are no outstanding ADR / GDR / Warrants issued by the Company.

s) Facilities location

The Company is engaged in the business of Oil & Gas exploration, development & production and is at present operating at various fields as mentioned in section "Our Asset Portfolio" in the Annual Report. The address of the respective production facilities as on March 31, 2017 are summarized as follows:

(i) PY-1 Offshore Production facility:
SUN Platform, Offshore Cauvery Basin Block PY-1, Tamil Nadu, India.

PY-1 Gas Processing Plant Pillaiperumalnallur, Thirukadaiyur, Nagapattinam Dist., Tamil Nadu - 609 311, India.

(ii) Palej Production Facility (PPF):

Block-CB-ON-7, Near Palej, Village Makan, Vadodara Dist., Gujarat - 392 220, India.

(iii) North Balol Gas Collection Station (GCS):

Block North Balol, Near Village Palaj, Mehsana Dist., Gujarat - 384 410, India.

(iv) Asjol Early Production System (EPS):

Block Asjol, Village Katosan, Mehsana Dist., Gujarat - 384 430, India.

(v) Dirok Gas Gathering Station:
HOEC Gas Gathering Station, Near Tongline, Dirok Tea Estate, P.O. Margherita, Tinsukia Dist., Assam - 786 181, India.

t) Address for Correspondence:

Secretarial Department,
Hindustan Oil Exploration Company Limited
'Lakshmi Chambers', 192, St. Mary's Road,
Alwarpet, Chennai - 600018, Tamil Nadu, India
Tel.: +91 (044) 66229000
Fax: +91 (044) 66229011/12
E-mail id: hoecshare@hoec.com

8. OTHER DISCLOSURES

a) Disclosure on materially significant related party transactions i.e. transactions of the Company material in nature, with its promoters, the directors and the management, their relatives or subsidiaries, etc. that may have potential conflict with the interests of the Company at large:

None of the transactions with any of the related parties were in conflict with the interest of the Company. All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company. Attention of members is drawn to the disclosure of transactions with related parties set out in Note no. 39 of the financial statements, forming part of the Annual Report.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

c) Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups.

During the year, no personnel have been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at *www.hoec.com*. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

The Ethics Helpline can be contacted to report any suspected or confirmed incident of fraud/ misconduct on:
Mr. Sunil Behari Mathur,
Plot No. 10, A-10, Vasant Vihar,
New Delhi - 110057;
E-mail id: ombudsperson@hoec.com.

d) Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996

M/s. S. Sandeep & Associates, Company Secretaries in Practice carried out the Share Capital Audits periodically, to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The said Audit Report is submitted to BSE Limited and the National Stock Exchange of India Limited and also placed before Stakeholders' Relationship Committee and the Board of Directors.

e) Code of Conduct

The members of the Board and Senior Management Personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2017. The annual report of the Company contains a certificate from the Managing Director in terms of SEBI Listing Regulations on affirmation of compliance with the Company's Code of Conduct by the Board members and Senior Management Personnel.

f) Compliance Certificate of the Auditors

As required under Schedule V of SEBI Listing Regulations, a certificate from M/s. S. Sandeep & Associates, Company Secretaries in Practice confirming compliance with the conditions of Corporate Governance is attached.

g) MD and CFO Certification

As required under SEBI Listing Regulations, a certificate from Managing Director and Chief Financial Officer of the Company is provided in this Annual Report.

h) Adoption of mandatory and non-mandatory requirements of SEBI Listing Regulations

The Company has complied with all the mandatory requirements and has adopted some of the non-mandatory requirements of SEBI Listing Regulations. In respect of adoption of non-mandatory and discretionary requirements, the Company will review its implementation from time to time.

i) Training of Board members

The Board members are provided with the necessary documents, brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Further, periodic presentations are made at the meetings of the Board and its Committees on business and performance updates of the Company, global business environment, business strategy and risks involved. Also, quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

j) Compliance with Indian Accounting Standards (Ind AS)

In the preparation of financial statements, the Company has followed the Indian Accounting Standards in accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013. The significant accounting policies used for the preparation of the financial statements are set out in the Notes to the financial statements.

k) E-voting facility to Members

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the electronic voting facility (e-Voting) for the 33rd Annual General Meeting (AGM). The company engages the e-Voting services provided by Central Depository Services (India) Limited. The members have the option either to vote through e-voting or by physical ballot at the venue of AGM.

For and on behalf of the Board of Directors

S.B.Mathur
Place: Chennai **Chairman**
Date : April 18, 2017 DIN: 00013239

Certificate on Corporate Governance

To,
The Members
Hindustan Oil Exploration Company Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Oil Exploration Company Limited ("the Company"), for the financial year ended on 31^{st} March, 2017, as stipulated in Regulations 17 to 27 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the financial year ended March 31, 2017.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
Company Secretaries

S Sandeep
Company Secretary- in Practice
FCS: 5853
C.P. No.: 5987

Place : Chennai
Date : April 18, 2017

Declaration regarding compliance with the Company's Code of Conduct

I hereby declare that, all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with their respective Code of Conduct as applicable to them, for the Financial Year ended March 31, 2017.

For and on behalf of the Board

P. Elango
Managing Director
DIN: 06475821

Place : Chennai
Date : April 18, 2017

Managing Director and WTD & CFO Certificate for the financial year ended March 31, 2017

We, P. Elango and R. Jeevanandam in our capacity as the Managing Director and Whole Time Director & Chief Financial Officer, respectively of Hindustan Oil Exploration Company Limited, certify that:

A. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate is being issued in compliance of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

P.Elango
Managing Director
DIN: 06475821

R.Jeevanandam
Whole Time Director & CFO
DIN: 07046442

Place : Chennai
Date : April 10, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Hindustan Oil Exploration Company Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Hindustan Oil Exploration Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, which includes five Joint Operations.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of unincorporated joint ventures referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements of five unincorporated joint ventures included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 4,480.31 lakhs as at 31st March, 2017 and total revenues of ₹ 34.19 lakhs for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these unincorporated joint ventures have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these unincorporated joint ventures and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid unincorporated joint ventures, is based solely on the report of such other auditors.

b) We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved developed hydrocarbon reserves and depletion thereof on Oil and Gas assets, impairment, and liability for site restoration costs.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements of the unincorporated joint ventures, referred to in the Other Matters paragraph above 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
Partner
Membership No. 22156

Place: Chennai
Date : April 18, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under 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 **Hindustan Oil Exploration Company Limited** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS 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 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.

Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards 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 judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures 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 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 control 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 31st March, 2017, 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Bhavani Balasubramanian
Partner
Membership No. 22156

Place: Chennai
Date : April 18, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as at 31st March, 2017.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)	Amount Unpaid (₹)
Finance Act, 1994	Service Tax	CESTAT, Chennai	April 2006 to November 2007	1,474,789	1,474,789
		Commissioner of Central Excise (Appeals)	October 2007 to March 2011	15,417,128	14,838,985

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bhavani Balasubramanian
Partner
Membership No. 22156

Place: Chennai
Date : April 18, 2017

STANDALONE BALANCE SHEET AS AT MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1 Non-current assets				
Property, Plant & Equipment	5			
a) Oil and gas assets		22,198.42	5,987.31	7,152.38
b) Others		771.08	786.94	815.99
Capital Work-in-Progress	6	612.66	13,011.46	11,763.15
Intangible assets	7	197.65	1.60	2.02
Financial assets				
Investment in subsidiary	8(a)	50.00	50.00	50.00
Site restoration deposit	8(b)	5,143.70	4,803.58	4,470.54
Other financial assets	8(c)	–	117.79	116.13
Income tax assets (Net)	9	–	–	3,293.24
Deferred tax assets (Net)	10	–	–	–
Other non-current assets	11	–	–	453.62
Total non-current assets		**28,973.51**	**24,758.68**	**28,117.07**
2 Current assets				
Inventories	12	2,469.69	2,243.41	2,301.08
Financial assets				
Investments	13	15,103.84	6,620.86	2,311.63
Trade receivables	14	473.78	216.83	306.17
Cash and cash equivalents	15	2,842.72	4,814.92	167.39
Other bank balances	16	586.69	501.79	588.89
Other financial assets	17	84.43	–	0.03
Income tax assets (Net)	18	927.69	8,568.64	8,241.17
Other current assets	19	47.28	91.46	306.41
Total current assets		**22,536.12**	**23,057.91**	**14,222.77**
TOTAL ASSETS		**51,509.63**	**47,816.59**	**42,339.84**
EQUITY & LIABILITIES				
Equity				
Equity share capital	20	13,050.93	13,050.93	13,050.93
Other equity	21	20,084.74	16,450.62	16,101.57
Total equity		**33,135.67**	**29,501.55**	**29,152.50**
Liabilities				
1 Non-current liabilities				
Financial liabilities				
Trade payables	22	2,211.07	2,630.11	–
Provision for site restoration	23	9,365.00	9,609.42	9,142.85
Other non-current liabilities	24	19.84	14.85	13.34
Total non-current liabilities		**11,595.91**	**12,254.38**	**9,156.19**
2 Current liabilities				
Financial liabilities				
Trade payables	25(a)	1,782.60	656.79	2,887.36
Other financial liabilities	25(b)	4,925.11	5,365.05	1,018.35
Other current liabilities	26	70.34	38.82	125.44
Total current liabilities		**6,778.05**	**6,060.66**	**4,031.15**
Total liabilities		**18,373.96**	**18,315.04**	**13,187.34**
TOTAL EQUITY & LIABILITIES		**51,509.63**	**47,816.59**	**42,339.84**

The accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

For and on behalf of the Board of Directors

P.Elango Managing Director
S.B.Mathur Chairman
Sharmila Amin Director
P.K.Borthakur Director
R.Jeevanandam Director & CFO

Josephin Daisy
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations	27	2,502.29	2,834.43
Other income	28	1,708.69	883.99
Total income		**4,210.98**	**3,718.42**
EXPENSES			
Share of expenses from producing oil and gas blocks	29	1,133.02	1,250.35
(Increase) / decrease in stock of crude oil and condensate	30	(30.78)	215.37
Employee benefits expense	31	122.29	245.06
Finance cost	32	–	466.58
Depreciation, depletion and amortization	5,7	948.97	1,207.78
Exploration costs written off		–	22.84
Other expenses	33	802.50	481.95
Write off of obsolete inventories		103.69	–
Total expenses		**3,079.69**	**3,889.93**
Profit before exceptional items and tax		**1,131.29**	**(171.51)**
Exceptional items	34	2,894.64	514.82
Profit before tax		**4,025.93**	**343.31**
Tax expense			
(1) Current tax		–	–
(2) Adjustment of tax relating to earlier periods		387.58	(6.18)
(3) Deferred tax		–	–
Total tax expense		**387.58**	**(6.18)**
Profit for the year		**3,638.35**	**349.49**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss:			
- Re-measurement (losses) on defined benefit plans		(4.23)	(0.45)
- Income tax effect on re-measurement		–	–
		(4.23)	**(0.45)**
Total comprehensive income for the year		**3,634.12**	**349.04**
Earnings per equity share of ₹ 10 attributable to equity holders	35		
Basic		2.78	0.27
Diluted		2.78	0.27

The accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

For and on behalf of the Board of Directors

P.Elango Managing Director
S.B.Mathur Chairman
Sharmila Amin Director
P.K.Borthakur Director
R.Jeevanandam Director & CFO

Josephin Daisy
Company Secretary

STANDALONE STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

a) **Equity Share Capital**

Particulars	Amount
Balance as at April 1, 2015	13,050.93
Balance as at March 31, 2016	13,050.93
Balance as at March 31, 2017	13,050.93

b) **Other Equity**

Particulars	Reserves and surplus			Total
	Security premium	Capital reserve	Retained earnings	
Balance as at April 1, 2015 (as previously reported)	**78,415.21**	**96,084.50**	**(160,357.61)**	**14,142.10**
Impact of Ind AS adjustment to retained earnings	–	–	1,959.47	1,959.47
Restated balance as at April 1, 2015	**78,415.21**	**96,084.50**	**(158,398.14)**	**16,101.57**
Profit for the year	–	–	349.50	349.50
Other comprehensive income	–	–	(0.45)	(0.45)
Total comprehensive income for the year	**–**	**–**	**349.05**	**349.05**
Balance as at March 31, 2016	**78,415.21**	**96,084.50**	**(158,049.09)**	**16,450.62**
Profit for the year	–	–	3,638.35	3,638.35
Other comprehensive income	–	–	(4.23)	(4.23)
Total comprehensive income for the year	**–**	**–**	**3,634.12**	**3,634.12**
Balance as at March 31, 2017	**78,415.21**	**96,084.50**	**(154,414.97)**	**20,084.74**

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	**4,025.93**	**343.31**
Adjustments for:		
Depreciation, depletion and amortization	948.97	1,207.78
Impairment of assets	–	27.32
Unwinding of discount on decommissioning liability	–	466.58
Provision for compensated absences	4.99	3.87
Write off of obsolete inventories	103.69	–
Net foreign exchange differences	–	(5.63)
Excess liabilities / provisions written back	(1.14)	(5.72)
Profit on disposal of property, plant and equipment	(1.74)	(0.48)
Exploration expenses	–	22.84
Interest income	(408.19)	(401.74)
Net income from financial instruments at fair value through profit or loss	(1,289.98)	(389.13)
Rental income	–	(48.30)
Dividend income	–	(0.13)
Operating profit before working capital changes	**3,382.53**	**1,220.57**
Working capital adjustments:		
Increase in trade payables and other liabilities	55.50	3,250.31
(Decrease) / Increase in trade receivables	(256.95)	89.43
(Decrease) / Increase in inventories	(329.96)	57.69
(Decrease) / Increase in loans and advances and other current assets	(266.81)	964.44
Cash Generated from operations	**2,584.31**	**5,582.44**
Direct taxes refunds (net of payments)	7,253.36	3,508.88
Net cash generated by operating activities	**9,837.67**	**9,091.32**
Cash flow from Investing activities		
Purchase of property, plant and equipment	(4,941.48)	(919.77)
Proceeds from disposal of property, plant and equipment	1.74	0.48
Rent received	–	48.30
Profit on sale of financial assets	1,289.98	389.13
Interest received	408.19	397.61
Dividend received	–	0.13
Net cash flows used in investing activities	**(3,241.57)**	**(84.12)**
Net increase in cash and cash equivalents	**6,596.10**	**9,007.20**
Cash and cash equivalents at the beginning of the year	**11,930.79**	**2,923.59**
Cash and cash equivalents at the end of the year	**18,526.89**	**11,930.79**
Components of cash and cash equivalents		
Balances with banks		
- In deposit accounts	763.33	665.07
- In current accounts	2,659.72	4,644.85
Current Investments	15,103.84	6,620.87
Total cash and cash equivalents	**18,526.89**	**11,930.79**

The accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

P.Elango Managing Director
S.B.Mathur Chairman
Sharmila Amin Director
P.K.Borthakur Director
R.Jeevanandam Director & CFO

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

1. Corporate Information

Hindustan Oil Exploration Company Limited ('the Company' or 'HOEC') was incorporated in India on September 22, 1983 under the provisions of the Companies Act, 1956. The Company's shares are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). HOEC is engaged in the exploration, development and production of crude oil and natural gas in India, both onshore and offshore.

The Company is a participant in various oil and gas blocks / fields which are in the nature of joint operation through Production Sharing Contracts ('PSC') entered by the Company with Government of India along with other entities. The details of Company's participating interests and of the other entities are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	Share (%)	
			As at March 31, 2017	As at March 31, 2016
1	PY-1	Hindustan Oil Exploration Company Limited (O)	100.00	100.00
2	CY-OS-90/1 (PY-3)	Hardy Exploration & Production (India) Inc. (O)	18.00	18.00
		Oil and Natural Gas Corporation Limited	40.00	40.00
		Hindustan Oil Exploration Company Limited	21.00	21.00
		Tata Petrodyne Limited	21.00	21.00
3	Asjol	Hindustan Oil Exploration Company Limited (O)	50.00	50.00
		Gujarat State Petroleum Corporation Limited	50.00	50.00
4	North Balol	Hindustan Oil Exploration Company Limited (O)	25.00	25.00
		Gujarat State Petroleum Corporation Limited	45.00	45.00
		Gujarat Natural Resources Limited (GNRL)	30.00	30.00
5	CB-ON/7 (Palej)	Hindustan Oil Exploration Company Limited (O)	35.00	35.00
		Gujarat State Petroleum Corporation Limited	35.00	35.00
		Oil and Natural Gas Corporation Limited	30.00	30.00
6	CB-OS/1	Oil and Natural Gas Corporation Limited (O)	55.26	55.26
		Hindustan Oil Exploration Company Limited	38.07	38.07
		Tata Petrodyne Limited	6.67	6.67
7	AAP-ON-94/1 (Assam)	Hindustan Oil Exploration Company Limited (O)	26.882	26.882
		Indian Oil Corporation Limited	29.032	29.032
		Oil India Limited	44.086	44.086
8	MB/OSDSF/B80 /2016	Hindustan Oil Exploration Company Limited (O)	50.00	–
		Adhboot Estates Private Limited	50.00	–
9	AA/ONDSF/ KHEREM/2016	Hindustan Oil Exploration Company Limited (O)	40.00	–
		Oil India Limited	40.00	–
		Prize Petroleum Company Limited	20.00	–

(O) Operator

The Company has one wholly owned subsidiary, M/s. Hindage Oilfield Services Limited (formerly known as, HOEC Bardahl India Limited), as at the year end.

2. Significant Accounting Policies

i) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and Guidance note on Accounting for Oil and Gas producing activities (Ind AS) issued by the Institute of Chartered Accountants of India. These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. The date of transition to Ind AS is April 1, 2015. The mandatory exceptions and optional exemptions availed by the Company on first -time adoption have been detailed in Note no. 3.

For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements under historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (together called the "Previous Indian GAAP").

In accordance with Ind AS 101- "First Time adoption of Indian Accounting Standards" (Ind AS 101), the Company has presented a reconciliation of Shareholders' equity under previous GAAP and Ind AS as at March 31, 2016.

The Financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The financial statements are presented in Indian Rupees, unless otherwise stated.

Fair value measurement

Fair value is 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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

ii) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Company has entered into Unincorporated Joint Ventures (UJVs) with other oil and gas companies and executed Production Sharing Contracts ("PSC") with the Government of India.These UJVs are in the form of Joint arrangements wherein the participating entity's assets and liabilities are proportionate to its participating interest.

The UJVs entered into by the company are joint operations wherein the liabilities are several, not joint, and not joint and several and therefore do not come under the category of Joint Venture as defined under the Ind AS. In accounting for these joint operations, the company recognize sits assets and liabilities in proportion to its participating interest in the respective UJV. Likewise, revenue and expenses from the UJV are recognized for its participating interest only.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in the UJVs in accordance with the Ind AS.

The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted on the basis of available information in the audited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSCs. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs. Hence, in respect of these UJVs, certain disclosures required under the relevant accounting standards have been made in the financial statements.

iii) Foreign exchange transactions

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

iv) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable at the transacted price.

(i) Revenue from the sale of crude oil, condensate and natural gas, net of value added tax and profit petroleum to the Government of India, is recognized on transfer of custody to customers, and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(ii) Income from service if any is recognized on accrual basis on its completion and is net of service tax.

