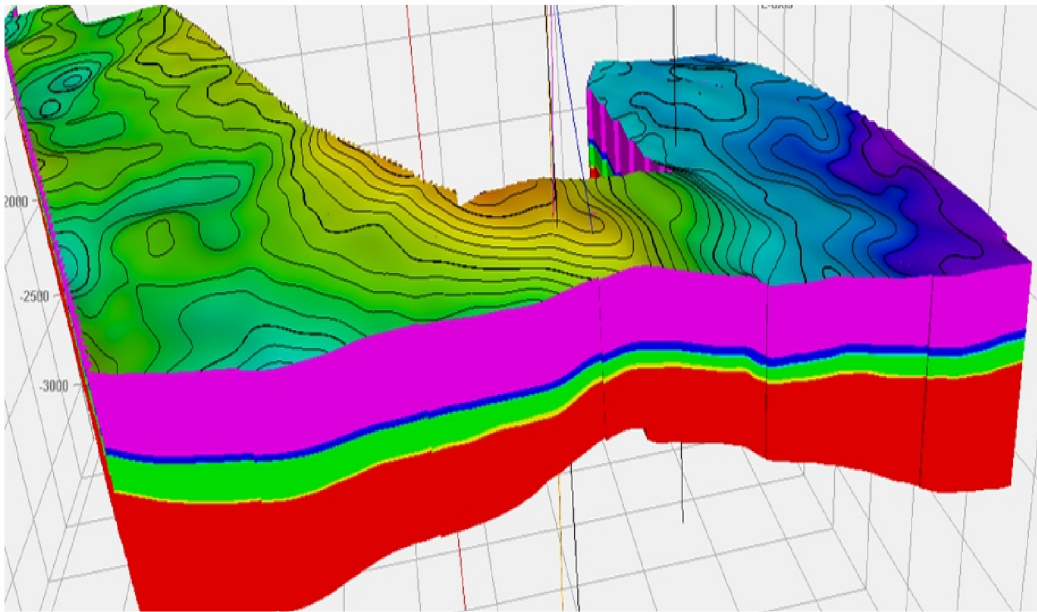


21 वां वार्षिक प्रतिवेदन
21st ANNUAL REPORT
2018-19



प्राइज पेट्रोलीयम कम्पनी लिमिटेड
(हिन्दुस्तान पेट्रोलीयम कॉर्पोरेशन लिमिटेड के पूर्ण स्वामित्व वाली सहायक कम्पनी)
PRIZE PETROLEUM COMPANY LTD
(A wholly owned Subsidiary Company of Hindustan Petroleum Corporation Ltd.)

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Chairman's Message

Dear Shareholders,

It gives me great pleasure and immense pride to present to you the 21st Annual Report on the performance of your Company for the year 2018-19.

During the year 2018-19, upstream oil and gas industry received more stable crude price with rising trend. This upward movement of oil and gas prices has resulted in renewed interest in the investment in upstream industry.

Keeping in view the long term strategy, your Company has taken steps to revamp its groundwork with resilience so as to enter the future with strong foothold. Capability building and balanced asset portfolio are the key focus area for the future upstream strategy of the Company. Company is actively pursuing new opportunities for acquisition of producing E&P assets.

During 2018-19 your Company has achieved a total revenue of Rs.100.07 crores on consolidated basis as compared to Rs.106.27 crores achieved during the previous financial year.

Your Company has made net profit of Rs.5.02 crores (on standalone basis) in the current financial year (as compared to loss of Rs.1.57 crores in financial year 2017-18).

During this financial year, your subsidiary Company Prize Petroleum International Pte. Ltd. has made voluntary repayment of USD 3 million against the loan amount of USD 86 million.

The Company will continue its effort to build its upstream portfolio keeping in view the long-term strategy of the Company & market dynamics.

We have a dedicated team and will continue to nurture the talent and capabilities of our people by creating a work environment conducive to innovation and growth.

Our Customers, Business Associates and Shareholders have always been a source of strength and I thank them for their continued support. I am thankful to Hindustan Petroleum Corporation Limited and the Ministry of Petroleum & Natural Gas for their guidance and support in our efforts. We look forward for their continued support in future and all our endeavors.

Thank you

Mukesh Kumar Surana

BOARD OF DIRECTORS

Shri Mukesh Kumar Surana
Chairman (DIN-07464675)

Shri Pushp Kumar Joshi
Director (DIN-05323634)

Shri Vinod S. Shenoy
Director (DIN-07632981)

Shri S.Jeyakrishnan
Director (DIN-07234397)
(Upto 30.06.2019)

Shri J. Ramaswamy
Director (DIN-06627920)
(Upto 28.02.2019)

SENIOR MANAGEMENT

Dr. Prabhakar Thakur
Chief Executive Officer
(From 17.05.2019)

Ms. Rajalakshmy Ganesh
Chief Financial Officer
(From 25.02.2019)

Shri Asheesh Garg
Company Secretary

Shri R.K. Mohal
Chief Executive Officer
(Upto 16.05.2019)

Shri M. Ananth Krishnan
Chief Financial Officer
(Upto 24.02.2019)

Registered Office

Prize Petroleum Company Limited

(A Wholly Owned Subsidiary of HPCL)

Jeevan Bharti Building, 11th Floor,

Tower 1, 124 Indira Chowk

Connaught Place

New Delhi - 110 001

Corporate Office

Prize Petroleum Company Limited
(A Wholly Owned Subsidiary of HPCL)
3rd Floor, UCO Bank Building,
Sansad Marg,
New Delhi – 110 001

Project Office

Prize Petroleum Company Limited
1st Floor, HPCL North West Zone,
Shri Balaji Alfa Mall,
Law Garden,
Ahmedabad – 380 006

Statutory Auditors

M/s Khandelia Sharma
Chartered Accountants
Firm Registration No.510525C
407 South Ex Plaza-II,
South Extension Part-2,
New Delhi-110 049

Secretarial Auditors

M/s D Maharathi & Associates
Company Secretaries
C. P. No. 13496
A-9/1, 2nd Floor, Naraina Industrial
Area, Phase-1
New Delhi-110 028

BANKERS

Corporation Bank

M-41, Connaught Circus
New Delhi - 110 001

State Bank of India

4th Floor, Main Branch
11, Sansad Marg
New Delhi -110 001

Notice of Annual General Meeting

PRIZE PETROLEUM COMPANY LIMITED

Registered Office: Jeevan Bharti Building, 11th Floor, Tower 1, 124,
Connaught Place, Indira Chowk, New Delhi – 110 001

Website: www.prizepetroleum.com
Phone No. 011- 2331 2996
{CIN U74899DL1998GOI096845}

NOTICE

NOTICE is hereby given that the 21st ANNUAL GENERAL MEETING of the Members of Prize Petroleum Company Limited will be held on Monday August 19, 2019 at 4:30 P.M. at the Registered Office of the Company at Jeevan Bharti Building, 11th Floor, Tower 1, 124 Indira Chowk, Connaught Place, New Delhi - 110 001 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended on March 31, 2019, together with the Board's Report, the Report of Auditors' thereon and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended on March 31, 2019 together with the Boards' Report, the Report of Auditors' thereon, and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013 as circulated to the shareholders and laid before the meeting be and are hereby received, considered and adopted.”

2. To appoint a Director in place of Shri Pushp Kumar Joshi (DIN-05323634), who retires by rotation and being eligible, offers himself for reappointment:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 152 of the Companies Act, 2013, Shri Pushp Kumar Joshi (DIN-05323634), who retires by rotation at this meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

3. To fix and/or to determine the payment of remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditor general of India for auditing the accounts of the Company for the financial year 2019-20:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of section 142 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in

force) the Board of Directors of the Company be and are hereby authorised to fix remuneration and other terms and conditions including reimbursement of out of pocket expense in connection with Statutory Audit Work of the Statutory Auditor as appointed by Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial year 2019-20.”

Kindly make it convenient to attend the meeting.

By Order of the Board of Directors,

Sd/-
Asheesh Garg
Company Secretary
ACS-016029

Date: August 17 , 2019

Regd. Off: Jeevan Bharti Building,
11th Floor, Tower 1, 124,
Connaught Place, Indira Chowk, New Delhi - 110 001

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS BEHALF AND SUCH PROXY NEED TO BE A MEMBER OF THE COMPANY.
- 2) Proxies in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- 3) In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
- 4) Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting are requested to forward a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting either to the Company in advance or submit the same at the venue of the General Meeting.
- 5) Route Map showing directions to reach the Venue of AGM is attached.
- 6) Members are requested to promptly notify any change in their postal address/ E-mail address to the Registered Office of the Company.
- 7) At the ensuing Annual General Meeting, Mr. Pushp Kumar Joshi (DIN:05323634), retire by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors,

Sd/-
Asheesh Garg
Company Secretary
ACS-016029

Date: August 17 ,2019

Regd. Off: Jeevan Bharti Building,
11th Floor, Tower 1, 124,
Connaught Place, Indira Chowk, New Delhi - 110 001

PRIZE PETROLEUM COMPANY LIMITED
{CIN U74899DL1998GOI096845}

Registered Office: Jeevan Bharti Building, 11th Floor, Tower 1, 124,
Connaught Place, Indira Chowk, New Delhi – 110 001

Email ID: prizepetroleum@prizepetro.com
Phone No. 011- 2331 2996

ADMISSION SLIP

I hereby record my presence at the 21st Annual General Meeting on Monday August 19, 2019 at 4:30 P.M. at the Registered Office at Jeevan Bharti Building, 11th Floor, Tower 1, 124, Connaught Place, Indira Chowk, New Delhi – 110 001.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Regd. Folio No.

FORM (MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U74899DL1998GOI096845
Name of the Company : Prize Petroleum Company Limited
Registered office : Jeevan Bharti Building, 11th Floor, Tower 1,
124, Connaught Place, Indira Chowk,
New Delhi –110 001

Name of the member(s) :
Registered address :
E-mail Id :
Folio No./Client Id :
DP ID :

I/We, being the member(s) of ----- shares of the above named company, hereby appoint:

Name :
Address :
E-mail Id :

Signature :
Or failing him/her

Name :
Address :
E-mail Id :
Signature :

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Monday August 19, 2019 at 4:30 P.M. at the Registered Office at Jeevan Bharti Building, 11th Floor, Tower 1, 124, Connaught Place, Indira Chowk, New Delhi – 110 001 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1

2

3

Affix	Re	1/-
Revenue Stamp		

Signed this----- day of, 2019

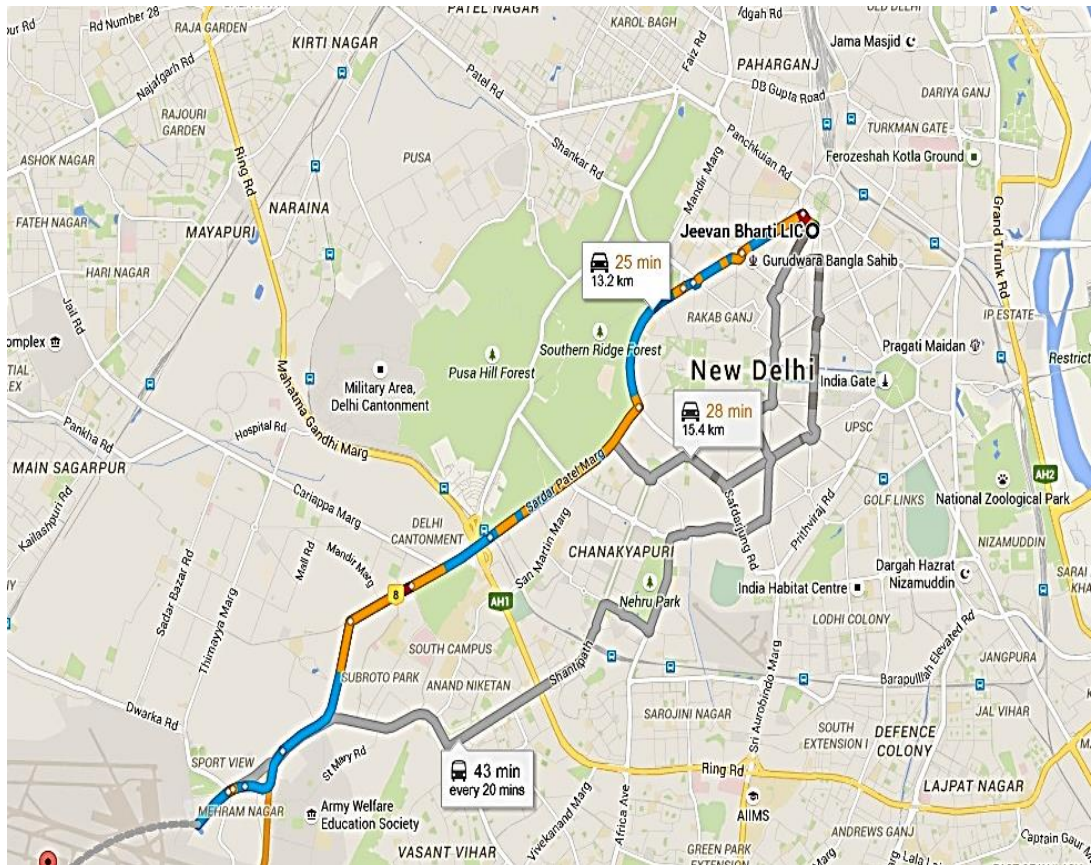
Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Route Map of Registered Office

Jeevan Bharti Building,
11th Floor, Tower 1, 124,
Connaught Place, Indira Chowk,
New Delhi - 110 001



DIRECTORS' REPORT

Dear Members

On behalf of the Board of Directors of your Company, I take privilege in presenting to you the 21st Annual Report on the working of the Company along with Audited Financial Statements together with the Auditor's Report and comments of the Comptroller and Auditor General of India for the financial year ended on March 31, 2019.

1. OPERATIONS:

(a) Domestic Producing Fields

During the year, crude oil production from Hirapur field was 31,265 barrels (Company's share 15,632 barrels).

For Hirapur field, the Company has carried out geological & reservoir studies and Geological & Geophysical (G&G) models were generated. The Field Development Plan (FDP) was submitted to ONGC and it has been proposed that the development of the field will be subject to the revision in service fee. Proposal for revision in Service Fee by removing the ceiling and linking it to international crude price has also been submitted to ONGC.

(b) Overseas Operations

Your Company through its wholly owned subsidiary Prize Petroleum International Pte. Ltd., Singapore (PPIPL) has participating interest (PI) in two E&P assets License i.e. 11.25% PI in T/L1 and 9.75% PI in Permit T/18P in Australia. T/L1 includes 'Yolla' producing field. Permit T/18P has been surrendered and Retention Leases (RL) in respect of gas discoveries viz. Trefoil (T/RL2), Rock-Hopper (T/RL3), White Ibis (T/RL4) and Bass-3 (T/RL5) have been approved by National Offshore Petroleum Titles Administrator (NOPTA) in August, 2015.

PPIPL's share of Hydrocarbon production from Yolla producing field (License: T/L1) during 2018-19 was 429,541 BOE (PY: 459,269 BOE).

2. FINANCIAL RESULTS

The summary of financial performance of the Company is as under:

(i) Standalone Financial Statements:

Descriptions	Rs.in lacs	
	2018-19	2017-18
Revenue from Hydrocarbons	91.20	90.84
Income from Management Fee	670.83	653.40
Interest on Fixed deposits	691.65	556.37
Other Income	18.95	49.00
Total Income (A)	1472.63	1349.61
Production, Transportation and Other expenses	74.08	65.00
Geological & Geophysical expenses	1.46	16.56
Employee Benefit Expenses	595.66	453.00
General & Administrative expenses	285.22	291.40
Provision for Diminution in Investment	-	-
Provision for write off of Sangapur Assets	-	665.50

Total Expenses (B)	956.42	1491.46
PBDIT	516.21	(141.85)
Less: Depreciation and Amortisation	14.02	14.88
PBIT	502.19	(156.73)
Less: Finance Cost	0.39	0.35
PBT	501.80	(157.08)
Less: Tax /DTA	-	-
Profit/(Loss) after tax (PAT)	501.80	(157.08)

(ii) Consolidated Financial Statements:

Descriptions	Rs.in lacs	
	2018-19	2017-18
Revenue from Hydrocarbons	8571.09	8078.39
Income from Management Fee	670.82	653.40
Interest on Fixed deposits	736.91	563.58
Other Income	27.69	1331.53
Total Income (A)	10006.51	10626.90
Production, Transportation and other expenses	3207.17	3763.98
Geological & Geophysical expenses	26.82	71.91
Employee Benefit Expense	670.99	517.36
General & Administrative expenses	533.37	503.17
Other Expenses (write off of Sangapur Assets)	-	665.49
Total Expenses (B)	4438.35	5521.91
PBDIT	5568.16	5104.99
Less: Depreciation/Depletion/Impairment	(4532.98)	(4741.49)
PBIT	1035.18	363.50
Less: Finance Cost	(2419.02)	(1659.21)
PBT	(1383.84)	(1295.71)
Less: Tax /DTA	-	-
Profit/(Loss) after tax (PAT)	(1383.84)	(1295.71)

Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with applicable Accounting Standards (Ind AS) and 'Successful Efforts Method' as per the Guidance Note on Accounting for Oil & Gas Producing Activities issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act. In particular, the Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015.

There is no material changes and commitments affecting the financial position of the company occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

3. FUTURE STRATEGY

Your Company aims to acquire discovered blocks and producing assets in India and overseas with good upside potential to attain growth and for improving profitability in the ensuing years. So far as exploration strategy is concerned, it will be based on cautious evaluation of the risks involved.

4. DIVIDEND AND RESERVES

The Directors do not recommend any dividend for the financial year ended March 31, 2019. The Board of Directors have not proposed to transfer any amount to reserves.

5. DEPOSITS

Your Company has not accepted any Deposits during the year.

6. CORPORATE GOVERNANCE

Your Company has been exempted from the appointment of Independent Directors, as per Notification No G.S.R. 839(E) dated July 5, 2017 issued by Ministry of Corporate Affairs, being an unlisted public company and a wholly owned subsidiary Company.

The detailed Corporate Governance Report forms part of this Directors' Report vide Annexure- "I". During the year, the applicable Secretarial Standards have been complied with.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of this Directors' Report vide Annexure- "II".

8. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

Your company, being a Government Company, is exempted from the provisions of Section 197 of the Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) Notification dated June 5, 2015.

