

23 वां वार्षिक प्रतिवेदन
23rd ANNUAL REPORT
2020-21



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.)

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Chairman's Message

Dear Shareholders,

It gives me great pleasure to present to you the 23rd Annual Report on the performance of your Company for the financial year 2020-21.

Oil and gas sector is among the eight core industries in India and plays a major role in the economy. India's economic growth is closely related to its energy demand. Oil and Gas continues to find prominent place in country's energy landscape and is expected to continue growing in near future inspite the energy transition challenges.

In order to boost domestic oil and gas production and attract investment in this sector, Government of India has undertaken several policy reforms to revitalize the E&P sector. One key step in this direction is Hydrocarbon Exploration Licensing Policy (HELP), which is operationalized through Open Acreage Licensing Programme (OALP). So far, four OALP Bid Rounds were successfully completed and fifth round is in progress.

Keeping in view the long-term strategy, your Company has taken steps to revamp its groundwork with resilience to enter the future with strong foothold. We have a dedicated E&P team and we will continue to nurture the talent and capabilities of our people by creating a work environment conducive for innovation and growth.

During the year 2020-21, world faced a major challenge in the form of COVID-19 Pandemic causing major disruptions. Oil and gas sector witnessed high volatility in prices. Your Company sustained business continuity ensuring safety of the workforce.

Your Company has achieved a total revenue of Rs. 96.82 crores on consolidated basis as compared to Rs. 73.66 crores achieved during the Financial Year 2019-20. Your Company has made profit of Rs. 3.59 crores (on standalone basis) in the current financial year as compared to net loss of Rs. 16.95 crores (on standalone basis) in Financial Year 2019-20.

Your subsidiary Company Prize Petroleum International Pte. Ltd. has made voluntary repayment of USD 1.50 million in the month of April 2021, against the loan amount of USD 80.5 million.

Your Company will continue its effort to build its upstream portfolio keeping in view the long- term strategy in line with the market dynamics.

Our Customers, Business Associates and Shareholders have been a source of strength and I thank them for their continued support. I am thankful to M/s Hindustan Petroleum Corporation Limited and the Ministry of Petroleum & Natural Gas for their guidance and support and look forward to their continued support in all our future 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 Rajneesh Narang
Director (DIN-08188549)
(From 01.07.2021)

Ms. Rama Gummalla
Director (DIN-09036733)
(From 22.01.2021)

Shri R. Kesavan
Director (DIN-08202118)
(Upto 30.06.2021)

SENIOR MANAGEMENT

Dr. Prabhakar Thakur
Chief Executive Officer

Shri Kapil Kumar Gupta
Chief Financial Officer
(From 28.07.2021)

Shri Asheesh Garg
Company Secretary

Ms. Rajalakshmy Ganesh
Chief Financial Officer
(Upto 27.07.2021)

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 – 380006

Statutory Auditors

M/s V.K. Sehgal & Associates

Chartered Accountants
Firm Registration No.011519N
201, Harsh Bhawan, 64-65 Nehru Pl
Market Road, Nehru Place
New Delhi-110 048

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

Union Bank of India

M-41, Connaught Circus
New Delhi - 110 001

State Bank of India

4th Floor, Main Branch
11, Sansad Marg
New Delhi -110001

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I take privilege in presenting to you the 23rd 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(C&AG) under section 143 (6) (b) of the Companies Act 2013, for the financial year ended on March 31, 2021.

OPERATIONS:

(a) Domestic Producing Fields

During the year, crude oil production from Hirapur field was 23,646 barrels (Company's share 11,823 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 been not considered since the contract was awarded through international competitive bidding. The contract was terminated and process initiated to hand over the field to ONGC.

(b) Overseas Operations

The Company is having 11.25% Participating Interest (PI) in License T/L1 which includes a producing field called "Yolla" and 9.75% PI in T/18P Retention Leases which includes a discovered to be developed field called "Trefoil" (Development assets) in Australia.

PPIPL's share of Hydrocarbon production from Yolla producing field (License: T/L1) during 2020-21 was 283,149 BOE (PY: 287,559 BOE).

1. FINANCIAL RESULTS

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

(i) Standalone Financial Statements:

Descriptions	Rs.in lacs	
	2020-21	2019-20
Revenue from Hydrocarbons	64.92	83.42
Income from Management Fee	638.88	739.20
Interest on Fixed deposits	560.13	667.96
Other Income	49.73	52.22
Total Income (A)	1313.66	1542.80
Production, Transportation and Other expenses	78.48	78.19
Geological & Geophysical expenses	-	1.75
Employee Benefit Expenses	360.47	405.24
General & Administrative expenses	504.73	400.08
Provision for Diminution in Investment	-	2340.52
Total Expenses (B)	943.68	3225.78
PBDIT	369.98	(1682.98)
Less: Depreciation and Amortisation	10.56	12.23
PBIT	359.42	(1695.21)
Less: Finance Cost	0.46	0.42
PBT	358.96	(1695.63)
Less: Tax /DTA	-	-
Profit/(Loss) after tax (PAT)	358.96	(1695.63)

(ii) Consolidated Financial Statements:

Descriptions	Rs.in lacs	
	2020-21	2019-20 (Restated)
Revenue from Hydrocarbons	8021.47	5875.14
Income from Management Fee	638.88	739.20
Interest on Fixed deposits	567.86	680.78
Other Income	453.89	70.54
Total Income (A)	9,682.10	7365.66
Production, Transportation and other expenses	3692.18	3280.50
Geological & Geophysical expenses	366.41	148.35
Employee Benefit Expense	438.51	479.92
General & Administrative expenses	615.26	677.91
Total Expenses (B)	5,112.36	4586.68
PBDIT	4569.74	2778.98
Less: Depreciation/Depletion/Impairment	3107.55	4074.35
PBIT	1462.19	(1295.37)
Less: Finance Cost	1642.87	2494.21
PBT	(180.68)	(3789.58)
Less: Tax /DTA	-	-
Profit/(Loss) after tax (PAT)	(180.68)	(3789.58)

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, 2013. 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.

2. 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.

3. DIVIDEND AND RESERVES

The Directors do not recommend any dividend for the financial year ended March 31, 2021. The Board of Directors have not proposed to transfer any amount to reserves.

4. **DEPOSITS**

Your Company has not accepted any Deposits during the year.

5. **CORPORATE GOVERNANCE**

Your Company has been exempted from the appointment of Independent Directors, as per Notification No G.S.R. 839(E) dated July 05, 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.

6. **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

7. **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 05, 2015.

8. **MEMORANDUM OF UNDERSTANDING WITH HPCL**

The Company was exempted for Memorandum of Understanding (MOU) for the financial year 2020-21.

9. **VIGILANCE**

As per the directives of Ministry of Petroleum and Natural Gas(MOP&NG),the vigilance department of the promoter company i.e. HPCL has been administering the vigilance function of the company.

10. **WHISTLEBLOWER POLICY**

Your Company being a subsidiary of HPCL is covered under the HPCL's Whistle Blower Policy and the same is displayed on the website of 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/RL4 and T/RL5).

Based on the audited financial statements, the subsidiary earned hydrocarbon revenue of Rs. 79.57 crore during 2020-21 in comparison to Rs. 57.92 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 2020-21. The Consolidated Financial Statements form part of this Annual Report.

12. STATUTORY AUDITORS

Comptroller & Auditor General of India (C&AG) has appointed M/s V.K. Sehgal & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2020-21 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 2020-21 in line with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor Report is annexed vide **Annexure "III"**.