(iii) Interest income is recognized on the basis of time, by reference to the principal outstanding and at effective interest rate applicable on initial recognition.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

(iv) Dividend Income from investments is recognized when the right to receive has been established.

(v) Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

v) Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax rates and tax laws used to compute are the laws that are enacted or substantively enacted as on the reporting date. The management evaluates, makes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income taxes

The current income tax expense includes income taxes payable by the Company. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. It is recognized only to the extent it is probable that the taxable profit will be available against which the deductible temporary differences and the carry forward losses can be utilized.

The carrying amount of deferred income 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 income tax asset to be utilized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

The Company recognizes interest levied and penalties related to income tax assessments in income tax expenses.

vi) Property plant and equipment (other than oil and gas assets)

Land and buildings held for use in the production and supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and the accumulated impairment losses. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less depreciation.

Historical cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. It includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Improvements to Leasehold premises are amortized over the remaining primary lease period.

Useful lives used for depreciation (other than oil and gas assets):

The Company follows the useful lives set out under Schedule II of the Companies Act, 2013 for the purpose of determining the useful lives of respective blocks of property, plant and equipment. The following are the useful lives followed:

- Buildings : 60 years
- Office Equipment : 05 years
- Computers : 03 years
- Furniture and Fixtures : 10 years
- Vehicles : 08 years

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

De-recognition of assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuous use of the asset. Any gain or loss arising from such disposal, retirement or de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item. Such gain or loss is recognized in the statement of profit and loss.

In case of de-recognition of a revalued asset, the corresponding portion of the revaluation surplus as is attributable to that asset is transferred to retained earnings on such de-recognition. Such transfers to retained earnings are made through Other Comprehensive Income and not routed through profit or loss.

vii) Oil and gas assets

Oil and gas assets are stated at historical cost less accumulated depletion and impairment losses. These 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.

The Company generally follows the "Successful Efforts Method" of accounting for oil and gas assets as set out by the Guidance Note issued by the ICAI on "Accounting for Oil and Gas Producing Activities".

(a) Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis as Intangible Assets. Costs are not depleted within exploratory and development work in progress until the exploration phase is complete or commercial oil and gas reserves are discovered.

(b) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.

(c) Cost of exploratory/ appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till it is transferred to Producing property on commercial production as tangible assets.

(d) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs are considered as development expenditure. These expenses are capitalized as Producing Property on commercial production.

Depletion to oil and gas assets

Depletion is charged on a unit of production method based on proved reserves for acquisition costs and proved and developed reserves for capitalized as oil and gas assets consisting the costs of successful exploratory wells, development wells, processing facilities, distribution assets, estimated site restoration costs and all other related costs. These assets are depleted within each cost center. Reserves for these purposes are considered on working interest basis which are re-assessed annually. Impact of changes to reserves are accounted prospectively.

viii) Site restoration

Provision for decommissioning costs are recognized when the Company has a legal or constructive obligation to plug and abandon a well, dismantle and remove a facility or an item of Property, Plant and Equipment and to restore the site on which it is located. The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete / facilities or Property, Plant and Equipment are installed.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk free discount rate.

The corresponding amount is also capitalized to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and is also adjusted to the corresponding producing property.

Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the carrying value of the corresponding asset. In case reversal of provision exceeds the carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost.

Provision for decommissioning cost in respect of assets under Joint Operations is considered as per participating interest of the Company.

ix) Intangible assets

Intangible assets with a finite useful life acquired separately are measured on initial recognition, at costs. Intangible assets are carried at cost less accumulated amortization and impairment losses.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

The Company amortizes intangible assets with a finite useful life using the straight-line method. The useful life considered for computer software is 6 years.

x) Impairment

The carrying values of assets/cash generating units are assessed for impairment at the end of every reporting period. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate present value factor.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to its recoverable amount. However, such reversal shall not exceed the carrying amount had there been no impairment loss.

xi) Inventories

The accounting treatment in respect of recognition and measurement of inventory is as follows:

(i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business, less estimated costs necessary to make the sale.

(ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis or estimated net realizable value, whichever is lower.

Inventories are periodically assessed for restatement at lower of cost or net realizable value. On restatement, any write-down of inventory to net realizable value is recognized as an expense in the period the write-down or loss occurs. In case of increase in the net realizable value, the increase is recognized and reversed to the extent of write-down.

xii) Employee benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

All short-term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

a) Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and are recognized as and when the employees have rendered services entitling them to contributions.

b) Defined benefit plan

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method.

Re-measurement comprising actuarial gains and losses are reflected immediately in the balance sheet with a charge or credit recognized in the Other Comprehensive Income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognized the Statement of Profit and Lossexcept those included in cost of assets as permitted.

Defined benefit costs are categorized as Service cost, Net interest expense and re-measurement cost.

c) Long term employee benefit

The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.

d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

xiii) Employee share based payment

Equity settled share based payments to employees are measured at fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share based payment is expensed on straight line basis over the vesting period based on the estimate of the equity instrument that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that cumulative expense reflects the revised estimate, with corresponding adjustment to the equity -settled employee benefits reserve.

xiv) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All finance assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or disposal are added to or deducted from the fair value of the financial assets or financial liabilities.

Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Recognized financial assets are subsequently measured in their entirety at the fair value. In case of investments in wholly owned subsidiary, the investments are considered at cost subject to impairment if any.

A financial asset is de-recognized only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

Financial liabilities

All financial liabilities are recognized initially at fair value. In the case of loans, borrowings and payables, recognition is net of directly attributable transaction and other costs. The Company's financial liabilities may include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.The measurement of financial liabilities is at fair value and adjustment thereon is routed through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

xv) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

In case of contingent liabilities, where there is no certainty of outflow or the amount of obligation cannot be measured reliably, disclosure is made in the notes forming part of the financial statements.Contingent assets are not recognized in the financial statements. However, where the realization of income is reasonably certain, a disclosure of the fact is provided.

xvi) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Operating lease payments for land are recognized as prepayments and amortized on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

xvii) Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

xviii) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

xix) Cash and cash equivalents

Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amount of cash which are subject to insignificant risk of change in value.

3. First time adoption - mandatory exceptions and optional exemptions

(i) Overall principle:

The Company has prepared the opening balance sheet as per Ind ASas of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

(ii) Deemed cost for Property, plant and equipment and oil and gas assets

The Company has elected to continue with the carrying value of all its Property, plant and equipment, Oil and gas assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date except adjustment related to decommissioning liabilities.

(iii) Investments in subsidiary

The Company has elected to carry its investments in subsidiary at deemed cost being carrying amount under Previous GAAP on the transition date.

(iv) Deemed cost for intangible assets

The Company has elected to continue with the carrying value of all intangible assets recognized as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(v) Site restoration costs

The Company has availed optional exemption available with respect to decommissioning costs included in the Oil and Gas Assets. Accordingly, the Company has measured the decommissioning provision in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' as at transition date. The Company has computed the estimate of the amount that would have been included in the cost of the related Oil and Gas Assets by discounting the decommissioning provision computed at transition date using its best estimate of the historical risk adjusted discount rate to the date when decommissioning liability first arose. Thereafter, the Company has computed depletion / depreciation on Oil and Gas assets on the aforesaid estimated amount.

4. Critical accounting judgments, Assumptions and Key sources of estimation uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of Oil and Gas reserves, impairment, useful lives of Property, Plant and Equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets & liabilities.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

4.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (Refer note 4.2), that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

(a) Determination of functional currency

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (₹) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹).

(b) Evaluation of indicators for impairment of Oil and gas assets

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors such as significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc. and internal factors such as obsolescence or physical damage of an asset, poor economic performance of the asset etc. which could result in significant change in recoverable amount of the Oil and Gas Assets.

4.2 Assumptions and key sources of estimation uncertainty

a) Estimation of provision for decommissioning

The Company estimates provision for decommissioning for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future, the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty.

The timing and amount of future expenditures are reviewed at the end of each reporting period, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant Oil & Gas asset.

b) Estimation of reserves

Management estimates production profile (proved and developed reserves) in relation to all the Oil and Gas Assets determined by the G&G team as per industry practice. The estimates so determined are used for the computation of depletion and impairment testing.

The year-end reserves of the Company have been estimated by the G&G team which follows international reservoir engineering procedures consistently. The Company has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) - 1997 guidelines which defines reserves as "estimated volumes of crude oils, condensate, natural gas, natural gas liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations." Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history available then performance methods such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New in- place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new sub-surface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static and dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitate revision in estimation of reserves.

c) Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

5. Property, Plant & equipment

Summary

Carrying amount of:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Oil and gas assets	22,198.42	5,987.31	7,152.38
	22,198.42	**5,987.31**	**7,152.38**
b) Others			
- Freehold land	227.52	227.52	227.52
- Buildings	522.81	549.37	577.28
- Furniture & fixtures	1.60	1.42	1.99
- Vehicles	1.48	2.26	3.44
- Office equipment	2.73	1.93	3.86
- Computers	14.94	4.44	1.90
	771.08	**786.94**	**815.99**

5.1 The Company has elected to continue with the carrying value of its Oil and Gas assets and other Property, Plant and equipment's recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101 except for decommissioning and restoration liabilities included in the cost of Oil and Gas Assets which have been adjusted in terms of para D 21 of Ind AS 101 'First -time Adoption of Indian Accounting Standards' (Refer Note 3 (ii)).

Carrying amount of:	Oil and gas assets	Others						Total
		Freehold land	Buildings	Furnitures & fixures	Vehicles	Office equipment	Computers	
Cost or deemed cost								
Balance at April 1, 2015	**229,390.74**	**227.52**	**1,043.32**	**57.27**	**46.24**	**89.17**	**73.62**	**230,927.88**
Additions / (Deletions)	(1,887.64)	–	–	–	(19.81)	1.85	9.74	(1,895.86)
Balance at March 31, 2016	**227,503.10**	**227.52**	**1,043.32**	**57.27**	**26.43**	**91.02**	**83.36**	**229,032.02**
Additions / (Deletions)	(661.58)	–	–	0.79	(13.57)	1.56	13.42	(659.38)
Transfer from Capital Work-in-progress	17,708.98	–	–	–	–	–	–	17,708.98
Balance at March 31, 2017	**244,550.50**	**227.52**	**1,043.32**	**58.06**	**12.86**	**92.58**	**96.78**	**246,081.62**
Accumulated depreciation and impairment								
Balance at April 1, 2015	**222,238.36**	**–**	**466.04**	**55.28**	**42.80**	**85.31**	**71.72**	**222,959.51**
Depreciation for the year	1,164.93	–	27.91	0.57	1.18	3.78	7.20	1,205.57
Deletions	(1,887.50)	–	–	–	(19.81)	–	–	(1,907.31)
Balance at March 31, 2016	**221,515.79**	**–**	**493.95**	**55.85**	**24.17**	**89.09**	**78.92**	**222,257.77**
Depreciation for the year	836.29	–	26.56	0.61	0.78	1.92	11.75	877.91
Deletions	–	–	–	–	(13.57)	(1.16)	(8.83)	(23.56)
Balance at March 31, 2017	**222,352.08**	**–**	**520.51**	**56.46**	**11.38**	**89.85**	**81.84**	**223,112.12**
Net book value								
Balance at April 1, 2015	**7,152.38**	**227.52**	**577.28**	**1.99**	**3.44**	**3.86**	**1.90**	**7,968.37**
Balance at March 31, 2016	**5,987.31**	**227.52**	**549.37**	**1.42**	**2.26**	**1.93**	**4.44**	**6,774.25**
Balance at March 31, 2017	**22,198.42**	**227.52**	**522.81**	**1.60**	**1.48**	**2.73**	**14.94**	**22,969.50**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

6. Capital work-in-progress

Particulars	Development Expenditure	Exploration Expenditure	Total
Cost			
Balance at April 1, 2015	**1,249.26**	**13,981.23**	**15,230.49**
Additions	1,284.07	73.60	1,357.67
Deletions	–	(82.04)	(82.04)
Balance at March 31, 2016	**2,533.33**	**13,972.79**	**16,506.12**
Additions	5,310.18	–	5,310.18
Transfer to oil and gas assets	(6,122.13)	(11,586.85)	(17,708.98)
Balance at March 31, 2017	**1,721.38**	**2,385.94**	**4,107.32**
Accumulated impairment			
Balance at April 1, 2015	**(1,081.40)**	**(2,385.94)**	**(3,467.34)**
Additions	(27.32)	–	(27.32)
Balance at March 31, 2016	**(1,108.72)**	**(2,385.94)**	**(3,494.66)**
Additions	–	–	–
Balance at March 31, 2017	**(1,108.72)**	**(2,385.94)**	**(3,494.66)**
Net book value			
Balance at April 1, 2015	**167.86**	**11,595.29**	**11,763.15**
Balance at March 31, 2016	**1,424.61**	**11,586.85**	**13,011.46**
Balance at March 31, 2017	**612.66**	**–**	**612.66**

7. Intangible assets

Particulars	Computer Software
Cost	
Balance at April 1, 2015	**257.77**
Additions	1.79
Balance at March 31, 2016	**259.56**
Additions	267.11
Balance at March 31, 2017	**526.67**
Accumulated amortization and impairment	
Balance at April 1, 2015	**255.75**
Amortization for the year	2.21
Balance at March 31, 2016	**257.96**
Amortization for the year	71.06
Balance at March 31, 2017	**329.02**
Net book value	
Balance at April 1, 2015	**2.02**
Balance at March 31, 2016	**1.60**
Balance at March 31, 2017	**197.65**

7.1 The Company has elected to continue with the carrying value of its intangible assets as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101 'First-time Adoption of Indian Accounting Standards' (Refer Note 3 (ii)).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

8. Financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Investments in subsidiary			
Unquoted equity shares of subsidiary			
50,002 (PY: 50,002) equity shares of ₹ 100 each fully paid-up in Hindage Oilfield Services Limited (formerly known as HOEC Bardahl India Limited)	50.00	50.00	50.00
Total	**50.00**	**50.00**	**50.00**
The Company has elected to carry its investments in subsidiary at deemed cost being carrying amount under Previous GAAP on the transition date			
(b) Site restoration deposit			
Site restoration deposit with bank with maturity period in excess of 12 months	5,143.70	4,803.58	4,470.54
Total	**5,143.70**	**4,803.58**	**4,470.54**
The above amount has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme i.e. towards removal of equipment's and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life, property, environment etc. This amount is considered as restricted cash and hence not considered as 'Cash and cash equivalents'.			
(c) Other financial assets - non current			
i) Unsecured and considered good			
Capital Advances	–	38.82	42.13
Security Deposits	–	78.97	74.00
ii) Unsecured and considered doubtful			
Capital Advances	13.55	13.55	13.55
Advances recoverable in cash or kind	476.30	476.30	504.76
Fringe benefit tax	–	–	10.58
Less: Provision for doubtful advances	(489.85)	(489.85)	(528.89)
Total	**–**	**117.79**	**116.13**

9. Income tax assets (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax (net of provision)	–	–	3,293.24
	–	**–**	**3,293.24**

10. Deferred tax assets (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Exploration expenses	4,890.55	4,883.00	4,791.73
Development expenses	867.26	-	-
Provision for doubtful advances	157.48	161.96	168.16
Depreciation, depletion, amortisation and impairment of assets	15,527.27	17,158.45	14,041.70
Unabsorbed business losses and depreciation	25,075.05	24,272.12	25,782.42
Deferred tax assets	**46,517.61**	**46,475.53**	**44,784.01**
Less: Amounts not recognised (Refer notes below)	(46,517.61)	(46,475.53)	(44,784.01)
Deferred tax assets	**–**	**–**	**–**

Notes:

Deferred tax assets has not been recognized in the absence of virtual certainty that sufficient future taxable income will be available to utilize these assets.

There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of the Income Tax Act,1961.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

11. Other non-current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposit with bank with maturity period in excess of 12 months	–	–	453.62
	–	**–**	**453.62**

12. Inventories (Lower of cost and net realizable value)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Finished goods			
- Crude oil	29.19	20.02	73.68
- Condensate	58.96	28.96	185.45
Drilling and production stores, and spares (net of write off of ₹ 103.69 lacs)	2,381.54	2,194.43	2,041.95
	2,469.69	**2,243.41**	**2,301.08**

13. Investments - Current

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	₹ in lacs	Quantity	₹ in lacs	Quantity	₹ in lacs
Financial assets carried at fair value through profit and loss.						
i) Quoted equity instruments						
Reliance Industries Limited Equity Shares @ ₹ 10 each	318	4.20	318	3.32	318	2.63
Reliance Communication Ventures Limited Equity Shares @ ₹ 10 each	318	0.12	318	0.16	318	0.19
Reliance Infrastructure Limited Equity Shares @ ₹ 10 each	318	0.13	318	0.12	318	0.10
Reliance Capital Limited Equity Shares @ ₹ 10 each	15	0.09	15	0.06	15	0.06
Reliance Power Limited Equity Shares @ ₹ 10 each	79	0.04	79	0.04	79	0.04
(i)		**4.58**		**3.70**		**3.02**
ii) Mutual Funds						
Units of Liquid / Liquid plus / Short Term / Medium Term schemes						
Birla Cash Plus Fund - Regular Plan - Growth @ ₹ 100 each	–	–	138,656.34	336.62	–	–
Birla Dynamic Bond Fund - Retail - Growth @ ₹ 10 each	3,230,788.75	938.02	3,060,493.09	806.16	–	–
Birla Floating Rate-Long term fund - Growth @ ₹ 10 each	264,070.19	524.93	–	–	–	–
Birla Savings Fund - Growth @ ₹ 100 each	365,663.37	1,165.19	169,233.78	495.62	–	–
Franklin India Treasury Management Account - Super Institutional Plan - Growth ₹ 1,000 each	–	–	–	–	16,871.18	352.17
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth @ ₹ 10 each	–	–	–	–	1,364,561.25	253.02
HDFC Floating Rate Income Fund - Short Term - Wholesale Option - Growth @ ₹ 10 each	5,314,420.17	1,502.38	1,956,441.78	509.53	–	–

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

13. Investments - Current *(continued)*

Particulars		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Quantity	₹ in lacs	Quantity	₹ in lacs	Quantity	₹ in lacs
ii)	**Mutual Funds** *(continued)*						
	HDFC High Interest Fund - Dynamic Plan - Growth @ ₹ 10 each	967,458.56	547.88	806,907.13	411.45	–	–
	HDFC High Interest Fund - Short Term Plan - Growth @ ₹ 10 each	5,488,824.43	1,778.92	353,706.85	104.85	–	–
	HDFC Liquid Fund - Growth @ ₹ 10 each	–	–	–	–	1,574,813.30	434.28
	ICICI Prudential Liquid Plan - Regular - Growth @ ₹ 100 each	–	–	–	–	106,681.80	220.68
	ICICI Prudential Short Term Fund - Regular - Growth @ ₹ 10 each	3,193,051.92	1,089.54	–	–	–	–
	IDFC SSIF - Medium Term Fund - Growth @ ₹ 10 each	3,911,047.14	1,084.43	2,882,976.28	730.48	–	–
	IDFC SSIF - Investment plan - Growth @ ₹ 10 each	627,355.72	253.69	–	–	–	–
	IDFC Ultra short term fund - Growth @ ₹ 10 each	3,457,931.91	796.33	–	–	–	–
	Kotak Bond (Short Term) - Growth - (Reg. Plan) @ ₹ 1,000 each	5,125,612.62	1,575.40	686,245.10	193.37	–	–
	Kotak Floater Short Term - Growth - Regular Plan @ ₹ 1,000 each	–	–	7,473.75	185.53	6,231.91	142.87
	Kotak Treasury Advantage Fund - Growth - (Regular Plan) @ ₹ 10 each	–	–	1,271,321.12	306.99	938,746.77	209.06
	Reliance Dynamic Bond Fund - Growth @ ₹ 10 each	3,187,920.00	712.83	–	–	–	–
	Reliance Short Term Fund - Growth @ ₹ 10 each	724,708.58	223.33	3,093,803.56	874.88	–	–
	Reliance Liquidity Fund - Growth Plan - Growth Option @ ₹ 1,000 each	–	–	–	–	18,068.88	380.38
	SBI Short Term Debt Fund - Regular Plan - Growth @ ₹ 10 each	5,714,742.89	1,080.14	591,845.55	102.53	–	–
	SBI Treasury Advantage Fund - Regular Plan - Growth @ ₹ 1000 each	–	–	31,371.42	526.38	–	–
	Tata Ultra short Fund Regular Plan - Growth @ ₹ 1,000 each	18,538.72	457.00	17,878.83	407.32	15,050.34	316.15
	Tata Short Term Bond Fund Regular Plan- Growth @ ₹ 10 each	726,754.75	222.16	2,220,970.27	625.45	–	–
	TATA Dynamic Bond Fund - Growth @ ₹ 10 each	4,517,070.87	1,147.09	–	–	–	–
	(ii)		**15,099.26**		**6,617.16**		**2,308.61**
iii)	**Unquoted Equity Instruments**		–		–		–
	Equity Shares of ₹ 10 each of Gujarat Securities Limited	100,000	10.00	100,000	10.00	100,000	10.00
	Aggregate amount of impairment in value of investments		(10.00)		(10.00)		(10.00)
	(iii)		-		-		-
	Total (i) + (ii) + (iii)		**15,103.84**		**6,620.86**		**2,311.63**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount (cost) of Quoted investments	0.49	0.49	0.49
Market Value of Quoted Investments	**4.58**	**3.70**	**3.02**
Aggregate amount (cost) of mutual fund Investments	14,132.21	6,403.10	2,239.17
Fair value of mutual fund Investments	**15,099.26**	**6,617.16**	**2,308.61**
Aggregate Value of Unquoted equity Instruments	–	–	–
Total Investments	**15,103.84**	**6,620.86**	**2,311.63**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

14. Trade Receivables - current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured and considered good (unless otherwise stated)			
Other trade receivables	473.78	216.83	306.17
	473.78	**216.83**	**306.17**

14.1 Generally, the Company enters into long-term crude oil and gas sales arrangement with its customers. The average credit period on sales of crude and gas is [7- 45 days]. No interest is charged on trade receivables for the first 30 days from the date of the invoice.