9. MEMORANDUM OF UNDERSTANDING WITH HPCL

As per guidelines issued by the Department of Public Enterprise (DPE), the Company has signed Memorandum of Understanding (MOU) with HPCL for the financial year 2018-19. The Company has been awarded "Very Good" MOU rating for the financial year 2017-18.

10. VIGILANCE

Corporate Vigilance guidelines relevant to HPCL, the holding company, are also applicable to the Company.

11. FINANCIAL STATEMENTS OF SUBSIDIARY

Prize Petroleum International Pte. Ltd., Singapore (PPIPL), a wholly owned subsidiary of the Company was incorporated on January 23, 2014. PPIPL has minority stake in two assets in Australia i.e. 11.25% in license T/L1 (Yolla producing field) and 9.75% in permit T/18P (now Retention Leases T/RL2, T/RL3, T/RL4 and T/RL5).

Based on the audited financial statements, the subsidiary earned hydrocarbon revenue of Rs. 84.80 crore during 2018-19 in comparison to Rs. 79.88 crore in the previous year.

As per the provisions of Sec 129 (3) of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing salient features of financial statements of subsidiary has been attached in Form AOC-1 with Consolidated Financial Statements for the year 2018-19. The Consolidated Financial Statements form part of this Annual Report.

12. STATUTORY AUDITORS

Comptroller & Auditor General of India (C&AG) has appointed M/s Khandelia and Sharma, Chartered Accountants as Statutory Auditors of the Company for the financial year 2018-19 and they will retire at the conclusion of the ensuing Annual General Meeting. There is no qualification, reservation or adverse remark made by the Statutory Auditors in their report.

13. SECRETARIAL AUDITORS

M/s D. Maharathi & Associates, Company Secretaries have been appointed as Secretarial Auditors of the Company for the financial year 2018-19 in line with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor Report is annexed vide Annexure "III".

As regards the observations made by the Secretarial Auditor on the appointment of Woman Director, the Company has taken up the issue with the Holding Company, Hindustan Petroleum Corporation Ltd.

14. MAINTENANCE OF COST RECORDS

Company is not required to maintain cost records as specified by the central Government under section 148 (1) of the Companies Act's 2013.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of the company presently comprises of 3 Non-Executive Directors, Shri M. K. Surana, Shri Pushp Kumar Joshi and Shri Vinod S Shenoy. The following are the details of Directors appointment/cessation:

Subsequent to superannuation of Shri J. Ramaswamy, Director (DIN-06627920) of the Company effective February 28, 2019, Shri S Jeyakrishnan (DIN-07234397) was appointed as Director of the company effective May 6, 2019, who has since superannuated on June 30, 2019.

During the year, as per the provisions of the Companies Act, Shri Pushp Kumar Joshi (DIN-05323634) of the Company retires by rotation at 21st Annual General Meeting and is eligible for re-appointment.

6 (six) meetings of the Board of Directors were held during the year. The details of the same are given in the Corporate Governance Report.

During the year, Dr. Prabhakar Thakur was appointed as Chief Executive Officer of the company effective May 17, 2019, in place of Shri R. K. Mohal who held this position till May 16, 2019.

During the year, Ms. Rajalakshmy Ganesh was appointed as Chief Financial Officer of the company effective February 25, 2019, in place of Shri M. Ananth Krishnan who held this position till February 24, 2019.

16. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Being a Government Company, the Performance Evaluation of the company is carried by the Administrative Ministry i.e. Ministry of Petroleum and Natural Gas (MOP&NG) through the process of Memorandum of Undertaking in each financial year. As per MCA Notification dated June 5, 2015, Government Companies are exempted from the provisions of Section 134 (3) (p) of the Companies act, 2013, as Performance Evaluation of Directors is carried out by the MOP&NG as per its own evaluation methodology.

17. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is enclosed as Annexure "IV".

18. INTERNAL FINANCIAL CONTROLS

Your Company has adequate Internal Financial Controls for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the accuracy and completeness of the accounting records and the timely preparation of reliable information, commensurate with the size of the Company.

19. RISK MANAGEMENT POLICY

The Risk Management Manual and Risk Register of the Company has been developed & approved by the Board of the Directors. 3 Risk Management Committee meetings were held during the year to review the risks and the action plan and to mitigate the same.

20. LOAN, GUARANTEE AND INVESTMENT

Your company has not given Loan and Guarantee covered under section 186 of the Companies Act, 2013.

21. RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The same is disclosed in form No. AOC-2 as per Annexure V to the report.

22. INDEPENDENT DIRECTORS

Ministry of Corporate Affairs vide Notification No G.S.R. 839(E) dated July 5, 2017 has issued the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 inter-alia providing that an unlisted public company being wholly owned subsidiary is exempted from appointment of Independent Directors.

23. AUDIT COMMITTEE

The Audit Committee was constituted as per the terms of reference prescribed under Section 177 of the Companies Act, 2013 read with the then applicable Rule 6. However, with MCA exemption notification from the appointment of Independent Directors, it is not mandatory to have Audit Committee, though for good governance Company has continued with the Audit Committee.

Also, there have been no instances where the recommendations of the Audit Committee were not accepted by the Board of Directors. The details of the Audit Committee are disclosed in the Corporate Governance Report which forms part of this Report.

24. REMUNERATION COMMITTEE

As per Rule 6 of the Companies (Meeting of Board and its Power) Rule, 2014, Company is not required to constitute an “Audit Committee” and a “Nomination and Remuneration Committee” of the Board. Company has Constituted Remuneration Committee for better Corporate Governance.

The details of the Remuneration Committee are disclosed in the Corporate Governance Report which form Part of this Report.

25. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company has plans to conserve the gas as produced in the field along with oil. The plan will be implemented once full scale field development plans are in place and quantity of gas is sufficient for commercial exploitation.

The G&G and Reservoir modelling software facility has been used effectively to analysis and interpretation of the geo-scientific data of existing assets of the Company.

26. FOREIGN EXCHANGE

The Foreign Exchange outgo during the year was Rs. 6.54 lacs (Previous Year Rs. 1488.64 lacs). The details of Foreign Exchange outgo are given in Note 30 (IV) (5) in “Notes forming part of Financial Statements”.

27. PROCUREMENT OF GOODS & SERVICES FROM MSEs

In line with the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012, for the year 2018-19, against the set target of 20%, your Company has achieved 59.97% procurement of goods & services from Micro & Small Enterprises.

Company had made changes in the procurement process under the clause ‘Preferences to MSEs’ to clearly state that out of the above 20%, 4% (20% of 20%) shall be from MSEs owned by SC/ST entrepreneurs.

28. HEALTH, SAFETY & ENVIRONMENT (HSE)

Exploration and production of hydrocarbons is likely to have some adverse impact on the natural environment. To minimize adverse effect on the environment and also to ensure that hydrocarbon exploration and development activities are not hampered due to such constraints, the Ministry of Environment and Forests, Government of India has formulated legislations that are required to be followed by upstream companies that have operations in environmentally sensitive areas.

Environmental Impact Assessment studies are carried out prior to commencement of seismic survey, drilling operations and the development of the field for production so that the impact on biodiversity and ecological sensitivity can be reduced through mitigating measures.

Ministry of Environment & Forest (MoEF), Central/State Pollution Control Board & other government agencies monitor and regulate the above hazards through Environment Protection Act, 1986 and other applicable regulations/ conventions.

Your company is committed to protect the health and safety of every stake-holder involved with company's activities which includes employees, consultants, contractors and the people that come into contact with company's operations and to ensure optimum protection to the environment in which company operates.

Adequate measures were taken at onshore marginal fields to maintain proper HSE management systems as per standard oil-field practices followed in E & P sector.

NEBOSH International General Certificate course/training was provided to officers to have greater understanding of safety issues in line with international standards.

29. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3) (c) of the Companies Act, 2013, it is stated:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have 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 as on March 31, 2019 and of the Statement of Profit and Loss of the Company for year ended on that date;
- iii. The Directors have 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 have prepared the Annual Accounts on a going concern basis;
- v. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

30. COMPANIES WHICH HAVE BECOME OR CEASED TO BE IT'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE

There are no companies, which have become or ceased to be Subsidiary, Joint Venture or Associate of your Company during the year.

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

During the financial year 2018-19 there is no Order or Direction of any Court or Tribunal or Regulator which either effects Company's status as a going concern or which substantially or significantly affects Company's business operations.

32. PREVENTION OF SEXUAL HARRASMENT AT WORKPLACE

As per requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act 2013 and Rules made thereunder, the woman workforce has been covered under Internal Complaints Committee (ICC) of the holding company HPCL. There were no complaints received during the year by the company.

33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has a Board approved "CSR and Sustainability Policy". The objectives of CSR Policy are:-

- i) Implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create Social Capital.
- ii) Promote sustainable development concepts amongst our employees, customers and stakeholders.
- iii) Deploy efficient and clean technologies towards realizing minimal impact on the environment in all our business operations.

34. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to various Government agencies including Ministry of Petroleum and Natural Gas, Directorate General of Hydrocarbons, Bankers, etc. for extending full cooperation in connection with conduct of its business.

Your Directors also thank the Parent Company, Hindustan Petroleum Corporation Limited, for their constructive co-operation and significant contributions to the activities of the Company. Your Directors also thank all business associates, who have played vital role in enabling the Company to succeed in the E&P Sector.

Your Directors also wish to express their deep sense of appreciation for the dedicated services rendered by the employees of the Company and look forward to their whole hearted contributions for the growth of the company in the years ahead.

For and on behalf of the Board

M K Surana
Chairman
DIN-07464675

Date: August 07, 2019
Encl: As above

REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Corporate Governance:

Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. Good governance practices stem from the culture and mindset of the organization.

Your Company is committed to meet the aspirations of all our stakeholders and believes in adopting best corporate practices for ethical conduct of business. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board and Committees thereof are formed as per the requirement of Companies Act and guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India.

2. Board of Directors:

As per the Articles of Association of the Company, the number of Directors shall not be less than three and more than twelve. As on March 31, 2019, the Company's Board comprised of three Non-Executive Directors.

None of the Non-Executive Directors of the Company had any pecuniary relationship / transaction with the Company, during the year.

Details regarding the Board Meetings, Directors' attendance thereat, Annual General Meeting (AGM); Directorships and Committee positions held by the Directors are given separately.

Board Meetings:

a) Six Board Meetings were held during the Financial Year on the following dates:

Board Meeting No.	Location	Date
93 rd	Mumbai	19 th April, 2018
94 th	Mumbai	09 th May, 2018
95 th	Mumbai	6 th August, 2018
96 th	Mumbai	3 rd December, 2018
97 th	Mumbai	25 th February, 2019
98 th	Mumbai	29 th March, 2019

b) Details of Board Meetings held and attended by Directors during the Financial Year is as under:

Name of Director	DIN	Period	Number of Board Meetings held	Number of Board Meetings attended
Shri M.K.Surana	07464675	1 st April, 2018 to 31 st March, 2019	6	5
Shri P. K. Joshi	05323634	1 st April, 2018 to 31 st March, 2019	6	5
Shri J. Ramaswamy	06627920	1 st April, 2018 to 28 th February 2019	5	5
Shri V.S. Shenoy	07632981	1 st April, 2018 to 31 st March, 2019	6	6

c) The day-to-day business is conducted by the management team headed by Chief Executive Officer (CEO) of the Company under the superintendence, control and direction of the

Board of Directors. The Board holds periodic meetings to review and discuss the performance of the Company, review of operations and other pertinent issues relating to the Company.

- d) Further, no case and/or suit of any material or substantial nature are pending against the Company.

3. Brief Profile of Directors:

i. Shri M. K. Surana (From April 1, 2016)

Non-Executive Director

Shri M. K. Surana is a Mechanical Engineer, with Master's degree in Financial Management. He was appointed as Director (DIN-07464675) of the Company with effect from April 1, 2016.

Shri Surana took charge as Chairman and Managing Director of Hindustan Petroleum Corporation Ltd., a Govt. of India Enterprise with effect from April 1, 2016. Prior to this, he was Executive Director – HPCL & worked as Chief Executive Officer of the Company since September, 2012.

He has been working with HPCL since last more than three decades in various positions at Mumbai refinery, Visakh refinery and Headquarters office. He has vast experience in Oil and Gas industry.

ii. Shri Pushp Kumar Joshi (From July 1, 2012)

Non-Executive Director

Shri Pushp Kumar Joshi is a Bachelor of Law and Post Graduate in Personnel Management & Industrial Relations from XLRI, Jamshedpur. He was appointed as Director (DIN-05323634) of the Company with effect from July 1, 2012.

Shri Joshi joined Hindustan Petroleum Corporation Ltd., a Govt. of India Enterprise in 1986. He took charge as Director (Human Resources) of HPCL with effect from August 1, 2012. Prior to this he was holding key portfolios in Human Resources viz. Executive Director - HRD, and Head - HR of Marketing Division.

He has held various key positions in Human Resources and Industrial Relations functions at HQO, Marketing and Refineries Divisions of HPCL. He has been responsible for the design and deployment of key HR policies and practices that are employee oriented and aim at building high performance culture.

He spearheaded various HR practices with strong business focus in HPCL viz; Project Akshay – the leadership development programme, Productivity Improvement Initiatives, leveraged the IT Platform for Internal Customer care, various Technical & Behavioural training programs, HR- Business Process Reengineering (BPR), Implementation of JDE (HR), Health Management System, HR Green Credit etc. He is liable to retire by rotation.

iii. Shri J. Ramaswamy (Upto February 28, 2019)

Non-Executive Director

Shri J. Ramaswamy ceased to Director of company effective February 28, 2019 on attaining the age of superannuation from the parent company HPCL.

Shri J. Ramaswamy is a fellow member of the Institute of Chartered Accountants of India. He was appointed as Director (DIN-06627920) of the Company with effect from October 1, 2015.

Shri J. Ramaswamy took charge as Director (Finance) of Hindustan Petroleum Corporation Ltd., a Govt. of India Enterprise with effect from October 1, 2015. Prior to this appointment,

Shri Ramaswamy was Executive Director - Corporate Finance of HPCL for two years. Shri Ramaswamy has been actively participating in various seminars and workshops at the National level.

Shri Ramaswamy brings with him rich experience of over 3 decades in handling various challenging assignments in HPCL in the fields of Refinery and Marketing Finance, Internal Audit and Treasury Management.

iv. Shri V.S. Shenoy (From November 9, 2016)

Non-Executive Director

Shri V.S. Shenoy is Bachelor in Chemical from IIT Mumbai. He was appointed as Director (DIN-07632981) of the Company with effect from November 9, 2016.

Shri V.S. Shenoy took charge as Director (Refinery) of Hindustan Petroleum Corporation Ltd., a Govt. of India Enterprise with effect from November 1, 2016. Prior to this Shri V.S. Shenoy was the General Manager - Refineries Coordination of HPCL.

During his career spanning over 33 years, Shri Shenoy has held various positions in the Refinery Divisions and Corporate Departments of Hindustan Petroleum Corporation Limited and has wide exposure to the Petroleum Industry. He is liable to retire by rotation.

v. Shri S Jeyakrishnan (Upto June 30, 2019)

Non-Executive Director

Shri S Jeyakrishnan ceased to Director of company effective June 30, 2019 on attaining the age of superannuation from the parent company HPCL. He was appointed as Director (DIN-07234397) of the Company with effect from May 6, 2019.

An alumini of Madras University, Mr S Jeyakrishnan joined HPCL in 1981 and has a rich and varied experience across the spectrum of Petroleum marketing. He is known for his participative leadership style and believes in leading his teams from the front, consistently delivering high performance despite all odd situation.

During his career spanning over 35 years, he has led large teams in the Marketing functions and held leadership positions including General Manager-East Zone, Executive Director-Direct Sales and Executive Director – Retail. He also played a key role in several transformational initiatives undertaken at HPCL.

During his tenure across the various marketing SBUs, HPCL became India's largest Lubricant marketer, augmented infrastructure, developed robust process and undertook several pioneering customer centric initiatives which enhanced productive and profitability and established HPCL as the preferred brand.

4. Audit Committee Meetings:

The Audit Committee was constituted as per the terms of reference prescribed under Section 177 of the Companies Act, 2013 read with the then applicable Rule 6. However, with MCA exemption notification from the appointment of Independent Directors, it is not mandatory to have Audit Committee, though for good governance Company has continued with the Audit Committee.

- i. The Board of Directors had approved the terms of reference of the Audit Committee.
- ii. The quorum for the meeting of the Committee is two members.
- iii. Shri P. K. Joshi is the Chairman of the Committee, who possesses requisite knowledge for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

iv. Five Audit Committee Meetings were held during the Financial Year on the following dates:

Audit Committee Meeting No.	Location	Date
44 th	Mumbai	19 th April, 2018
45 th	Mumbai	9 th May, 2018
46 th	Mumbai	6 th August, 2018
47 th	Mumbai	3 rd December, 2018
48 th	Mumbai	25 th February, 2019

v. Details of Audit Committee Meetings held and attended by Members during the Financial Year is as under:

Name of Committee Members	Period	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Shri P. K. Joshi	1 st April, 2018 to 31 st March, 2019	5	4
Shri J. Ramaswamy	1 st April, 2018 to 28 th February 2019	5	5
Shri V.S. Shenoy	1 st April, 2018 to 31 st March, 2019	5	5

vi. The Audit Committee has reviewed the quarterly, half yearly, nine months financial statements of FY 2018-19. It has also reviewed ten months and the Annual Financial Statements for the financial year 2017-18.

5. Remuneration Committee Meetings:

As per Rule 6 of the Companies (Meeting of Board and its Power) Rule, 2014, Company is not required to constitute an “Audit Committee” and a “Nomination and Remuneration Committee” of the Board. Company has Constituted Remuneration Committee for better Corporate Governance

- i. The quorum for the meeting of the Committee is two members.
- ii. Shri P. K. Joshi is the Chairman of the Committee. The Company Secretary acts as the Secretary of Committee.
- iii. One Remuneration Committee Meeting was held during the Financial Year on the following dates:

Remuneration Committee Meeting No.	Location	Date
5 th	Mumbai	25 th February, 2019

iv. Details of Remuneration Committee Meetings held and attended by Members during the Financial Year is as under:

Name of Committee Members	Period	Number of Remuneration Committee Meetings held	Number of Remuneration Committee Meetings attended
Shri P. K. Joshi	1 st April, 2018 to 31 st March, 2019	1	1
Shri J. Ramaswamy	1 st April, 2018 to 28 th February 2019	1	1
Shri V.S. Shenoy	1 st April, 2018 to 31 st March, 2019	1	1

6. Annual General Meetings:

The details of last three Annual General Meetings held:

Financial Year	Date	Place
2017-18	27 th August, 2018	Delhi
2016-17	7 th September, 2017	Delhi
2015-16	31 st August, 2016	Delhi

Special Resolutions, if any, passed in the above meetings are in line with the provisions of the Articles of the Associations of the Company and the Companies Act.