14. Comments of C&AG

The Comptroller and Auditor General of India (C&AG) have decided not to conduct Supplementary Audit of Standalone and Consolidated financial Statements of the Company for the financial year ended on March 31, 2021, under section 143 (6) (b) of the Companies Act 2013.

15. 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.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENT AND CESSATION

Director's Appointment & Cessation

Ms. Rama Gummalla (DIN-09036733) was appointed as Additional Director of the company effective January 22, 2021. Subsequent to superannuation of Shri R. Kesavan (DIN-08202118) of the Company effective June 30, 2021, Shri Rajneesh Narang (DIN-08188549) was appointed as Additional Director of the Company effective July 1, 2021.

Key Managerial Personnel Appointment & Cessation

Shri Kapil Kumar Gupta (KMP) was appointed as Chief Financial Officer of the Company effective July 28th, 2021 in place of Ms. Rajalakshmy Ganesh who held this position till July 27th, 2021.

17. 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.

18. 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”**.

19. 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.

20. RISK MANAGEMENT POLICY

The Risk Management Manual and Risk Register of the Company has been developed & approved by the Board of the Directors. 4 Risk Management Committee meetings were held during the year to review the risks and the action plan to mitigate the same.

21. LOAN, GUARANTEE AND INVESTMENT

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

22. 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.

23. FRAUD REPORTING

During the year under review, the Statutory Auditors or Secretarial Auditor of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under section 143(12) of the Act, including rules made thereunder:

24. 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.

25. 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.

26. 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.

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

28. FOREIGN EXCHANGE

The Foreign Exchange outgo during the year was Rs. Nil lacs (Previous Year Rs. 852.77 lacs). The details of Foreign Exchange outgo are given in Note 30 (IV) (5) in “Notes forming part of Financial Statements”.

29. PROCUREMENT OF GOODS & SERVICES FROM MSEs

In line with the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2018, for the year 2020-21, against the set target of 25%, your Company has achieved 96.43% procurement of goods & services from Micro & Small Enterprises.

Company makes changes in the procurement process under the clause ‘Preferences to MSEs’ in line with prevailing government guidelines for MSE’s as amended from time to time. We have registered on TReDS platform in line with the government policy for MSE’s.

30. 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.

31. 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 had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2021 and of the Statement of Profit and Loss of the Company for year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the Annual Accounts on a going concern basis;
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

32. 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.

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

During the financial year 2020-21 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.

34. 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 company. There were no complaints received during the year by the company.

35. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee was constituted as per the terms of reference prescribed under Section 135 of the Companies Act, 2013.

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.

36. 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

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:-

The Board of Prize Petroleum Company Limited is presently consisting of Five Directors as under;

- | | | |
|------------------------|---|----------|
| 1. Mr. M. K.Surana | – | Chairman |
| 2. Mr. P.K. Joshi | – | Director |
| 3. Mr. V.S. Shenoy | – | Director |
| 4. Ms. Rama Gummalla | – | Director |
| 5. Mr. Rajneesh Narang | – | Director |

All Directors on the Board of the Company are non-executive Directors and are nominees of the holding Company HPCL.

Board Meetings:

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

Board Meeting No.	Location	Date
103 rd	Mumbai	6 th June, 2020
104 th	Mumbai	30 th July, 2020
105 th	Mumbai	20 th October 2020
106 th	Mumbai	27 th January 2021

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, 2020 to 31 st March, 2021	4	4
Shri P. K. Joshi	05323634	1 st April, 2020 to 31 st March, 2021	4	4
Shri V.S. Shenoy	07632981	1 st April, 2020 to 31 st March, 2021	4	4
Shri R. Kesavan	08202118	1 st April, 2020 to 31 st March, 2021	4	4
Ms Rama Gummalla	09036733	22 nd January, 2021 to 31 st March, 2021	1	1

- 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.

3. 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. Four Audit Committee Meetings were held during the Financial Year on the following dates:

Audit Committee Meeting No.	Location	Date
53 rd	Mumbai	6 th June, 2020
54 th	Mumbai	30 th July, 2020
55 th	Mumbai	20 th October, 2020
56 th	Mumbai	27 th January, 2021

- 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, 2020 to 31 st March, 2021	4	4
Shri V.S. Shenoy	1 st April, 2020 to 31 st March, 2021	4	4
Shri R. Kesavan	1 st April, 2020 to 31 st March, 2021	4	4
Ms Rama Gummalla	22 nd January, 2021 to 31 st March, 2021	1	1

- vi. The Audit Committee has reviewed the quarterly, half yearly, nine months financial statements of FY 2020-21. It has also reviewed the Annual Financial Statements for the financial year 2019-20.

4. 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. Remuneration Committee Meeting was not held during the Financial Year 2020-21.

5. Annual General Meetings:

The details of last three Annual General Meetings held:

Financial Year	Date	Place
2019-20	15 th September, 2020	Delhi
2018-19	19 th August, 2019	Delhi
2017-18	27 th August, 2018	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.

6. Extra-Ordinary General Meetings:

No Extra-Ordinary General Meeting of the Company was held during the financial year 2020-21.

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:

The global health crisis prompted by COVID-19, in addition to an enormous human toll, has engendered the largest economic shock the world economy has witnessed in the last century. The pandemic and associated lockdown measures led to a de facto shutdown of a significant portion of the global economy, thereby triggering a global recession in the year (2020). As per UN's World Economic Prospect report 2021, the global economy shrank by 4.3 per cent in the year 2020, over two-and-a-half times more than during the global financial crisis of 2009. The economic impact of coronavirus pandemic in India has also been largely disruptive. The growth of Indian economy is contracted by 7.3 per cent in 2020 as lockdowns and other efforts to control the Covid-19 pandemic slashed domestic consumption. India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook". Further World Bank projected India's economy to grow at 8.3 per cent in 2021 and 7.5 per cent in 2022, even as its recovery is being hampered by an unprecedented second wave of the COVID-19.

Governments and central banks across the world deployed a range of policy tools to support their economies such as lowering key policy rates, quantitative easing measures, loan guarantees, cash transfers and fiscal stimulus measures for tackle the economic situation in this pandemic. India recognized that the pandemic affects both supply and demand in the economy. The slew of reforms – again unique amidst all major economies – were implemented to ensure that the supply-side disruptions, which were inevitable during the lockdown, are minimized in the medium to long run. As anticipated, while the lockdown resulted in a 23.9 per cent contraction in GDP in Q1 (Financial Year 2020-21), the recovery has been a V-shaped one as seen in the 7.5 per cent decline in Q2 (Financial Year 2020-21) and the recovery across all key economic indicators. A resilient V-shaped recovery is underway as demonstrated by the recovery in GDP growth in Q2 after the sharp decline in Q1, a sustained resurgence in high frequency indicators such as power demand, E-way bills, GST collection, steel consumption, etc. The reignited inter and intra state movement and record-high monthly GST collections have marked the unlocking of industrial and commercial activity. A sharp rise in commercial paper issuances, easing yields, and robust credit growth to MSMEs portend revamped credit flows for enterprises to survive and grow. Imports contracted more sharply than exports, with Forex reserves rising to cover 18 months of imports. Inflation, mainly driven by food prices, remained above 6 per cent for much of the year; the softening in December 2020 suggests easing of supply-side constraints.

The V-shaped economic recovery is supported by the initiation of a mega vaccination drive with hopes of a robust recovery in the services sector. Together, prospects for robust growth in consumption and investment have been revived with the estimated real GDP growth for Financial Year 2021-22 at 8-9 per cent. India's mature policy response to this "once-in-a-century" crisis thus provides important lessons for democracies to avoid myopic policy making and demonstrates the significant benefits of focusing on long-term gains.