Accordingly, the Company assesses impairment loss on dues from Oil Marketing Companies on facts and circumstances relevant to each transaction. Usually, Company collects all its receivables from Oil Marketing Companies within [30 days].

The Company has concentration of credit risk due to the fact that the Company has significant receivables from Oil Marketing Companies which are reputed and creditworthy public sector undertakings (PSUs).

Age of receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	434.81	216.83	306.17
1-30 days past due	38.97	–	–
31-90 days past due	–	–	–
More than 90 days past due	–	–	–
Total	**473.78**	**216.83**	**306.17**

15. Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand and balance with banks. Cash & cash equivalents and term deposits not exceeding 3 months at the end of the reporting period as shown in the standalone statement of cash flows can be reconciled to the related items in the standalone balance sheet as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	–	–	0.21
Balances with banks:			
Current accounts	2,659.72	4,644.85	161.19
Bank deposits - maturity < 3 months	183.00	170.07	5.99
	2,842.72	**4,814.92**	**167.39**

15. (a) Specified bank notes disclosure (SBNs)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBN's and other notes as per the notification is given below:

Particulars	SBNs (in ₹)	Other notes (in ₹)	Total (in ₹)
Closing cash on hand as on November 8, 2016	18,000	167,474	185,474
Permitted receipts	–	474,173	474,173
Permitted payments	–	(521,761)	(521,761)
Amount deposited in Banks	(18,000)	–	(18,000)
Closing cash on hand as on December 30, 2016	–	119,886	119,886

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

16. Other bank balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposits - maturity > 3 months < 12 months	580.33	495.01	563.79
Unclaimed/unpaid dividend accounts	6.36	6.78	20.72
Unclaimed/unpaid share application money	–	–	4.38
	586.69	**501.79**	**588.89**

17. Other Financial assets - current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	78.65	–	0.03
Pre-deposit - Service tax	5.78	–	-
	84.43	**–**	**0.03**

18. Income tax assets (net) - current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax (net of provision)	927.69	8,568.64	8,241.17
	927.69	**8,568.64**	**8,241.17**

19. Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured and considered good			
Additional fund with LIC for gratuity	7.81	12.51	9.63
Advances recoverable in cash or kind	4.70	31.62	201.06
Prepaid expenses	34.77	47.33	95.72
	47.28	**91.46**	**306.41**

20. Equity share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized			
500,000,000 (PY: 500,000,000) equity shares of ₹10 each	50,000.00	50,000.00	50,000.00
Issued			
130,563,363 (PY: 130,563,363) equity shares of ₹10 each	13,056.34	13,056.34	13,056.34
Subscribed and Fully Paid up			
130,493,289 (PY: 130,493,289) equity shares of ₹10 each	13,049.33	13,049.33	13,049.33
Add: Amount Paid-up on Shares Forfeited (32,975 shares)	1.60	1.60	1.60
Total issued, subscribed and fully paid-up share capital	**13,050.93**	**13,050.93**	**13,050.93**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

(a) Reconciliation of equity shares and the amount outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	Amount	No.	Amount	No.	Amount
At the beginning of the year	130,493,289	13,049.33	130,493,289	13,049.33	130,493,289	13,049.33
Issued during the year	–	–	–	–	–	–
Outstanding at the end of the year	**130.,493,289**	**13,049.33**	**130,493,289**	**13,049.33**	**130,493,289**	**13,049.33**

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities.

(c) Details of shareholders holding more than 5% of the aggregate shares in the Company

Name of shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of holding	No.	% of holding	No.	% of holding
Burren Shakti Limited	–	–	29,242,482	22.41	35,440,913	27.16
Eni UK Holding Plc	–	–	–	–	26,115,455	20.01
Ashok Kumar Goel	18,465,078	14.15	18,465,078	14.15	–	–
HDFC Limited	14,826,303	11.36	14,826,303	11.36	14,826,303	11.36
LCI Estates Private Limited	8,100,000	6.21	–	–	–	–

21. Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	96,084.50	96,084.50	96,084.50
Securities premium account	78,415.21	78,415.21	78,415.21
Retained earnings			
Opening balance	(158,049.09)	(158,398.14)	(160,357.61)
Ind AS adjustment to retained earnings	–	–	1,959.47
Profit for the Year	3,634.12	349.05	–
Net (Deficit) in the Statement of Profit and Loss	**(154,414.97)**	**(158,049.09)**	**(158,398.14)**
Total Reserves and Surplus	**20,084.74**	**16,450.62**	**16,101.57**

22. Financial liabilities - non-current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	2,211.07	2,630.11	–
	2,211.07	**2,630.11**	**–**

23. Provision for Site Restoration

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for site restoration	9,365.00	9,609.42	9,142.85
	9,365.00	**9,609.42**	**9,142.85**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

23.1 The Company estimates provision for decommissioning as per the principles of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future for which the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant Oil & Gas asset. The timing and amount of future expenditures are reviewed annually, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows.

24. Other non-current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for compensated absences	19.84	14.85	13.34
	19.84	14.85	13.34

25. Financial Liabilities - current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Trade payables			
Micro, small & medium enterprises (note (i))	0.24	0.52	0.31
Others	1,782.36	656.27	2,887.05
	1,782.60	**656.79**	**2,887.36**
(b) Other financial liabilities			
Unclaimed / unpaid dividend	6.36	6.78	20.72
Unclaimed / unpaid share application money	–	–	4.38
Security deposit	85.00	85.00	85.00
Payable to joint venture partners	4,833.75	5,273.27	908.25
	4,925.11	**5,365.05**	**1,018.35**

(i) Details of dues to micro, small & medium enterprises

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount payable (but not due) to suppliers as at year end	0.24	0.52	0.31
Interest accrued and due to suppliers on the above amount as at year end	–	–	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	–	–	–
Interest paid to suppliers (other than Section 16)	–	–	–
Interest paid to suppliers (Section 16)	–	–	–
Interest due and payable to suppliers for payments already made	–	–	–
Interest accrued and remaining unpaid to suppliers as at year end	–	–	–

All payments due to Micro, small & medium enterprises have been made within the prescribed time limits and / or date agreed upon under the contract.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

26. Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues payable	62.22	31.13	86.75
Compensated absences	8.12	5.80	3.43
Others	–	1.89	35.26
	70.34	**38.82**	**125.44**

27. Revenue from operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of crude oil / Condensate	1,007.32	1,070.48
Sale of Natural gas	1,631.11	1,929.96
Less: Profit petroleum to Government of India	(136.14)	(166.01)
Net sales	**2,502.29**	**2,834.43**

27.1 Details of sales revenue

Product	UOM	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
Crude oil / Condensate	BBL	32,449	879.61	35,010	930.72
Natural gas	M3	18,343,239	1,622.68	22,465,067	1,903.71
			2,502.29		**2,834.43**

28. Other income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on bank deposits	68.07	68.71
Interest on Site restoration deposits with banks	340.12	333.03
Dividend income	–	0.13
Rental income	–	48.30
Profit on disposal of property, plant and equipment	1.74	0.48
Net income from financial instruments at fair value through profit or loss	1,289.98	389.13
Net gain on foreign exchange	7.23	1.72
Write back of excess provision no longer required	1.14	5.72
Miscellaneous Income	0.41	36.77
	1,708.69	**883.99**

29. Share of expenses from producing oil and gas blocks

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Manpower costs	420.84	421.18
Repairs and maintenance	314.75	362.57
Royalty, cess & other duties	238.50	272.23
Insurance	56.99	114.20
Other production expenses	94.44	64.11
Consumables	6.46	13.89
Transportation and logistics	1.04	2.17
	1,133.02	**1,250.35**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

30. (Increase)/decrease in stock of crude oil and condensate

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year	(88.15)	(48.98)
Less: Inventories at the beginning of the year	48.98	259.13
	(39.17)	**210.15**
Less: Profit petroleum to Government of India	8.39	5.22
Net (Increase)/decrease in inventories	**(30.78)**	**215.37**

31. Employee benefits expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	112.80	217.90
Contribution to provident fund and other funds	6.77	18.75
Staff welfare expenses	2.72	8.41
	122.29	**245.06**

32. Finance cost

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Unwinding of discount on Decommissioning liability	–	466.58
	–	**466.58**

33. Other expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Office and guest house rent	20.34	29.48
Power	4.15	5.02
Rates and taxes	8.96	12.79
Repairs and maintenance - others	22.50	13.18
General office expenses	6.37	6.92
Travelling and conveyance	50.51	43.71
Communication expenses	13.57	12.77
Membership and subscription	22.29	17.97
Legal and professional fees	514.09	239.07
Insurance	1.50	2.50
Directors' sitting fees	12.87	8.45
Printing and stationary	20.07	27.11
Miscellaneous expenses (including DSF data package)	77.76	32.62
	774.98	**451.59**
Payment to Auditor:		
Audit fee	24.72	21.17
Tax audit fee	2.30	1.15
Reimbursements	0.50	1.17
Other services	–	6.87
	27.52	**30.36**
Total other expenses	**802.50**	**481.95**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

34. Exceptional items

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Impairment on assets - CB-OS/1	–	(27.32)
Liquidated damages - RJ-2 (refer note 40 (3))	(798.91)	–
Interest on income tax refund	3,693.55	542.14
Income (net)	**2,894.64**	**514.82**

35. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year as per statement of profit & loss	₹ 3634.12 lacs	₹ 349.04 lacs
	No.	No.
Weighted average number of equity shares used in calculating basic & diluted EPS	130,493,289	130,493,289
Par value per share	₹ 10	₹ 10
Earnings per equity share in ₹ computed on the basis of profit for the year - Basic and Diluted	**2.78**	**0.27**

36. Significant Accounting Estimates, Assumptions and Judgements

(a) Site Restoration Costs

The company is required to estimate and provide for abandoning of wells, decommissioning of facilities and restoration of sites expected to be incurred. The same is capitalized as part of producing property in accordance with the requirements under Ind AS 16. The methodology followed by the company in estimation and measurement of decommissioning liability is as per the industry practice adjusted for inflation. The total future estimated cost is discounted to the reporting date by appropriate discount factor. Accordingly, the difference in cost is adjusted and the depletion also adjusted accordingly.

(b) Employee Benefit Estimates

i. Defined contribution plan

The company makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognized ₹ 33.26 lacs (PY: ₹ 32.39 lacs) for provident fund contribution in the statement of profit and loss. The contributions payable to this plan by the company at rates specified in the rules of the scheme.

ii. Defined benefit plan

a) Gratuity

The following table sets out funded status of the gratuity and the amount recognized in the financial statements.

Profit and loss account for current period

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service cost:		
Current service cost	5.58	8.80
Net interest cost	(1.19)	(0.37)
Total included in 'Employee Benefits Expense'	**4.39**	**8.43**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Other Comprehensive Income for the current period

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	1.95	–
Due to experience adjustments	(2.26)	(0.43)
Return on plan assets excluding amounts included in interest income	1.01	(0.89)
Amounts recognized in Other Comprehensive Income	**0.70**	**(1.32)**

Changes in the present value of the defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Defined Benefit Obligation	43.94	53.71	83.75
Current service cost	5.58	8.80	11.00
Interest cost	3.14	3.86	7.48
Actuarial loss / (gain) due to change in financial assumptions	1.95	–	–
Actuarial loss / (gain) due to experience	(2.26)	(0.43)	(0.09)
Benefits paid	(2.51)	(22.00)	(48.43)
Closing defined benefit obligation	49.84	43.94	53.71

Changes in fair value of plan assets defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016	As at 1 April, 2015
Opening value of plan assets	56.45	63.35	85.47
Interest Income	4.32	4.22	–
Return on plan assets excluding amounts included in interest income	(1.01)	0.89	5.84
Contributions by employer	0.40	9.99	20.47
Benefits paid	(2.51)	(22.00)	(48.43)
Closing value of plan assets	**57.65**	**56.45**	**63.35**

Particulars	As at March 31, 2017	As at March 31, 2016	As at 1 April, 2015
Present value of the defined benefit obligation	(49.84)	(43.94)	(53.71)
Fair value of plan assets	57.65	56.45	63.35
Plan asset / (liability)	**7.81**	**12.51**	**9.64**

The principal assumptions used in determining gratuity and for the Company's plans are shown below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	6.80%	7.75%
Future salary increase	5.00%	5.00%
Withdrawal rates	15% at younger ages reducing to 10% at older ages	15% at younger ages reducing to 10% at older ages

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Amounts for the current and previous four periods are as follows:

Name of shareholders	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Defined benefit Obligations	(49.84)	(43.94)	(53.71)	(83.75)	(82.59)
Plan Assets	57.65	56.45	63.35	85.47	74.88
Surplus / (Deficit)	**7.81**	**12.51**	**9.64**	**1.72**	**(7.71)**

b) Compensated absences

The key assumptions used in computation of provision for long term compensated absences are as given below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	6.80%	7.75%
Future salary increase	5.00%	5.00%
Withdrawal rates	15% at younger ages reducing to 11% at older ages	15% at younger ages reducing to 11% at older ages

37. Oil and Gas Reserves

As at March 31, 2017, the internal estimates of the Management of Proved & Probable Reserves supported by the approved development plan by the Directorate General of Hydrocarbons on working interest basis for the Company is as follows:

Developed + Undeveloped:

	UOM	As at April 1, 2016	Addition	Deletion/ Adjustment	Production	As at March 31, 2017
Proved Reserves (1P)						
- Oil	MMT	0.054	0.001	–	0.002	0.053
- Gas	BCM	0.461	0.001	–	0.019	0.443
Proved + Probable (2P)						
- Oil	MMT	0.063	0.030	–	0.002	0.091
- Gas	BCM	1.780	0.080	–	0.019	1.841

Developed:

	UOM	As at April 1, 2016	Addition	Deletion/ Adjustment	Production	As at March 31, 2017
Proved Reserves (1P)						
- Oil	MMT	0.054	0.001	–	0.002	0.053
- Gas	BCM	0.226	0.001	–	0.019	0.208

Notes: (i) The above reserve estimate excludes the reserves of PY-3 and CB-OS-1 as it is not commercial at the current prices.

(ii) Refer note 4.2 (b) for procedure for estimation of reserves.

Developed + Undeveloped:

	UOM	As at April 1, 2015	Addition	Deletion/ Adjustment	Production	As at March 31, 2016
Proved Reserves (1P)						
- Oil	MMT	0.054	0.004	–	0.004	0.054
- Gas	BCM	0.485	–	0.001	0.023	0.461
Proved + Probable (2P)						
- Oil	MMT	0.075	–	0.008	0.004	0.063
- Gas	BCM	1.992	–	0.189	0.023	1.780

Developed:

	UOM	As at April 1, 2015	Addition	Deletion/ Adjustment	Production	As at March 31, 2016
Proved Reserves (1P)						
- Oil	MMT	0.054	0.004	–	0.004	0.054
- Gas	BCM	0.485	–	0.236	0.023	0.226

Note: The above reserve estimates excludes the reserves of PY-3 and CB-OS-1 as it is not commercial at the current prices.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

38. Segmental reporting

The Company is primarily engaged in a single business segment of "Oil and Gas" in one geographic segment in India. Therefore, there are no separate reportable segments for Segmental Reporting.

39. Related Party Disclosures

a) Related Parties as of March 31, 2017:

I. Wholly owned subsidiary company, Hindage Oilfield Services Ltd., (formerly known as HOEC Bardahl India Ltd)

II. Promoter group companies:

ENI India Limited

Saipem (Portugal) Comercio Maritimo Su Lda

III. Key management personnel:

1. Mr. P. Elango - Managing Director
2. Mr. R. Jeevanandam - Director & CFO

b) Nature and volume of transactions during the year and Outstanding balances as at the balance sheet date with the above parties:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income		
Wholly owned Subsidiary Company - Rental income	–	48.30
Expenditure		
Key managerial personnel - Remuneration to Managing Director & CFO	201.15	210.09

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance outstanding			
Wholly owned subsidiary company - Security deposit	85.00	85.00	85.00
Promoter group companies:			
Trade payables	–	2,636.22	2,636.22

40. Commitments and Contingencies

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Contingent Liabilities			
(a) Claims not acknowledged as debts CY-OS-90/1 (Note 1)	2,771.70	2,580.53	2,178.81
(b) Royalty demand (Note 2)	1,027.77	1,027.77	1,412.52
(c) Bank Guarantees	10.72	5.07	1,565.80
(d) Service tax liability (Note 6)	168.92	14.75	20.39
(e) Income tax	–	–	1,905.34
(ii) Commitments			
Estimated value of contracts remaining to be executed on capital account and not provided for	1,824.39	4,671.02	10.83

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

1. Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) operator has issued an arbitration notice to all non-operators, ONGC Ltd, Tata Petrodyne Ltd and the company for a total claim of ₹ 5193 lacs (US $ 8.02 million) and the claim against the company is ₹ 1329 lacs (US $ 2.05 million). The non-operating parties have not accepted the claim of the Operator and are in the process of adjudicating the dispute through arbitration as the expenditure after the shutting down of the field on 31 July 2011 is not an authorized expenditure by the Management Committee. The Company made a claim of ₹ 8638 lacs (US $ 13.32 million) towards various excess charges and sought refund from the Operator during the year. The claim not acknowledged as debt by the company also includes the claim of ₹ 1440 lacs relating to dispute between Aban Offshore Limited and the Operator "Hardy" wherein the claim was not acknowledged by the Operator.
2. In block PY 1, solely operated by the Company, the Ministry of Petroleum & Natural Gas (MOP&NG) has computed the royalty based on the value of gas received by the Company (the Operator) and made a demand for the years from 2009-10 to 2014-15 towards short paid royalty of ₹ 1028 lacs (US $ 1,549,413) excluding interest.