7. Extra-Ordinary General Meetings:

No Extra-Ordinary General Meeting of the Company was held during the financial year 2018-19.

8. Board /Committee Meetings and Procedures:

The agenda is circulated well in advance to the Board Members. The items in the agenda are supported by detailed information wherever required to enable the Board/Committee to take appropriate decisions.

9. Recording Minutes of proceedings at the Board / Committee:

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/Committee for their critical appreciations and suggestions. The suggestions are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board Meeting. Minutes of sub Committees constituted by the Board are also noted by the Board in its next meeting.

10. Dematerialization of Shares:

The Company had executed the Tripartite Agreement with National Securities Depository Limited (NSDL) and its ISIN number is INE714J01019. Equity Shares issued with paid up face value of Rs.10 each. The demat Shares as on March 31, 2019 are 24.50 crores (excluding 800 shares).

11. Compliance Certificate: Corporate Governance:

Certificate from M/s Khandelia & Sharma, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under DPE Guidelines on Corporate Governance is annexed in the Annual Report.

12. Remuneration to Directors:

a) The Company is a Wholly Owned Subsidiary of HPCL. All the Directors of the Company are nominees of HPCL. The Non-Executive Directors do not receive any remuneration from the Company. The remuneration paid to Chief Executive Officer of the Company is disclosed in the Notes to the Accounts of the Financial Statements.

b) The detail of Directors' Shareholdings in the Company as on 31.03.2019 is as under:

Certificate	Name	DIN	Number of Equity Share
013	Shri Vinod S Shenoy	07632981	100

13. Means of Communication:

The Company's website 'www.prizepetroleum.com' contains related information in a user-friendly manner. Annual Report containing inter-alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors Report, Management Discussion & Analysis Report (MD&AR) and Corporate Governance Report including information for shareholders.

14. Disclosures:

(i) Related Party Transactions

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The same is disclosed in form No. AOC-2 as per Annexure V to the report.

(ii) Compliance

There are no items of expenditures in the books of accounts, which are not for the purpose of business. Further, no expenses were incurred which were personal in nature and incurred for the Board of Directors and Top management.

15. Code of Conduct

In line with the DPE guidelines, "Code of Business Conduct and Ethics for Board Members and Senior Management" was adopted by the Board. The Board Members and Senior Management of the Company have confirmed that they have read and understood the Code of Business Conduct and Ethics and have not violated any of the provisions of the Code during the year ended March 31, 2019.

The Company has obtained from the Members of the Board and Senior Management Personnel, confirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of Financial Year 2018-19.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company was incorporated on October 28, 1998 and obtained Certificate for Commencement of Business on March 24, 1999. The Company is engaged in the Exploration and Production of Oil and Gas and related activities thereto.

The Company is a Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited (HPCL), effective December 22, 2011.

1. Developments in the Indian Economy:

India continues to remain the fastest growing major economy in the world in 2018-19, despite a slight moderation in its GDP growth from 7.2 per cent in 2017-18 to 6.8 per cent in 2018-19. With Purchasing Power Parity (PPP) adjustments, India's GDP at current international dollar, ranks third in the world. India's growth of real GDP has been high with average growth of 7.5 per cent in the last 5 years (2014-15 onwards).

India maintained its macroeconomic stability by containing CPI inflation within 4 per cent and by maintaining a manageable current account deficit to GDP ratio. The current account deficit to GDP was higher in 2018-19 as compared to 2017-18, primarily due to higher oil prices. However, the current account deficit started to narrow in the third quarter of the year. The manufacturing sector was characterised by higher growth in 2018-19 while the growth in agriculture sector witnessed tapering. Growth in investment, which had slowed down for many years, has bottomed out and has started to recover since 2017-18. Growth in fixed investment picked up from 8.3 per cent in 2016-17 to 9.3 per cent in 2017-18 and further to 10 per cent in 2018-19. Net FDI inflows grew by 14.2 per cent in 2018-19. Capital expenditure of Central Government grew by 15.1 per cent in 2018-19 leading to increase in share of capital expenditure in total expenditure.

For the global economy, the year 2018 was difficult, with the world output growth falling from 3.8 per cent in 2017 to 3.6 per cent in 2018. Growth rate of world output is projected to fall further to 3.3 per cent in 2019 as growth of both advanced economies and emerging & developing economies (EMDEs) are expected to decline. The slowdown in the world economy and EMDEs in 2018 followed the escalation of US China trade tensions, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. In 2019, when the world economy and EMDEs are projected to slow down, growth of Indian economy is forecast to increase. Crucially, India forms part of 30 per cent of the global economy, whose growth is projected not to decline in 2019. Based on the macroeconomic situation and the structural reforms being undertaken by the government, the economy is projected to grow at 7 per cent in 2019-20.

2. Oil and Gas Sector:

India, with about 17 per cent share in the world's total population accounts for only 5.6 per cent of global energy consumption, indicating future growth in energy demand. India will be the biggest contributor to energy growth demand globally in the years to come and hydrocarbons is an important component of India's energy basket in future. By 2035, India is likely to be among the fastest growing oil and gas markets, with oil demand almost doubling to ~10 million barrels per day and gas demand tripling over the same period.

In order to attract investments into the upstream sector for reducing India's energy imports by 10 per cent by 2022 Government of India (GoI) has introduced Hydrocarbon Exploration & Licensing Policy (HELP) with several transformative and progressive features. The aim of policy is to enhance transparency, reduce the administrative discretion and in turn stimulate

the domestic oil and gas production in the country. Under HELP government has launched Open Acreage Licensing Programme (OALP) bid round –I in January 2018 which allows potential investors/ companies to carve out acreages of their own choice and submit an Expression of Interest (EoI) which would be subjected to competitive bids. The other features include the marketing and pricing freedom granted to producers, revenue sharing model, uniform licensing for all forms of Hydrocarbons etc. OALP Bid Round-I was successfully completed and 55 blocks were awarded. OALP Bid Round-II and III have concluded recently where 14 blocks have been offered in OALP-II and 23 Blocks in OALP-III. Subsequent to evaluation, total of 32 blocks were awarded and Revenue Sharing Contracts signed.

Government has also approved the Discovered Small Field (DSF) policy in 2016 with a prime objective to bring Discovered Small Fields to production at the earliest so as to increase the domestic production. Following the success of DSF Bid Round-I government has extended the DSF policy and launched DSF Bid Round-II in August 2018 offering 25 Contract Areas covering 59 discovered oil and gas fields, spread over 3,000 Sq. Kms with prospective resource base of over 190 MMT (O+OEG). Under DSF Bid Round-II, a total of 145 bids were received in 24 contract areas and 40 companies have participated.

3. Opportunities and Threats:

As per The International Energy Agency (IEA)'s oil market Report 2018, the global demand is expected to grow at an average annual rate of 1.2 million barrels per day. China and India together are expected to contribute nearly 50 per cent of the global oil demand in the next five years. As per the United States Energy Information Administration (EIA) India will overtake Japan to become the world's third largest oil consumer behind the US & China by 2025. The domestic oil and gas demand and large gap in domestic demand and supply as predicted in next 5 years, PPCL's strategy of balance portfolio and investment in discovered and near developed E&P assets in India and abroad will suitably meet this increased demand. The policy reform like HELP, OALP and Cess & Custom duty exemption are seen as measures to boost domestic E&P activities.

Increasing competition, change in Govt. policies, crude price volatility etc. affects the investment decisions for exploration activities, the exploration and production (E&P) companies are facing challenging times. Although, yet-to-find hydrocarbon may exist at home, India has to presently look for assets abroad for energy security.

The integration of upstream and downstream is rewarding in these situations. Your Company is having leverage of downstream expertise of Parent Company and also experience of Operatorship in upstream sector.

4. Segment-wise or Product-wise performance

Your Company is operating in the single segment viz. exploration and production of crude oil and gas. PPCL has Participating Interest (PI) in assets in India and abroad in consortium with renowned companies. PPCL has applied the grant of Petroleum Mining Lease (PML) from Environment and Forest department. Following the grant of PML, PPCL will commence drilling of two wells in Kherem field in Arunachal Pradesh and subsequently the field shall be put on production. Our overseas asset in Australia had produced 429,541 barrel of Oil Equivalent (BoE) during the Financial Year 2018-19.

5. Outlook for your company

Your company has been successfully carrying out oil & gas exploration and production activities since 1998.

The Company is now looking for farm- in opportunities in Discovered/Producing E&P Assets both in India & Overseas.

6. Discussion on Financial performance with respect to operational performance

In the domestic sector, total crude oil production from Hirapur fields was 31,265 barrels for the FY 2018-19 with cumulative production of 5,34,474 barrels. Your Company has a 50 per cent share in this field.

Your Company also have participating interest (PI) in two E&P overseas assets i.e. 11.25 percent PI in T/L1 and 9.75 per cent PI in Permit T/18P in Australia. T/L1 includes 'Yolla' producing field and T/18P includes 'Trefoil' discovery. The said assets are held in the name of in wholly owned subsidiary, Prize Petroleum International Pte. Ltd., Singapore (PPIPL).

PPIPL's share of Hydrocarbon production from Yolla producing field (License: T/L1) during 2018-19 was 429,541 BOE (FY 2017-18: 459,269 BOE).

During 2018-19, your company has achieved total revenue of Rs 100.07 crores on consolidated basis as compared to Rs 106.27 crores during the previous year.

7. Risks and Concerns

Uses of new technologies like renewables and clean technologies with factor like climate change have seen acceleration throughout the globe. Recent studies by IEA pointed out that even new technologies replacing fossil fuel, oil, gas and coal are expected to remain the dominant source of energy powering the world economy, accounting for more than three quarter of total energy supplies till 2035.

Uncertainties in crude oil price and geo-politics make E&P a high risk venture. Geological concepts are uncertain with respect to structure, reservoir seal and hydrocarbon change.

In respect of Prize Petroleum International Pte. Ltd. (PPIPL), the total reserve estimation has been revised upwards by the operator. The crude price forecasts going forward are optimistic as compared to earlier forecasts. Therefore, during the year 2018-19, no impairment loss has been brought in the books of accounts of the company.

Your Company has developed Risk Management Manual and Risk Register of the Company which has been approved by the Board of Directors.

8. Internal control systems and their adequacy

Your Company is committed to set high standards and effective processes for monitoring its operations for ensuring transparency and risk mitigation. PPCLs internal control system are commensurate with the nature of its business and the size and complexities of its operations and ensure the efficiency, reliability and completeness of accounting record and compliance of applicable laws and regulations.

Internal and external audits are conducted on regular intervals to ensure that transparency, statutory compliance and other Government guidelines are being regularly complied.

9. Material developments in Human Resources, Industrial Relations front including number of employees employed:

The human resources have been deployed majorly by the parent Company to execute day to day operations of the Company. Accordingly, the Company manages its HR issues as per the policies of the parent Company.

PPCL comprises optimum combination of professionals from different background such as Geology, Geophysics, Engineers and Finance. The Company arranges necessary trainings & exposure to obtain required skills that assist the employees to enhance their sense of pride in

what they are doing thereby to contribute to better productivity. The Company has also engaged consultants with vast experience and global exposure from time to time.

10. Corporate governance

As a good corporate citizen, your Company is committed to sound corporate governance practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. A separate segment on Corporate Governance forms part of this Annual Report.

11. Cautionary Statement

Matters covered in the management discussions and analysis reports describing the company's objectives and expectations may be "forward looking statements" within the meaning of applicable laws and regulations, the actual performance could vary from those projected or implied. Important or unforeseen factors that could make a difference to the company's operations include economic conditions, changes in the regulations and other incidental factors.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s Prize Petroleum Company Limited
Jeevan Bharti Building,
11th Floor, Tower-1,
124, Connaught Place,
Indira Chowk, New Delhi 110001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Prize Petroleum Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us 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 authorised 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 March 31, 2019 ("Audit Period") 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 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 March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange management Act, 1999 and rules made thereunder as to applicable.
5. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and ECBS :-(Not Applicable during the Audit period).
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Last amended, on March 6, 2017 (Not Applicable).
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 effective from May 15, 2015; Last amended, on January 21, 2019 (Not Applicable).

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 :- (Not Applicable during the Audit period).
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 :- (Not Applicable during the Audit period).
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfers Agents) Regulations, 1993;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018 :- (Not Applicable during the Audit period).
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 :- (Not Applicable during the Audit period).
7. Compliances/processes/systems under any other Law specifically applicable to the Company have been verified on test check basis.

8. OTHER APPLICABLE ACTS

The Oilfield (Regulation & Development) Act, 1948
The Oil Industry (Development) Act, 1974
The Mines Act, 1952

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements /Regulations entered into by the Company with the Stock Exchanges, (Not Applicable)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following reservations, observations, remarks:

We further report that the Compliance by the Company of applicable financial Laws, like Direct and Indirect tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial and other designated professional.

We have observed that the Company has to appoint at least one-woman Director as per the Provisions of section 149 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014.

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 at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

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 D MAHARATHI & ASSOCIATES
Company Secretaries

Sd/-
DILLIP CHANDRA MAHARATHI
(Proprietor)
ACS: A24955
CP: 13496

Place: New Delhi
Date: May 2, 2019

Note: This report is to be read with our letter of even date which is annexed as “ANNEXURE A” and forms an integral part if this report.

To,
The Members,
M/s Prize Petroleum Company Limited
Jeevan Bharti Building,
11th Floor, Tower-1,
124, Connaught Place,
Indira Chowk, New Delhi 110001.

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

1. Maintenance of Secretarial records 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 the 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. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For D MAHARATHI & ASSOCIATES
Company Secretaries

Sd/-
DILLIP CHANDRA MAHARATHI
(Proprietor)
ACS: A24955
CP: 13496

Place: New Delhi
Date: May 2, 2019

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U74899DL1998GOI096845
- ii) Registration Date : 28th October, 1998
- iii) Name of the Company : Prize Petroleum Company Limited
- iv) Category / Sub-Category : Domestic
- v) Address of the Registered office and contact details : Jeevan Bharti Building,
11th Floor, Tower 1,
124 Connaught Place,
New Delhi – 110 001
: 011- 2331 2996
: prizepetroleum@prizepetro.com
- vi) Whether listed company yes / No : No
- vii) Name, Address and Contact Details of Registrar and Transfer agent : Alankit Assignments Limited
Alankit House, 2E/21,
Jhandewalan Extention
New Delhi-110055
ISIN: INE714J01019

II. Principal Business Activities of The Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

S. No.	Name and Description of Main Products / Services	Nic Code of Product / Services	% To Total Turnover of The Company
1	Income from Hydrocarbon	99611912	12%
2	Management Fee	99831179	88%

III. Particulars of Holding and Subsidiary and Associate Companies

S. No.	Name and address of the company	CIN/GLN	Holding/subsidiary / associate	% of shares held	Applicable section
1	Hindustan Petroleum Corporation Limited (*)	L23201MH1952 GOI008858	Holding	100%	Sec 2 (46)
2	Prize Petroleum International Pte. Ltd., Singapore	201402404M	Subsidiary	100%	Sec 2 (87)

(*) Including Eight Hundred Equity Shares which are held by HPCL's employees as an individual on behalf of HPCL.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category wise Shareholding

Category of Shareholder	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 b) Central Govt. c) State Govt. d) Bodies Corp. e) Banks/FI f) Any other	69999200	175000800	245000000	100%	244999200	800	245000000	100%	
Sub Total (A) (1):	69999200	175000800	245000000	100%	244999200	800	245000000	100%	
(2) Foreign (a) NRIs-Individuals (b) Other-Individuals (c) Bodies Corp. (d) Banks/FI (e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub Total (A)(2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A)=(A) (1) +(A)(2)	69999200	175000800	245000000	100%	244999200	800	245000000	100%	NIL
B. Public Shareholding 1. Institutions a) Mutual Funds b) Banks/FIs c) Central Govt. d) State Govt.(s) e) Venture Capital Funds f) Insurance Companies g) FIs h) Foreign Venture Capital Funds i) Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub Total (B) (1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) individual shareholders holding nominal share capital in excess of Rs. 1 lakh c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub Total (B) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding (B)= (B) (1)+ (B) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares Held by custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	69999200	175000800	245000000	100%	244999200	800	245000000	100%	NIL

ii) Shareholding of Promoters

S. No	Shareholder's name (*)	Shareholding at the Beginning of the year			Shareholding at the end of 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	% of change in shareholding during the year
1	Hindustan Petroleum Corporation Limited	244999200	99.99968	NIL	244999200	99.99968	NIL	NIL
2	Shri S.P.Gupta	100	0.00004	NIL	NIL	NIL	NIL	NIL
3	Shri R. Sridhar	NIL	NIL	NIL	100	0.00004	NIL	NIL
4	Shri S. M. Bhosekar	50	0.00002	NIL	NIL	NIL	NIL	NIL
5	Shri V. Murali	50	0.00002	NIL	50	0.00002	NIL	NIL
6	Shri S.K. Suri	100	0.00004	NIL	100	0.00004	NIL	NIL
7	Shri Umesh C. Agrawal	100	0.00004	NIL	100	0.00004	NIL	NIL
8	Shri J. Ramaswamy	200	0.00008	NIL	NIL	NIL	NIL	NIL
9	Shri R. Kesavan	NIL	NIL	NIL	200	0.00008	NIL	NIL
10	Shri Vinod S. Shenoy	100	0.00004	NIL	100	0.00004	NIL	NIL
11	Shri R. K. Mohal	100	0.00004	NIL	100	0.00004	NIL	NIL
12	Shri Sanjeev Kumar Rastogi	NIL	NIL	NIL	50	0.00002	NIL	NIL
	Total	245000000	100.00	NIL	245000000	100.00	NIL	NIL

Note: Eight Hundred Equity Shares which are held by HPCL's employees as an individual on behalf of HPCL.

iii) Change in Promoters' Shareholding (Please Specify if there is no change)

S. NO.		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
	At the beginning of the year	245000000	100%	245000000	100%
	Date wise Increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus / sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	245000000	100%	245000000	100%

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

S. No.		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
	For Each of the Top 10 Shareholders				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date-wise Increase / Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/ bonus/ sweat equity, etc)	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel

S. No.	For each of the Directors and KMP	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
	At the beginning of the year	400	.00016	200	.00008
	1. Decrease – Transfer – Shri J. Ramaswamy	200	.00008	NIL	NIL
	At the End of the year	200	.00008	200	.00008

v). Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	NIL	NIL	NIL	NIL
Change in the indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/CEO/WTD	Total Amount
		R.K. Mohal	
1.	Gross Salary		
	a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1961	2,652,543	2,652,543
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	2,891,890	2,891,890
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission		
	- As % of profit	NIL	NIL
	- Others, specify		
5.	Others (PF, DCS etc.)	795,762	795,762
	Total (A)	63,40,195	63,40,195

B. Remuneration to other Directors

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		---	---	---	---	
	1. Independent Directors <ul style="list-style-type: none"> • Fee for attending board committee meeting • Commission • Others, please specify 	NIL	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL
	2. Other Non-Executive Directors <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total (3) = (1+2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act					

Note: All four Directors are non-executive Directors. No sitting fee is paid to any Director.