2. Oil and Gas Sector:

India is currently third largest energy consumer in the world. Oil and gas will continue to remain important elements for India's energy security and its share in global energy demand is set to almost double to 11% by 2040. India is set to emerge as one of the primary drivers of growth in oil and gas demand in Asia, despite the pressing Covid-19 challenges. Today, the oil and gas industry is facing a test of resilience from the supply shock coupled with unprecedented demand drop amidst the global crisis. Government is making all possible efforts to address challenges arising from impact of COVID-19 on the E&P sector and to facilitate steady recovery in the months ahead.

India's energy demand expands with its economic progress. Oil and gas sector is pivotal in meeting the energy needs of the nation. To provide renewed impetus to India's upstream hydrocarbon sector and usher in favorable policies aligned with the challenging domestic and global energy landscape; government of India has introduced systemic reforms in the hydrocarbon sector, that have ushered consistency, certainty, and transparency in the E&P ecosystem.

In order to attract investments into the upstream sector for reducing India's energy imports by 10 percent 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. So far, four OALP Bid Rounds (bid round I, II, III & IV) were successfully completed and total 94 blocks were awarded to different E&P companies. These 94 blocks cover an exploratory area of about 1,36,800 square kilometers over 16 Indian sedimentary basins. The cumulative exploratory work commitment after 4 rounds of OALP comprise 29,270 LKM of 2D Seismic Survey, 43,272 sq. km of 3D Seismic Survey, 369 Exploratory Wells and 290 Core Analysis to establish Shale Resources. This will generate an investment of approx. US\$ 2.32 billion over next 3 to 4 years in exploratory work alone. Success of OALP bid rounds was buttressed by the robust platform of National Data Repository and new data generated by the flagship National Seismic Program that reached 93% completion this year.

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. Total 53 contract areas had been awarded in these two DSF rounds. This resulted entry of over 20 new players in Indian E&P sector. It is envisaged that 0.015 MMT oil production will commence from 2020-21 from DSF-I fields and 0.020 MMT oil production from 2022-23 onwards from fields awarded under DSF-II. Recently GoI announced DSF-III bid round. Under this bid round, 32 contract areas, comprising 75 discoveries are on offer. Eleven (11) Contract areas are located in Onland, Twenty (20) Contract Areas are located in Shallow water Offshore and One (01) Contract Area is located in Deepwater Offshore. Estimated Hydrocarbon in place of approximately 232 MMTOE of oil and oil equivalent gas are on offer. Companies, either alone or in consortium of unincorporated or incorporated Joint ventures, may bid for one or more Contract Areas. Bidding process is under progress. Bid submission will start from 1st October 2021 and it will close on 29th October 2021.

3. Opportunities and Threats:

Oil and gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India's economic growth is closely related to

its energy demand, therefore, the need for oil and gas is projected to grow more, thereby making the sector quite conducive for investment.

Indian energy consumption is majorly driven by fossil fuels and oil & gas are one of the major resources in energy-mix. A major part of these resources is from imports and it is witnessed that India imports 80% of its crude oil. Hence, this provides enormous opportunity for investors to develop this sector to meet the rising demand scenario. Nevertheless, challenges such as stagnant domestic production, slacking government policies, regulations, lack of intense participation from foreign and private oil & gas players are likely to hamper the growth to an extent.

As per The International Energy Agency (IEA)'s oil market Report 2021, after few months consecutive falls, global oil demand surged by an estimated 3.2 mb/d to 96.8 mb/d in June 2021. Robust global economic growth, rising vaccination rates and easing social distancing measures will combine to underpin stronger global oil demand for the remainder of the year. Global oil demand is expected to increase by 5.4 mb/d in 2021 and 3.0 mb/d in 2022, although escalating Covid cases in a number of countries remain a key downside risk to the forecast. World oil supply rose by 1.1 mb/d in June 2021 to 95.6 mb/d as OPEC+ eased output cuts and producers outside the alliance ramped up after maintenance. The call on OPEC+ crude oil is set to reach 42.8 mb/d in 3Q21 and 44.1 mb/d in 4Q21, compared with June production of 40.9 mb/d. Non-OPEC countries not part of the pact will boost output by 770 kb/d in 2021 and 1.6 mb/d in 2022

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. Exploration and production (E&P) companies are facing these challenges. Although, yet-to-find hydrocarbon may exist at home, presently India has to look for assets abroad for energy security. The integration of upstream and downstream is rewarding in these situations. Your Company is having advantage of downstream expertise of Parent Company and experience of Operatorship in upstream sector. 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. In Kherem field, the grant of PML has been applied to Environment and Forest Department, Arunachal Pradesh. Following the grant of PML, PPCL will commence drilling of two wells and subsequently the field shall be put on production. Further PPCL along with consortium has been deposited a sum of Rs 29.2 lakhs against NPV @ 2% of the entire forest land to be assigned in Petroleum Mining Lease (PML) to Arunachal Pradesh, CAMPA. Our overseas asset in Australia had produced 283,149 barrel of Oil Equivalent (BoE) during the Financial Year 2020-21.

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 23646 barrels for the Financial Year 2020-21 with cumulative production of 586320 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 2020-21 was 283,149 BOE (Financial Year 2019-20: 287,559 BOE).

During 2020-21, your company has achieved total revenue of Rs 96.82 crores on consolidated basis as compared to Rs 73.66 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 technology 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 2020-21, 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. 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, 2021

[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 DL 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, 2021** ("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, 2021** 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 there under 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 April, 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 15th May, 2015; Last amended, on October 29, 2020 (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 issued 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.

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**

Place: New Delhi

Date: 29/04/2021

UDIN: A024955C000212736

Sd/-

DILLIP MAHARATHI

(Proprietor)

ACS: A24955

CP: 13496

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

ANNEXURE A

To,
The Members,
M/S PRIZE PETROLEUM COMPANY LIMITED
JEEVAN BHARTI BUILDING,
11th Floor, TOWER-1,
124, CONNAUGHT PLACE,
INDIRA CHOWK, NEW DELHI DL 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

Place: New Delhi
Date: 29/04/2021
UDIN: A024955C000212736

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

Annexure "IV"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2021

[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 : Company Limited by Share/Indian Government Company
- 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/4,
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	9%
2	Management Fee	99831179	91%

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 (*)	L23201MH19 52GOI008858	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.	244999200	800	245000000	100%	244999200	800	245000000	100%	
e) Banks/FI									
f) Any other									
Sub Total (A) (1):	244999200	800	245000000	100%	244999200	800	245000000	100%	
(2) Foreign									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d) Banks/FI									
(e) Any other									
Sub Total (A) (2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A)=(A) (1) +(A)(2)	244999200	800	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)									
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)									
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)	244999200	800	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 R. Sridhar	100	0.00004	NIL	100	0.00004	NIL	NIL
3	Shri V. Murali	50	0.00002	NIL	50	0.00002	NIL	NIL
4	Shri R. Kesavan	200	0.00008	NIL	200	0.00008	NIL	NIL
5	Shri Vinod S. Shenoy	100	0.00004	NIL	100	0.00004	NIL	NIL
6	Shri Sanjeev Kumar Rastogi	50	0.00002	NIL	50	0.00002	NIL	NIL
7	Ms. Ganesh Rajalakshmy	100	0.00004	NIL	100	0.00004	NIL	NIL
8	Shri Prabhakar Thakur	100	0.00004	NIL	100	0.00004	NIL	NIL
9	Shri Alok kumar Gupta	100	0.00004	NIL	100	0.00004	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	500	.00020	500	.00020
	At the End of the year	500	.00020	500	.00020