   With regard to the above claim, the company has, during the previous year, re-computed the royalty on gas produced and sold, based on wellhead price as per the terms of the production sharing contract and compared it with the actual royalty paid by the company for the years from 2009-10 to 2014-15 and noted that they have made an excess payment of ₹ 1159 lacs (US $ 1,747,243) to MOP&NG. A claim has been lodged by the Company to MOP&NG, which is pending settlement.
3. For block RJ - ONN - 2005/2, operated by the Oil India Limited (the Operator), the parties have surrendered the block. The Company has made a provision of ₹ 799 lacs for the liquated damages payable to Government of India.
4. In this block, RJ-ONN-2005/1, there has been a delay for more than two years in obtaining the Government clearances. According to the terms of policy of Government of India issued in November 2014, which states that, if the delay due to lack of statutory and other clearances is beyond 2 years, then the contractor is permitted to exit from the contract without payment of cost of unfinished work program. The company has decided to exercise this option and exited this block, on July 9, 2015 and therefore no liability will devolve with respect to this block.
5. With respect to block CB-OS/1 operated by Oil & Natural Gas Corporation Limited (ONGC), there was no operations during the year and therefore, no expenditure has been considered in the financial statements.
6. During the year, the company has received a demand from the service tax authorities for ₹ 77.09 lacs with an equivalent amount of penalty for the period from October 2007 to March 2011 on availing Cenvat credit. An appeal has been filed with Commissioner (Appeal) as the demand is not sustainable under the law after paying an amount of ₹ 5.78 lacs to the tax authorities. The above amount also includes a demand of ₹ 14.75 lacs pertaining to one of the unincorporated joint ventures.

41. Consumption of Stores and Spares

Particulars	2016-2017		2015-2016	
	₹ in lacs	%	₹ in lacs	%
Imported	6.72	26%	8.80	23%
Indigenous	19.32	74%	29.90	77%

42. a) Effects of Changes in Foreign Exchange Rates

The details of the adjustment pursuant to the above are as under:

Particulars	2016-2017	2015-2016
Exchange differences capitalized to fixed assets (including work in progress) during the year	0.03	(0.10)
Amount of Net amortization of Foreign Currency Monetary Item Translation Difference Account charged to the Statement of Profit and Loss for the year	–	–

b) Value of Imports calculated on CIF basis (on accrual basis)

The details of the adjustment pursuant to the above are as under:

Particulars	2016-2017	2015-2016
Components and spare parts	6.72	8.80
Capital goods	987.70	493.35

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

43. Corporate Social Responsibility

The provisions of Companies Act 2013 relating to corporate social responsibility is applicable for the Company. However, the Company is not required to spend toward CSR activities in the absence of profits calculated as per Section 198 of the Companies Act, 2013.

44. Fair Value Measurements

The following table gives information about how the fair value of these financial assets are determined.

As at March 31, 2017	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	4.58	4.58	–	–
- Mutual Fund investments	15,099.26	15,099.26	–	–

As at March 31, 2016	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	3.70	3.70	–	–
- Mutual Fund investments	6,617.16	6,617.16	–	–

As at April 1, 2015	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	3.02	3.02	–	–
- Mutual Fund investments	2,308.61	2,308.61	–	–

* Note: Level 1: Quoted market prices in active markets, where available.
Level 2: Valuation techniques where fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for where fair value measurement is unobservable.

45. First-time Ind AS adoption reconciliations

Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS							
Non-current Assets							
Property, Plant & Equipment	5						
a) Oil and gas assets		6,056.44	(69.13)	5,987.31	7,152.38	–	7,152.38
b) Others		786.94	–	786.94	815.99	–	815.99
Capital Work-in-Progress	6	13,011.46	–	13,011.46	11,763.15	–	11,763.15
Intangible assets	7	1.60	–	1.60	2.02	–	2.02
Financial assets							
Investment in subsidiary	8(a)	50.00	–	50.00	50.00	–	50.00
Site restoration deposit	8(b)	4,803.58	–	4,803.58	4,470.54	–	4,470.54
Other financial assets	8(c)	117.79	–	117.79	116.13	–	116.13
Income tax assets (Net)	9	–	–	–	3,293.24	–	3,293.24
Deferred tax assets (Net)	10	–	–	–	–	–	–
Other non-current assets	11	–	–	–	453.62	–	453.62
Total non-current assets		**24,827.81**	**(69.13)**	**24,758.68**	**28,117.07**	**–**	**28,117.07**
Current Assets							
Inventories	12	2,243.41	–	2,243.41	2,301.08	–	2,301.08
Financial assets							
Other investments	13	6,403.59	217.27	6,620.86	2,239.66	71.97	2,311.63
Trade receivables	14	216.83	–	216.83	306.17	–	306.17
Cash and cash equivalents	15	4,814.92	–	4,814.92	167.39	–	167.39
Other bank balances	16	501.79	–	501.79	588.89	–	588.89
Other financial assets	17	–	–	–	0.03	–	0.03
Income tax assets (Net)	18	8,568.64	–	8,568.64	8,241.17	–	8,241.17
Other current assets	19	91.46	–	91.46	306.41	–	306.41
Total current assets		**22,840.64**	**217.27**	**23,057.91**	**14,150.80**	**71.97**	**14,222.77**
TOTAL ASSETS		**47,668.45**	**148.14**	**47,816.59**	**42,267.87**	**71.97**	**42,339.84**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
EQUITY & LIABILITIES							
Equity							
Equity Share Capital	20	13,050.93	–	13,050.93	13,050.93	–	13,050.93
Other Equity	21	14,798.16	1,652.46	16,450.62	14,142.10	1,959.47	16,101.57
Total equity		**27,849.09**	**1,652.46**	**29,501.55**	**27,193.03**	**1,959.47**	**29,152.50**
Liabilities							
Non-current Liabilities							
Financial Liabilities							
Trade payables	22	2,630.11	–	2,630.11	–	–	–
Provisions for site restoration	23	11,113.74	(1,504.32)	9,609.42	11,030.35	(1,887.50)	9,142.85
Other Non-current liabilities	24	14.85	–	14.85	13.34	–	13.34
Total non-current liabilities		**13,758.70**	**(1,504.32)**	**12,254.38**	**11,043.69**	**(1,887.50)**	**9,156.19**
Current Liabilities							
Financial Liabilities							
Trade payables	25(a)	656.79	–	656.79	2,887.36	–	2,887.36
Other financial liabilities	25(b)	5,365.05	–	5,365.05	1,018.35	–	1,018.35
Other Current Liabilities	26	38.82	–	38.82	125.44	–	125.44
Total current liabilities		**6,060.66**	–	**6,060.66**	**4,031.15**	–	**4,031.15**
Total Liabilities		**19,819.36**	**(1,504.32)**	**18,315.04**	**15,074.84**	**(1,887.50)**	**13,187.34**
TOTAL EQUITY & LIABILITIES		**47,668.45**	**148.14**	**47,816.59**	**42,267.87**	**71.97**	**42,339.84**

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	As at March 31, 2016	As at April 1, 2015
Total Equity (shareholders' fund) under previous GAAP	**14,798.16**	**14,142.10**
Depreciation, depletion and amortization	(69.13)	–
Fair valuation of investments	217.27	71.97
Effect of discounting of site restoration liability	1,504.32	1,887.50
Equity under Ind AS	**16,450.62**	**16,101.57**

Adjustment to oil and gas assets

Under the previous GAAP, discounting of provisions was not required under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The company has re-measured decommissioning provision at the transition date by availing optional exemption as per para D21 of Ind AS 101 "First time adoption of Indian Accounting Standard" this has resulted in decrease in decommissioning provision by ₹ 1,887.50 lacs to the extent increase in the reserves as at April 1, 2015.

Similarly, it has resulted in decrease in decommissioning provision by ₹ 1,504.32 lacs and decrease in oil and gas asset by ₹ 69.13 lacs, as at March 31, 2016. The net effect of aforesaid changes is decrease or increase in total equity by ₹ 1,652.46 lacs as at April 1, 2015 and as at March 31, 2016.

Fair Valuation of investments in mutual fund

Under the previous GAAP, long term investments were measured cost less diminution in value which is other than temporary. Under the Ind AS, investments in mutual funds of company are measured at fair value. As at the transition date, the Company has made irrevocable choice to account for these investments at fair value through profit and loss account.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

Product	Notes	For the year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Income				
Revenue from operations	27	2,834.43	–	2,834.43
Other income	28	738.69	145.30	883.99
Total income		**3,573.12**	**145.30**	**3,718.42**
Expenses				
Share of expenses from producing oil and gas blocks	29	1,250.35	–	1,250.35
Decrease / (increase) in stock of crude oil	30	215.37	–	215.37
Employee benefits expense	31	245.51	(0.45)	245.06
Finance cost	32	–	466.58	466.58
Depreciation, depletion and amortization	5,7	1,222.04	(14.26)	1,207.78
Exploration costs written off		22.84	–	22.84
Other expenses	33	481.95	–	481.95
Write off of obsolete inventories		–	–	–
Total expenses		**3,438.06**	**451.87**	**3,889.93**
Profitbefore exceptional items and tax		**135.06**	**(306.57)**	**(171.51)**
Exceptional items	34	514.82	–	514.82
Profitbefore tax		**649.88**	**(306.57)**	**343.31**
Tax expense				
(1) Current tax		–	–	–
(2) Adjustment of tax relating to earlier periods		(6.18)	–	(6.18)
(3) Deferred tax		–	–	–
Total tax expense		**(6.18)**	**–**	**(6.18)**
Profit for the year		**656.06**	**(306.57)**	**349.49**

Depreciation, Depletion and amortization

As stated in note no. 3 (ii) Oil and gas assets were adjusted as on the transition date consequent to application para D21 of Ind AS 101 on "First time adoption Indian Accounting Standard". This has resulted in decrease in carrying value of oil and gas assets by ₹69.13 lacs as at the transition date. Accordingly, the depletion under Ind AS for the year ended March 31, 2016 as reduced by ₹14.26 lacs.

Under the previous GAAP the discounting of provision was not required whereas under Ind AS provisions are measured at discounted amount, if effect of time value of money is material as a result the unwinding of discount on decommissioning liabilities has been recognized in the statement of profit and loss as finance cost ₹466.58 lacs for the year ended March 31, 2016.

Re-measurement of defined benefit plans

Under Ind AS 19 employee benefits re-measurement that is actuarial loss of defined benefit plan amounting to ₹4.13 lacs have been recognized in other comprehensive income. Accordingly, re-measurement for 2015-16 amounting to ₹0.45 lacs have been adjusted from employee benefit expenses respectively resulted in corresponding increase in profit.

Reconciliation of total comprehensive income for the year ended March 31, 2016

Nature of Adjustments	For the year ended March 31, 2016
Net Profit under Previous GAAP	**656.06**
Actuarial loss on employee defined benefit funds recognized in Other Comprehensive income	0.45
Investments at fair value adjusted in profit and loss	145.30
Effect of change in depletion recognized as change in estimate	14.26
Unwinding of discount on decommissioning liabilities	(466.58)
Net Profit for the period under Ind AS	**349.49**
Other Comprehensive Income	(0.45)
Total Comprehensive Income under Ind AS	**349.04**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	9,091.32	–	9,091.32
Net Cash flow from investing activities	(229.42)	145.30	(84.12)
Net Cash flow from financing activities	–	–	–
Net increase in cash and cash equivalents	**8,861.90**	**145.30**	**9,007.20**
Cash and cash equivalents at the beginning of the period	**2,845.88**	**77.71**	**2,923.59**
Cash and cash equivalents at the end of the period	**11,707.78**	**223.01**	**11,930.79**

46. Financial instrument disclosure

1. Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the shareholder's value, through the optimization of debt and equity balance. The Company maintains the balance using an appropriate gearing ratio. The Risk Management committee of the Company periodically reviews the capital structure to ensure capital adequacy. Currently, the capital structure of the Company consists of total equity and the company has no short term and long term borrowings.

2. Financial Risk Management Objectives

The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, managed and mitigated in accordance with the Company's policies.

(a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the company is exposed to include oil and natural gas prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flow. Market risk comprises the risk of interest rate, currency risk and the other commodity price.

- **Interest rate risk**

  This risk causes the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not availed borrowings, hence is not exposed to interest rate risk.

- **Foreign currency risk**

  Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and operational contracts with the rates payable in foreign currencies. The Company manages its foreign currency risk by having natural hedge as the revenue on sale of oil and gas is determined and paid in equivalent US dollars.

Details of Unhedged Foreign Currency Exposure

The details of unhedged Foreign Currency Exposure of the Company, are as under:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Trade payables	$ 197,000	₹ 127.75 lacs	$ 966,681	₹ 609.89 lacs	$ 957,481	₹ 603.79 lacs
Other trade payable	–	–	–	–	$ 35,524	₹ 9.58 lacs
Profit oil payable	–	–	$ 5,552	₹ 3.68 lacs	$ 355	₹ 0.22 lacs
Trade receivables	$ 113,690	₹ 74.05 lacs	$ 90,772	₹ 60.21 lacs	$ 132,478	₹ 93.49 lacs

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

- **Commodity price risk**

  The Company is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby our share of gross production increases in a falling oil price environment due to cost recovery mechanism. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

(b) Credit risk

Credit risk is the risk that counterparty for sale of its products will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is not exposed to credit risk as its sale of oil and gas is to Government Nominees.

(c) Liquidity risk

A formal budgeting and forecasting process is in place and cash forecasts identifying liquidity requirements of the Company are reviewed regularly by the Audit Committee and Board and financing plans are approved based on end utilization of proceeds and cost of capital.

47. Approval of financial statements

The financial statements were approved for issue by the board of directors on April 18, 2017.

48. Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board of Directors

P.Elango	**S.B.Mathur**	**Sharmila Amin**	**P.K.Borthakur**	**R.Jeevanandam**
Managing Director	Chairman	Director	Director	Director & CFO

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of
Hindustan Oil Exploration Company Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **HINDUSTAN OIL EXPLORATION COMPANY LIMITED** (hereinafter referred to as "the Parent") and its subsidiary(the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the unincorporated joint ventures referred to in the sub-paragraph (a) of the Other Matters paragraph below, the aforesaid consolidated Ind AS 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 Group as at 31st March 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of five unincorporated joint ventures included in the standalone Ind AS financial statements of the company included in the Group whose financial statements reflect total assets of ₹ 4,480.21 lakhs as at 31st March 2017 and total revenues of ₹ 34.19 lakhs for the year ended on that date. The financial statements of these unincorporated joint ventures have been audited by the other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these unincorporated joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid unincorporated joint ventures is based solely on the report of such other auditors.

(b) We have placed reliance on technical/commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved developed hydrocarbon reserves and depletion thereof on Oil and Gas assets, impairment, and liability for site restoration costs.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of unincorporated joint ventures, referred in the Other Matters paragraph above 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 of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on 31st March 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ Subsidiary Company's internal financial controls over financial reporting.

(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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company.

iv. The Parent as provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : April 18, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Hindustan Oil Exploration Company Limited** (hereinafter referred to as "Parent"),and its subsidiary company which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its Subsidiary company, which is a Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 ("the ICAI"). 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its Subsidiary company, which is a company incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtainedis sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the parent and its subsidiary company, which is a company incorporated in India.

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures 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 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 control 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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which is a company incorporated in India, have, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : April 18, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1 Non-current assets				
Property, plant & equipment	5			
a) Oil and gas assets		22,198.42	5,987.31	7,152.38
b) Others		785.37	811.39	846.95
Capital Work-in-Progress	6	612.66	13,011.46	11,763.15
Intangible assets	7	198.50	3.65	3.34
Financial assets				
Site restoration deposit	8(a)	5,143.70	4,803.58	4,470.54
Other financial assets	8(b)	–	157.69	156.02
Income tax assets (Net)	9	10.96	23.72	3,302.83
Deferred tax assets (Net)	10	–	13.40	16.78
Other non-current assets	11	–	–	453.62
Total non- current assets		**28,949.61**	**24,812.20**	**28,165.61**
2 Current assets				
Inventories	12	2,469.69	2,434.20	2,648.67
Financial assets				
Investments	13	16,021.29	7,445.82	2,830.99
Trade receivables	14	515.57	402.59	546.24
Cash and cash equivalents	15	2,849.95	4,843.85	186.80
Other bank balances	16	586.69	501.79	588.88
Other financial assets	17	84.63	0.26	0.30
Income tax assets (Net)	18	927.69	8,568.64	8,241.17
Other current assets	19	70.52	137.02	380.87
Total current assets		**23,526.03**	**24,334.17**	**15,423.92**
TOTAL ASSETS		**52,475.64**	**49,146.37**	**43,589.53**
EQUITY & LIABILITIES				
Equity				
Equity share capital	20	13,050.93	13,050.93	13,050.93
Other equity	21	21,083.59	17,481.34	16,981.07
Total equity		**34,134.52**	**30,532.27**	**30,032.00**
Liabilities				
1 Non-current liabilities				
Financial liabilities				
Trade payables	22	2,211.07	2,630.11	–
Provision for site restoration	23	9,365.00	9,609.42	9,142.85
Other non-current liabilities	24	19.84	29.32	21.74
Total non-current liabilities		**11,595.91**	**12,268.85**	**9,164.59**
2 Current Liabilities				
Financial liabilities				
Trade payables	25(a)	1,822.05	921.68	3,185.05
Other financial liabilities	25(b)	4,852.34	5,338.81	1,016.43
Other current liabilities	26	70.82	84.76	191.46
Total current liabilities		**6,745.21**	**6,345.25**	**4,392.94**
Total Liabilities		**18,341.12**	**18,614.10**	**13,557.53**
TOTAL EQUITY & LIABILITIES		**52,475.64**	**49,146.37**	**43,589.53**

The accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P.Elango Managing Director | **S.B.Mathur** Chairman | **Sharmila Amin** Director | **P.K.Borthakur** Director | **R.Jeevanandam** Director & CFO