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
	Gross Salary				
	a. Salary as per provision contained in section 17(1) of the Income-tax Act, 1961	Please refer point no. VI (A) above	1,333,616	2,752,495	4,086,111
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961		1700906	3,819,263	5,520,169
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961		NIL	NIL	NIL
	Stock Option	NIL	NIL	NIL	NIL
	Sweat Equity	NIL	NIL	NIL	NIL
	Commission As % of profit Others, specify	NIL	NIL	NIL	NIL
	Others (PF, DCS etc.)	NIL	400,086	825,748	1,225,834
	Total		3,434,608	7,397,506	10,832,114

VII. PENALTIES/PUNISHMENT /COMPOUNDING OR OFFENCES

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/Compoundi ng fees imposed	Authority [RD/ACLT/ Court]	Appeal Made, if any (give Details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
Other Officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto: FY - 2018-19.

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Description	Remarks
(a)	Name(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	NA
(c)	Duration of the contracts/ arrangements/transactions	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e)	Justification for entering into such contracts or arrangements or transactions	NA
(f)	Date(s) of approval by the Board	NA
(g)	Amount paid as advance, if any	NA
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Description	Remarks
(a)	Name(s) of the related party and nature of relationship	<ul style="list-style-type: none"> • Oil and Natural Gas Corporation Limited (Ultimate Holding Company) • Hindustan Petroleum Corporation Limited (Holding Company) • Prize Petroleum International Pte. Ltd, Singapore (Wholly owned Subsidiary)
(b)	Nature of contracts/arrangements/transactions	<p><u>With Ultimate Holding Company</u></p> <ul style="list-style-type: none"> • Unincorporated JV with consortium partner VALDEL for of ONGC Marginal Field Hirapur service contract, with ultimate holding company (ONGC), in which company's share is 50%. <p><u>With holding company</u></p> <ul style="list-style-type: none"> • Services of Management of E&P Blocks, • Reimbursement of Expenses incurred;

		<p>Deputation pay of HPCL's employees seconded to PPCL, rental charged, Electricity, Telephone, Conveyance expenses, staff welfare and legal expenses charged by HPCL to PPCL</p> <p><u>With wholly owned Subsidiary</u></p> <ul style="list-style-type: none"> • Reimbursement of manpower expenses • Financial advisory services and legal services charges incurred by PPCL for debt funding towards acquisition of assets in Australia and charged from PPIPL
(c)	Duration of the contracts/ arrangements/ transactions	FY 2018-19
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	<p><u>With Ultimate Holding Company</u></p> <ul style="list-style-type: none"> • Service Charges raised on ONGC during FY 18-19 net of Processing and handling charges charged by ONGC is Rs. 1,61,81,274/- <p><u>With holding company</u></p> <ul style="list-style-type: none"> • Management of E&P Blocks etc. (Rs. 6,70,82,400/-) • Reimbursement of Expenses (Rs. 9,04,05,220/-) <p><u>With wholly owned Subsidiary</u></p> <ul style="list-style-type: none"> • Reimbursement of Expenses (Rs. 74,85,626/-)
(e)	date(s) of approval by the Board, if any:	<p><u>For holding company</u></p> <p>Prize's 77th Board dated May 7, 2015 for Service of Management of E&P Blocks and Reimbursement of Expenses incurred</p>
(f)	Amount paid as advance, if any:	-

For and on behalf of the Board

M. K. Surana
Chairman

Date: August 07, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of PRIZE PETROLEUM COMPANY LIMITED ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year ended on that date.

Basis for Opinion

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

Responsibility of Management for Standalone 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 financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to

do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

1. We did not audit the Standalone Financial Statements of two unincorporated Joint Ventures (ONGC Onshore Marginal Field – PI 50% (Hirapur Field) and NELP-VI Block SR-ONN-2004/1- PI 10% (South Rewa), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 10,35,57,834/- , net cash flows of Rs. (90,749/-) as at March 31, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-, pertaining to Group's share in these joint ventures, for the year ended on that date, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on the report of such auditors.
2. We did not audit the Standalone financial statements of two Joint Ventures (Sanganpur – PI 50% and Cluster-7 – PI 10%) included in the Consolidated financial statements of the Group proportionate to respective participating interest (PI) The total assets of Rs. 10,35,57,834/-, net cash flows of Rs. (90,749/-) as at March 31, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-total revenues of Rs. 12,229/- and net profit of Rs. 12,229/-, pertaining to Group's share in these joint ventures, for the year ended on that date are considered in the Consolidated financial statements. The unaudited financial information has been provided to us by the management and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on such unaudited financial information furnished to us.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the section 143(5) of the Act, we give in "**Annexure B**" a statement on the directions/sub-direction issued by the Comptroller and Auditor General of India.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as

on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to financial Statement of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure C**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position.
 - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses.
 - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

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

Place: New Delhi
Date: July 02, 2019

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

To the Independent Auditors' Report on the Standalone Financial Statements of Prize Petroleum Company Limited.

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2019.

- 1)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) There is no immovable properties held in the name of the Company, hence this clause is not applicable.
- 2)
 - (a) The management has conducted the physical verification of inventory during the year.
 - (b) No material discrepancies have been noticed in physical verification of the inventory.
- 3) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and securities.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act.
 - (a) According to information and explanations given to us and on the basis of records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of Provident Fund, Income-Tax, GST, Cess and any other statutory dues as applicable, with the appropriate authorities.
 - (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, GST, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institution. The Company has not issued any debentures.
 - (d) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3(ix)

of the Order are not applicable to the Company.

- (e) According to the audit procedure performed and the information and explanations given by the management, we report that no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (f) In our opinion and according to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (g) The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (h) In our opinion and according to the information and explanations given, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- (i) During the year Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (j) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- (k) In our opinion and according to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : July 02, 2019

Annexure-"B"

To the Independent Auditor's Report on the Standalone Financial Statements of Prize Petroleum Company Limited.

Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31,2019:

Based on the verification of records of the Company and based on confirmation and explanations given to us, we give below a report on the directions issued by the Comptroller and Auditor-General of India in terms of Section 143(5) of the Act.

S. N.	Areas to be examined - Directions	Observations
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has IT system in place for processing all the accounting transaction
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No case of restructuring of any loans during the financial year 2018-19.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No funds received by the company from central/state agencies during the financial year 2018-19.

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

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : July 02, 2019

To the Independent Auditor's Report on the Standalone Financial Statements of Prize Petroleum Company Limited.

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

Report on the internal financial controls with reference to financial statements under clause (i) of sub section 3 of section 143 of the companies act, 2013("the act")

We have audited the internal financial controls with reference to financial Statements of Prize Petroleum Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 with reference to Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and the Standard on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements 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 with reference to financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference Financial Statements assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 with reference to financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to Financial Statements 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 with reference to Financial Statements 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 payments of the company are being made only in accordance with authorizations 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements 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 with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2019, based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date: July 02, 2019

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
Balance Sheet as at 31st March 2019

PARTICULARS	Notes	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	8,70,46,803	8,84,15,234
(b) Intangible assets	2	-	-
(c) Intangible assets under development	3	1,35,52,000	1,35,52,000
(d) Financial assets			
(i) Investments	4	14,88,63,625	14,88,63,625
(ii) Long-term loans and advances	5	1,99,364	2,60,698
(ii) Others	6	54,488	54,488
(e) Deferred tax assets (net)	7	-	-
(f) Other non-current assets	8	85,63,195	45,44,747
2 Current assets			
(a) Inventories	9	71,12,366	71,12,365
(b) Financial assets			
i) Trade receivables	10	50,99,742	35,26,699
ii) Cash and cash equivalents	11	97,13,10,252	92,36,13,668
iii) Loans	12	4,20,79,552	3,81,93,204
iv) Others		-	-
(c) Current tax assets (net)	13	4,40,13,008	2,19,78,311
(d) Other current assets	14	27,42,580	60,40,754
Total Assets		1,33,06,36,975	1,25,61,55,793
II Equity and liabilities			
1 Equity			
(a) Equity share capital	15	2,45,00,00,000	2,45,00,00,000
(b) Other equity	16	(1,16,35,43,509)	(1,21,37,07,502)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Other financial liabilities		-	-
(b) Long Term Provisions	17	20,18,775	17,11,755
(c) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Trade payables- Micro & Small Enterprises		-	-
iii) Trade payables- Other than Micro & Small Enterprises	18	3,67,19,206	1,36,19,689
iv) Other financial liabilities		-	-
(b) Other current liabilities	19	51,64,095	43,49,805
(c) Short Term Provisions	20	2,78,408	1,82,046
Total Equity and Liabilities		1,33,06,36,975	1,25,61,55,793
See accompanying notes to the financial statements forming integral part of the financial statements	30		
This is the Balance Sheet referred in our report As per our Report of even date for KHANDELIA & SHARMA Chartered Accountants FRN: 510525C			
	Sd/- R. K. Mohal Chief Executive Officer	Sd/- Rajalakhshmy Ganesh Chief Financial Officer	
Sd/- Nitin Kumar Lohia Partner Membership No.:508528	Sd/- Asheesh Garg Company Secretary	Sd/- Vinod S. Shenoy Director DIN: 07632981	Sd/- Pushp Kumar Joshi Director DIN:05323634
Place: Mumbai Date: May 11,2019			

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

Statement of Profit and Loss for the period ended 31 March 2019

PARTICULARS		Notes	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
1	Revenue			
	a) Revenue from operations	21	7,62,02,598	7,44,23,840
	b) Other income	22	7,10,60,735	6,05,37,369
	Total Revenue		14,72,63,333	13,49,61,209
2	Expenses			
	a) Production, Transportation and other expenses	23	74,07,776	64,99,971
	b) Geological and Geophysical expenses	24	1,46,148	16,56,249
	c) Employee benefits expense	25	5,95,66,826	4,52,99,641
	d) General and Administrative expenses	26	2,85,21,704	2,91,40,099
	e) Finance costs	27	39,015	35,793
	f) Depreciation and amortisation expense	28	14,01,730	14,87,510
	g) Other expenses	29	-	6,65,49,606
	Total Expenses		9,70,83,199	15,06,68,869
3	Profit/(Loss) before exceptional items and tax		5,01,80,134	(1,57,07,660)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		5,01,80,134	(1,57,07,660)
7	Profit/(Loss) before exceptional items and tax from Discontinued Operations		-	-
8	Exceptional Items		-	-
9	Tax Expense of Discontinued Operations			
	- Current tax		-	-
	- Deferred tax		-	-
10	Profit (Loss) for the period from Discontinued Operations		-	-
11	Profit (Loss) for the period		5,01,80,134	(1,57,07,660)
12	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		(16,141)	(3,88,498)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax on above		-	-
13	Total other comprehensive income		(16,141)	(3,88,498)
14	Total comprehensive income for the period		5,01,63,993	(1,60,96,158)
15	Earnings per equity share (Rs.)			
	Basic		0.20	(0.07)
	Diluted		0.20	(0.07)
See accompanying notes to the financial statements forming integral part of the financial statements		30		
This is the Profit and Loss Statement referred to in our report As per our Report of even date				
for KHANDELIA & SHARMA Chartered Accountants FRN: 510525C		Sd/- R. K. Mohal Chief Executive Officer	Sd/- Rajalakshmy Ganesh Chief Financial Officer	
Sd/- Nitin Kumar Lohia Partner Membership No.:508528	Sd/- Asheesh Garg Company Secretary	Sd/- Vinod S. Shenoy Director DIN: 07632981	Sd/- Pushp Kumar Joshi Director DIN:05323634	
Place: Mumbai Date: May 11,2019				

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

Statement of changes in equity
(All amounts in Indian Rupees)

A. Equity Share Capital

Balance at 1 April 2018	Issued during the period	Balance at 31 Mar 2019
2,45,00,00,000	-	2,45,00,00,000
Balance at 1 April 2017	Issued during the period	Balance at 31 March 2018
2,45,00,00,000	-	2,45,00,00,000

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves								
Balance at 1 April 2018													(1,21,37,07,502)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year													5,01,63,993
Dividends													
Transfer to retained earnings													
Any other change													
Balance at 31 Mar 2019													(1,16,35,43,509)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securities premium reserve	Other reserves								
Balance at 1 April 2017													(1,19,76,11,344)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year													(1,60,96,158)
Dividends													
Transfer to retained earnings													
Any other change													
Balance at 31 March 2018													(1,21,37,07,502)

for and on behalf of the Board

Sd/-
R. K. Mohal
Chief Executive Officer

Sd/-
Rajalakhmy Ganesh
Chief Financial Officer

Sd/-
Asheesh Garg
Company Secretary

for KHANDELA & SHARMA
Chartered Accountants
Firm Regd. No.: 510525C

Sd/-

Nitin Kumar Lohia
Partner
M.NO.: 508528
Place: Mumbai
Date: May 11, 2019

Sd/-
Vinod S. Shenoy
Director
DIN: 07632981

Sd/-
Pushp Kumar Joshi
Director
DIN: 05323634

PRIZE PETROLEUM COMPANY LIMITED
(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

	Figures as at the end of current reporting period (INR)		Figures as at the end of the previous reporting period (INR)	
(A) Cash flow from Operating activities:-				
Profit before tax		5,01,80,134		(1,57,07,660)
Adjustment for:-				
- Depreciation / Depletion / Impairment	14,01,730		14,87,510	
- Other Comprehensive Income (Items not to be reclassified in Profit or Loss	(16,141)		(3,88,498)	
- Impact of Accounting policy changed to Ind AS	-		-	
- Provision for write off of Sanganpur Assets	-		6,65,49,606	
- Interest received	(7,10,60,735)		(6,05,37,369)	
		(6,96,75,147)		71,11,249
Operating profit before working capital changes		(1,94,95,013)		(85,96,411)
Adjustment For (Increase) / Decrease				
- Trade Receivables	(15,73,043)		50,27,149	
- Loans & Advances	(2,65,79,982)		1,82,24,202	
- Inventories	-		-	
- Trade Payables & Other Current liabilities	2,43,17,189		1,25,56,549	
		(38,35,837)		3,58,07,900
Cash generated from operation		(2,33,30,850)		2,72,11,489
- Direct Taxes paid (Net of Refund)		-		-
Cash Flow before prior period		(2,33,30,850)		2,72,11,489
- Prior Period Item		-		-
Net Cash Flow from operating activities ' A '		(2,33,30,850)		2,72,11,489
(B) Cash Flow from investing activities :				
- Sale/(Purchase) of fixed assets (Net)		(33,300)		-
- Sale of Assets		-		21,720
- Addition to Pre-Producing Properties / Misc Expenditure		-		-
- Interest received		7,10,60,735		6,05,37,369
- Investment in Prize Petroleum International Pte. Ltd., Singapore		-		(14,88,63,625)
Net cash flow from investing activities ' B '		7,10,27,435		(8,83,04,536)
(C) Cash flow from financing activities :				
- Increase in Share Capital		-		-
- Decrease in loan		-		-
Net Cash flow from financing activities ' C '		-		-
Net increase in cash and cash equivalents (A+B+C)		4,76,96,584		(6,10,93,047)
Cash and Cash equivalent at the beginning of the period		92,36,13,668		98,47,06,715
Cash and Cash equivalent at the end of the period		97,13,10,252		92,36,13,668
Notes :				
a Cash & Cash equivalents - Note: 11				
i) Cash & Cheques in hand		2,565		2,565
ii) Current accounts & term Deposit in Scheduled Banks		97,13,07,687		92,36,11,103
		97,13,10,252		92,36,13,668

Figures in brackets represent cash outflows.