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
		Prabhakar Thakur	
1.	Gross Salary		
	a) Salary as per provision contained in section 17(1) of the Income-tax Act, 1961	26,61,702	26,61,702
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	19,41,831	19,41,831
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- As % of profit	-	-
	- Others, specify		
5.	Others (PF, DCS etc.)	7,18,320	7,18,320
	Total (A)	53,21,853	53,21,853

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 five 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	16,89,895	28,99,010	45,88,905
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961		11,45,926	19,48,546	30,94,472
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961				
	Stock Option	NIL	-	-	-
	Sweat Equity	NIL	-	-	-
	Commission As % of profit Others, specify	NIL	-	-	-
	Others (PF, DCS etc.)	NIL	4,86,326	8,02,829	12,89,155
	Total		33,22,147	56,50,385	89,72,532

VII. PENALTIES/PUNISHMENT /COMPOUNDING OR OFFENCES :- Not Applicable

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: Financial Year - 2020-21.

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; 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><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	Financial Year 2020-21
(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 Financial Year 2020-21 net of Processing and handling charges charged by ONGC is 1,14,43,022.00/- <p><u>With holding company</u></p> <ul style="list-style-type: none"> • Management of E&P Blocks etc. (Rs. 7,53,87,840 /- including GST) • Reimbursement of Expenses (Rs 10,02,21,423/- including GST) <p><u>With wholly owned Subsidiary</u></p> <ul style="list-style-type: none"> • Reimbursement of Expenses (Rs. 77,44,310/-)
(e)	Date of Approval by the Board	6 TH June,2020 & 27 th January,2021
(f)	Amount paid as advance, if any:	-

For and on behalf of the Board

M.K.Surana
Chairman
DIN: 07464675

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **PRIZE PETROLEUM COMPANY LIMITED ("the Company")**, which comprise the balance sheet as at 31st March 2021, 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, 2021, and loss (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Emphasis of Matter

The coronavirus (COVID-19) pandemic has developed rapidly in 2020, with a significant number of cases globally. Measures taken to contain the virus have significantly affected economic activity, which in turn has implications for financial reporting. The outbreak of novel Coronavirus (COVID-19) pandemic and the consequent lockdown restrictions imposed by the central and state governments has caused significant disturbance and slowdown of economic activity in India and across the globe. The Company

has taken proactive measures to comply with various regulations/guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general. Operations in many states/union territories were disrupted during March. Management believes that it has taken into account all the known impacts arising from COVID 19 pandemic in the preparation of the financial results. As per the current assessment, other than the impairment recorded, no significant impact on carrying amounts of assets is expected, and management continues to monitor changes in future economic conditions.

Our opinion is not modified in respect of this matter.

Scope Limitation due to COVID 19.

The opinion expressed in the present report is based on the information, facts and inputs made available to us through electronic means by the management. We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, the audit was conducted remotely for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing.

Information other than the Standalone Financial Statements and Auditors' Report thereon.

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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. That 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-OWN- 2004/1 – PI 10% (South Rewa)), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 16,44,15,735/-, net cash flows of Rs. (5,27,099)/- as at 31st March, 2021, total revenues of Rs. 64,91,565/- and net loss of Rs. 1,18,58,953/- for the period ending 31st March 2021, pertaining to Group's share in these joint ventures, 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 three Joint Ventures (Sanganpur –PI 50%, Project DSF Kherem/2016- PI 20% 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. 30,45,159/- , net cash flows of Rs. 11,905 as at 31st March, 2021, total revenues of Rs. 13,228/- and net profit of Rs. 13,228/-, 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 31st March 2021, 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, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021 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 statements 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 31st March, 2021 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 31st March, 2021.

For V.K. Sehgal & Associates
Chartered Accountants
Firm’s registration no. 011519N

Sd/-

Anuj Maheshwari
(Partner)
Membership No. 096530

Place: New Delhi
Date: 19TH May 2021
UDIN: 21096530AAAABS1577

Annexure "A"

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, 2021.

- 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 not conducted the physical verification of inventory during the year due to COVID-19 pandemic.**
- 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 V.K. Sehgal & Associates
Chartered Accountants
Firm's registration no. 011519N

Sd/-
Anuj Maheshwari
(Partner)
Membership No. 096530

Place: New Delhi
Date: 19TH May 2021
UDIN: 21096530AAAABS1577

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 31,2021:

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 V the accounting transactions.
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 2020-21.
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 2020-21.

For V.K. Sehgal & Associates
Chartered Accountants
Firm's registration no. 011519N

Sd/-

Anuj Maheshwari (Partner)
Membership No. 096530

Place : New Delhi
19TH May 2021
UDIN: 21096530AAAABS1577

Annexure-"C"

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, 2021 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 audit of Internal Financial Controls with reference to Financial Statements includes assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to Financial Statements.

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 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 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.K. Sehgal & Associates
Chartered Accountants
Firm's registration no. 011519N

Sd/-
Anuj Maheshwari
(Partner)
Membership No. 096530

Place: New Delhi
Date: 19TH May 2021
UDIN: 21096530AAAABS1577

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

Balance Sheet as at 31st March 2021

PARTICULARS	Notes	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	84,745,025	85,879,317
(b) Intangible assets	2	-	-
(c) Capital work-in-progress	2A	2,256,552	1,158,127
(d) Intangible assets under development	3	13,552,000	13,552,000
(e) Financial assets			
(i) Investments	4	-	-
(ii) Long-term loans and advances	5	216,321	216,321
(ii) Others	6	54,488	54,488
(f) Deferred tax assets (net)	7	-	-
(g) Other non-current assets	8	7,265,827	8,129,665
2 Current assets			
(a) Inventories	9	5,437,418	7,112,366
(b) Financial assets			
i) Trade receivables	10	3,948,378	7,279,578
ii) Cash and cash equivalents	11	988,077,941	944,430,468
iii) Loans	12	65,377,962	53,795,013
iv) Others		-	-
(c) Current tax assets (net)	13	37,349,461	41,834,343
(d) Other current assets	14	2,554,042	2,364,893
Total Assets		1,210,835,414	1,165,806,579
II Equity and liabilities			
1 Equity			
(a) Equity share capital	15	2,450,000,000	2,450,000,000
(b) Other equity	16	(1,296,997,088)	(1,333,191,815)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings		-	-
ii) Other financial liabilities		-	-
(b) Long Term Provisions	17	2,266,279	2,330,575
(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	54,019,573	40,407,408
iv) Other financial liabilities		-	-
(b) Other current liabilities	19	1,064,822	5,945,136
(c) Short Term Provisions	20	481,828	315,275
Total Equity and Liabilities		1,210,835,414	1,165,806,579

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

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

For **V.K. Sehgal & Associates**
Chartered Accountants
FRN : 011519N

Sd/-
Prabhakar Thakur
Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
Chief Financial Officer