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations	27	2,556.66	5,164.62
Other income	28	1,932.86	905.07
Total income		**4,489.52**	**6,069.69**
EXPENSES			
Share of expenses from producing oil and gas blocks	29	1,133.02	1,250.35
Purchase of traded goods	30	-	839.01
Excise duty		7.46	292.86
Repacking costs	31	2.68	281.27
Decrease/(Increase) in inventories of traded goods	32	28.52	100.21
(Increase)/decrease in stock of crude oil and condensate	33	(30.78)	215.37
Employee benefits expense	34	142.83	457.97
Depreciation, depletion and amortization	5,7	960.34	1,216.95
Finance costs	35	0.03	470.59
Exploration costs written off		–	22.84
Other expenses	36	901.45	871.97
Write off of obsolete inventories		237.22	–
Total expenses		**3,382.77**	**6,019.39**
Profit before exceptional items and tax		**1,106.75**	**50.30**
Exceptional items	37	2,894.64	514.82
Profit before tax		**4,001.39**	**565.12**
(1) Current tax		–	65.20
(2) Adjustment of tax relating to earlier periods		381.51	(5.36)
(3) Deferred tax		13.40	3.37
Total tax expense		**394.91**	**63.21**
Profit for the year		**3,606.48**	**501.91**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss:			
- Re-measurement (losses) on defined benefit plans		(4.23)	(1.64)
- Income tax effect on re-measurement		–	–
		(4.23)	**(1.64)**
Total comprehensive income for the year		**3,602.25**	**500.27**
Earnings per equity share of ₹ 10 attributable to equity holders.	38		
Basic		2.76	0.38
Diluted		2.76	.0.38

The accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P.Elango Managing Director | **S.B.Mathur** Chairman | **Sharmila Amin** Director | **P.K.Borthakur** Director | **R.Jeevanandam** Director & CFO

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

a) Equity Share Capital

Particulars	Amount
Balance as at April 1, 2015	13,050.93
Balance as at March 31, 2016	13,050.93
Balance as at March 31, 2017	13,050.93

b) Other Equity

Particulars	Reserves and surplus				Total
	Security premium	Capital reserve	General reserve	Retained earnings	
Balance as at April 1, 2015	**78,415.21**	**96,084.50**	**38.00**	**(159,516.11)**	**15,021.60**
Impact of Ind AS adjustment to retained earnings	–	–	–	1,959.47	1,959.47
Restated balance as at April 1, 2015	**78,415.21**	**96,084.50**	**38.00**	**(157,556.64)**	**16,981.07**
Profit for the year	–	–	–	501.91	501.91
Other comprehensive income	–	–	–	(1.64)	(1.64)
Total comprehensive income	**–**	**–**	**–**	**500.27**	**500.27**
Balance as at March 31, 2016	**78,415.21**	**96,084.50**	**38.00**	**(157,056.37)**	**17,481.34**
Profit for the year	–	–	–	3,606.48	3,606.48
Other comprehensive income	–	–	–	(4.23)	(4.23)
Total comprehensive income	**–**	**–**	**–**	**3,602.25**	**3,602.25**
Balance as at March 31, 2017	**78,415.21**	**96,084.50**	**38.00**	**(153,454.12)**	**21,083.59**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	**4,001.39**	**565.12**
Adjustments for:		
Depletion, depreciation and amortisation	960.34	1,216.95
Impairment of assets	–	27.32
Unwinding of discount on Decommissioning liability	–	466.58
Provision for compensated absences	4.99	3.87
Write off of Obsolete Inventories	237.22	–
Provision for doubtful trade and other receivables	(6.92)	(3.30)
Net foreign exchange differences	–	(5.63)
Provision for Creditors	(80.21)	–
Excess liabilities / provisions written back	(1.14)	(5.72)
Profit on disposal of property, plant and equipment	(1.74)	(0.03)
Finance income	(408.19)	(401.74)
Exploration Expenses	–	22.84
Net income from financial instruments at fair value through profit or loss	(1,372.48)	(421.30)
Dividend income	–	(12.29)
Operating profit before working capital changes	**3,333.26**	**1,452.67**
Working capital adjustments:		
Increase in trade payables and other liabilities	(196.19)	3,179.17
(Decrease) / Increase in trade receivables	(106.06)	147.04
(Decrease) / Increase in inventories	(272.70)	214.48
(Decrease) / Increase in loans and advances and other current assets	(191.14)	992.61
Cash Generated from operations	**2,567.17**	**5,985.97**
Direct taxes refunds (net of payments)	7,258.79	3,428.73
Net cash generated by operating activities	**9,825.96**	**9,414.70**
Cash flow from Investing activities		
Purchase of property, plant and equipment	(4,941.48)	(923.61)
Proceeds from sale of property, plant and equipment	1.74	0.03
Profit on sale of financial assets	1,372.48	421.30
Interest income	408.19	397.61
Dividend income	–	12.29
Net cash flows used in investing activities	**(3,159.07)**	**(92.38)**
Net increase in cash and cash equivalents	6,666.89	9,322.32
Cash and cash equivalents at the beginning of the year	12,784.68	3,462.36
Cash and cash equivalents at the end of the year	**19,451.57**	**12,784.68**
Components of cash and cash equivalents		
Balances with banks		
– In deposit accounts	763.33	665.08
– In current accounts	2,666.95	4,673.78
Current Investments	16,021.29	7,445.82
Total cash and cash equivalents	**19,451.57**	**12,784.68**

The accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P.Elango Managing Director | **S.B.Mathur** Chairman | **Sharmila Amin** Director | **P.K.Borthakur** Director | **R.Jeevanandam** Director & CFO

Bhavani Balasubramanian
Partner

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

1. Corporate Information

Hindustan Oil Exploration Company Limited ('the Company' or 'HOEC') was incorporated in India on September 22, 1983 under the provisions of the Companies Act, 1956. The Company is listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). HOEC is engaged in the exploration, development and production of crude oil and natural gas in India, both onshore and offshore.

The Company is a participant in various oil and gas blocks/fields which are in the nature of joint operations through Production Sharing Contracts ('PSC') entered by the Company with Government of India along with other entities. The details of Company's participating interests and of the other entities are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	Share (%)	
			As at March 31, 2017	As at March 31, 2016
1	PY-1	Hindustan Oil Exploration Company Limited (O)	100.00	100.00
2	CY-OS-90/1 (PY-3)	Hardy Exploration & Production (India) Inc. (O)	18.00	18.00
		Oil and Natural Gas Corporation Limited	40.00	40.00
		Hindustan Oil Exploration Company Limited	21.00	21.00
		Tata Petrodyne Limited	21.00	21.00
3	Asjol	Hindustan Oil Exploration Company Limited (O)	50.00	50.00
		Gujarat State Petroleum Corporation Limited	50.00	50.00
4	North Balol	Hindustan Oil Exploration Company Limited (O)	25.00	25.00
		Gujarat State Petroleum Corporation Limited	45.00	45.00
		Gujarat Natural Resources Limited (GNRL)	30.00	30.00
5	CB-ON/7 (Palej)	Hindustan Oil Exploration Company Limited (O)	35.00	35.00
		Gujarat State Petroleum Corporation Limited	35.00	35.00
		Oil and Natural Gas Corporation Limited	30.00	30.00
6	CB-OS/1	Oil and Natural Gas Corporation Limited (O)	55.26	55.26
		Hindustan Oil Exploration Company Limited	38.07	38.07
		Tata Petrodyne Limited	6.67	6.67
7	AAP-ON-94/1 (Assam)	Hindustan Oil Exploration Company Limited (O)	26.882	26.882
		Indian Oil Corporation Limited	29.032	29.032
		Oil India Limited	44.086	44.086
8	MB/OSDSF/B80 /2016	Hindustan Oil Exploration Company Limited (O)	50.00	–
		Adhboot Estates Private Limited	50.00	–
9	AA/ONDSF/ KHEREM/2016	Hindustan Oil Exploration Company Limited (O)	40.00	–
		Oil India Limited	40.00	–
		Prize Petroleum Company Limited	20.00	–

(O) Operator

The Company has one wholly owned subsidiary, M/s. Hindage Oilfield Services Limited (formerly, HOEC Bardahl India Limited), as at the year end.

Hindage Oilfield Services Limited (formerly, HOEC Bardahl India Limited), ('HOSL' or 'the Company') was incorporated on November 24, 1988 in the state of Gujarat. HBIL was engaged in the business of marketing "Bardahl" brand of auto additives through a distributor agreement with Bardahl Manufacturing Company ("BMC"), USA. This agreement is entered into for a period of 3 years and extended for further period of 3 years and was valid up to 29th February 2016 and was due for extension. BMC has terminated the agreement with HOSL and entered in to an agreement with one of the distributors of HOSL.

Consequent to the discontinuation of distribution of Bardahl Manufacturing Corp ("BMC") products effective February 29, 2016, the legal process has been initiated against LV Rustore Applications Pvt ltd ("LVR") to protect the interest of the company. The arbitration application filed by LVR under section 11 of the Arbitration Act was dismissed by the Court on October 14, 2016. The company will initiate to appoint an arbitrator to adjudicate the disputes. Meanwhile, the Memorandum and Articles of Association of HOSL was amended to include the business of oil field services representing the change in business objective of HOSL to align with the business of the company

The Company, along with HOSL, shall hereinafter, be collectively referred to as 'the Group'.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

2. Significant Accounting Policies

i) Statement of Compliance and Basis of Preparation

The consolidated financial statements of the Company and its subsidiary (together the Group) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. These consolidated financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS.The date of transition to Ind AS is April 1, 2015. The mandatory exceptions and optional exemptions availed by the Company on first -time adoption have been detailed in Note no.3.

For all periods, up to and including the year ended March 31, 2016, the Company prepared its consolidated financial statements under historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (together called the "Previous Indian GAAP").

In accordance with Ind As 101- "First Time adoption of Indian Accounting Standards" (Ind As 101), the Company has presented a reconciliation of Shareholders' equity under previous GAAP and Ind AS as at March 31, 2016.

The Consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

Fair value measurement

Fair value is 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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

The consolidated financial statements are presented in Indian Rupees, unless otherwise stated.

ii) Basis of consolidation

(a) The consolidated financial statements incorporate the financial statement of the Company and its Subsidiary.

(b) All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated in full on consolidation.

(c) The Consolidated financial statements have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

iii) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Company has entered into Unincorporated Joint Ventures (UJVs) with other oil and gas companies and executed Production Sharing Contracts ("PSC") with the Government of India. These UJVs are in the form of Joint arrangements wherein the participating entity's assets and liabilities are proportionate to its participating interest.

The UJVs entered into by the company are in the nature of joint operations wherein the liabilities are several, not joint, and not joint and several and therefore do not come under the category of Joint Venture as defined under the Ind AS. In accounting for these joint operations, the company recognizes its assets and liabilities in proportion to its participating interest in the respective UJV. Likewise, revenue and expenses from the UJV are recognized for its participating interest only.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises assets, liabilities, revenues and expenses relating to its interest in the UJVs in accordance with the Ind AS.

The consolidated financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted on the basis of available information in the audited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSCs. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs. Hence, in respect of these UJVs, certain disclosures required under the relevant accounting standards have been made in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

iv) Foreign exchange transactions

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

In preparing the financial statements of each individual group company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable at the transacted price.

(i) Revenue from the sale of crude oil, condensate and natural gas, net of value added tax and profit petroleum to the Government of India, is recognized on transfer of custody to customers, and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(ii) Income from service if any is recognized on accrual basis on its completion and is net of service tax.

(iii) Interest income is recognized on the basis of time, by reference to the principal outstanding and at effective interest rate applicable on initial recognition.

(iv) Dividend Income from investments is recognized when the right to receive has been established.

(v) Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

(vi) Sales of Oil Additives / Lubricants / Car Care Products are recognised on shipment or dispatch to customers. Such sales are stated exclusive of Value Added Tax, Central Sales Tax and are net of Sales return and Trade Discount. Excise duty deducted from gross turnover (gross) is the amount that is included in the amount of gross turnover and not the entire amount of liability that arose during the year.

vi) Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The tax rates and tax laws used to compute are the laws that are enacted or substantively enacted as on the reporting date. The management evaluates makes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income taxes

The current income tax expense includes income taxes payable by the Company. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. It is recognised only to the extent it is probable that the taxable profit will be available against which the deductible temporary differences and the carry forward losses can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The group recognises interest levied and penalties related to income tax assessments in income tax expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

vii) Property, plant and equipment (other than oil and gas assets)

Land and buildings held for use in the production and supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and the accumulated impairment losses. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less depreciation.

Historical cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. It includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Improvements to Leasehold premises are amortized over the remaining primary lease period.

Useful lives used for depreciation (other than Oil and gas assets):

TheGroup follows the useful lives set out under Schedule II of the Companies Act 2013 for the purpose of determining the useful lives of respective blocks of property plant and equipment. The following are the useful lives followed:

- Plant & machinery : 15 years
- Building : 60 years
- Office Equipment : 05 years
- Electrical Fittings : 10 years
- Computer : 03 years
- Furniture and Fixtures : 10 years
- Vehicles : 08 years

De-recognition of assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuous use of the asset. Any gain or loss arising from such disposal, retirement or de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item. Such gain or loss is recognized in the statement of profit and loss.

In case of de-recognition of a revalued asset, the corresponding portion of the revaluation surplus as is attributable to that asset is transferred to retained earnings on such de-recognition. Such transfers to retained earnings are made through Other Comprehensive Income and not routed through profit or loss.

viii) Oil and gas assets

Oil and Gas Assets are stated at historical cost less accumulated depletion and impairment losses. These 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.

The Company generally follows the "Successful Efforts Method" of accounting for oil and gas assets as set out by the Guidance Note issued by the ICAI on "Accounting for Oil and Gas Producing Activities".

(a) Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis as Intangible Assets. Costs are not depleted within exploratory and development work in progress until the exploration phase is complete or commercial oil and gas reserves are discovered.

(b) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.

(c) Cost of exploratory / appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till it is transferred to Producing property on commercial production as tangible assets.

(d) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs are considered as development expenditure. These expenses are capitalized as Producing Property on commercial production.

Depletion to oil and gas assets

Depletion is charged on a unit of production method based on proved reserves for acquisition costs and proved and developed reserves for capitalized as oil and gas asset consisting the costs of successful exploratory wells, development wells, processing facilities, distribution assets, estimated site restoration costs and all other related costs. These assets are depleted within each cost center. Reserves for these purposes are considered on working interest basis which are re-assessed annually. Impact of changes to reserves are accounted prospectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

ix) Site restoration

Provision for decommissioning costs are recognized when the Company has a legal or constructive obligation to plug and abandon a well, dismantle and remove a facility or an item of Property, Plant and Equipment and to restore the site on which it is located. The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete / facilities or Property, Plant and Equipment are installed.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk free discount rate.

The corresponding amount is also capitalized to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and is also adjusted to the corresponding producing property.

Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the carrying value of the corresponding asset. In case reversal of provision exceeds the carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost.

Provision for decommissioning cost in respect of assets under Joint Operations is considered as per participating interest of the Company.

x) Intangible assets

Intangible assets with a finite useful life acquired separately are measured on initial recognition, at costs. Intangible assets are carried at cost less accumulated amortization and impairment losses.

The Company amortizes intangible assets with a finite useful life using the straight-line method. The useful life considered for computer software is 6 years.

xi) Impairment

The carrying values of assets/cash generating units are assessed for impairment at the end of every reporting period. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate present value factor.

An impairment loss recognised in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In that case, the carrying amount of the asset is increased to its recoverable amount. However, such reversal shall not exceed the carrying amount had there been no impairment loss.

xii) Inventories

The accounting treatment in respect of recognition and measurement of inventory is as follows:

(i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business, less estimated costs necessary to make the sale.

(ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis or estimated net realizable value, whichever is lower.

(iii) Inventory of Oil additives/Lubricants/Car Care Products are valued at lower of Cost or Net Realisable Value. Cost is ascertained on a specific identification basis. Inventories include Packed, Unpacked stock and Packing Materials. Cost of Unpacked material includes cost of materials (net of Cenvat / VAT), Custom duty, Insurance, Freight, Clearing Charges. Cost of Packed Materials includes materials and repacking cost. Excise duty liability is included in the valuation of closing inventory of Packed Materials. Obsolescence of inventory is determined on the material consumption pattern / specific review and is accordingly provided for.

Inventories are periodically assessed for restatement at lower of cost or net realizable value. On restatement, any write-down of inventory to net realizable value is recognized as an expense in the period the write-down or loss occurs. In case of increase in the net realizable value, the increase is recognized and reversed to the extent of write-down.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

xiii) Employee benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

a) Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and are recognized as and when the employees have rendered services entitling them to contributions.

b) Defined benefit plan

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method.

Remeasurement comprising actuarial gains and losses are reflected immediately in the balance sheet with a charge or credit recognized in the Other Comprehensive Income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognised the Statement of Profit and Lossexcept those included in cost of assets as permitted.

Defined benefit costs are categorized as Service cost, Net interest expense and remeasurement cost.

c) Long term employee benefit

The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.

d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.

xiv) Employee share based payment

Equity settled share based payments to employees are measured at fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period based on the estimate of the equity instrument that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that cumulative expense reflects the revised estimate, with corresponding adjustment to the equity -settled employee benefits reserve.

xv) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All finance assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or disposal are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Recognized financial assets are subsequently measured in their entirety at the fair value. In case of investments in wholly owned subsidiary, the investments are considered at cost subject to impairment if any.

A financial asset is de-recognized only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

Financial liabilities

All financial liabilities are recognized initially at fair value. In the case of loans, borrowings and payables, recognition is net of directly attributable transaction and other costs. The Company's financial liabilities may include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities is at fair value and adjustment thereon is routed through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

xvi) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

In case of contingent liabilities, where there is no certainty of outflow or the amount of obligation cannot be measured reliably, disclosure is made in the notes forming part of the financial statements. Contingent assets are not recognized in the financial statements. However, where the realization of income is reasonably certain, a disclosure of the fact is provided.

xvii) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Operating lease payments for land are recognized as prepayments and amortised on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

xviii) Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

xix) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

xx) Cash and cash equivalents

Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amount of cash which are subject to insignificant risk of change in value.

3. First time adoption - mandatory exceptions and optional exemptions

(i) Overall principle:

The Group has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS are required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Group as detailed below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

(ii) Deemed cost for Property, Plant and Equipment, Oil and Gas assets and intangible assets

The Group has elected to continue with the carrying value of all of its Property, Plant and Equipment, Oil and Gas assets and intangible assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date except adjustment related to decommissioning liabilities.

(iii) Deemed cost for intangible assets

The Group has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(iv) Site restoration costs

The Group has availed optional exemption available with respect to decommissioning costs included in the Oil and Gas Assets. Accordingly, the Company has measured the decommissioning provision in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' as at transition date. The Company has computed the estimate of the amount that would have been included in the cost of the related Oil and Gas Assets by discounting the decommissioning provision computed at transition date using its best estimate of the historical risk adjusted discount rate to the date when decommissioning liability first arose. Thereafter, the Company has computed depletion / depreciation on Oil and Gas assets on the aforesaid estimated amount.

4. Critical accounting judgments, Assumptions and Key sources of estimation uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of Oil and Gas reserves, impairment, useful lives of Property, Plant and Equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets & liabilities.

4.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (Refer note 4(b)), that the Management have made in the process of applying the Group's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

(a) Determination of functional currency

Currency of the primary economic environment in which the Group operates ("the functional currency") is Indian Rupee (₹) in which the Group primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹).

b) Evaluation of indicators for impairment of Oil and Gas assets

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors such as significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc. and internal factors such as obsolescence or physical damage of an asset, poor economic performance of the asset etc. which could result in significant change in recoverable amount of the Oil and Gas Assets.