As per our Report of Even Date

Sd/-
R. K. Mohal
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial Officer

Sd/-
Asheesh Garg
Company Secretary

for KHANDELIA & SHARMA
Chartered Accountants
FRN: 510525C

Sd/-
Vinod S. Shenoy
Director
DIN: 07632981

Sd/-
Pushp Kumar Joshi
Director
DIN:05323634

Sd/-
Nitin Kumar Lohia
Partner
Membership No.:508528

Place: Mumbai
Date: May 11,2019

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

1 Property, plant and equipment											
Particulars	Gross block as on 1 April 2018	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2019	Depreciation upto 1 April 2018	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Net block as on 31st March 2019	Net block as on 31st March 2018
Furniture & Fixtures	77,726	33,300	-	-	1,11,026	8,067	-	12,240	-	90,719	69,659
- <i>Procured under the Scheme</i>	89,619	-	-	-	89,619	58,189	-	2,481	-	28,949	31,431
- <i>Others</i>	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	38,454	-	-	-	-	38,454	38,454
- <i>Procured under the Scheme</i>	-	-	-	-	-	-	-	-	-	-	-
- <i>Others</i>	38,454	-	-	-	38,454	-	-	-	-	38,454	38,454
Office equipments	3,83,329	-	-	-	3,83,329	2,60,733	-	85,030	-	37,566	1,22,596
Others	56,555	-	-	-	56,555	36,508	-	2,844	-	17,203	20,047
<i>Computer Hardware</i>	-	-	-	-	-	-	-	-	-	-	-
Share of Fixed Assets in Joint Ventures											
- <i>ONGC Onshore Marginal Fields (PI 50%)</i>											
Plant & Machinery	47,19,445	-	-	-	47,19,445	6,35,104	-	2,11,891	-	38,72,450	40,84,341
Furniture & Fixtures	52,246	-	-	-	52,246	39,734	-	807	-	11,705	12,512
Office Equipments	-	-	-	-	-	-	-	-	-	-	-
Wells Cost	8,77,80,231	-	-	-	8,77,80,231	37,44,297	-	10,86,437	-	8,29,49,497	8,40,35,934
Computers	-	-	-	-	-	-	-	-	-	-	-
- <i>Project Sangampur (PI 50%)</i>											
Buildings	89,911	-	-	-	89,911	89,911	-	-	-	47	47
Plant & Machinery	84,568	-	-	-	84,568	84,568	-	-	-	83	83
Furniture & Fixtures	1,814	-	-	-	1,814	-	-	-	-	-	-
Office Equipments	2,922	-	-	-	2,922	2,922	-	-	-	130	130
Wells Cost	5,26,77,332	-	-	-	5,26,77,332	5,26,77,332	-	-	-	-	-
- <i>Project SR-ONN (PI 10%)</i>											
Computer	228	-	-	-	228	181	-	-	-	47	47
Digital Camera	490	-	-	-	490	407	-	-	-	83	83
Mobile Phone	-	-	-	-	-	-	-	-	-	-	-
Global Positioning System	130	-	-	-	130	-	-	-	-	130	130
Total	14,60,55,000	33,300	-	-	14,60,88,300	5,76,39,767	-	14,01,730	-	8,70,46,803	8,84,15,234

2 Intangible assets											
Particulars	Gross block as on 1 April 2018	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2019	Depreciation upto 1 April 2018	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Net block as on 31st March 2019	Net block as on 31st March 2018
<i>Hydrocarbon Rights & Concessions (Sanganpur Field)</i>	1,37,43,774	-	-	-	1,37,43,774	1,37,43,774	-	-	-	-	-
Total	1,37,43,774	-	-	-	1,37,43,774	1,37,43,774	-	-	-	-	-

3 Intangible assets under development					
Particulars	Gross block as on 1 April 2018	Adjustments during the year	Expenditure during the year	Transfer to Tangible/Intangible Fixed assets	Balance as on 31st March 2019
Intangible assets under development - Acquisition Cost					
ONGC Onshore Marginal Fields (OMF)	1,35,52,000	-	-	-	1,35,52,000
Total	1,35,52,000	-	-	-	1,35,52,000

Prize Petroleum Company Limited

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

4 Non-current investments

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of previous reporting period (INR)
Investment in subsidiary - Prize Petroleum International Pte. Ltd. (unquoted)		
i) 10,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.62.18 per US\$)		
ii) 49,90,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.63.56 per US\$)		
iii) 30,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.65.63 per US\$)		
iv) 36,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.66.86 per US\$)		
v) 5,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.15 per US\$)		
vi) 13,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.41 per US\$)		
vii) 4,60,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.85 per US\$)	90,75,53,875	90,75,53,875
Less: Provision for Diminution in the Value of Investment	(75,86,90,250)	(75,86,90,250)
Total	14,88,63,625	14,88,63,625

5 Long-term loans and advances

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of previous reporting period (INR)
Security Deposits - Unsecured Considered Good		
Security Deposit- Madhya Pradesh State government	15,000	15,000
Deposit - Assistant Labor Commissioner	-	60,084
Security Deposit- Rent	26,250	26,250
Security Deposit- Electricity, Gas and water	1,43,114	1,43,114
Telephone deposit	1,250	1,250
Other Deposits	13,750	15,000
Total	1,99,364	2,60,698

6 Other non-current financial assets

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of previous reporting period (INR)
Other deposits	54,488	54,488
Total	54,488	54,488

7 Deferred Tax Asset (net)

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of previous reporting period (INR)
Deferred tax asset	-	-
Deferred tax liability	-	-
Total	-	-

Prize Petroleum Company Limited

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

8 Other non-current assets

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Balance with Revenue Authorities -GST	85,63,195	45,44,747
Total	85,63,195	45,44,747

9 Inventories

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
<u>Stores & Spares</u>		
Casing & Tubing	54,18,525	54,18,525
Casing Accessories	27,000	27,000
Cementing Chemicals	2,405	2,405
Pumps & Spares	2,05,629	2,05,629
Bridge Plug 5 1/2"	23,414	23,413
Retrievable Mechanical Packer	4,17,500	4,17,500
X-Mas Tree	90,000	90,000
Electrical Submersible Pump	22,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	2,82,042	2,82,042
Wellheads	5,25,370	5,25,370
Total	71,12,366	71,12,365

10 Trade receivables

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Unsecured, considered good (Over 6 months)	11,23,588	11,23,591
Unsecured, considered good	39,76,154	24,03,108
Total	50,99,742	35,26,699

11 Cash and cash equivalents

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
a. Balance with banks		
Current accounts	13,25,928	41,31,497
Fixed deposit accounts (including accrued interest)	92,56,67,071	87,59,95,423
Interest Acrued on Deposits	4,08,03,810	4,12,38,081
Less: Amount disclosed under other non-current assets (*)	-	-
b. Fixed deposits (kept as margin money)	35,10,878	22,46,102
c. Cash on hand	2,565	2,565
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
Total	97,13,10,252	92,36,13,668

12 Short-term loans and advances

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
<u>Other loans- Unsecured Considered Good</u>		
Receivables from Joint Venture Projects	4,20,79,552	3,81,93,204
Total	4,20,79,552	3,81,93,204

Prize Petroleum Company Limited

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

13 Current tax assets (net)

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Tax Deducted at Source	4,40,13,008	2,19,78,311
Total	4,40,13,008	2,19,78,311

14 Other current assets

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Prepaid expenses	5,10,830	5,31,638
Receivables from Subsidiary -Prize Petroleum International Pte. Ltd.	22,06,204	54,83,250
Advance to Employees/Other advances	25,546	25,866
Total	27,42,580	60,40,754

Prize Petroleum Company Limited

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

15 Equity share capital

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
A. Authorised :		
62000000 Equity Shares of Rs. 10 each	6,20,00,00,000	6,20,00,00,000
100000000 Preference Shares of Rs.10 each	1,00,00,00,000	1,00,00,00,000
	7,20,00,00,000	7,20,00,00,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,20,00,00,000	1,20,00,00,000
125000000 Equity Shares of Rs.10 each	1,25,00,00,000	1,25,00,00,000
	2,45,00,00,000	2,45,00,00,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,20,00,00,000	1,20,00,00,000
125000000 Equity Shares of Rs.10 each fully paid up	1,25,00,00,000	1,25,00,00,000
	2,45,00,00,000	2,45,00,00,000
C. Par Value per Share		
i) Equity Shares :	Rs. 10/-	Rs. 10/-
ii) Preference Shares	Rs. 10/-	Rs. 10/-
D. Reconciliation of No. of Shares Outstanding		
a) Equity Shares		
Opening Balance	24,50,00,000	24,50,00,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	24,50,00,000	24,50,00,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

Prize Petroleum Company Limited

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

16 Reserves and Surplus

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
i) Capital Reserve	-	-
ii) Capital Redemption Reserve	-	-
iii) Securities Premium Reserve;	-	-
iv) Debenture Redemption Reserve	-	-
v) Revaluation Reserve	-	-
vi) Share Options Outstanding Account	-	-
vii) Surplus/(Deficit) in statement of Profit & Loss		
<i>Retained earnings</i>	(1,21,37,07,502)	(1,19,76,11,344)
<i>Profit/(Loss) for the year</i>	5,01,63,993	(1,60,96,158)
<i>Depreciation Prior Period/Other Adjustment</i>	-	-
Total	(1,16,35,43,509)	(1,21,37,07,502)

17 Long Term Provisions

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Provision for Gratuity (#)	9,55,506	8,05,487
Provision towards compensated absences (#)	3,08,344	1,90,358
Provision for Abandonment cost (#) Refer Note 30	7,54,925	7,15,910
Total	20,18,775	17,11,755

18 Trade payables - Other than Micro & Small Enterprises

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Trade payable - Other than Micro Enterprises and Small Enterprises	3,66,90,206	1,35,90,189
Trade payables-Expenses payables	29,000	29,500
Total	3,67,19,206	1,36,19,689

19 Other current liabilities

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Statutory liabilities	51,64,095	43,49,805
Total	51,64,095	43,49,805

20 Short Term Provisions

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Provision for Gratuity	4,254	3,230
Provision towards compensated absences	2,74,154	1,78,816
Total	2,78,408	1,82,046

Prize Petroleum Company Limited

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

21 Revenue from operations

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Income from Hydrocarbons	91,20,198	90,83,840
Income from Management fee	6,70,82,400	6,53,40,000
Total	7,62,02,598	7,44,23,840

22 Other income

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Interest on fixed deposits	6,91,65,466	5,56,36,945
Others	18,95,269	49,00,424
Total	7,10,60,735	6,05,37,369

23 Production, transportation and other expenses

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Insurance	1,23,380	1,23,736
Electricity & Utilities	5,12,785	5,62,556
Consultancy Fees	63,000	1,03,875
Well Maintenance Charges	2,05,809	2,70,814
Security Charges	11,11,016	10,99,797
Processing & Handling of Crude Oil	10,29,561	11,13,094
Manpower Charges	26,83,242	18,56,918
Land Rent	4,41,996	3,43,880
Crude Oil Transportation	12,36,987	10,25,301
Total	74,07,776	64,99,971

24 Geological and Geophysical expenses

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Geological and Geophysical Expenses (SR-ONN Block)	-	3,99,202
G&G Expenses - DSF II	1,46,148	12,57,047
Total	1,46,148	16,56,249

25 Employee benefits expense

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Salaries and wages	4,10,27,625	2,95,95,413
Contribution towards Provident Fund	31,47,068	31,61,755
Pension, Gratuity and Other Employee Benefit	78,86,675	37,66,021
Employee Welfare Expenses	75,05,458	87,76,452
Total	5,95,66,826	4,52,99,641

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

26 General and administrative expenses

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Repairs & Maintenance	68,220	1,13,813
Auditor's Remuneration	1,40,190	2,76,100
Electricity & Utilities	13,79,117	14,67,513
Traveling & Conveyance	24,72,965	17,13,807
Legal Expenses	20,90,252	11,79,597
Consultancy Charges	71,250	9,88,760
Insurance	13,672	7,019
Rent	1,84,33,470	1,86,53,201
Advertisement & Business Relation Expenses	2,21,800	3,20,600
Telephone Charges	4,38,147	4,29,870
Bank Charges	21,967	46,059
Postage & Courier	46,854	45,398
Printing & Stationery	1,45,473	1,97,299
Foreign Exchange Fluctuations	-	52,594
Office maintenance	32,30,450	37,18,043
Training & Seminar Expenses	25,000	60,350
Membership & Subscription	5,862	2,15,829
HO Overheads	4,69,158	4,21,578
General Expenses	1,86,174	75,827
TOTAL	2,94,60,021	2,99,83,257
Allocated to Projects	(9,38,317)	(8,43,158)
Total	2,85,21,704	2,91,40,099

27 Finance costs

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Others - Unwinding of Provision for Abandonment	39,015	35,793
Total	39,015	35,793

28 Depreciation and amortisation expense

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Depreciation	3,15,293	3,16,727
Depletion	10,86,437	11,70,783
Total	14,01,730	14,87,510

29 Other expenses

Particulars	Figures as at the end of current reporting period (INR)	Figures as at the end of the previous reporting period (INR)
Provision for write off of Sanganpur Assets	-	6,65,49,606
Total	-	6,65,49,606

PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

NOTE 30

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

I. Company Background:

The Company is engaged in the exploration and production of crude oil and natural gas and related activities. The Company is Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited.

II. Authorization of financial statements:

The Financial Statements were authorized for issue in accordance with a resolution of the directors on May 11, 2019.

III. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

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

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

1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.1 The Company generally conforms to the internationally accepted "Successful Efforts Method" (SEM) of accounting read with the revised guidance note on "Accounting for Oil & Gas Producing Activities" issued by The Institute of Chartered Accountants of India (ICAI).

1.2 The company's presentation and functional currency is Indian Rupee.

2. Use of Estimates:

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

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

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

3. Revenue Recognition:

3.1 Revenue from Crude Oil and Natural Gas, net of applicable taxes, rebate and discount is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in progress is deducted from expenditures on such wells.

3.2 Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.

3.3 Income from consultancy/ management income is being recognized when services are rendered and no significant uncertainty attached to realization.

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

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

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

4. Geological and Geophysical Expenditures:

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

5. General and Administrative Expenses:

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

6. Property, Plant and Equipment:

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

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

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

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

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

7. Pre-producing Properties:

7.1 All acquisition costs (including Pre-acquisition cost, Acquisition Cost during Exploration stage, Development stage and Production stage), exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells (including cost incurred toward prospecting activities of exploratory wells) are initially capitalized as Exploratory under Pre-producing Properties till the time these are either transferred to Producing Properties on completion of commencement of commercial production or expensed in the year when determined to be dry or of no further use, as the case may be.

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

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

8. Producing Properties:

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

Cost of successful exploratory wells, development wells, related equipment, facilities, hydrocarbon rights, concessions and applicable acquisition costs (Pre-acquisition cost and Intangible Assets (Intangible assets acquired separately and Intangible Assets under Development-Exploratory Well in Progress)) are capitalized and reflected as producing properties.

9. Depreciation/ Amortization:

a) Property, Plant and Equipment

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

9.2 Individual items of Fixed Assets, the acquisition cost of which is up to Rs. 5,000/- is depreciated in full in the year of acquisition.

9.3 The Company capitalizes and amortizes the expenses on office renovation over the unexpired lease tenor, only if it is probable that the future economic benefit associated with the expenditure will flow to the company.

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

b) Intangible Assets

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

10. Depletion of Producing Properties:

10.1 Producing properties including acquisition cost are depleted using the “Unit of Production method” (UOP) based on the related Proved Developed Reserves.

10.2 Interest capitalized on producing properties including acquisition cost, as required under Ind AS-23 (Borrowing Costs), is also depleted using the Unit of Production Method.

10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

11. Earnings Per Share:

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

11.2 For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12. Segment Reporting:

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

13. Abandonment Cost:

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

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

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

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

14. Joint Ventures:

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

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

14.3 Interests capitalized on loan funds utilized in Joint venture projects, as required under Ind AS-23 (Borrowing Costs), is included in the value of respective joint venture assets and are depreciated/ amortized on the same basis on which the original asset is depreciated/ amortized.

15. Retirement and Other Employees Benefits:

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

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

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

16. Foreign Currency Transactions:

Monetary items:

16.1 Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of transaction qualifying for recognition.

16.2 Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the reporting date.

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

Non-monetary items:

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

17. Impairment of Assets:

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

18. Inventory:

- 18.1 Closing stock of Crude Oil in unfinished condition in storage tank is to be valued at cost or net realizable value whichever is lower.
- 18.2 Stores and spares are valued at weighted average cost or net realizable value, whichever is lower.

19. Taxes on Income:

- 19.1 Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. Current Tax relating to items recognized outside the Statement of Profit or Loss is recognized outside the statement of Profit or Loss (either in other comprehensive income or in equity). Current Tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- 19.2 Deferred tax liability is recognized for all taxable temporary differences.
- 19.3 Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized, is not recognized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- 19.4 Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- 19.5 Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- 19.6 Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

20. Contingent Liabilities / Assets and Provisions

- 20.1 Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

- 20.2** The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.
- 20.3** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
- 20.4** Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.
- 20.5** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.
- 20.6** Contingent assets are neither recognized nor disclosed in the financial statements.
- 20.7** The Company has made provision for all known liabilities.

21. Financial instruments

21.1 Financial Asset

21.1.1 Classification

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

21.1.2 Initial recognition and measurement

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

21.1.3 Debt instruments at amortized cost

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

- a)** The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b)** Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the

EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

21.1.4 Equity investments

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

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

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

21.1.5 De-recognition

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

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - i. The Company has transferred substantially all the risks and rewards of the asset, or
 - ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

21.1.6 Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

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

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

21.2 Financial Liabilities

21.2.1 Classification

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

21.2.2 Initial recognition and measurement

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

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

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

21.2.3 Loans and borrowings

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

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

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

21.2.4 De-recognition

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

IV. Notes forming part of financial statements

1. Contingent Liabilities and commitment:

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

HPCL submitted a bank guarantee of Rs.59.44 crores on behalf of the Consortium as per the provisions of the Service Contract. Company and M3nergy provided a back to-

back bank guarantee of Rs.5.94 crores and Rs.17.83 crores respectively for their share to HPCL. After execution of Service Contract M3nergy did not co-operate and raised various issues as a result of which petroleum operations could not begin within 6 months from the date of award as stipulated in Service Contract.

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

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

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

- i) Claimants (HPCL and PPCL) are entitled to USD 91.30 Million, which when converted into Indian Currency taking into account exchange rate of Rs. 48.68 for a US Dollar prevailing on January 6, 2009, amounts to Rs. 444.45 crores (HPCL's Share Rs. 380.96 crores) be paid by the Respondent along with interest at the rate of 9% p.a. with effect from January 6, 2009 i.e. the date on which communication of ONGC was issued to the parties terminating the contract, within 10 weeks from the date of this award, failing which rate of interest would climb to 12% p.a. from the 11th week;
- ii) Respondent is liable for the sum of Rs. 41.6 Crores (HPCL's share Rs. 35.67 crores), being the costs of then cashed bank guarantee with interest at the rate of 9% p.a. from the date of encashment of bank guarantee (April 24, 2009) till the date of payment to the Claimants. If not paid within 10 weeks, then rate of interest shall rise to 12% p.a. from 11th week till full payment of the sums due.