Sd/-
Anuj Maheshwari
Partner
Membership No.: 096530

Sd/-
Asheesh Garg
Company Secretary

Sd/-
Pushp Kumar Joshi
Director
DIN: 05323634

Sd/-
R. Kesavan
Director
DIN: 08202118

Place: Mumbai
Date: May 19, 2021

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

Statement of Profit and Loss for the Year ended 31 March 2021

PARTICULARS		Notes	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
1	Revenue			
	a) Revenue from operations	21	70,379,565	82,262,386
	b) Other income	22	60,986,646	72,017,898
	Total Revenue		131,366,211	154,280,284
2	Expenses			
	a) Production, Transportation and other expenses	23	7,847,520	7,818,446
	b) Geological and Geophysical expenses	24	-	175,000
	c) Employee benefits expense	25	36,046,550	40,523,988
	d) General and Administrative expenses	26	50,472,544	40,008,368
	e) Finance costs	27	46,353	42,525
	f) Depreciation and amortisation expense	28	1,056,735	1,223,173
	g) Other expenses	29	-	234,051,625
	Total Expenses		95,469,702	323,843,125
3	Profit/(Loss) before exceptional items and tax		35,896,509	(169,562,841)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		35,896,509	(169,562,841)
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		35,896,509	(169,562,841)
12	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		298,218	(85,465)
	(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		298,218	(85,465)
14	Total comprehensive income for the period		36,194,727	(169,648,306)
15	Earnings per equity share (Rs.)			
	Basic		0.15	(0.69)
	Diluted		0.15	(0.69)
See accompanying notes to the financial statements forming integral part of the financial statements		30		
<p>This is the Profit and Loss Statement referred to in our report As per our Report of even date</p> <p>For V.K. Sehgal & Associates Chartered Accountants FRN : 011519N</p> <p>Sd/- Prabhakar Thakur Chief Executive Officer</p> <p>Sd/- Rajalakshmy Ganesh Chief Financial Officer</p> <p>Sd/- Anuj Maheshwari Partner Membership No.: 096530</p> <p>Sd/- Asheesh Garg Company Secretary</p> <p>Sd/- Pushp Kumar Joshi Director DIN: 05323634</p> <p>Sd/- R. Kesavan Director DIN: 08202118</p> <p>Place: Mumbai Date: May 19, 2021</p>				

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 2020	Issued during the period	Balance at 31 Mar. 2021
	2,450,000,000	-	2,450,000,000
	Balance at 1 April 2019	Issued during the period	Balance at 31 March 2020
	2,450,000,000	-	2,450,000,000

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			Debt Instruments through OCI	Equity Instruments through OCI	Effective portion of cash flow hedges	Revaluati on surplus	Exchange differences on financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securiti es premi m reserve	Other reserves								
Balance at 1 April 2020					(1,333,191,815)								(1,333,191,815)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year													
Transfers to retained earnings													
Any other change													
Balance at 31 Mar. 2021													(1,296,997,088)

	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	Revaluati on surplus	Exchange differences on financial statements of a foreign operation	Other items of OCI	Money received against share warrants	Total
			Capital reserve	Securiti es premi m reserve	Other reserves								
Balance at 1 April 2019					(1,163,543,509)								(1,163,543,509)
Changes in accounting policy or prior period errors													
Total comprehensive income for the year													
Dividends													
Transfer to retained earnings													
Any other change													
Balance at 31 March 2020													(169,648,306)

for and on behalf of the Board

Sd/- Prabhakar Thakur
Chief Executive Officer

Sd/- Rajalakshmy Ganesh
Chief Financial Officer

Sd/- Pushp Kumar Joshi
Director
DIN: 05323634

Sd/- Ashesh Garg
Company Secretary

Sd/- R. Kesavan
Director
DIN: 08202118

Sd/- Anuj Maheshwari
Partner
Membership No.: 096530

Place: Mumbai
Date: May 19, 2021

For V.K. Sehgal & Associates
Chartered Accountants
FRN : 011519N

PRIZE PETROLEUM COMPANY LIMITED (A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Ltd.) CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021				
	For the Period ended 31st March 2021		For the Year ended 31st March 2020	
(A) Cash flow from Operating activities:-				
Profit before tax		35,896,509		(169,562,841)
Adjustment for:-				
- Depreciation / Depletion / Impairment	1,056,735		1,223,173	
- Other Comprehensive Income ² (Items not to be reclassified in Profit or Loss)	298,218		(85,465)	
- Impact of Accounting policy changed to Ind AS	-		-	
- Provision for write off Investment in PPIPL	-		234,051,625	
- Interest received	(60,986,646)		(72,017,898)	
		(59,631,693)		163,171,435
Operating profit before working capital changes		(23,735,184)		(6,391,406)
Adjustment For (Increase) / Decrease				
- Trade Receivables	3,331,202		(2,179,836)	
- Loans & Advances	(6,423,377)		(8,742,536)	
- Inventories	1,674,948		-	
- Trade Payables & Other Current liabilities	8,835,090		4,817,910	
		7,417,863		(6,104,463)
Cash generated from operation		(16,317,321)		(12,495,869)
- Direct Taxes paid (Net of Refund)		-		-
Cash Flow before prior period		(16,317,321)		(12,495,869)
- Prior Period Item		-		-
Net Cash Flow from operating activities ' A '		(16,317,321)		(12,495,869)
(B) Cash Flow from investing activities :				
- Sale/(Purchase) of fixed assets (Net)		77,558		-
- Sale of Assets		-		(55,686)
- Addition to Pre-Producing Properties / Misc Expenditure		(1,098,425)		(1,158,127)
- Interest received		60,986,646		72,017,898
- Investment in Prize Petroleum International Pte. Ltd., Singapore		-		(85,188,000)
Net cash flow from investing activities ' B '		59,965,779		(14,383,915)
(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)		43,648,457		(26,879,784)
Cash and Cash equivalent at the beginning of the period		944,430,468		971,310,252
Cash and Cash equivalent at the end of the period		988,077,941		944,430,468
Notes :				
a Cash & Cash equivalents - Note: 11				
i) Cash & Cheques in hand		2,565		2,565
ii) Current accounts & term Deposit in Scheduled Banks		988,075,376		944,427,903
		988,077,941		944,430,468
<p>Figures in brackets represent cash outflows.</p> <p style="text-align: right;">As per our Report of even date</p>				
Sd/- Prabhakar Thakur Chief Executive Officer	Sd/- Rajalakshmy Ganesh Chief Financial Officer	Sd/- Asheesh Garg Company Secretary	For V.K. Sehgal & Associates Chartered Accountants FRN : 011519N	
Sd/- Pushp Kumar Joshi Director DIN: 05323634	Sd/- R. Kesavan Director DIN: 08202118	Sd/- Anuj Maheshwari Partner Membership No.: 096530		
Place: Mumbai Date: May 19, 2021				