4.2 Assumptions and key sources of estimation uncertainty

a) Estimation of provision for decommissioning

The Company estimates provision for decommissioning for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future, the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

The timing and amount of future expenditures are reviewed at the end of each reporting period, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant Oil & Gas asset.

b) Estimation of reserves

Management estimates production profile (proved and developed reserves) in relation to all the Oil and Gas Assets determined by the G&G team as per industry practice. The estimates so determined are used for the computation of depletion and impairment testing.

The year-end reserves of the Company have been estimated by the G&G team which follows international reservoir engineering procedures consistently. The Company has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) - 1997 guidelines which defines reserves as "estimated volumes of crude oils, condensate, natural gas, natural gas liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations." Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history available then performance methods such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New in- place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new sub-surface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static and dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitate revision in estimation of reserves.

c) Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

5. Property, Plant & equipment

Summary

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Oil and gas assets	22,198.42	5,987.31	7,152.38
	22,198.42	**5,987.31**	**7,152.38**
b) Others			
- Freehold land	239.28	239.28	239.28
- Buildings	522.81	549.37	577.28
- Plant and machinery	–	6.63	5.98
- Furniture & fixtures	2.24	2.21	3.20
- Vehicles	1.48	2.26	3.44
- Office equipment	3.83	4.00	7.72
- Computers	15.73	5.66	4.07
- Leasehold improvements	–	1.98	5.98
	785.37	**811.39**	**846.95**

5.1 The Group has elected to continue with the carrying value of its Oil and Gas Assets and other property plant and equipment's recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101 except for decommissioning and restoration liabilities included in the cost of Oil and Gas Assets which have been adjusted in terms of para D 21 of Ind AS 101 'First-time Adoption of Indian Accounting Standards' (Refer Note 3(ii)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Carrying amount of	Oil and gas assets	Other assets								Total
		Land	Buildings	Plant and machinery	Furnitures & fixures	Vehicles	Office equipment	Comput-ers	Leasehold improve-ments	
Cost or deemed cost										
Balance at April 1, 2015	**229,390.74**	**239.28**	**1,043.32**	**18.77**	**64.87**	**46.24**	**100.98**	**86.84**	**22.32**	**231,013.36**
Additions / (Deletions)	(1,887.64)	–	–	1.30	(0.05)	(19.81)	1.86	9.64	–	(1,894.70)
Balance at March 31, 2016	**227,503.10**	**239.28**	**1,043.32**	**20.07**	**64.82**	**26.43**	**102.84**	**96.48**	**22.32**	**229,118.66**
Additions / (Deletions)	(661.58)	–	–	–	0.79	(13.57)	1.56	13.42	–	(659.38)
Transfer from Capital Work–in–progress	17,708.98	–	–	–	–	–	–	–	–	17,708.98
Balance at March 31, 2017	**244,550.50**	**239.28**	**1,043.32**	**20.07**	**65.61**	**12.86**	**104.40**	**109.90**	**22.32**	**246,168.26**
Accumulated depreciation and impairment										
Balance at April 1, 2015	**222,238.36**	**–**	**466.04**	**12.79**	**61.67**	**42.80**	**93.26**	**82.77**	**16.34**	**223,014.03**
Depreciation for the year	1,164.93	–	27.91	1.39	0.99	1.18	5.58	8.41	4.00	1,214.39
Deletions	(1,887.50)	–	–	(0.74)	(0.05)	(19.81)	–	(0.36)	–	(1,908.46)
Balance at March 31, 2016	**221,515.79**	**–**	**493.95**	**13.44**	**62.61**	**24.17**	**98.84**	**90.82**	**20.34**	**222,319.96**
Depreciation for the year	836.29	–	26.56	6.63	0.76	0.78	2.89	12.19	1.98	888.08
Deletions	–	–	–	–	–	(13.57)	(1.16)	(8.84)	–	(23.57)
Balance at March 31, 2017	**222,352.08**	**–**	**520.51**	**20.07**	**63.37**	**11.38**	**100.57**	**94.17**	**22.32**	**223,184.47**
Net book value										
Balance at April 1, 2015	**7,152.38**	**239.28**	**577.28**	**5.98**	**3.20**	**3.44**	**7.72**	**4.07**	**5.98**	**7,999.33**
Balance at March 31, 2016	**5,987.31**	**239.28**	**549.37**	**6.63**	**2.21**	**2.26**	**4.00**	**5.66**	**1.98**	**6,798.70**
Balance at March 31, 2017	**22,198.42**	**239.28**	**522.81**	**–**	**2.24**	**1.48**	**3.83**	**15.73**	**–**	**22,983.79**

6. Capital work-in-progress

Particulars	Development Expenditure	Exploration Expenditure	Total
Cost			
Balance at April 1, 2015	**1,249.26**	**13,981.23**	**15,230.49**
Additions	1,284.07	73.60	1,357.67
Deletions	–	(82.04)	(82.04)
Balance at March 31, 2016	**2,533.33**	**13,972.79**	**16,506.12**
Additions	5,310.18	–	5,310.18
Transfer to oil and gas assets	(6,122.13)	(11,586.85)	(17,708.98)
Balance at March 31, 2017	**1,721.38**	**2,385.94**	**4,107.32**
Accumulated impairment			
Balance at April 1, 2015	**(1,081.40)**	**(2,385.94)**	**(3,467.34)**
Additions	(27.32)	–	(27.32)
Balance at March 31, 2016	**(1,108.72)**	**(2,385.94)**	**(3,494.66)**
Additions	–	–	–
Balance at March 31, 2017	**(1,108.72)**	**(2,385.94)**	**(3,494.66)**
Net book value			
Balance at April 1, 2015	**167.86**	**11,595.29**	**11,763.15**
Balance at March 31, 2016	**1,424.61**	**11,586.85**	**13,011.46**
Balance at March 31, 2017	**612.66**	**–**	**612.66**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

7. Intangible assets - others

Particulars	Computer Software
Cost	
Balance at April 1, 2015	**260.13**
Additions	2.87
Balance at March 31, 2016	**263.00**
Additions	267.11
Balance at March 31, 2017	**530.11**
Accumulated amortization and impairment	
Balance at April 1, 2015	**256.79**
Amortization for the year	2.56
Balance at March 31, 2016	**259.35**
Amortization for the year	72.26
Balance at March 31, 2017	**331.61**
Net book value	
Balance at April 1, 2015	**3.34**
Balance at March 31, 2016	**3.65**
Balance at March 31, 2017	**198.50**

7.1 The Company has elected to continue with the carrying value of its intangible asset as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101 'First -time Adoption of Indian Accounting Standards' (Refer Note 3 (ii)).

8. Financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Site Restoration Deposit			
Site restoration deposit with bank with maturity period in excess of 12 months	5,143.70	4,803.58	4,470.54
Total	**5,143.70**	**4,803.58**	**4,470.54**

The above amount has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme i.e. towards removal of equipment's and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life, property, environment etc. This amount is considered as restricted cash and hence not considered as 'Cash and cash equivalents'.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(b) Other financial assets			
i) Unsecured and considered good			
Capital Advances	–	38.82	42.13
Security Deposits	–	95.17	90.20
Advances recoverable in cash or kind	–	23.70	23.69
ii) Unsecured and considered doubtful			
Capital Advances	13.55	13.55	13.55
Advances recoverable in cash or kind	476.30	476.30	504.76
Fringe benefit tax	–	–	10.58
Less: Provision for doubtful advances	(489.85)	(489.85)	(528.89)
Total	**–**	**157.69**	**156.02**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

9. Income tax assets (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax (net of provision)	10.96	23.72	3,302.83
	10.96	**23.72**	**3,302.83**

10. Deferred tax assets (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Exploration expenses	4,890.55	4,883.00	4,791.73
Development expenses	867.26	–	–
Doubtful advances	157.48	161.96	172.41
Employee related costs	–	3.03	3.42
Depreciation, depletion, amortisation & impairment	15,527.27	17,165.67	14,048.08
Unabsorbed business losses and depreciation	25,075.05	24,272.12	25,782.42
Others	–	3.15	2.73
Deferred tax assets	**46,517.61**	**46,488.93**	**44,800.79**
Less: Amounts not recognised (Refer notes below)	(46,517.61)	(46,475.53)	(44,784.01)
Deferred tax asset	**–**	**13.40**	**16.78**

Notes: Deferred tax asset has not been recognized in the absence of virtual certainty and convincing evidence that sufficient future taxable income will be available to utilize these assets.

There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of the Income Tax Act, 1961

11. Other non-current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposit with bank with maturity period in excess of 12 months	–	–	453.62
	–	**–**	**453.62**

12. Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Finished Goods			
- Crude Oil	29.19	20.02	73.68
- Condensate	58.96	28.96	185.45
(ii) Drilling and Production Stores and spares	2,381.54	2,194.43	2,041.95
	2,469.69	**2,243.41**	**2,301.08**
(iii) Stock of Traded goods			
a. Unpacked	–	–	–
- Additives	–	14.32	54.28
- Lubricants	–	1.64	19.95
- Car Care	–	12.10	6.30
	–	**28.06**	**80.53**
b. Packed			
- Additives	–	91.52	142.17
- Accessories	–	2.46	-
- Lubricants	–	11.06	11.88
- Car Care	–	41.50	40.24
	–	**146.54**	**194.29**
(iv) Unpacked stock in transits	–	–	54.47
(v) Stock of packing material	–	16.19	18.30
	2,469.69	**2,434.20**	**2,648.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

13. Investments - Current

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	₹ in lacs	Quantity	₹ in lacs	Quantity	₹ in lacs
Financial assets carried at fair value through profit and loss.						
Quoted equity instruments						
Reliance Industries Limited Equity Shares @ ₹ 10 each	318	4.20	318	3.32	318	2.63
Reliance Communication Ventures Limited Equity Shares @ ₹ 10 each	318	0.12	318	0.16	318	0.19
Reliance Infrastructure Limited Equity Shares @ ₹ 10 each	318	0.13	318	0.12	318	0.10
Reliance Capital Limited Equity Shares @ ₹ 10 each	15	0.09	15	0.06	15	0.06
Reliance Power Limited Equity Shares @ ₹ 10 each	79	0.04	79	0.04	79	0.04
(A)		**4.58**		**3.70**		**3.02**
Mutual Funds						
Units of Liquid / Liquid plus / Short Term / Medium Term Schemes						
Birla Cash Plus Fund - Regular Plan - Growth @ ₹ 100 each	16,934.00	44.11	161,713.34	392.60	–	–
Birla Dynamic Bond Fund - Retail - Growth @ ₹ 10 each	3,737,661.75	1,085.19	3,453,890.09	909.79	–	–
Birla Floating Rate-Long term fund - Growth @ ₹ 10 each	264,070.19	524.93	–	–	–	–
Birla Savings Fund - Growth @ ₹ 100 each	365,663.37	1,165.19	169,233.78	495.62	–	–
Franklin India Treasury Management Account - Super Institutional Plan - Growth Nil Units of ₹ 1,000 each	–	–	–	–	16,871.18	352.17
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth @ ₹ 10 each	–	–	–	–	1,364,561.25	253.02
HDFC Floating Rate Income Fund - Short Term - Wholesale Option - Growth @ ₹ 10 each	5,314,420.17	1,502.38	1,956,441.78	509.53	–	–
HDFC High Interest Fund -Dynamic Plan - Growth @ ₹ 10 each	1,275,460.56	722.30	1,114,909.13	568.50	–	–
HDFC High Interest Fund -Short Term Plan - Growth @ ₹ 10 each	5,488,824.43	1,778.92	353,706.85	104.85	–	–
HDFC Liquid Fund - Growth Nil @ ₹ 10 each	-	-	-	-	1,574,813.30	434.28
HDFC Liquid Fund - Treasury Advantage Plan - Daily Dividend Reinvestment @ ₹ 10 each	-	-	-	-	1,150,102.00	115.37
ICICI Prudential Liquid Plan-Regular - Growth @ ₹ 100 each	–	–	–	–	106,681.80	220.68
ICICI Prudential Short Term Fund - Regular - Growth @ ₹ 10 each	3,193,051.92	1,089.54	–	–	–	–
ICICI Prudential flexible income plan - Premium - daily dividend reinvestment	–	–	–	–	382,075.00	403.99
IDFC SSIF - Medium Term Fund - Growth @ ₹ 10 each	4,778,428.14	1,324.93	3,750,357.28	950.25	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

13. Investments- Current *(continued)*

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	₹ in lacs	Quantity	₹ in lacs	Quantity	₹ in lacs
Mutual Funds *(continued)*						
IDFC SSIF - Investment plan - Growth @ ₹ 10 each	627,355.72	253.69	–	–	–	–
IDFC Ultra short term fund - Growth @ ₹ 10 each	3,457,931.91	796.33	–	–	–	–
Kotak Bond (Short Term) - Growth - (Reg. Plan) @ ₹ 1,000 each	5,125,612.62	1,575.40	686,245.10	193.37	–	–
Kotak Floater Short Term -Growth - Regular Plan @ ₹ 1,000 each	–	–	7,473.75	185.53	6,231.91	142.87
Kotak Treasury Advantage Fund-Growth - (Regular Plan) @ ₹ 10 each	–	–	1,271,321.12	306.99	938,746.77	209.06
Reliance Dynamic Bond Fund - Growth @ ₹ 10 each	3,187,920.00	712.83	–	–	–	–
Reliance Short Term Fund - Growth @ ₹ 10 each	724,708.58	223.33	3,093,803.56	874.88	–	–
Reliance Liquidity Fund - Growth Plan Growth Option @ ₹ 1,000 each	–	–	–	–	18,068.88	380.38
SBI Short Term Debt Fund - Regular Plan - Growth @ ₹ 10 each	5,714,742.89	1,080.14	591,845.55	102.53	–	–
SBI Treasury Advantage Fund - Regular Plan - Growth @ ₹ 1000 each	–	–	31,371.48	526.38	–	–
Tata Ultra short Fund Regular Plan - Growth @ ₹ 1,000 each	22,084.72	544.42	23,821.83	542.71	15,050.34	316.15
Tata Short Term Bond Fund Regular Plan - Growth @ ₹ 10 each	726,754.75	222.16	2,220,970.27	625.45	–	–
TATA Dynamic Bond Fund - Growth @ ₹ 10 each	5,398,464.87	1,370.92	665,534.00	153.14	–	–
(B)		**16,016.71**		**7,442.12**		**2,827.97**
Unquoted Equity Instruments						
Equity Shares of ₹ 10 each of Gujarat Securities Limited	100,000	10.00	100,000	10.00	100,000	10.00
Aggregate amount of impairment in value of investments		(10.00)		(10.00)		(10.00)
(C)		–		–		–
Total (A) + (B) + (C)		**16,021.29**		**7,445.82**		**2,830.99**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount (cost) of Quoted Investments	0.49	0.49	0.49
Market Value of Quoted Investments	**4.58**	**3.70**	**3.02**
Aggregate amount (cost) of mutual fund Investments	14,946.08	7,203.92	2,758.53
Fair value of mutual fund Investments	**16,016.71**	**7,442.12**	**2,827.97**
Aggregate Value of Unquoted equity instruments	–	–	–
Total investments	**16,021.29**	**7,445.82**	**2,830.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

14. Trade Receivables - current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured and considered good	–	32.91	36.73
(A)	**–**	**32.91**	**36.73**
Unsecured and considered good	515.57	369.68	509.51
Unsecured and considered doubtful	2.86	9.78	13.08
	518.43	**379.46**	**522.59**
Less: Provision for doubtful trade receivables	(2.86)	(9.78)	(13.08)
(B)	**515.57**	**369.68**	**509.51**
Total (A+B)	**515.57**	**402.59**	**546.24**

14.1 Generally, the Company enters into long-term crude oil and gas sales arrangement with its customers and distributers of HOSL. The average credit period on sales of crude and gas is [7- 45 days] and for oil additives 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice.

Accordingly, the Company assesses impairment loss on dues from Oil Marketing Companies on facts and circumstances relevant to each transaction. Usually, Company collects all its receivables from Oil Marketing Companies within [30 days].

The Company has concentration of credit risk due to the fact that the Company has significant receivables from Oil Marketing Companies which are reputed and creditworthy public sector undertakings (PSUs).

Age of receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	434.81	216.83	306.17
1-30 days past due	38.97	137.57	202.08
31-90 days past due	–	21.18	8.26
More than 90 days past due	41.79	36.79	42.81
Total	**515.57**	**412.37**	**569.32**

15. Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand and balance with banks. Cash & Cash equivalents and term deposits not exceeding 3 months at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows;

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	–	–	0.21
Balances with banks:			
Current accounts	2,666.95	4,673.78	180.60
Bank deposits- maturity< 3 months	183.00	170.07	5.99
	2,849.95	**4,843.85**	**186.80**

15. (a) Specified bank notes disclosure (SBNs)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs (in ₹)	Other notes (in ₹)	Total (in ₹)
Closing cash on hand as on November 8, 2016	18,000	167,474	185,474
Permitted receipts	–	474,173	474,173
Permitted payments	–	(521,761)	(521,761)
Amount deposited in Banks	(18,000)	–	(18,000)
Closing cash on hand as on December 30, 2016	–	119,886	119,886

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

The subsidiary company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Consequently, the disclosure requirement as envisaged in Notification G.S.R 308(E) dated March 30, 2017 is not applicable to the subsidiary company.

16. Other bank balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposits - maturity > 3 months < 12 months	580.33	495.01	563.78
Unclaimed / unpaid dividend accounts	6.36	6.78	20.72
Unclaimed / unpaid share application money	–	–	4.38
	586.69	**501.79**	**588.88**

17. Other Financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	78.85	0.26	0.30
Pre-deposit - Service tax	5.78	–	-
	84.63	**0.26**	**0.30**

18. Income tax assets (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax (net of provision)	927.69	8,568.64	8,241.17
	927.69	**8,568.64**	**8,241.17**

19. Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured and considered good			
Additional fund with LIC for gratuity	16.76	12.51	9.63
Advances recoverable in cash or kind	4.95	56.05	265.70
Cenvat& Service Tax Input Credit	12.18	14.24	2.98
Cenvat Credit Account	1.50	4.33	1.55
Prepaid expenses	35.13	49.89	101.01
	70.52	**137.02**	**380.87**

20. Equity share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized			
500,000,000 (PY: 500,000,000) equity shares of ₹10 each	50,000.00	50,000.00	50,000.00
Issued			
130,563,363 (PY: 130,563,363) equity shares of ₹10 each	13,056.34	13,056.34	13,056.34
Subscribed and Fully Paid up			
130,493,289 (PY: 130,493,289) equity shares of ₹10 each	13,049.33	13,049.33	13,049.33
Add: Amount Paid-up on Shares Forfeited (32,975 shares)	1.60	1.60	1.60
Total issued, subscribed and fully paid-up share capital	**13,050.93**	**13,050.93**	**13,050.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

(a) Reconciliation of equity shares and the amount outstanding at the beginning and at the end of the period:

Particulars	As at March 31, 2017		As at March 31, 2016		As at 1 April, 2015	
	No.	Amount	No.	Amount	No.	Amount
At the beginning of the year	130,493,289	13,049.33	130,493,289	13,049.33	130,493,289	13,049.33
Issued during the year	–	–	–	–	–	–
Outstanding at the end of the year	**130.,493,289**	**13,049.33**	**130,493,289**	**13,049.33**	**130,493,289**	**13,049.33**

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities.