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

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

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

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

- 1.2** The Company is Operator in exploration block; SR-ONN-2004/1, awarded under NELP round -VI with 10% PI along with Consortium Partner M/s Jaiprakash Limited. The Consortium has completed all minimum work program except drilling of one well for which environmental clearance (EC) was not granted from Ministry of Environment and Forests due to drilling location falling within the radius of 10km from a wildlife sanctuary. Further as per Policy Framework Guidelines issued by MoP&NG dated November 10, 2014, consortium has requested DGH to allow to exit from the block without paying any Liquidity Damages (LD) towards non-drilling of 3rd well. DGH vide its letter dated February 5, 2018 has intimated that the block stands relinquished with effect from October 23, 2014 subject to the compliance of PSC and the P&NG rules.
- 1.3** Company was awarded an Exploration block AA ONN 2010/1 in Tripura under NELP IX in consortium with ABG Energy Ltd (ABG). The Product Sharing Contract (PSC) was signed with Government of India (GOI) by the consortium on August 30, 2012. Company has 20% PI (Participating Interest) and ABG 80% PI. As per the Joint Bidding agreement, ABG will carry Company during the exploration phase i.e. Company's share of 20% expenditure during exploration phase shall be borne by ABG. In case of any discovery, 10% of Company's share paid by ABG will be recovered by them out of profit petroleum and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also, since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

In view of non-submission, GOI terminated the PSC dated August 30, 2012 vide letter dated October 15, 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated Feb 6, 2015 as per Article 5.6 of PSC. Company has kept ABG on notice that it is their responsibility to pay the entire quantum of liquidated damages, including the share of Company, if Company is compelled to pay its share of liquidated damages by the GOI, and if such payment is made, then company will have to claim this money from ABG.

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

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

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

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

Name of the Block	Country	Participating Interest as on 31 st March,2019
South Rewa-PSC (#)	India	10%
Sanganpur-PSC (+)	India	50%
Hirapur -SC	India	50%

(+) MoP&NG vide its letter dated June 2, 2017 has terminated the PSC.

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

2.1 ONGC Onshore Marginal Fields

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

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.

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

Figures in Rupees

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

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

2.2 Sanganpur Field

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective September 1, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18,17,034/- have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on estimated un-Audited accounts as at March 31, 2017.

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

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

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

Figures in Rupees

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

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

2.3 ONGC Offshore Marginal Fields (Cluster-7)

The Company along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s M3nergy (PI – 30%) was awarded a Contract vide letter of award dated 31st March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration/legal proceedings against M3nergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department-HPCL.

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

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

Consortium has proposed to relinquish the block effective from October 23, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH). DGH vide its letter dated Feb. 5, 2018 has communicated that the Block stands relinquished with effect from 23.10.2014 subject to the compliance of PSC and the P&NG rules.

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

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

Figures in Rupees

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

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

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

Hirapur (On-shore Marginal Fields):

Particulars (*)	FY 2018-19		FY 2017-18	
	MM BBLs	MMT	MM BBLs	MMT
Recoverable Reserves (+)	2.40	0.324	2.43	0.328

(*) The Company Share is 50% of total

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

4. Quantitative Particulars of Petroleum:

Particulars (*)	FY 2018-19		FY 2017-18	
	BBLs	TMT	BBLs	TMT
Total Dry Crude Production				
Hirapur Field	31,265	4.23	33,752	4.56
TOTAL	31,265	4.23	33,752	4.56

(*) The Company Share is 50% of total

5. Remittance in Foreign Currencies (*):

Figures in Rupees

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

6. The limit of non-funded credit facilities of Bank Guarantees/Letter of Credit is Rs.10,00,00,000/- with Corporation Bank, New Delhi.

7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on January 23, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'. PPIPL has availed loan facility of USD 86 Million out of which USD 82.50 Million is outstanding as of March 31, 2019 against which shares of the Company in PPIPL have been pledged in favour of the lender.

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

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

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

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

9.1 Related Party relationships:

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

9.2 Key Management Personnel:

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

9.3 Transactions during the period with related parties are:

Figures in Rupees

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

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

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

Note:

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

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

9.4 Balance Outstanding

Figures in Rupees

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

10. Auditors Remuneration includes: (*)

Figures in Rupees

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

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

(#) Bill are yet to be raised.

11. Disclosure as required by Ind AS 116, "Leases": where the company is lessee, Lease payments are recognized in the statement of profit & loss under "Rent".
12. The Company has book profit as per income tax during the financial year however there is no tax liability under Section 115JB of the Income Tax Act, 1961 due to carry forward losses and unabsorbed depreciation and as such no provision for taxation is envisaged.
13. Deferred Tax Assets / Liability:

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

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

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

- 13.2 Movement in Deferred Tax Balances

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

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

14. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2019.
15. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified Ind AS 115, Revenue from contracts with customers. The company has assessed the implication of provisions of Ind AS115 and noted that the company has no direct disclosure obligation other than already disclosed basis the exemption available in the standard.
16. The company is current assessing the impact of Ind AS 116. The effect of adoption of Ind AS is expected to be insignificant.

17. Employee Benefits:

17.1 Defined Contribution Plans:

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

17.2 Defined Benefit Plans:

The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. The amount recognized is included in Note 17 to the Balance Sheet.

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

a. Present Value of projected benefit obligation

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

b. Included in Profit & Loss Account

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

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

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

d. Amount recognised in Balance Sheet

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

17.4 Significant estimates: Actuarial assumptions and sensitivity analysis

a) Significant actuarial assumptions were as follows:

i. Financial Assumptions

1. Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yields at the balance sheet date on government bonds.
2. Salary increase: Salary increase takes into account inflation, seniority and promotion and other relevant factors such as supply and demand in the employment market.

ii. Demographic assumptions

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

b) Sensitivity Analysis

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

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

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

The expected maturity analysis of undiscounted benefits is as under:

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

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

18. Capital Management

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

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

19. Fair Value Measurements

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

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

Particulars	FY 2018-19 (INR)	FY 2017-18 (INR)
Financial assets		
Trade receivables	50,99,744	35,26,699
Cash and cash equivalents	97,13,10,251	92,36,13,668
Short-term loans and advances	4,42,85,757	4,36,76,454
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	-	-
Trade payables	3,67,19,205	1,36,19,689
Other current financial liabilities	-	-

Credit Risk

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

Liquidity Risk

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

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

Status as on 31-Mar-19				
Particulars	1 year or less	1 to 5 years	Over 5 years	Total
Trade payables	3,67,19,205	-	-	3,67,19,205
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	3,67,19,205	-	-	3,67,19,205

Status as on 31-Mar-18				
Particulars	1 year or less	1 to 5 years	Over 5 years	Total
Trade payables	1,36,19,689	-	-	1,36,19,689
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	1,36,19,689	-	-	1,36,19,689

20. In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to that at which they are stated in the Balance sheet.
21. Allocated Overheads recovered from Joint Ventures are shown as deduction from General and Administrative expenses in the Statement of Profit and Loss.

22. There are no dues outstanding to vendors who are “Micro, Small and Medium Enterprises”.
23. During the year there was NIL (FY 17-18: NIL) expenditure incurred towards Corporate Social Responsibility.
24. Other additional information are either nil or not applicable.
25. Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with current year figures.

Sd/-
R.K. Mohal
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial Officer

Sd/-
Asheesh Garg
Company Secretary

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

Sd/-
Vinod S. Shenoy
Director
DIN:07632981

Sd/-
Pushp Kumar Joshi
Director
DIN: 05323634

Sd/-
Nitin Kumar Lohia
Partner
M No.:508528

Place : Mumbai
Date : May 11,2019

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, and Consolidated loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors

of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

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

We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

1. We did not audit the Standalone Financial Statements of two unincorporated Joint Ventures (ONGC Onshore Marginal Field – PI 50% (Hirapur Field) and NELP-VI Block SR-ONN-2004/1– PI 10% (South Rewa)), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 10,35,57,834/-, net cash flows of Rs. (90,749/-) as at March 31, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-, pertaining to Group's share in these joint ventures, for the year ended on that date, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on the report of such auditors.
2. We did not audit the Standalone financial statements of two Joint Ventures (Sanganpur – PI 50% and Cluster-7 – PI 10%) included in the Consolidated financial statements of the Group proportionate to respective participating interest (PI) The total assets of Rs. 10,35,57,834/-, net cash flows of Rs. (90,749/-) as at March 31, 2019, total revenues of Rs. 91,20,840/- and net loss of Rs. 47,62,394/-total revenues of Rs. 12,229/- and net profit of Rs. 12,229/-, pertaining to Group's share in these joint ventures, for the year ended on that date are considered in the Consolidated financial statements. The unaudited financial information have been provided to us by the management and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of these unincorporated Joint Ventures is based solely on such unaudited financial information furnished to us.
3. We did not audit the Standalone Financial Statements of Prize Petroleum International Pte. Limited (wholly owned subsidiary), included in the Financial Statements of the Group. The total assets of Rs. 224,82,48,777/-, net cash flows of Rs. 701,79,022/- as at March 31, 2019, total revenues of Rs. 85,35,71,784/- and net loss of Rs. 18,85,65,265/-, pertaining to Group's share, for the year ended on that date, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of such auditors.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Consolidated balance sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements which would impact its financial position (Refer Note 30).
 - ii. The Group has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses.
 - iii. There were no amounts which required to be transferred by the Group to the Investor Education and Protection Fund by the Group during the year ended March 31, 2019.

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

Place: New Delhi
Date: July 02, 2019

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

To the Independent Auditor's Report on the Consolidated Financial Statements of Prize Petroleum Company Limited.

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNER CLAUSE (I) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013("THE ACT")

We have audited the internal financial controls with reference to financial Statements of Prize Petroleum Company Limited ("The Company") As of March 31, 2019 in Conjunction With our audit of the of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and the Standard on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements 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 with reference to financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference Financial Statements assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 with reference to financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to Financial Statements 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 with reference to financial Statements includes 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 payments of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements 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 with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2019, based on the internal control over financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
Nitin Kumar Lohia
Partner
Membership No. 508528

Place: New Delhi
Date : July 02, 2019

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

Consolidated Balance Sheet as at 31st March 2019

PARTICULARS	Notes	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	1,72,72,29,110	2,05,09,66,311
(b) Intangible assets	2	-	-
(c) Intangible assets under development	3	22,81,29,373	21,50,57,965
(d) Financial assets			
(i) Investments		-	-
(ii) Long-term loans and advances	4	1,99,364	2,60,698
(ii) Others	5	54,488	54,488
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets	6	85,75,894	63,13,291
2 Current assets			
(a) Inventories	7	3,65,75,624	3,64,98,964
(b) Financial assets			
i) Trade receivables	8	6,77,97,142	6,62,67,154
ii) Cash and cash equivalents	9	1,22,76,38,274	1,10,97,62,668
iii) Loans	10	7,60,66,966	8,07,73,799
iv) Others		-	-
(c) Current tax assets (net)	11	4,40,13,008	2,19,78,311
(d) Other current assets	12	1,15,36,680	1,17,84,150
Total Assets		3,42,78,15,923	3,59,97,17,799
II Equity and liabilities			
1 Equity			
(a) Equity share capital	13	2,45,00,00,000	2,45,00,00,000
(b) Other equity	14	(4,84,21,01,082)	(4,51,36,56,654)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	15	5,64,00,61,229	5,53,05,74,393
ii) Other financial liabilities		-	-
(a) Provisions	16	20,18,775	17,11,755
(b) Deferred tax liabilities (net)		-	-
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Trade payables - Micro & Small Enterprises		-	-
iii) Trade payables - Other than Micro & Small Enterprises	17	6,94,61,032	5,22,79,401
iv) Other financial liabilities	18	9,69,92,426	6,58,58,771
(b) Other current liabilities	19	1,11,05,135	1,27,68,087
(c) Provisions	20	2,78,408	1,82,046
Total Equity and Liabilities		3,42,78,15,923	3,59,97,17,799
See accompanying notes to the financial statements forming integral part of the financial statements	30		
This is the Balance Sheet referred in our report As per our Report of even date			
for KHANDELIA & SHARMA Chartered Accountants FRN: 510525C	Sd/- R. K. Mohal Chief Executive Officer	Sd/- Rajalakshmy Ganesh Chief Financial Officer	
Sd/- Nitin Kumar Lohia Partner Membership No.: 508528	Sd/- Asheesh Garg Company Secretary	Sd/- Vinod S. Shenoy Director DIN: 07632981	Sd/- Pushp Kumar Joshi Director DIN: 05323634
Place: Mumbai Date: May 11, 2019			

Prize Petroleum Company Limited

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

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

PARTICULARS		Notes	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
1	Revenue			
	a) Revenue from operations	21	92,41,91,146	87,31,78,895
	b) Other income	22	7,64,59,453	18,95,11,451
	Total Revenue		1,00,06,50,599	1,06,26,90,346
2	Expenses			
	a) Production, Transportation and other expenses	23	32,07,17,465	37,63,97,907
	b) Geological and Geophysical expenses	24	26,82,392	71,91,121
	c) Employee benefits expense	25	6,70,98,627	5,17,35,132
	d) General and Administrative expenses	26	5,33,37,178	5,03,17,219
	e) Finance costs	27	24,19,02,338	16,59,20,815
	f) Depreciation and amortisation expense	28	45,32,97,687	47,41,49,237
	g) Other expenses	29	-	6,65,49,606
	Total Expenses		1,13,90,35,687	1,19,22,61,037
3	Profit/(Loss) before exceptional items and tax		(13,83,85,088)	(12,95,70,691)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(13,83,85,088)	(12,95,70,691)
7	Profit/(Loss) before exceptional items and tax from Discontinued Operations		-	-
8	Exceptional Items		-	-
9	Tax Expense of Discontinued Operations			
	- Current tax		-	-
	- Deferred tax		-	-
10	Profit (Loss) for the period from Discontinued Operations		-	-
11	Profit (Loss) for the period		(13,83,85,088)	(12,95,70,691)
12	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		(16,141)	(3,88,498)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		(19,00,43,199)	(1,54,30,496)
	(ii) Income tax on above		-	-
13	Total other comprehensive income		(19,00,59,340)	(1,58,18,994)
14	Total comprehensive income for the period		(32,84,44,428)	(14,53,89,685)
15	Earnings per equity share (Rs.)			
	Basic		(0.56)	(0.53)
	Diluted		(0.56)	(0.53)
See accompanying notes to the financial statements forming integral part of the financial statements		30		
This is the Profit and Loss Statement referred to in our report As per our Report of even date for KHANDELIA & SHARMA Chartered Accountants FRN: 510525C				
		Sd/- R. K. Mohal Chief Executive Officer	Sd/- Rajalakshmy Ganesh Chief Financial Officer	
Sd/- Nitin Kumar Lohia Partner Membership No.: 508528		Sd/- Asheesh Garg Company Secretary	Sd/- Vinod S. Shenoy Director DIN: 07632981	Sd/- Pushp Kumar Joshi Director DIN: 05323634
Place: Mumbai				
Date: May 11, 2019				

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

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

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(13,83,85,088)	(12,95,70,691)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
- Depreciation and impairment of property, plant and equipment	45,32,97,687	47,41,49,237
- (Gain)/loss on sale of property, plant and equipment	-	-
- Amortised Finance Cost	1,44,08,973	1,32,84,698
- Actuarial (Gain) / Loss from OCI	(16,141)	(3,88,498)
- Foreign Exchange Fluctuation (Unrealised)	(19,00,43,199)	(1,54,30,496)
- Provision for Diminution / Impairment in Value of Investments	-	-
- (Profit)/Loss on Sale of Current Investment	-	-
- Finance Costs	22,74,54,350	15,26,00,324
- Provision for Doubtful Debts & Receivables	-	-
- Provision for write off of Sangapur Assets	-	6,65,49,606
- Interest Income	(7,13,36,594)	(6,11,93,970)
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	29,53,79,988	50,00,00,210
(Increase) / Decrease in Assets and Liabilities :		
- Trade Receivables	(15,41,312)	69,54,949
- Loans and Advances and Other Assets	(1,60,04,457)	4,24,39,283
- Inventories	(76,659)	(14,11,264)
- Liabilities and Other Payables	4,37,89,835	(31,62,50,682)
Sub Total - (ii)	2,61,67,407	(26,82,67,714)
Cash Generated from Operations (i) + (ii)	32,15,47,395	23,17,32,496
Less : Direct Taxes / FBT refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	32,15,47,395	23,17,32,496
B. Cash Flow From Investing Activities		
- Purchase of Property, Plant & Equipment	(14,26,31,896)	(8,44,50,529)
- Sale of Asset	-	-
- Investments	-	-
- Interest received	7,13,36,594	6,11,93,970
- Unamortised Expenses	-	-
Net Cash Flow generated from / (used in) Investing Activities (B)	(7,12,95,302)	(2,32,56,559)
C. Cash Flow From Financing Activities		
- Long term Loans raised	-	-
- Long term Loans repaid	9,50,77,863	2,76,53,365
- Short term Loans raised / (repaid)	-	-
- Finance Cost paid	(22,74,54,350)	(15,26,00,324)
- Increase in Share Capital	-	-
Net Cash Flow generated from / (used in) Financing Activities (C)	(13,23,76,487)	(12,49,46,959)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	11,78,75,606	8,35,28,978
Cash and cash equivalents at the beginning of the year	1,10,97,62,668	1,02,62,33,690
Cash and cash equivalents at the end of the year	1,22,76,38,274	1,10,97,62,668
D. Details of cash and cash equivalents at the end of the year (Refer Note 9)		
Cash & Cheques in Hand	2,565	2,565
Current accounts & term Deposit in Scheduled Banks	1,22,76,35,709	1,10,97,60,103
Cash and cash equivalents at the end of the year	1,22,76,38,274	1,10,97,62,668
As per our Report of even date for KHANDELIA & SHARMA Chartered Accountants FRN: 510525C	Sd/- R. K. Mohal Chief Executive	Sd/- Rajalakshmy Ganesh Chief Financial Officer
Sd/- Nitin Kumar Lohia Partner Membership No.: 508528	Sd/- Vinod S. Shenoy Director DIN: 07632981	Sd/- Asheesh Garg Company Secretary
Place: Mumbai Date: May 11, 2019	Sd/- Pushp Kumar Joshi Director DIN: 05323634	