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 2020	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2021	Depreciation as on 1 April 2020	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2021	Net block as on 31st March 2021	Net block as on 31st March 2020
Furniture & Fixtures	107,048	-	-	-	107,048	(8,510)	-	14,080	-	5,570	101,478	115,558
- Procured under the Scheme	89,619	-	-	48,604	41,015	63,138	-	2,085	38,540	26,683	14,332	26,481
- Others	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	38,454	-	-	38,454	-	-	-	-	-	-	-	38,454
- Procured under the Scheme	-	-	-	-	-	-	-	-	-	-	-	-
- Others	38,454	-	-	38,454	-	-	-	-	-	-	-	38,454
Office equipments	378,218	-	-	298,768	79,450	336,187	-	3,800	280,570	59,417	20,033	42,031
Others	56,555	-	-	23,600	32,955	39,352	-	-	12,758	26,594	6,361	17,203
Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-
Share of Fixed Assets in Joint Ventures												
- ONGC Onshore Marginal Fields (PI 50%)	4,719,445	-	-	-	4,719,445	1,058,886	-	211,891	-	1,270,776	3,448,669	3,660,560
Plant & Machinery	52,246	-	-	-	52,246	41,348	-	705	-	42,053	10,194	10,898
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-
Wells Cost	87,780,231	-	-	-	87,780,231	5,812,358	-	824,175	-	6,636,533	81,143,699	81,967,873
Computers	-	-	-	-	-	-	-	-	-	-	-	-
- Project Sangarpur (PI 50%)												
Buildings	89,911	-	-	-	89,911	89,911	-	-	-	89,911	-	-
Plant & Machinery	84,568	-	-	-	84,568	84,568	-	-	-	84,568	-	-
Furniture & Fixtures	1,814	-	-	-	1,814	1,814	-	-	-	1,814	-	-
Office Equipments	2,922	-	-	-	2,922	2,922	-	-	-	2,922	-	-
Wells Cost	52,677,332	-	-	-	52,677,332	52,677,332	-	-	-	52,677,332	-	-
- Project SR-ONN (PI 10%)												
Computer	228	-	-	-	228	181	-	-	-	181	47	47
Digital Camera	490	-	-	-	490	407	-	-	-	407	83	83
Mobile Phone	-	-	-	-	-	-	-	-	-	-	-	-
Global Positioning System	130	-	-	-	130	-	-	-	-	-	130	130
Total	146,079,211	-	-	409,426	145,669,785	60,199,894	-	1,056,734	331,868	60,924,759	84,745,025	85,879,317
For Previous Year 2019-20	146,088,300	71,812	-	80,901	146,079,211	59,041,497	-	1,223,172	64,775	60,199,894	85,879,317	87,046,803

2

Intangible assets

Particulars	Gross block as on 1 April 2020	Additions during the period	Adjustments	Deductions during the period	Gross block as on 31st March 2021	Depreciation as on 1 April 2020	Adjustments	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Depreciation upto 31st March 2021	Net block as on 31st March 2021	Net block as on 31st March 2020
Hydrocarbon Rights & Concessions (Sanganpur FI)	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-
Total	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-
For Previous Year 2019-20	13,743,774	-	-	-	13,743,774	13,743,774	-	-	-	13,743,774	-	-

2A Capital work-in-progress

Particulars	Gross block as on 1 April 2020	Additions during the period	Adjustments during the period	Deductions during the period	Gross block as on 31st March 2021	Depreciation as on 1 April 2020	Adjustments during the year	Depreciation / Depletion during the year	Deletion or impairment or reversal of Acc. Dep.	Net block as on 31st March 2021	Net block as on 31st March 2020
Capital work-in-progress - Project DSF Kherem	1,158,127	1,098,425	-	-	2,256,552	-	-	-	-	2,256,552	1,158,127
Total	1,158,127	1,098,425	-	-	2,256,552	-	-	-	-	2,256,552	1,158,127
For Previous Year 2019-20	-	-	-	-	-	-	-	-	-	-	-

3 Intangible assets under development

Particulars	Gross block as on 1 April 2020	Adjustments during the year	Expenditure during the year	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	Balance as on 31st March 2021
Intangible assets under development - Acquisition Cost						
ONGC Onshore Marginal Fields (OMF)	13,552,000	-	-	-	-	13,552,000
Total	13,552,000	-	-	-	-	13,552,000
For Previous Year 2019-20	13,552,000	-	-	-	-	13,552,000

Prize Petroleum Company Limited

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

4 Non-current investments

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Investment in subsidiary - Prize Petroleum International Pte. Ltd. (unquoted)		
<i>i) 10,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.62.18 per US\$)</i>		
<i>ii) 49,90,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.63.56 per US\$)</i>		
<i>iii) 30,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.65.63 per US\$)</i>		
<i>iv) 36,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.66.86 per US\$)</i>		
<i>v) 5,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.15 per US\$)</i>		
<i>vi) 13,50,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.41 per US\$)</i>		
<i>vii) 4,60,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.64.85 per US\$)</i>		
<i>viii) 12,00,000 Ordinary Shares of issue price of US\$1 each fully paid up (Exchange rate of Rs.70.99 per US\$)</i>		
	992,741,875	992,741,875
Less: Provision for Diminution in the Value of Investment*	(992,741,875)	(992,741,875)
Total	-	-

* Refer point 14 of Note 30 of Notes to Accounts

5 Long-term loans and advances

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
<u>Security Deposits - Unsecured Considered Good</u>		
Security Deposit- Madhya Pradesh State Government	15,000	15,000
Deposit - Assistant Labor Commissioner	-	-
Security Deposit- Rent	26,250	26,250
Security Deposit- Electricity, Gas and Water	143,114	143,114
Telephone deposit	1,250	1,250
Other Deposits	30,707	30,707
Total	216,321	216,321

6 Other non-current financial assets

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Other deposits	54,488	54,488
Total	54,488	54,488

7 Deferred Tax Asset (net)

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (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	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Balance with Revenue Authorities - GST	7,265,827	8,129,665
SGST - Input Credit	-	-
IGST - Input Credit	-	-
Reverse Charge CGST - Input Credit	-	-
Reverse Charge SGST - Input Credit	-	-
Total	7,265,827	8,129,665

9 Inventories

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
<u>Stores & Spares</u>		
Casing & Tubing	4,139,525	5,418,525
Casing Accessories	13,000	27,000
Cementing Chemicals	-	2,405
Pumps & Spares	137,750	205,629
Bridge Plug 5 1/2"	1,250	23,414
Retrievable Mechanical Packer	208,750	417,500
X-Mas Tree	21,250	90,000
Electrical Submersible Pump	10,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	282,042	282,042
Wellheads	525,370	525,370
Total	5,437,418	7,112,366

10 Trade receivables

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Unsecured, considered good (Over 6 months)	1,123,588	1,123,588
Unsecured, considered good	2,824,790	6,155,990
Total	3,948,378	7,279,578

11 Cash and cash equivalents

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
a. Balance with banks		
Current accounts	3,126,092	8,531,105
Fixed deposit accounts (<i>including accrued interest</i>)	947,884,624	893,227,839
Interest Accrued on Deposits	33,206,169	40,230,993
Less: Amount disclosed under other non-current assets (*)	-	-
b. Fixed deposits (kept as margin money)	3,858,491	2,437,966
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	988,077,941	944,430,468

Prize Petroleum Company Limited

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

12 Short-term loans and advances

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
<i>Other loans- Unsecured Considered Good</i>		
Receivables from Joint Venture Projects	65,377,962	53,795,013
Total	65,377,962	53,795,013

13 Current tax assets (net)

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Tax Deducted at Source	37,349,461	41,834,343
Total	37,349,461	41,834,343

14 Other current assets

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Prepaid expenses	504,519	505,651
Receivables from Subsidiary - Prize Petroleum International Pte. Ltd.	1,872,786	1,823,718
Advance to Employees/Other advances	26,337	35,524
TDS on GST Receivable	150,400	-
Total	2,554,042	2,364,893

Prize Petroleum Company Limited

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

15 Equity share capital

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
A. Authorised :		
620000000 Equity Shares of Rs. 10 each	6,200,000,000	6,200,000,000
100000000 Preference Shares of Rs.10 each	1,000,000,000	1,000,000,000
	7,200,000,000	7,200,000,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each fully paid up	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
C. Par Value per Share		
i) Equity Shares :	Rs. 10/-	Rs. 10/-
ii) Preference Shares	Rs. 10/-	Rs. 10/-
D. Reconciliation of No. of Shares Outstanding		
a) Equity Shares		
Opening Balance	245,000,000	245,000,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	245,000,000	245,000,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