(c) Details of shareholders holding more than 5% shares in the Company

Name of shareholders	As at March 31, 2017		As at March 31, 2016		As at 1 April, 2015	
	No.	% of holding	No.	% of holding	No.	% of holding
Burren Shakti Limited	–	–	29,242,482	22.41	35,440,913	27.16
Eni UK Holding Plc	–	–	–	–	26,115,455	20.01
Ashok Kumar Goel	18,465,078	14.15	18,465,078	14.15	–	–
HDFC Limited	14,826,303	11.36	14,826,303	11.36	14,826,303	11.36
LCI Estates Private Limited	8,100,000	6.21	–	–	–	–

21. Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	96,084.50	96,084.50	96,084.50
General Reserve	38.00	38.00	38.00
Securities premium account	78,415.21	78,415.21	78,415.21
Retained earnings			
Opening balance	(157,056.37)	(157,556.64)	(159,516.11)
Impact of Ind AS adjustments to retained earnings	–	–	1,959.47
Profit for the Year	3,602.25	500.27	–
Net (Deficit) in the Statement of Profit and Loss	**(153,454.12)**	**(157,056.37)**	**(157,556.64)**
Total Reserves and Surplus	**21,083.59**	**17,481.34**	**16,981.07**

22. Financial liabilities - non-current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	2,211.07	2,630.11	–
	2,211.07	**2,630.11**	**–**

23. Provision for Site Restoration

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for site restoration	9,365.00	9,609.42	9,142.85
	9,365.00	**9,609.42**	**9,142.85**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

23.1 The Company estimates provision for decommissioning as per the principles of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the future decommissioning of Oil & Gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future for which the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty. The economic life of the Oil & Gas assets is estimated on the basis of long term production profile of the relevant Oil & Gas asset. The timing and amount of future expenditures are reviewed annually, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows.

24. Other non-current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Rent equivalisation	–	9.70	8.40
Provision for compensated absences	19.84	19.62	13.34
	19.84	**29.32**	**21.74**

25. Financial Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Trade payables			
Micro, small & medium enterprises (note (a))	0.24	22.40	75.61
Others	1,821.81	899.28	3,109.44
	1,822.05	**921.68**	**3,185.05**
(b) Other financial liabilities			
Unclaimed/unpaid dividend	6.36	6.78	20.72
Unclaimed/unpaid share application money	-	-	4.38
Security deposits	-	51.00	54.80
Payable to employees	12.23	5.06	25.82
Advance from Customers	-	2.70	2.46
Payable to joint venture partners	4,833.75	5,273.27	908.25
	4,852.34	**5,338.81**	**1,016.43**

(a) Details of dues to micro, small & medium enterprises

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount payable (but not due) to suppliers as at year end	0.24	22.41	75.61
Interest accrued and due to suppliers on the above amount as at year end	–	–	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	–	–	–
Interest paid to suppliers (other than Section 16)	–	–	–
Interest paid to suppliers (Section 16)	–	–	–
Interest due and payable to suppliers for payments already made	–	–	–
Interest accrued and remaining unpaid to suppliers as at year end	–	–	–

All payments due to Micro, Small & Medium enterprises have been made within the prescribed time limits and / or date agreed upon under the contract.

26. Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues payable	62.70	72.51	142.23
Provision for gratuity	–	1.85	2.01
Compensated absences	8.12	8.51	11.96
Others	–	1.89	35.26
	70.82	**84.76**	**191.46**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

27. Revenue from operations

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Crude oil / Condensate		1,007.32	1,070.48
Sale of Natural gas		1,631.11	1,929.96
Less: Profit petroleum to Government of India		(136.14)	(166.01)
	(A)	**2,502.29**	**2,834.43**
Sale of traded goods		54.34	2,324.43
	(B)	**54.34**	**2,324.43**
Other operating revenue	**(C)**	**0.03**	**5.76**
Total (A+B+C)		**2,556.66**	**5,164.62**

27.1 Details of sales revenue

Product	UOM	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Quantity	Value	Quantity	Value
Crude oil / Condensate	BBL	32,449	879.61	35,010	930.72
Natural gas	M3	18,343,239	1,622.68	22,465,067	1,903.71
			2,502.29		**2,834.43**

Product	For the year ended March 31, 2017	For the year ended March 31, 2016
Additives, Lubricants, Car care & Others	54.34	2,324.43
	54.34	**2,324.43**

28. Other income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on bank deposits	68.07	68.71
Interest on Site restoration deposits with banks	340.12	333.03
Other interest	2.90	1.95
Dividend income	–	12.29
Profit on disposal of Property, Plant & equipment	1.74	0.48
Net income from financial instruments at fair value through profit or loss	1,372.48	421.29
Provision for doubtful debts no longer required written back	6.92	15.85
Net Gain on foreign exchange	7.23	1.72
Write back of excess provision no longer required	1.14	5.72
Miscellaneous Income	52.05	44.03
Write back - sundry creditors	80.21	–
	1,932.86	**905.07**

29. Share of expenses from producing oil and gas blocks

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Manpower costs	420.84	421.18
Repairs and maintenance	314.75	362.57
Royalty, cess & other duties	238.50	272.23
Insurance	56.99	114.20
Other production expenses	94.44	64.11
Consumables	6.46	13.89
Transportation and logistics	1.04	2.17
	1,133.02	**1,250.35**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

30. Purchase of traded goods

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Additives	–	518.03
Car Care	–	331.55
Others	–	7.30
Increase/(decrease) in Excise duty on closing stock	–	(10.26)
Increase/(decrease) in output vat on closing stock	–	0.24
Cost of sample and replacements	–	(7.85)
	–	**839.01**

31. Repacking Cost

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Packing material consumed	1.53	201.14
Repacking cost	1.15	80.13
	2.68	**281.27**

32. Decrease/(Increase) in inventories of traded goods

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year	(146.08)	(174.60)
Inventories at the beginning of the year	174.60	274.81
Net decrease in inventories	**28.52**	**100.21**

33. (Increase)/decrease in stock of crude oil and condensate

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year	(88.15)	(48.98)
Less: Inventories at the beginning of the year	48.98	259.13
	(39.17)	**210.15**
Less: Profit petroleum to Government of India	8.39	5.22
Net (Increase)/decrease in inventories	**(30.78)**	**215.37**

34. Employee benefits expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	131.70	409.64
Contribution to provident fund and other funds	7.83	30.46
Staff welfare expenses	3.30	17.87
	142.83	**457.97**

35. Finance cost

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Unwinding of discount on Decommissioning liability	–	466.58
Interest others	–	3.41
Bank charges and commission	0.03	0.60
	0.03	**470.59**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

36. Other expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Product promotion expenses	–	60.25
Incentives for marketing	–	23.06
Rebates and discounts	0.12	66.90
Sales promotion	0.43	24.84
Field staff expenses	3.56	37.44
Office and guest house rent	55.21	67.57
Power	7.09	8.85
Rates and taxes	8.96	12.79
Repairs and maintenance - others	22.60	16.74
General office expenses	6.37	6.92
Travelling and conveyance	53.11	56.23
Communication expenses	13.57	12.77
Membership and subscription	22.29	17.97
Legal and professional fees	551.11	278.25
Insurance	1.50	2.82
Directors' sitting fees	14.02	8.45
Printing and stationary	20.07	27.11
Loss on foreign exchange	–	7.46
Provisions for doubtful debts	–	25.63
Miscellaneous expenses	86.75	72.54
	866.76	**834.59**
Payment to Auditor:		
Audit fee	30.47	25.19
Tax audit fee	3.30	2.15
Reimbursements	0.92	3.17
Other services	–	6.87
	34.69	**37.38**
Total other expenses	**901.45**	**871.97**

37. Exceptional items

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Impairment on assets - CB-OS/1	–	(27.32)
Liquidated damages - RJ-2	(798.91)	–
Interest on income tax refund	3,693.55	542.14
Income (net)	**2,894.64**	**514.82**

38. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year as per statement of profit & loss	**₹ 3,602.25 lacs**	**₹ 500.27 lacs**
	No.	**No.**
Weighted average number of equity shares used in calculating basic & diluted EPS	130,493,289	130,493,289
Par value per share	₹ 10	₹ 10
Earnings per equity share in ₹ computed on the basis of profit for the year - Basic and Diluted	**2.76**	**0.38**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

39. Information relating to Hindage Oilfield Services Limited

(Formerly known as HOEC Bardahl India Limited) (100% subsidiary of Hindustan Oil Exploration Company Limited)

a. Information required pursuant to General Circular No. 2 /2011 No: 5/12/2007-CL-III dated February 08, 2011 issued by Ministry of Corporate Affairs, is as below:

Particulars	2016-2017	2015-2016
Capital	50.00	50.00
Reserves	998.85	1,030.72
Total Assets (excluding Investments)	183.56	639.82
Total Liabilities (excluding Capital and Reserve)	52.16	384.06
Investments (See Note below)	917.45	824.96
Turnover	54.37	2,330.19
(Loss) / Profit before tax	(24.54)	221.81
Tax expenses	7.33	69.39
(Loss) / Profit after tax	(31.87)	152.42

Note: Details of Investments of Hindage Oilfield Services Limited

Particulars	2016-2017	2015-2016
Current Unquoted (Non-Trade)		
Schemes of Mutual funds		
Birla Sun Life Cash Plus Fund -Regular Plan - Growth	44.11	55.98
Birla Sun Life Dynamic Bond - Growth	147.17	103.63
HDFC High Interest Fund Dynamic Plan - Growth	174.42	157.05
IDFC Super Saver Income fund - Medium term - Growth	240.50	219.77
TATA Floater Fund - Regular Plan - Growth	87.42	135.39
TATA Dynamic Bond - Regular Plan - Growth	223.83	153.14
	917.45	**824.96**

b. Hindage Oilfield Services Limited, formerly known as HOEC Bardahl India Ltd, is the wholly owned subsidiary of the company. Consequent to the discontinuation of distribution of Bardahl Manufacturing Corp products effective February 29, 2016, the legal process has been initiated against LV Rustore Applications Pvt Ltd to protect the interest of the company. The company has appointed sole arbitrator to adjudicate the disputes. The company is in the process of entering into oil field services in the ensuing financial year.

40. Significant Accounting Estimates, Assumptions and Judgements

(a) Site Restoration Costs

The company is required to estimate and provide for abandoning of wells, decommissioning of facilities and restoration of sites expected to be incurred. The same is capitalized as part of producing property in accordance with the requirements under Ind AS 16. The methodology followed by the company in estimation and measurement of decommissioning liability is as per the industry practice adjusted for inflation. The total future estimated cost is discounted to the reporting date by appropriate discount factor. Accordingly, the difference in cost is adjusted and the depletion also adjusted accordingly

(b) Employee Benefit Estimates

i. Defined contribution plan

The company makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognized ₹ 34.32 lacs (PY: ₹ 44.10 lacs) for provident fund contribution in the statement of profit and loss. The contributions payable to this plan by the company at rates specified in the rules of the scheme.

ii. Defined benefit plan

a) Gratuity

The following table sets out funded status of the gratuity and the amount recognized in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Profit and loss account for current period

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service cost:		
Current service cost	5.58	11.08
Past service cost and loss / (gain) on curtailments and settlement		
Net interest cost	(1.19)	(0.31)
Total included in 'Employee Benefit Expense'	**4.39**	**10.77**

Other Comprehensive Income for the current period

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Components of actuarial gain / losses on obligations:		
Due to Change in financial assumptions	1.95	0.02
Due to experience adjustments	(2.26)	(0.86)
Return on plan assets excluding amounts included in interest income	1.01	(1.49)
Amounts recognized in Other Comprehensive Income	**0.70**	**(2.33)**

Changes in the present value of the defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening Defined Benefit Obligation	43.94	94.22	119.99
Current service cost	5.58	11.08	13.28
Interest cost	3.14	6.56	10.10
Actuarial loss / (gain) due to change in financial assumptions	1.95	0.02	–
Actuarial loss/ (gain) due to experience	(2.26)	(0.86)	3.27
Benefits paid	(2.51)	(32.70)	(52.41)
Closing defined benefit obligation	**49.84**	**78.32**	**94.22**

Changes in fair value of plan assets defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening value of plan assets	56.45	101.84	123.22
Interest Income	4.32	6.87	–
Return on plan assets excluding amounts included in interest income	(1.01)	1.49	9.25
Contributions by employer	0.40	11.47	21.78
Benefits paid	(2.51)	(32.70)	(52.41)
Closing value of plan assets	**57.65**	**88.97**	**101.84**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of the defined benefit obligation	(49.84)	(78.32)	(94.22)
Fair value of plan assets	57.65	88.97	101.84
Plan asset / (liability)	**7.81**	**10.65**	**7.62**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

The principal assumptions used in determining gratuity and for the Company's plans are shown below:

Particulars	2016-2017		2015-2016	
	Company	Subsidiary	Company	Subsidiary
Discount rate	6.80%	–	8.00%	7.75%
Future salary increase	5.00%	–	6.50%	5.00%
Withdrawal rates	15% at younger ages reducing to 10% at older ages	–	5% at younger ages reducing to 1% at older ages	15% at younger ages reducing to 10% at older ages

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Defined benefit Obligations	(49.84)	(78.32)	(94.22)	(119.99)	(118.47)
Plan Assets	57.65	88.97	101.84	123.22	109.59
Surplus / (Deficit)	**7.81**	**10.65**	**7.62**	**3.23**	**(8.88)**

b) Compensated absences

The key assumptions used in computation of provision for long term compensated absences are as given below:

Particulars	2016-2017		2015-2016	
	Company	Subsidiary	Company	Subsidiary
Discount rate	6.80%	–	7.75%	7.70%
Future salary increase	5.00%	–	5.00%	6.50%
Withdrawal rates	15% at younger ages reducing to 11% at older ages	–	15% at younger ages reducing to 11% at older ages	15% at younger ages reducing to 11% at older ages
Attrition (% p.a.)	1% to 5%	–	1% to 5%	1% to 5%

41. Oil and Gas Reserves

As at March 31, 2017, the internal estimates of the Management of Proved & Probable Reserves supported by the approved development plan by the Directorate General of Hydrocarbons on working interest basis for the Company is as follows:

Developed + Undeveloped:

	UOM	As at March 31, 2016	Addition	Deletion/ Adjustment	Production	As at March 31, 2017
Proved Reserves (1P)						
- Oil	MMT	0.054	0.001	–	0.002	0.053
- Gas	BCM	0.461	0.001	–	0.019	0.443
Proved + Probable (2P)						
- Oil	MMT	0.063	0.030	–	0.002	0.091
- Gas	BCM	1.780	0.080	–	0.019	1.841

Developed:

	UOM	As at March 31, 2016	Addition	Deletion/ Adjustment	Production	As at March 31, 2017
Proved Reserves (1P)						
- Oil	MMT	0.054	0.001	–	0.002	0.053
- Gas	BCM	0.226	0.001	–	0.019	0.208

Notes: (i) The above reserve estimate excludes the reserves of PY-3 and CB-OS-1 as it is not commercial at the current prices.

(ii) Refer note 4.2 (b) for procedure for estimation of reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Developed + Undeveloped:

	UOM	As at April 1, 2015	Addition	Deletion/ Adjustment	Production	As at March 31, 2016
Proved Reserves (1P)						
- Oil	MMT	0.054	0.004	–	0.004	0.054
- Gas	BCM	0.485	–	0.001	0.023	0.461
Proved + Probable (2P)						
- Oil	MMT	0.075	–	0.008	0.004	0.063
- Gas	BCM	1.992	–	0.189	0.023	1.780

Developed:

	UOM	As at April 1, 2015	Addition	Deletion/ Adjustment	Production	As at March 31, 2016
Proved Reserves (1P)						
- Oil	MMT	0.054	0.004	–	0.004	0.054
- Gas	BCM	0.485	–	0.236	0.023	0.226

Note: The above reserve estimates excludes the reserves of PY-3 and CB-OS-1 as it is not commercial at the current prices.

42. **Segmental reporting**

Segment reporting is as under;

Particulars	March 31, 2017	March 31, 2016
1 Segment revenue		
- Hydro carbon	2,502.29	2,834.43
- Oil additives	54.37	2,330.18
- Inter-company elimination	–	(48.30)
- Unallocated	1,932.86	953.38
Gross sales income from operations	**4,489.52**	**6,069.69**
2 Segment results		
- Hydro carbon	(577.40)	(1,055.50)
- Oil additives	(248.69)	204.74
- Unallocated	4,827.48	1,415.88
Total Profit before tax	**4,001.39**	**565.12**
3 Segment assets		
- Hydro carbon	36,349.44	41,145.73
- Oil additives	98.55	554.82
- Unallocated	16,027.65	7445.82
Total assets	**52,475.64**	**49,146.37**
4 Segment liabilities		
- Hydro carbon	(18,282.61)	(18,223.26)
- Oil additives	(52.15)	(384.06)
- Unallocated	(6.36)	(6.78)
Total liabilities	**(18,341.12)**	**(18,614.10)**
5 Addition in tangible & intangible fixed assets		
- Hydro carbon	5,604.94	1,287.12
- Oil additives	–	3.84
Total addition in tangible & intangible fixed assets	**5,604.94**	**1,290.96**
6 Depreciation, amortisation and exploration expenses		
- Hydro carbon	948.97	1,207.78
- Oil additives	11.37	9.17
Total Depreciation, amortisation and exploration Expenses	**960.34**	**1,216.95**
7 Non-cash expenses other than depreciation, amortisation and exploration expenses		
- Hydro carbon	242.21	19.84
- Oil additives		–
- Unallocated		–
Non-cash expenses other than depreciation, amortisation and exploration expenses	**242.21**	**19.84**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

43. Related Party Disclosures

a) Related Parties as of March 31, 2017:

I. Key management personnel:

1. Mr. P. Elango - Managing Director
2. Mr. R. Jeevanandam - Director & CFO
3. Mr. Hashit Rawal - Director & COO (Resigned w.e.f May 24, 2016)

II. Promoter group companies:

ENI India Limited

Saipem (Portugal) Comercio Maritimo Su Lda

b) Nature and volume of transactions during the year and Outstanding balances as at the balance sheet date with the above parties:

EXPENDITURE	For the year ended March 31, 2017	For the year ended March 31, 2016
Key managerial personnel - Remuneration to Managing Director / CFO / COO	208.55	245.77

BALANCE OUTSTANDING	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Promoter group companies:			
Trade payables	–	2,636.22	2,636.22

44. Commitments and Contingencies

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Contingent Liabilities			
(a) Claims not acknowledged as debts CY-OS-90/1 (Note 1)	2,771.70	2,580.53	2,178.81
(b) Royalty demand (Note 2)	1,027.77	1,027.77	1,412.52
(c) Bank Guarantees	10.72	5.07	1,565.80
(d) Service tax liability (Note 6)	168.92	14.75	20.39
(e) Income tax demands	13.21	13.21	1,918.55
(f) Fringe benefit tax	–	2.01	–
(g) Central excise	3.01	3.01	3.01
(ii) Commitments			
Estimated value of contracts remaining to be executed on capital account and not provided for	1,824.39	4,671.02	10.83

1. Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) operator has issued an arbitration notice to all non-operators, ONGC Ltd, Tata Petrodyne Ltd and the company for a total claim of ₹ 5193 lacs (US $ 8.02 million) and the claim against the company is ₹ 1329 lacs (US $ 2.05 million). The non-operating parties have not accepted the claim of the Operator and are in the process of adjudicating the dispute through arbitration as the expenditure after the shutting down of the field on 31 July 2011 is not an authorized expenditure by the Management Committee. The Company made a claim of ₹ 8638 lacs (US $ 13.32 million) towards various excess charges and sought refund from the Operator during the year. The claim not acknowledged as debt by the company also includes the claim of ₹ 1440 lacs relating to dispute between Aban Offshore Limited and the Operator "Hardy" wherein the claim was not acknowledged by the Operator.