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

1 Property, plant and equipment

Particulars	Gross Block				Depreciation/Impairment				Net Block	
	As at 1 April 2018	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2019	As at 1 April 2018	for the year	Foreign Exchange Translation	Adjustment/Provision /Trf. To Tangible or Intangible fixed asset	As at 31 March 2019	As at 31 March 2018
F & F Purchased under scheme	77,726	33,300	-	1,11,026	8,067	12,240	-	-	20,307	69,659
F & F Others	89,619	-	-	89,619	58,188	2,481	-	-	60,669	31,431
Vehicles Purchased under scheme	1,29,234	-	-	1,29,234	1,29,234	-	-	-	1,29,234	-
Vehicles Others	38,454	-	-	38,454	-	-	-	-	-	38,454
Office Equipments	3,83,329	-	-	3,83,329	2,60,733	85,030	-	-	3,45,763	1,22,596
Others - Computer hardware	56,555	-	-	56,555	36,508	2,844	-	-	39,352	20,047
ONGC on shore marginal field (50%)-Well cost	8,77,80,231	-	-	8,77,80,231	37,44,297	10,86,437	-	-	48,30,734	8,40,35,934
ONGC on shore marginal field (50%)-F & F	52,246	-	-	52,246	39,734	807	-	-	40,541	12,512
ONGC on shore marginal field (50%)-P&M	47,19,445	-	-	47,19,445	6,35,104	2,11,891	-	-	8,46,995	40,84,341
Project Sanganpur (50%)-Well cost	5,26,77,332	-	-	5,26,77,332	5,26,77,332	-	-	-	5,26,77,332	-
Project Sanganpur (50%)-P&M	84,568	-	-	84,568	84,568	-	-	-	84,568	-
Project Sanganpur (50%)-Office Equipments	2,922	-	-	2,922	2,922	-	-	-	2,922	-
Project Sanganpur (50%)-F&F	1,814	-	-	1,814	1,814	-	-	-	1,814	-
Project Sanganpur (50%)-Bldg	89,911	-	-	89,911	89,911	-	-	-	89,911	-
Project SR-ONN (10%)-Computer	228	-	-	228	181	-	-	-	181	47
Project SR-ONN (10%)-Digital camera	490	-	-	490	407	-	-	-	407	83
Project SR-ONN (10%)-Global positioning system	130	-	-	130	-	-	-	-	-	130
Yolla Field Acquisition cost (license T/11)	4,19,50,17,261	-	26,18,38,895	4,45,68,56,096	3,62,17,87,045	13,17,64,754	-	22,54,03,345	3,97,89,55,144	57,32,30,216
Yolla Stage 2 - Y5 & Y6 Drilling Cost	1,33,60,05,989	-	8,14,76,278	1,41,74,82,267	47,57,86,063	19,77,33,203	-	2,67,99,252	70,03,18,518	86,02,19,926
Compressor Installation(Capitalized)	52,54,70,229	15,45,811	3,20,45,783	55,90,61,823	10,42,04,002	9,70,85,255	-	52,66,575	20,65,55,832	42,12,66,227
Other Plant & Machinery	13,70,18,767	32,29,608	83,56,084	14,86,04,459	2,91,84,059	2,53,12,745	-	14,96,039	5,59,92,843	10,78,34,708
TOTAL	6,33,96,96,480	48,08,719	38,37,16,980	6,72,82,22,179	4,28,87,30,169	45,32,97,687	25,89,65,211	-	5,00,09,93,067	2,05,09,66,311

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2018	Addition/(Deletion)	Foreign Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2019
Office Equipment	1,22,643	-	-	(85,030)	-	37,613
Plant & Equipment	11,19,39,309	32,29,608	68,60,045	(2,55,27,480)	-	9,65,01,482
Building	-	-	-	-	-	-
Furniture & Fixtures	1,13,602	33,300	-	(15,528)	-	1,31,374
Vehicles	31,431	-	-	2,481	-	33,912
Others - well Cost	94,42,55,860	-	5,46,77,026	(19,88,19,640)	-	80,01,13,245
Others - Acquisition Cost	99,45,03,466	15,45,811	6,32,14,698	(22,88,52,490)	-	83,04,11,484
TOTAL	2,05,09,66,311	48,08,719	12,47,51,769	(45,32,97,687)	-	1,72,72,29,110

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

Particulars	Gross Block				Depreciation/Impairment				Net Block	
	As at 1 April 2018	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2019	As at 1 April 2018	for the year	Foreign Exchange Translation	Adjustment/Provision /Trf. To Tangible or Intangible fixed asset	As at 31 March 2019	As at 31 March 2018
	Hydrocarbon rights and Concessions (Sanganpur field)	1,37,43,774	-	-	1,37,43,774	1,37,43,774	-	-	-	1,37,43,774
TOTAL	1,37,43,774	-	-	1,37,43,774	1,37,43,774	-	-	-	1,37,43,774	-

3 Intangible assets under development

Particulars	As at 1 April 2018	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2019	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31 March 2019
<u>Intangible assets under development - Acquisition Cost</u>							
ONGC onshore Marginal fields	1,35,52,000	-	-	1,35,52,000	-	-	1,35,52,000
<u>Intangible Assets</u>							
Discovered field (permit T/18P)	18,57,36,805	-	1,43,27,152	19,70,63,957	-	-	19,70,63,957
Yolla Field (license T/L.1) Compressor installation	-	-	-	-	-	-	-
Yolla Field (license T/L.1) Yolla Stage 2-Y5 & Y6 Drilling	-	-	-	-	-	-	-
Yolla Field (license T/L.1) Other P&M	1,57,69,160	7,82,574	9,64,682	1,75,13,416	-	-	1,75,13,416
TOTAL	21,50,57,965	7,82,574	1,22,88,834	22,81,29,373	-	-	22,81,29,373

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements

4 Long-term loans and advances

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Security Deposits - Unsecured Considered Good		
Security Deposit- MP state govt	15,000	15,000
Deposit - Asstt. Labor Commissioner	-	60,084
Security Deposit- Rent	26,250	26,250
Security Deposit- Elec, gas, water	1,43,114	1,43,114
Telephone deposit	1,250	1,250
Other Deposits	13,750	15,000
Total	1,99,364	2,60,698

5 Other non-current financial assets

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Other deposits	54,488	54,488
Total	54,488	54,488

6 Other non-current assets

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Balance with Revenue Authorities - GST	85,75,894	63,13,291
Total	85,75,894	63,13,291

7 Inventories

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Inventory (License: T/L1)	2,94,63,258	2,93,86,599
Casing & Tubing	54,18,525	54,18,525
Casing Accessories	27,000	27,000
Cementing Chemicals	2,405	2,405
Pumps & Spares	2,05,629	2,05,629
Bridge Plug 5 1/2"	23,414	23,413
Retrievable Mechanical Packer	4,17,500	4,17,500
X-Mas Tree	90,000	90,000
Electrical Submersible Pump	22,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	2,82,042	2,82,042
Wellheads	5,25,370	5,25,370
Total	3,65,75,624	3,64,98,964

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

Notes forming part of Consolidated Financial Statements

8 Trade receivables

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Unsecured, considered good	6,77,97,142	6,62,67,154
Total	6,77,97,142	6,62,67,154

9 Cash and cash equivalents

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
a. Cash in hand	2,565	2,565
b. Balance with banks		
Current accounts	1,39,03,686	7,47,25,674
Fixed deposit accounts (including accrued interest) (\$)	1,16,82,36,064	99,15,50,246
Interest Accrued on Deposit	4,19,85,081	4,12,38,081
Less: Amount disclosed under other non-current assets (*)	-	-
c. Other bank balances		
Fixed deposits (kept as margin money)	35,10,878	22,46,102
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
Total	1,22,76,38,274	1,10,97,62,668

10 Short-term loans and advances

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Receivables from Joint Venture Projects	4,20,79,552	3,81,93,204
Advance Cash Calls (Yolla - T/L1)	3,36,48,806	4,22,47,069
Security Deposit (TMF)	2,55,031	2,48,271
Other Deposits (Yolla - T/L1)	83,577	85,255
Total	7,60,66,966	8,07,73,799

11 Current tax assets (net)

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Tax Deducted at Source	4,40,13,008	2,19,78,311
Total	4,40,13,008	2,19,78,311

12 Other current assets

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Prepaid expenses	1,15,11,134	1,17,58,284
Advance to Employees/Other advances	25,546	25,866
Total	1,15,36,680	1,17,84,150

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

Notes forming part of Consolidated Financial Statements

13 Equity share capital

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
A. Authorised :		
62000000 Equity Shares of Rs. 10 each	6,20,00,00,000	6,20,00,00,000
100000000 Preference Shares of Rs.10 each	1,00,00,00,000	1,00,00,00,000
	7,20,00,00,000	7,20,00,00,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,20,00,00,000	1,20,00,00,000
125000000 Equity Shares of Rs.10 each	1,25,00,00,000	1,25,00,00,000
	2,45,00,00,000	2,45,00,00,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,20,00,00,000	1,20,00,00,000
125000000 Equity Shares of Rs.10 each fully paid up	1,25,00,00,000	1,25,00,00,000
	2,45,00,00,000	2,45,00,00,000
C. Par Value per Share		
i) Equity Shares :	Rs. 10/-	Rs. 10/-
ii) Preference Shares	Rs. 10/-	Rs. 10/-
D. Reconciliation of No. of Shares Outstanding		
a) Equity Shares		
Opening Balance	24,50,00,000	24,50,00,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	24,50,00,000	24,50,00,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

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

Notes forming part of Consolidated Financial Statements

14 Reserves and Surplus

Particulars	Figures as the end of	Figures as at the end of the
	current reporting period INR	previous reporting period INR
Foreign Currency Translation Reserve		
Opening Balance	2,31,52,289	3,85,82,785
Effect of Foreign Exchange rate variation during the period	(19,00,43,199)	(1,54,30,496)
Closing Balance - A	(16,68,90,910)	2,31,52,289
Retained earnings		
Opening Balance	(4,53,68,08,943)	(4,40,68,49,754)
Profit (Loss) for the year	(13,84,01,229)	(12,99,59,189)
Closing Balance - B	(4,67,52,10,172)	(4,53,68,08,943)
Total (A+B)	(4,84,21,01,082)	(4,51,36,56,654)

15 Long-term borrowings

Particulars	Figures as the end of	Figures as at the end of the
	current reporting period INR	previous reporting period INR
Sumitomo Mitsui Banking Corporation-Singapore	5,70,52,87,500	5,60,54,80,000
Unamortised upfront fees	(6,52,26,271)	(7,49,05,607)
Total	5,64,00,61,229	5,53,05,74,393

16 Non-Current Liabilities - Provisions

Particulars	Figures as the end of	Figures as at the end of the
	current reporting period INR	previous reporting period INR
Provision for Gratuity (#)	9,55,506	8,05,487
Provision towards compensated absences (#)	3,08,344	1,90,358
Provision for Abandonment cost (#) Refer Note 30	7,54,925	7,15,910
Total	20,18,775	17,11,755

17 Trade payables - Other than Micro & Small Enterprises

Particulars	Figures as the end of	Figures as at the end of the
	current reporting period INR	previous reporting period INR
Trade payable - Other than Micro Enterprises and Small Enterprises	3,61,74,669	1,36,41,974
Trade payables-Expenses payables	56,63,499	1,82,57,229
Expenses Payable	1,62,33,905	80,34,297
Accounts payable	1,01,38,132	1,23,45,901
Other Liabilities	12,50,827	-
Total	6,94,61,032	5,22,79,401

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements
18 Other current financial liabilities

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Interest Payable	9,69,92,426	6,58,58,771
Total	9,69,92,426	6,58,58,771

19 Other current liabilities

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Statutory liabilities	1,11,05,135	1,27,68,087
Total	1,11,05,135	1,27,68,087

20 Provisions

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Provision for Gratuity	4,254	3,230
Provision towards compensated absences	2,74,154	1,78,816
Total	2,78,408	1,82,046

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements
21 Revenue from operations

Particulars	Figures as the end of current reporting period INR	Figures as at the end of previous reporting period INR
Income from Hydrocarbons	85,71,08,746	80,78,38,895
Income from Management fee	6,70,82,400	6,53,40,000
Total	92,41,91,146	87,31,78,895

22 Other income

Particulars	Figures as the end of current reporting period INR	Figures as at the end of previous reporting period INR
Interest on Fixed Deposit	7,32,30,298	5,57,01,882
Bank Interest - PPIPL	4,60,347	6,56,601
Others	27,68,808	13,31,52,968
Total	7,64,59,453	18,95,11,451

23 Production, transportation and other expenses

Particulars	Figures as the end of current reporting period INR	Figures as at the end of previous reporting period INR
Operating Cost- PPIPL, Singapore	31,33,09,689	36,98,97,936
Insurance	1,23,380	1,23,736
Electricity & Utilities	5,12,785	5,62,556
Consultancy Fees	63,000	1,03,875
Well Maintenance Charges	2,05,809	2,70,814
Security Charges	11,11,016	10,99,797
Processing & Handling of Crude Oil	10,29,561	11,13,094
Manpower Charges	26,83,242	18,56,918
Land Rent	4,41,996	3,43,880
Crude Oil Transportation	12,36,987	10,25,301
Total	32,07,17,465	37,63,97,907

24 Geological and Geophysical expenses

Particulars	Figures as the end of current reporting period INR	Figures as at the end of previous reporting period INR
G&G Expenses - OALP & Discovered Small Field	1,46,148	12,57,047
G&G Expenses - South Rewa (SR-ONN Block)	-	3,99,202
G & G Studies (Permit 18/P)	25,36,244	55,34,872
Total	26,82,392	71,91,121

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

Notes forming part of Consolidated Financial Statements

25 Employee benefits expense

Particulars	Figures as the end of current reporting period	Figures as at the end of the previous reporting period
	INR	INR
Salaries and wages	4,85,59,426	3,60,30,904
Contribution towards Provident Fund	31,47,068	31,61,755
Pension, Gratuity and Other Employee Benefit	78,86,675	37,66,021
Employee Welfare Expenses	75,05,458	87,76,452
Total	6,70,98,627	5,17,35,132

26 General and administrative expenses

Particulars	Figures as the end of current reporting period	Figures as at the end of the previous reporting period
	INR	INR
Repairs & Maintenance	68,220	1,13,813
Auditor's Remuneration	15,23,125	24,39,262
Electricity & Utilities	13,79,117	14,67,513
Traveling & Conveyance	24,72,965	17,13,807
Legal Expenses	20,90,252	11,79,597
Consultancy Charges	49,40,570	1,09,62,144
Insurance	13,672	-
Rent	1,84,33,470	1,86,53,201
Advertisement & Business Relation Expenses	2,21,800	3,20,600
Telephone Charges	4,38,147	4,29,870
Bank Charges	1,33,381	1,64,103
Postage & Courier	46,854	45,398
Printing & Stationery	1,45,473	1,97,299
Foreign Exchange Fluctuations	1,80,00,064	72,35,273
Contract Labour	32,30,450	37,18,043
Training & Seminar Expenses	25,000	60,350
Membership & Subscription	5,862	2,15,829
HO Overheads	4,69,158	4,21,578
General Expenses	1,86,174	75,827
G & A Expenses (PPIPL)	4,51,741	17,39,851
TOTAL	5,42,75,495	5,11,60,377
Allocated to Projects	(9,38,317)	(8,43,158)
Total	5,33,37,178	5,03,17,219

27 Finance costs

Particulars	Figures as the end of current reporting period	Figures as at the end of the previous reporting period
	INR	INR
Financial Fee	-	22,948
Agency Fee	14,96,695	13,79,914
Security Trustee Fee	8,97,947	8,28,013
Bank loan fee	1,44,08,973	1,32,84,698
Interest on Long Term Loan	22,50,59,708	15,03,69,449
Others - Unwinding of Provision for Abandonment	39,015	35,793
Total	24,19,02,338	16,59,20,815

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

Notes forming part of Consolidated Financial Statements

28 Depreciation and amortisation expense

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Depreciation	3,15,293	3,16,727
Depletion	45,29,82,394	47,38,32,510
Total	45,32,97,687	47,41,49,237

29 Other Expenses

Particulars	Figures as the end of current reporting period INR	Figures as at the end of the previous reporting period INR
Provision for write off Sangapur Assets	-	6,65,49,606
Total	-	6,65,49,606

PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

NOTE 30

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

I. DESCRIPTION OF BUSINESS:

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

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

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

II. PRINCIPLE OF CONSOLIDATION:

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

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

- 1.2 The Financial Statements have been prepared under historical cost convention basis except for certain assets and liabilities measured at fair value at the end of each reporting period.
- 1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 1.4 The Company generally conforms to the internationally accepted “Successful Efforts Method” (SEM) of accounting read with the revised guidance note on “Accounting for Oil & Gas Producing Activities” issued by The Institute of Chartered Accountants of India (ICAI).
- 1.5 The group’s presentation and functional currency is Indian Rupees.

2. Use of Estimates:

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

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

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

3. Revenue Recognition:

- 3.1 Revenue from Crude Oil and Natural Gas, net of applicable taxes, rebates and discount, is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in progress is deducted from expenditures on such wells. Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.
- 3.2 Income from consultancy/ management income being recognized when services are rendered and no significant uncertainty is attached to realization.
- 3.3 Dividend income is recognized when the right to receive the dividend is established.

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

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

4. Geological and Geophysical Expenditures:

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

5. General and Administrative Expenses:

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

6. Property, Plant and Equipment:

Property, Plant and Equipment are stated at historical cost less depreciation. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

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

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

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

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

7. Pre-producing Properties:

7.1 All acquisition costs (including Pre-acquisition cost, Acquisition Cost during Exploration stage, Development stage and Production stage), exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells (including cost incurred toward prospecting activities of exploratory wells) are initially capitalized as Exploratory under Pre-producing Properties till the time these are either transferred to Producing Properties on completion of commencement of commercial production or expensed in the year when determined to be dry or of no further use, as the case may be.

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

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

8. Producing Properties:

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

Cost of successful exploratory wells, development wells, related equipment, facilities, hydrocarbon rights, concessions and applicable acquisition costs (Pre-acquisition cost and Intangible Assets (Intangible assets acquired separately and Intangible Assets under Development-Exploratory Well in Progress)) are capitalized and reflected as producing properties.