Prize Petroleum Company Limited

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

16 Reserves and Surplus

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (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>	(1,333,191,815)	(1,163,543,509)
<i>Profit/(Loss) for the year</i>	36,194,727	(169,648,306)
<i>Depreciation Prior Period/Other Adjustment</i>	-	-
Total	(1,296,997,088)	(1,333,191,815)

17 Long Term Provisions

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Provision for Gratuity (#)	903,059	1,124,127
Provision towards compensated absences (#)	519,417	408,998
Provision for Abandonment cost (#) Refer Note 30	843,803	797,450
Total	2,266,279	2,330,575

18 Trade payables - Other than Micro & Small Enterprises

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Trade payable - Other than Micro Enterprises and Small Enterprises	54,019,573	40,283,408
Trade payables-Expenses payables	-	124,000
Total	54,019,573	40,407,408

19 Other current liabilities

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Statutory liabilities	1,064,822	5,945,136
Total	1,064,822	5,945,136

20 Short Term Provisions

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Provision for Gratuity	6,096	5,147
Provision towards compensated absences	475,732	310,128
Total	481,828	315,275

Prize Petroleum Company Limited

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

21 Revenue from operations

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Income from Hydrocarbons	6,491,565	8,342,386
Income from Management fee	63,888,000	73,920,000
Total	70,379,565	82,262,386

22 Other income

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Interest on fixed deposits	56,013,591	66,795,795
Others	4,973,055	5,222,103
Total	60,986,646	72,017,898

23 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Insurance	117,275	122,880
Electricity & Utilities	331,719	384,403
Consultancy Fees	55,000	66,000
Well Maintenance Charges	104,083	117,967
Security Charges	1,118,130	1,070,327
Processing & Handling of Crude Oil	770,054	940,901
Manpower Charges	2,989,356	2,995,662
Transportation charges	259,500	-
Land Rent	441,996	441,996
Crude Oil Transportation	1,660,407	1,678,310
Total	7,847,520	7,818,446

24 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Geological and Geophysical Expenses (SR-ONN Block)	-	-
G&G Expenses - DSF II	-	175,000
Total	-	175,000

25 Employee benefits expense

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Salaries and wages	22,614,389	24,593,312
Contribution towards Provident Fund	2,688,519	2,835,663
Pension, Gratuity and Other Employee Benefit	6,313,686	6,634,439
Employee Welfare Expenses	4,429,956	6,460,574
Total	36,046,550	40,523,988

Prize Petroleum Company Limited

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

26 General and administrative expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Repairs & Maintenance	79,583	62,277
Auditor's Remuneration	219,650	203,122
Electricity & Utilities	919,084	1,433,117
Traveling & Conveyance	425,522	1,322,719
Legal Expenses	1,938,561	1,598,414
Consultancy Charges	773,832	9,595,085
Bad Debt	3,267,637	-
Insurance	18,330	19,021
Rent	36,996,806	18,159,089
Advertisement & Business Promotion Expenses	72,198	110,880
Telephone Charges	863,923	930,919
Bank Charges	49,240	68,687
Postage & Courier	18,629	45,831
Printing & Stationery	34,014	144,934
Meeting & Conference	-	19,407
Foreign Exchange Fluctuations	29,017	-
Loss on Sale of Fixed Assets	-	(3,204)
Office maintenance	3,583,583	4,122,905
Training & Seminar Expenses	-	35,000
Inventory Valuation Write off	1,674,948	-
Interest Expense	60,714	-
HO Overheads	665,145	576,875
General Expenses	112,419	2,717,041
TOTAL	51,802,835	41,162,119
Allocated to Projects	(1,330,291)	(1,153,751)
Total	50,472,544	40,008,368

27 Finance costs

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Others - Unwinding of Provision for Abandonment	46,353	42,525
Total	46,353	42,525

28 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Depreciation	232,560	241,549
Depletion	824,175	981,624
Total	1,056,735	1,223,173

29 Other expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Provision for write off of Sangapur Assets	-	-
Provision for Diminution in value of Non-Current Investment	-	234,051,625
Total	-	234,051,625

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 Statement was authorized for issue in accordance with a resolution of the Director's on May 19, 2021.

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 company's presentation and functional currency is Indian Rupee.

1. 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

2. Revenue Recognition:

2.1 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.

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

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

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

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

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

3. 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.

4. 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.

5. 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.

6. Pre-producing Properties:

6.1 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.

6.2 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.

- 6.3 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.

7. 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.

8. Depreciation/ Amortization:

a. Property, Plant and Equipment

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.

9. Depletion of Producing Properties:

- 9.1 Producing properties including acquisition cost are depleted using the “Unit of Production method” (UOP) based on the related Proved Developed Reserves.
- 9.2 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.

- 9.3 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.

10. Earnings Per Share:

- 10.1 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.
- 10.2 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.

11. 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.

12. Abandonment Cost:

- 12.1 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.
- 12.2 The unwinding of discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost.
- 12.3 The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.
- 12.4 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.

13. Joint Ventures:

- 13.1 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.

- 13.2 Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.
- 13.3 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.

14. Retirement and Other Employees Benefits:

- 14.1 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.
- 14.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.
- 14.3 Gratuity liability and leave salary to employees is not funded.

15. Foreign Currency Transactions:

Monetary items:

- 15.1 Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of transaction qualifying for recognition
- 15.2 Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the reporting date.
- 15.3 Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit or loss.

Non-monetary items:

- 15.4 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. Impairment of Assets:

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

17. Inventory:

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

18. Taxes on Income:

- 18.1 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.
- 18.2 Deferred tax liability is recognized for all taxable temporary differences.
- 18.3 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.
- 18.4 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.
- 18.5 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.
- 18.6 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.

19. Contingent Liabilities / Assets and Provisions

- 19.1 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
- 19.2 The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.
- 19.3 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.
- 19.4 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.
- 19.5 Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.
- 19.6 Contingent assets are neither recognized nor disclosed in the financial statements.
- 19.7 The Company has made provision for all known liabilities.

20. Financial instruments

20.1 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 Prize Petroleum Company Limited (PPCL) with a Participating Interest (PI) of 10%, Hindustan Petroleum Corporation Limited, a Holding company along with 2 other consortium members together having a PI of 60%, and M3nergy Sdn. Bhd (M/s M3nergy) having a PI of 30% were awarded service contract in March, 2006 for development of ONGC's offshore marginal oilfields of cluster-7. PPCL was the executing contractor. Parties provided necessary Bank Guarantees to ONGC. Since M/s M3nergy could not meet their contractual obligations, the contract was terminated by ONGC and Bank guarantees were forfeited. HPCL and PPCL demanded the refund of monies forfeited towards encashment of Bank Guarantee along with other claims from M/s M3nergy. A counter claim of USD 36.51 Million was made by M3nergy on termination of such service contract. The matter was referred to Arbitration.

The Arbitral Tribunal passed three Awards, third being Final Award. All awards were in favour of HPCL and PPCL. The Arbitral Tribunal vide first partial arbitration award dated 09.01.2014 held that M3nergy had committed breach of the contract and hence their counter claims were disallowed and that HPCL and PPCL are entitled for damages, which will be quantified later. The second Partial Award dated 27/09/2017 allowed two claims of HPCL/ PPCL in the ratio of 6:1, viz., (1) A claim of USD 91.3 million towards loss of profit (by a majority Award) and (2) A claim of recovery of damages by way of money lost due to encashment of Bank Guarantees of Rs.41.60 Crore (by a unanimous Award). Both amounts were allowed with interest. Arbitral Tribunal passed final award as to cost vide Award dated 15.06.2018 thereby directing M3nergy to pay Rs. 4.82 Crore to HPCL/PPCL towards cost of arbitration.