2. In block PY 1, solely operated by the Company, the Ministry of Petroleum & Natural Gas (MOP&NG) has computed the royalty based on the value of gas received by the Company (the Operator) and made a demand for the years from 2009-10 to 2014-15 towards short paid royalty of ₹ 1028 lacs (US $ 1,549,413) excluding interest.

   With regard to the above claim, the company has, during the previous year, re-computed the royalty on gas produced and sold, based on wellhead price as per the terms of the production sharing contract and compared it with the actual royalty paid by the company for the years from 2009-10 to 2014-15 and noted that they have made an excess payment of ₹ 1159 lacs (US $ 1,747,243) to MOP&NG. A claim has been lodged by the Company to MOP&NG, which is pending settlement.

3. For block RJ - ONN - 2005/2, operated by the Oil India Limited (the Operator), the parties have surrendered the block. The Company has made a provision of ₹ 799 lacs for the liquated damages payable to Government of India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

4. In this block, RJ-ONN-2005/1, there has been a delay for more than two years in obtaining the Government clearances. According to the terms of policy of Government of India issued in November 2014, which states that, if the delay due to lack of statutory and other clearances is beyond 2 years, then the contractor is permitted to exit from the contract without payment of cost of unfinished work program. The company has decided to exercise this option and exited this block, on July 9, 2015 and therefore no liability will devolve with respect to this block.

5. With respect to block CB-OS/1 operated by Oil & Natural Gas Corporation Limited (ONGC), there was no operations during the year and therefore, no expenditure has been considered in the financial statements.

6. During the year, the company has received a demand from the service tax authorities for ₹ 77.09 lacs with an equivalent amount of penalty for the period from October 2007 to March 2011 on availing Cenvat credit. An appeal has been filed with Commissioner (Appeal) as the demand is not sustainable under the law after paying an amount of ₹ 5.78 lacs to the tax authorities. The above amount also includes a demand of ₹ 14.75 pertaining to one of the unincorporated joint ventures.

45. Consumption of Stores and Spares

Particulars	2016-2017		2015-2016	
	Value (₹ in lacs)	%	Value (₹ in lacs)	%
Imported	6.72	26%	8.80	23%
Indigenous	19.32	74%	29.90	77%

46. Effects of changes in Foreign Exchange Rates

The details of the adjustment pursuant to the above are as under:

Particulars	2016-2017	2015-2016
Exchange differences capitalized to fixed assets (including work in progress) during the year	0.03	(0.10)
Amount of Net amortization of Foreign Currency Monetary Item Translation Difference Account charged to the Statement of Profit and Loss for the year	–	–

47. Corporate social responsibility

The provisions of Companies Act 2013 relating to corporate social responsibility is applicable for the Company. However, the Company is not required to spend toward CSR activities in the absence of profits calculated as per Section 198 of the Companies Act 2013.

48. Fair Value Measurements

The following table gives information about how the fair value of these financial assets are determined.

As at March 31, 2017	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	4.58	4.58	–	–
- Mutual Fund investments	16,016.71	16,016.71	–	–

As at March 31, 2016	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	3.70	3.70	–	–
- Mutual Fund investments	7,442.12	7,442.12	–	–

As at April 1, 2015	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at Fair Value				
- Quoted equity instruments	3.02	3.02	–	–
- Mutual Fund investments	2,827.97	2,827.97	–	–

* Note: Level 1: Quoted market prices in active markets, where available.
Level 2: Valuation techniques where fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for where fair value measurement is unobservable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

49. First-time Ind AS adoption reconciliations

Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS							
Non-current Assets							
Property, Plant & Equipment	5						
a) Oil and gas assets		6,056.44	(69.13)	5,987.31	7,152.38	–	7,152.38
b) Others		811.39	–	811.39	846.95	–	846.95
Capital Work-in-Progress	6	13,011.46	–	13,011.46	11,763.15	–	11,763.15
Intangible assets	7	3.65	–	3.65	3.34	–	3.34
Financial assets							
Site restoration deposit	8(a)	4,803.58	–	4,803.58	4,470.54	–	4,470.54
Other financial assets	8(b)	157.69	–	157.69	156.02	–	156.02
Income tax assets (Net)	9	23.72	–	23.72	3,302.83	–	3,302.83
Deferred tax assets (Net)	10	13.40	–	13.40	16.78	–	16.78
Other non-current assets	11	–	–	–	453.62	–	453.62
Total non-current assets		**24,881.33**	**(69.13)**	**24,812.20**	**28,165.61**	**–**	**28,165.61**
Current Assets							
Inventories	12	2,434.20	–	2,434.20	2,648.67	–	2,648.67
Financial assets							
Other investments	13	7,204.41	241.41	7,445.82	2,759.02	71.97	2,830.99
Trade receivables	14	412.37	(9.78)	402.59	546.24	–	546.24
Cash and cash equivalents	15	4,843.85	–	4,843.85	186.80	–	186.80
Other bank balances	16	501.79	–	501.79	588.88	–	588.88
Other financial assets	17	0.26	–	0.26	0.30	–	0.30
Income tax assets (Net)	18	8,568.64	–	8,568.64	8,241.17	–	8,241.17
Other current assets	19	137.02	–	137.02	380.87	–	380.87
Total current assets		**24,102.54**	**231.63**	**24,334.17**	**15,351.95**	**71.97**	**15,423.92**
TOTAL ASSETS		**48,983.87**	**162.50**	**49,146.37**	**43,517.56**	**71.97**	**43,589.53**
EQUITY LIABILITIES							
Equity							
Equity share capital	20	13,050.93	–	13,050.93	13,050.93	–	13,050.93
Other equity	21	15,814.52	1,666.82	17,481.34	15,021.60	1,959.47	16,981.07
Total equity		**28,865.45**	**1,666.82**	**30,532.27**	**28,072.53**	**1,959.47**	**30,032.00**
Non-current liabilities							
Financial liabilities							
Trade payables	22	2,630.11	–	2,630.11	–	–	–
Provisions for site restoration	23	11,113.74	(1,504.32)	9,609.42	11,030.35	(1,887.50)	9,142.85
Other non-current liabilities	24	29.32	–	29.32	21.74	–	21.74
Total non-current liabilities		**13,773.17**	**(1,504.32)**	**12,268.85**	**11,052.09**	**(1,887.50)**	**9,164.59**
Current liabilities							
Financial liabilities							
Trade payables	25(a)	921.68	–	921.68	3,185.05	–	3,185.05
Other financial liabilities	25(b)	5,338.81	–	5,338.81	1,016.43	–	1,016.43
Other current liabilities	26	84.76	–	84.76	191.46	–	191.46
Total current liabilities		**6,345.25**	**–**	**6,345.25**	**4,392.94**	**–**	**4,392.94**
Total Liabilities		**20,118.42**	**(1,504.32)**	**18,614.10**	**15,445.03**	**(1,887.50)**	**13,557.53**
TOTAL EQUITY & LIABILITIES		**48,983.87**	**162.50**	**49,146.37**	**43,517.56**	**71.97**	**43,589.53**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	As at March 31, 2016	As at April 1, 2015
Total Equity (shareholders' fund) under previous GAAP	**15,814.52**	**15,021.60**
Depreciation, depletion and amortization	(69.13)	–
Fair valuation of investments	241.41	71.97
Fair value of trade receivable	(9.78)	–
Effect of discounting of site restoration liability	1,504.32	1,887.50
Equity under Ind AS	**17,481.34**	**16,981.07**

Adjustment to oil and gas assets

Under the previous GAAP, discounting of provisions was not required under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The company has remeasured decommissioning provision at the transition date by availing optional exemption as per para D21 of Ind AS 101 "First time adoption of Indian Accounting Standard" this has resulted in decrease in decommissioning provision by ₹ 1887.50 lacs to the extent increase in the reserves as at April 1, 2015.

Similarly, it has resulted in decrease in decommissioning provision by ₹ 1504.32 lacs and decrease in oil and gas asset by ₹ 69.13 lacs, as at March 31, 2016. The net effect of aforesaid changes is decrease or increase in total equity by ₹ 1435.19 lacs as at April 1, 2015 and as at March 31, 2016.

Fair Valuation of investments in mutual fund

Under the previous GAAP, long term investments were measured cost less diminution in value which is other than temporary. Under the Ind AS, investments in mutual funds of company are measured at fair value. As at the transition date, the Company has made irrevocable choice to account for these investments at fair value through profit and loss account.

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Notes	For the year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME				
Revenue from operations	27	5,164.62	–	5,164.62
Other income	28	735.63	169.44	905.07
Total income		**5,900.25**	**169.44**	**6,069.69**
Expenses				
Share of expenses from producing oil and gas blocks	29	1,250.35	–	1,250.35
Purchase of traded goods	30	839.01	–	839.01
Excise duty		292.86	–	292.86
Repacking cost	31	281.27	–	281.27
Decrease / (Increase) in inventories of traded goods	32	100.21	–	100.21
Decrease / (Increase) / in stock of crude oil	33	215.37	–	215.37
Employee benefits expense	34	459.61	(1.64)	457.97
Depreciation, depletion and amortization	5,7	1,231.21	(14.26)	1,216.95
Finance cost	35	4.01	466.58	470.59
Exploration costs written off		22.84	–	22.84
Other expenses	36	862.19	9.78	871.97
Total expenses		**5,558.94**	**460.45**	**6,019.39**
Profit before exceptional items and tax		**341.32**	**(291.02)**	**50.30**
Exceptional items	37	514.82	–	514.82
Profit before tax		**856.14**	**(291.02)**	**565.12**
Tax expense				
(1) Current tax		65.20	–	65.20
(2) Adjustment of tax relating to earlier periods		(5.36)	–	(5.36)
(3) Deferred tax		3.37	–	3.37
Total tax expense		**63.21**	**–**	**63.21**
Profit for the year		**792.93**	**(291.02)**	**501.91**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

Depreciation, Depletion and amortization

As stated in note no. 3 (ii) Oil and gas assets were adjusted as on the transition date consequent to application para D21 of Ind AS 101 on "First time adoption Indian Accounting Standard". This has resulted in decrease in carrying value of oil and gas assets by ₹ 69.13 lacs as at the transition date. Accordingly, the depletion under Ind AS for the year ended March 31, 2016 as reduced by ₹ 14.26 lacs.

Under the privios GAAP the discounting of provision was not required whereas under Ind AS provisions are measured at discounted amount, if effect of time value of money is material as a result the unwinding of discount on decommissioning liabilities has been recognized in the statement of profit and loss as finance cost ₹ 466.58 lacs for the year ended March 31, 2016.

Remeasurement of defined benefit plans

Under Ind AS 19 employee benefits re-measurement that is actuarial loss of defined benefit plan amounting to ₹ 4.13 lacs have been recognized in other comprehensive income. Accordingly, re-measurement for 2015-16 amounting to ₹ 1.64 lacs have been adjusted from employee benefit expenses respectively resulted in corresponding increase in profit.

Reconciliation of total comprehensive income for the year ended March 31, 2016

Nature of Adjustments	For the year ended March 31, 2016
Net Profit under Previous GAAP	**792.93**
Actuarial loss on employee defined benefit funds recognized in Other Comprehensive income	1.64
Investments at fair value adjusted in profit and loss	169.44
Effect of change in depletion recognized as change in estimate	14.26
Fair value of trade receivables	(9.78)
Unwinding of discount on decommissioning liabilities	(466.58)
Net Profit for the period under Ind AS	**501.91**
Other Comprehensive Income	(1.64)
Total Comprehensive Income under Ind AS	**500.27**

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

Particulars	For the year ended March 31, 2016		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net Cash flow from operating activities	9,414.70	–	9,414.70
Net Cash flow from investing activities	(261.82)	169.44	(92.38)
Net Cash flow from financing activities			
Net increase / (decrease) in cash and cash equivalent	**9,152.88**	**169.44**	**9,322.32**
Cash and cash equivalents at the beginning of the period	**3,384.65**	**77.71**	**3,462.36**
Cash and cash equivalents at the end of the period	**12,537.53**	**247.15**	**12,784.68**

50. Financial instrument disclosure

1. Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the shareholder's value, through the optimization of debt and equity balance. The Company maintains the balance using an appropriate gearing ratio. The Risk Management committee of the company periodically reviews the capital structure to ensure capital adequacy. Currently, the capital structure of the Company consists of total equity and the company has no short term and long term borrowings.

2. Financial Risk Management Objectives

The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, managed and mitigated in accordance with the Company's policies.

(a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the company is exposed to include oil and natural gas prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flow. Market risk comprises the risk of interest rate, currency risk and the other commodity price.

- **Interest rate risk**

  This risk causes the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not availed borrowings, hence is not exposed to interest rate risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in Indian Rupees in lacs, unless otherwise stated)

- **Foreign currency risk**

  Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and operational contracts with the rates payable in foreign currencies. The Company manages its foreign currency risk by having natural hedge as the revenue on sale of oil and gas is determined and paid in equivalent US dollars.

Details of Unhedged Foreign Currency Exposure

The details of unhedged Foreign Currency Exposure of the Company, are as under:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Trade payables	$197,000	₹ 127.75 lacs	$ 966,681	₹ 609.89 lacs	$ 957,481	₹ 603.79 lacs
Other trade payable	–	–	$79,006	₹ 53.60 lacs	$ 163,171	₹ 90.61 lacs
Profit oil payable	–	–	$ 5,552	₹ 3.68 lacs	$ 355	₹ 0.22 lacs
Trade receivables	$113,690	₹ 74.05 lacs	$ 90,772	₹ 60.21 lacs	$ 132,478	₹ 93.49 lacs

- **Commodity price risk**

  The Company is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby our share of gross production increases in a falling oil price environment due to cost recovery mechanism. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

(b) Credit risk

Credit risk is the risk that counterparty for sale of its products will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is not exposed to credit risk as its sale of oil and gas is to Government Nominees.

(c) Liquidity risk

A formal budgeting and forecasting process is in place and cash forecasts identifying liquidity requirements of the Company are reviewed regularly by the Audit Committee and Board and financing plans are approved based on end utilization of proceeds and cost of capital.

51. Approval of financial statements

The financial statements were approved for issue by the board of directors on April 18, 2017.

52. Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board of Directors

P.Elango	**S.B.Mathur**	**Sharmila Amin**	**P.K.Borthakur**	**R.Jeevanandam**
Managing Director	Chairman	Director	Director	Director & CFO

Place : Chennai
Date : April 18, 2017

Josephin Daisy
Company Secretary

GLOSSARY

3D Seismic	-	Three Dimensional Seismic
2P/P+P Reserves	-	Proved and Probable Reserves Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least 90% probability that the quantities actually recovered will equal or exceed the estimate. Developed Reserves are expected quantities to be recovered from existing wells and facilities. Undeveloped Reserves are quantities expected to be recovered through future investments. Probable Reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equalor exceed the sum of estimated proven plus probable reserves.
ADR	-	American Depositor Receipts
AGM	-	Annual General Meeting
AIFDP	-	Alternate Integrated Field Development Plan
AS	-	Accounting Standard
ATRs	-	Action Taken Reports
bbl	-	barrel
bcf	-	billion cubic feet
BEE	-	Bureau of Energy Efficiency
boe	-	barrels of oil equivalent
bopd	-	barrels of oil per day
boepd	-	barrels of oil equivalent per day
BSE	-	Bombay Stock Exchange
CDSL	-	Central Depository Services (India) Limited
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
CFS	-	Consolidated Financial Statement
CIN	-	Corporate Identification Number
CNG	-	Compressed Natural Gas
COO	-	Chief Operating Officer
CS	-	Company Secretary
CSR	-	Corporate Social Responsibility
DP	-	Depository Participant
Development well	-	A well drilled within the proved area of anoil and / or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.
DGH	-	Directorate General of Hydrocarbons
DIN	-	Director Identification Number
DSF	-	Discovered Small Fields
EFI	-	Eni Finance International
EPS	-	Earnings Per Share
ERP	-	Emergency Response Plan
ESOS	-	Employee Stock Option Scheme
Exploratory well	-	A well drilled to find oil and / or gas in anun proved area, to find a new reservoir in an existing field or to extend a known reservoir
E&P	-	Exploration and Production
FI	-	Financial Institutions
GDR	-	Global Depository Reciepts
G&G	-	Geological & Geophysical
GHG	-	Green House Gas
HAZID	-	Hazard Identification (Risk Analysis)
HAZOP	-	Hazard and Operability Analysis
HOEC	-	Hindustan Oil Exploration Company Limited
HSECSR	-	Health, Safety, Environment & Corporate Social Responsibility
IEPF	-	Investor Education and Protection Fund
IND AS	-	Indian Accounting Standards
JSA	-	Job Safety Awareness
JV	-	Joint Venture
KPI	-	Key Performance Indicator
LNG	-	Liquefied Natural gas

LLP	-	Limited Liability Partnership
LPG	-	Liquified Petroleum Gas
LTI	-	Loss Time Incident
MC	-	Management Committee
MCA	-	Ministry of Corporate Affairs
M-GPP	-	Modular Gas Processing Plant
mmboe	-	million barrels of oil equivalent
mmbtu	-	million british thermal unit
mmscfd	-	million standard cubic feet per day
mmscm	-	million standard cubic meters
mmscmd	-	million standard cubic meters per day
mmbbl	-	million Barrels
mm	-	million
MoP&NG	-	Ministry of Petroleum & Natural Gas
MSMED	-	Micro Small & Medium Enterprises Development Act, 2006
NBP	-	National Balancing Point
NCLT	-	National Company Law Tribunal
NELP	-	New Exploration Licensing Policy
NSE	-	National Stock Exchange
NSDL	-	National Securities Depository Limited
OGP	-	International Association of Oil & Gas Producers
ONGC	-	Oil & Natural Gas Corporation Limited
OPEC		Organization of the Petroleum Exporting Countries
PI	-	Participating Interest
PoD	-	Plan of Development
PSC	-	Production Sharing Contract
Revenue	-	Sales + Increase / (Decrease) in stock of crude oil + Other Income
RD	-	Regional Director
ROU	-	Right of Use
RSC	-	Revenue Sharing Contract
scmd	-	standard cubic meters per day
scm	-	standard cubic meters
SEBI	-	Securities and Exchange Board of India
SEBI LODR	-	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEM	-	Successful Efforts Method
SIMOPs	-	Simultaneous Operations
USD/US$	-	United States Dollar
UTV	-	Unit Trust of India
UJV	-	Unincorporated Joint Venture
Working interest basis	-	Field Production x Participating Interest


Event at PY-1 Thirukadaiyur


Corporate Team at Chennai


Dirok Team at Assam


Share Holders at 32nd AGM