9. Depreciation/ Amortization:

Property, Plant and Equipment

- 9.1 Depreciation on Property, Plant and Equipment owned by the Company is provided based on the useful life as specified in Schedule II to the Companies Act, 2013.
- 9.2 In the case of vehicles provided to employees under approved schemes of the Company, the depreciation is charged at the rate of 13.5% under the Straight Line Method as per the provision of the Scheme.
- 9.3 Individual items of Fixed Assets, the acquisition cost of which is up to Rs. 5,000/- is depreciated in full in the year of acquisition.
- 9.4 The Company capitalizes and amortizes the expenses on office renovation over the unexpired lease tenor, only if it is probable that the future economic benefit associated with the expenditure will flow to the company.
- 9.5 In Line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

Intangible Assets

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

10. Depletion of Producing Properties:

- 10.1 Producing properties including acquisition cost are depleted using the "Unit of Production method" (UOP) based on the related Proved Developed Reserves in accordance with guidance note on "Accounting for Oil & Gas producing activities".
- 10.2 Interest capitalized on producing properties including acquisition cost, as required under Ind AS-23 (Borrowing Costs), are also depleted using the Unit of Production Method.
- 10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

11. Earnings Per Share:

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

12. Segment Reporting:

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

13. Abandonment Cost:

- 13.1** The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks is provided at the present value of the expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset.
- 13.2** The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.
- 13.3** The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.
- 13.4** The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated field/ block ceases to produce.

14. Joint Ventures:

- 14.1** In respect of PSCs and Service Contracts (SCs) executed by the Company under Joint Ventures with Govt. of India and/or other parties; the financial statements reflect the Company's assets and liabilities as also the income and expenditure of the Joint Venture operations (to the extent of available details) in proportion to the participating interest (PI) of the Company as per the terms of the PSCs/SCs, on a line by line basis, in alignment with Company's policy.
- 14.2** Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.
- 14.3** Interests capitalized on loan funds utilized in Joint venture projects, as required under Ind AS-23 (Borrowing Costs), are included in the value of respective joint venture assets and are depreciated/ amortized on the same basis on which the original asset is depreciated/ amortized.

15. Retirement and Other Employees Benefits:

- 15.1** Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation,

which is computed on the basis of actuarial valuation using the projected unit credit method.

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

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

16. Foreign Currency Transactions:

Monetary items:

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

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

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

Non-monetary items:

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

16.5 Exchange difference, if any, depending on the nature of the expenditure are either allocated to respective projects or are directly treated as income/ expenses in the period they accrue.

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

- i. Assets and liabilities, both monetary and non-monetary, are translated using the closing rate,
- ii. Items of income and expenditures are translated at the average rate prevailing during the period,
- iii. The resulting net exchange difference is credited or debited to a foreign currency translation reserve in other comprehensive income.

17. Impairment of Assets:

17.1 At each Balance Sheet date, an assessment of assets is made to ascertain whether there is any event and/or circumstances which indicate impairment.

17.2 An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

18. Inventory:

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

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

19. Taxes on Income:

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

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

- 19.2** Deferred tax liability are recognised for all taxable temporary differences.

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

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

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

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

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

20. Contingent Liabilities / Assets and Provisions

- 20.1** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- 20.2** The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.
- 20.3** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

- 20.4** Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.
- 20.5** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.
- 20.6** Contingent assets are neither recognized nor disclosed in the financial statements.
- 20.7** The Company has made provision for all known liabilities.

21. Financial instruments

Financial Assets

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

i. Initial recognition and measurement

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

ii. Debt instruments at amortised cost

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

- a)** The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b)** Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

iii. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the

Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

iv. De-recognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) The Company has transferred substantially all the risks and rewards of the asset, or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

v. Impairment of financial assets

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

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

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

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

Financial Liabilities

i. Classification

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

ii. Initial recognition and measurement

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

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

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

iii. Loans and borrowings

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

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

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

iv. De-recognition

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

IV. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitment:

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

HPCL submitted a bank guarantee of Rs.59.44 crores on behalf of the Consortium as per the provisions of the Service Contract. Company and M3nergy provided a back to- back bank guarantee of Rs.5.94 crores and Rs.17.83 crores respectively for their share to HPCL. After execution of Service Contract M3nergy did not co-operate and raised various issues as a result of which petroleum operations could not begin within 6 months from the date of award as stipulated in Service Contract.

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

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

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

- i) Claimants (HPCL and PPCL) are entitled to USD 91.30 Million, which when converted into Indian Currency taking into account exchange rate of Rs. 48.68

for a US Dollar prevailing on January 6, 2009, amounts to Rs. 444.45 crores (HPCL's Share Rs. 380.96 crores) be paid by the Respondent along with interest at the rate of 9% p.a. with effect from January 6, 2009 i.e. the date on which communication of ONGC was issued to the parties terminating the contract, within 10 weeks from the date of this award, failing which rate of interest would climb to 12% p.a. from the 11th week;

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

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

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

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

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

- 1.2 The Company is Operator in exploration block; SR-ONN-2004/1, awarded under NELP round -VI with 10% PI along with Consortium Partner M/s Jaiprakash Limited. The Consortium has completed all minimum work program except drilling of one well for which environmental clearance (EC) was not granted from Ministry of Environment and Forests due to drilling location falling within the radius of 10km from a wildlife sanctuary. Further as per Policy Framework Guidelines issued by MoP&NG dated November 10, 2014, consortium has requested DGH to allow to exit from the block without paying any Liquidity Damages (LD) towards non-drilling of 3rd well. DGH vide its letter dated February 5, 2018 has intimated that the block stands relinquished with effect from October 23, 2014 subject to the compliance of PSC and the P&NG rules.
- 1.3 Company was awarded an Exploration block AA ONN 2010/1 in Tripura under NELP IX in consortium with ABG Energy Ltd (ABG). The Product Sharing Contract (PSC) was signed with Government of India (GOI) by the consortium on August 30, 2012. Company has 20% PI (Participating Interest) and ABG 80% PI. As per the Joint

Bidding agreement, ABG will carry Company during the exploration phase i.e. Company's share of 20% expenditure during exploration phase shall be borne by ABG. In case of any discovery, 10% of Company's share paid by ABG will be recovered by them out of profit petroleum and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also, since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

In view of non-submission, GOI terminated the PSC dated August 30, 2012 vide letter dated October 15, 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated Feb 6, 2015 as per Article 5.6 of PSC. Company has kept ABG on notice that it is their responsibility to pay the entire quantum of liquidated damages, including the share of Company, if Company is compelled to pay its share of liquidated damages by the GOI, and if such payment is made, then company will have to claim this money from ABG.

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

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

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

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

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

2.1 ONGC Onshore Marginal Fields

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

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

Figures in Rupees

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

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

2.2 Sanganpur Field

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective September 1, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18,17,034/- have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on estimated un-audited accounts as at March 31, 2017.

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

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

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

Figures in Rupees

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

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

2.3 ONGC Offshore Marginal Fields (Cluster-7)

The Company along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s M3nergy (PI – 30%) was awarded a Contract vide letter of award dated March 31, 2006 for the development of ONGC's offshore marginal

Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration/legal proceedings against M3nergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department-HPCL.

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

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

Consortium has proposed to relinquish the block effective from October 23, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH). DGH vide its letter dated Feb. 5, 2018 has communicated that the Block stands relinquished with effect from 23.10.2014 subject to the compliance of PSC and the P&NG rules.

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

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

Figures in Rupees

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

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

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

a) Domestic Operations (Hirapur (On-shore Marginal Fields))

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

(*) The Company Share is 50% of total

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

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

(*) For respective share of the company

4. Quantitative Particulars of Petroleum:

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

(*) For total share in Field.

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	FY 2018-19	FY2017-18
Foreign Travel	6,54,347	-
Consultancy Fees/Reimbursements etc.	-	-
Capital Equipment, Spares etc.	-	-
Equity Contribution	-	14,88,63,625

- The limit of non-funded credit facilities of Bank Guarantees/Letter of Credit is Rs.10,00,00,000/- with Corporation Bank, New Delhi.
- Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on January 23, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'.
- PPIPL has availed loan facility of USD 86 Million out of which USD 82.50 Million is outstanding as of March 31, 2019 against which shares of the Company in PPIPL Singapore have been pledged in favour of the lender.
- Rights of Shareholders Rights, Preferences & Restrictions attached to each class of shares. The Company has classified its Share capital into Equity & Preference Capital.

9.1 Equity Shares

Equity shares of the Company has a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of equity shares will be entitled to receive remaining assets (if any) after distribution of all preferential accounts.

The distribution will be in pro-rata to the equity shares held by the shareholder.

9.2 Preference Shares

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

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

10.1 Related Party relationships:

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

10.2 Key Management Personnel:

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

10.3 Transactions during the period with related parties are:

Figures in Rupees

Particulars	FY 2018-19			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	91,20,198	6,70,82,400	-	7,62,02,598
Expenses recovered from company by	10,29,561	8,86,90,934	-	89,720,495
Expenses recovered by company from	-	17,14,286	74,85,626	91,99,912
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Closing Balance of Investment in	-	-	90,75,53,875	90,75,53,875

Figures in Rupees

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

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

Note:

1. The Expenses recovered by Holding Company also includes Remuneration paid to the Managing Personnel amounting to Rs. 1,71,72,309/- (PY- Rs. 1,30,62,876/-)
2. The reimbursement of expenses to KMPs by the company Rs. 6,43,588 (PY- Rs. 4,84,442)

10.4 Balance Outstanding

Figures in Rupees

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

11. Auditors Remuneration includes: (*)

Figures in Rupees

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

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

(#) Bill are yet to be raised.

12. Disclosure as required by Accounting Standards 19, "Leases": where the company is a lessee, Lease payments are recognized in the statement of profit & loss under "Rent".
13. As the Company has no book profit as per income tax during the financial year, there was no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation was required.
14. Deferred Tax Assets / Liability:

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

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

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

- 14.2 Movement in Deferred Tax Balances

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

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

15. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2019.
16. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified Ind AS 115, Revenue from contracts with customers. The company has assessed the implication of provisions of Ind AS 115 and noted that the company has no direct disclosure obligation other than already disclosed basis the exemption available in the standard.
17. The company is current assessing the impact of Ind AS 116. The effect of adoption of Ind AS is expected to be insignificant.

18. Employee Benefits:

18.1 Defined Contribution Plans:

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

18.2 Defined Benefit Plans:

The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. The amount recognized is included in Note 17 to the Balance Sheet.

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

a. Present Value of projected benefit obligation

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

b. Included in Profit & Loss Account

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

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

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

d. Amount recognised in Balance Sheet

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

18.4 Significant estimates: Actuarial assumptions and sensitivity analysis

a) Significant actuarial assumptions were as follows:

i. Financial Assumptions

- Discount rate: The rate used to discount post-employment benefit obligation is determined by reference to market yields at the balance sheet date on government bonds.
- Salary increase: Salary increase takes into account inflation, seniority and promotion and other relevant factors such as supply and demand in the employment market.

ii. Demographic assumptions

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

b) Sensitivity Analysis

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

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

calculating the defined benefit obligation liability recognised in the statement of financial position.

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

The expected maturity analysis of undiscounted benefits is as under:

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

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

19. Capital Management

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

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

20. Fair Value Measurements

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

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

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

Credit Risk

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

Liquidity Risk

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

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

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

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

21. In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to that at which they are stated in the Balance sheet.
22. Allocated Overheads recovered from Joint Ventures are shown as deduction from General and Administrative expenses in the Statement of Profit and Loss.
23. There are no dues outstanding to vendors who are "Micro, Small and Medium Enterprises".
24. During the year there was NIL (FY 17-18: NIL) expenditure incurred towards Corporate Social Responsibility.

25. Other additional information are either nil or not applicable.
26. Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with current year figures.

Sd/-
R.K. Mohal
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial Officer

Sd/-
Asheesh Garg
Company Secretary

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

Sd/-
Vinod S. Shenoy
Director
DIN:07632981

Sd/-
Pushp Kumar Joshi
Chairman
DIN: 05323634

Sd/-
Nitin Kumar Lohia
Partner
M No.:508528

Place : Mumbai
Date : May 11, 2019

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

Name of the Entity	Net Assets (Total Assets reduced by Total Liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated Net Assets	Amount (in Rupees)	As a % of Consolidated profit or loss	Amount (in Rupees)	As a % of Consolidated OCI	Amount (in Rupees)	As a % of Consolidated TCI	Amount (in Rupees)
Prize Petroleum Company Limited	47.56%	1,13,75,92,707	36.26%	5,01,80,134	0.01%	(16,141)	15.27%	5,01,63,993
Subsidiaries								
<i>Prize Petroleum International Pte. Ltd</i>	-147.56%	(3,52,96,93,789)	-136.26%	(18,85,65,222)	99.99%	(19,00,43,199)	-115.27%	(37,86,08,421)
Total		(2,39,21,01,082)		(13,83,85,088)		(19,00,59,340)		(32,84,44,428)

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

Sd/-
R. K. Mohal
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial Officer

Sd/-
Asheesh Garg
Company Secretary

Sd/-
Nitin Kumar Lohia
Partner
Membership No.: 508528

Sd/-
Vinod S. Shenoy
Director
DIN: 07632981

Sd/-
Pushp Kumar Joshi
Director
DIN: 05323634

Place: Mumbai
Date: May 11, 2019

Form AOC-I			
(Pursuant to first proviso to sub-section (3) of section 129 read with rule -5 of Companies (Accounts) Rules, 2014			
Statement containing salient features of the financial statement of subsidiaries /associate companies / joint ventures			
Part-"A" : Subsidiaries			
Sr. No.	Particulars	Rs./Crs	US \$
1	Serial No.	1	
2	Name of Subsidiary	Prize Petroleum International Pte. Ltd. Singapore	
3	Financial Year Ending on	31-03-2019	31-03-2019
4	Reporting Currency	Rs. In Crores	US \$
4A	Exchange rate	69.155	69.155
5	Share Capital	90.76	1,39,60,000
6	Reserves & Surplus	(443.72)	(65,000,325)
7	Total Assets	224.82	3,25,10,287
8	Total Liabilities	577.79	8,35,50,612
9	Investment	-	-
10	Turnover	84.80	1,21,24,688
11	Profit (Loss) before Taxation	(18.86)	(2,696,138)
12	Provision for Taxation	-	-
13	Profit (Loss) after Taxation	(18.86)	(2,696,138)
14	Proposed Dividend	-	-
15	% of Shareholding	100%	100%
	Note:		
1	Name of Subsidiaries which are yet to commence operations	NA	NA
2	Name of Subsidiaries which have been liquidated or sold during the year	NA	NA

Part- "B" : Associates and Joint Venture			
	Name of Associate / Joint Venture	NA	
1	Latest Audited Balance Sheet Date	31-03-2019	31-03-2019
2	Shares of Associate/ joint ventures held by the Company on the year end		
	No.	NA	
	Amount of Investment in Associates / joint Venture	NA	
	Extend of Holding %	NA	
3	Description of how there is significant influence	NA	
4	Reason why the associate / joint venture is not consolidated	NA	
6	Newworth attribute to shareholding as per latest audited Balance sheet	NA	
7	Profit / Loss for the year		
	Considered in Consoildation	NA	
	Not Considered in Consoildation	NA	
	Note:		
1	Names of associates / Joint Ventures which are yet to Commence operations	NA	NA
2	Names of associates / joint Ventures which have been liquidated or sold during the year	NA	NA

For and on behalf of the Board of Directors

Sd/-
Vinod S. Shenoy
Director
DIN: 07632981

Sd/-
Pushp Kumar Joshi
Director
DIN: 05323634

Sd/-
Asheesh Garg
Company Secretary

Sd/-
R. K. Mohal
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial officer

Place: Mumbai
Date : May 11, 2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PRIZE PETROLEUM COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statement of Prize Petroleum Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 02 July 2019 which supersedes their earlier Audit Report dated 11 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Prize Petroleum Company Limited for the year ended 31 March 2019 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to two of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143 (6) (b) of the Act.

For and on behalf of the
Comptroller and Auditor General of India

Sd/-
Nandana Munshi
Director General of Commercial Audit
& ex-officio Member, Audit Board — II,
New Delhi

Place: New Delhi
Date: 08.07.2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PRIZE PETROLEUM COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of Financial Statements of Prize Petroleum Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 02 July 2019 which supersedes their earlier Audit report dated 11 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Prize Petroleum Company Limited for the year ended 31 March 2019 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statement of Prize Petroleum Company Limited. Further, section 139 (5) and Section 143 (6) (a) of the Act are not applicable to the companies mentioned in Annexure-A being private entities/entities incorporated in foreign countries under the respective laws, for appointment of their Statutory Auditors and for conduct of Supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to two of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143 (6) (b) read with section 129(4) of the Act.

For and on behalf of the
Comptroller and Auditor General of India

Sd/-

Nandana Munshi

Director General of Commercial Audit
& Ex-officio Member, Audit Board — II,
New Delhi

Place: New Delhi
Date: 10.07.2019

Annexure-A

List of subsidiaries/JV/associate companies to which Sec 139 (5) and 143 (6) (a) of the Companies Act are not applicable.

S. No	Name of the Joint Venture / Subsidiary	Type of the Company
1	ONGC Onshore Marginal Field (Hirapur field)	Unincorporated JV
2	Sanganpur Field	Unincorporated JV
3	South Rewa-SR-ONN-2004/I	Unincorporated JV
4	Prize Petroleum International Pte. Ltd.	Subsidiary, incorporated in Singapore

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors,
Prize Petroleum Company Ltd
3rd Floor, UCO Bank Building,
5, Sansad Marg,
New Delhi 110 001

Sub.: Corporate Governance — F.Y. 2018-19

We have examined the compliance of Corporate Governance by Prize Petroleum Company Limited for the year ended March 31, 2019 as stipulated in the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financials statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the mandatory requirements of Corporate Governance stipulated in the DPE guidelines on Corporate Governance for CPSE except compliance of Chapter 3 of the DPE guidelines related to the number of Independent Directors on the Board of Directors of the Company; Chapter 4 of the DPE guidelines related to the formation of Remuneration Committee and Chapter 6 of the DPE guidelines related to the Subsidiary Company.

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

For Khandelia & Sharma
Chartered Accountants

Sd/-
CA Nitin Kumar Lohia
Partner
M. No. 508528

Place: New Delhi
Date: May 11, 2019



प्राईज पेट्रोलियम कम्पनी लिमिटेड
(हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड के पूर्ण स्वामित्व वाली सहायक कम्पनी)

PRIZE PETROLEUM COMPANY LTD
(A wholly owned Subsidiary Company of Hindustan Petroleum Corporation Ltd.)

Corporate Office : 3rd Floor, UCO Bank Building, Sansad Marg, New Delhi-110001. Tel : 011-23312996 Fax: 011-23737898

Registered Office : 11th Floor, Tower-1, Jeevan Bharti Building, 124, Indira Chowk, New Delhi-110001, Tel : 23467200, Fax : 23467235