All the 3 Awards were challenged by M3nergy before the Bombay High Court. However, there was no stay granted by Bombay High Court, hence, HPCL/ PPCL filed applications for (a) Mareva Injunction and (b) Enforcement of the Award before the Courts in Malaysia since M3nergy is located in Malaysia.

By Orders dated 10th January, 2019 the Bombay High Court set aside all three Arbitration Awards. As the Awards were set aside (on the basis of which the enforcement application was filed by HPCL), on 28.02.2019 the Malaysian High Court at Kuala Lumpur allowed the application of M3nergy to set aside the enforcement order with liberty to file fresh proceedings, if HPCL/ PPCL succeed later. Meanwhile, HPCL and PPCL have filed Appeals against the setting aside order (of Single Judge Bombay High Court) before the Division Bench of the Bombay High Court. After hearing arguments of parties, on 16th of October, 2019 the Bombay High Court set aside the Single Judge's Order and remanded all the three matters back to the Single Judge of the Bombay High Court, to decide the matter afresh on merits. This Order was challenged by M3nergy before the Supreme Court by filing Special Leave Petition (SLP) which, after brief arguments, was dismissed as withdrawn (by M3nergy) on 31st January 2020. As a result, the Single Judge of Bombay High Court will hear the matter on merit and the same is to come up for hearing before the Single Judge to decide the matter afresh on merits.

As a result, PPCL's share of the awarded amount which is approximately Rs. 63.49 Crores (1/7th of USD 91.3 Million @ Rs. 48.68/USD for US Dollar prevailing on January 6, 2009) towards loss of profit/damages + Rs. 5.94 crores towards BG + Rs. 0.69 crores towards legal cost) and interest thereon has not been recognized on a conservative basis. Similarly, the claim raised by M3Energy which is approximately Rs. 38.14 Crores (1/7th of USD 36.51 Million @ Rs.73.12/USD as on reporting date), to the extent of PPCL's share is also not included.

- 1.2 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 and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

In view of non-submission, GOI terminated the PSC dated 30th August 2012 vide letter dated 15th October 2013 and has imposed liquidated damages of USD 9,142,500 vide letter dated 6th Feb 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 10th October 2016. After appointment of arbitrator on behalf of ABG by Delhi High Court Order dated 22nd

September 2017, three-member tribunal has been constituted. The first preliminary sitting of the Arbitral Tribunal was held at New Delhi on 06.04.2018. On 30.10.2019 Arbitral Tribunal has passed award for an amount of USD 18,01,000/- with interest in favor of PPCL along with costs of proceedings subject to the condition that on receipt of the amount by PPCL from ABG, the said amount shall be passed on by PPCL to GOI within a period of three months from the date of receipt of the amount.

1.3 Company have provided Bank Guarantee to ONGC under service contract amounting to Rs 13,29,000.00 valid upto 6th May 2021.

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, 2021
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 28th April, 2004, for development of ONGC’s Hirapur, Khambel and West Bechraji onshore marginal oil fields.

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

The Company’s share of assets and liabilities as at 31st March 2021 and the Income and expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2020-21	FY 2019-20
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	29,23,713	18,80,331
D	Net Current Assets (*)	410,91,911	3,44,86,228
E	Income	64,91,565	83,42,386
F	Expenditure	1,82,24,983	1,60,68,203

(*) Includes receivable from joint venture amounting to Rs. 3,91,57,350 (for FY 19-20- Rs. 2,74,41,830).

2.2 Sanganpur Field

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

In FY 2014-15 , the operator of the block M/s HDCPL has committed default in the payment to its contractor. The petition was filed by contractor ETA Star Golding limited for non-payment of its invoices by M/s HDCPL in their another asset wherein Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 had passed order for appointment of liquidator for assets and business of Company M/s HDCPL. However, as per Production Sharing contract (PSC), the ownership of underlying hydrocarbon lies with Gol, hence Sanganpur field was not attached and operations in the field were continued. Further, MoP&NG vide its letter dated June 2, 2017 has terminated the PSC and all operations in the field were called off. Since the appointment of official liquidator, the bank account of HDCPL were seized, HDCPL has neither raised any invoice to IOCL for transfer of crude nor raised any cash call to PPCL for operation in the field. The payment of Royalty and Cess to concerned authorities are also pending since then.

Said order of Bombay High Court was challenged by HDCPL before its Division Bench and is still pending before the Court. In the meantime, HDCPL had initiated an arbitration proceeding against MoPNG for termination of PSC. However, PPCL is not a part of it. Under Section 9 of Arbitration and Conciliation Act, Directorate General of hydrocarbon (DGH) on behalf of MoP&NG has initiated proceeding for possession of the field.

MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Accordingly, Company had created a 'Provision for Write-off of Sangapur Assets' of Rs. 6,65,49,606/- in FY 2017-18 (FY 20-21 – NIL)

The Company's share of assets and liabilities as at 31st March 2021 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 20-21	FY 2019-20
A	Property, Plant & Equipment (Rs. 6,65,49,606 written off in FY 2017-18)	-	-
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 19-20 – 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 12th February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2nd March, 2007.

Consortium has proposed to relinquish the block effective from 23rd October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted

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

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

The Company's share of assets and liabilities as at 31st March, 2021 in respect of above joint venture is as follows:

Figures in Rupees			
	Particulars	FY 2020-21	FY 2019-20
A	Property, Plant and Equipment (Gross)	10,280	10,280
B	Intangible asset under development	-	-
C	Other Net Non-Current Assets	69,370	69,370
D	Net Current Assets (*)	3,06,22,409	3,07,45,443
E	Expenditure	1,25,535	8,690

(*) Includes receivables from joint venture amounting to Rs. 2,68,46,806 (for FY 19-20 – Rs. 2,69,66,486 /-)

**3. Estimated Hydrocarbon Proven Reserves as on 31st March, 2021 in the Oil fields as follows
Hirapur (On-shore Marginal Fields):**

Particulars (*)	FY 2020-21		FY 2019-20	
	MM BBLs	MMT	MM BBLs	MMT
Recoverable Reserves (+)	2.344	0.315	2.368	0.318

(*) The Company Share is 50% of total

4. Quantitative Particulars of Petroleum:

Particulars (*)	FY 2020-21		FY 2019-20	
	BBLs	TMT	BBLs	TMT
Total Dry Crude Production of the Filed				
Hirapur Field	23,645	3.18	28,202	3.79
TOTAL	23,645	3.18	28,202	3.79

(*) PPCL Share is 50% of above

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	FY 2020-21	FY 2019-20
Foreign Travel	-	89,040
Consultancy Fees/Reimbursements etc.	-	-
Capital Equipment, Spares etc.	-	-
Equity Contribution	-	8,51,88,000

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

7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23rd January, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'. PPIPL has availed loan facility of USD 86 Million out of which USD 80.50 Million is outstanding as of 31st March, 2021 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. Prabhakar Thakur	Chief Executive Officer
b) Ms. Rajalakshmy Ganesh	Chief Financial Officer
c) Mr. Asheesh Garg	Company Secretary

9.3 Transactions during the period with related parties are:

Figures in Rupees

Particulars	Financial Year 2020-21			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	64,91,565	7,58,84,120	-	8,23,75,685
Expenses recovered from company by	7,70,054	10,07,17,703	-	10,14,87,757
Expenses recovered by company from	-	-	77,44,310	77,44,310
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Investment during the year in	-	-	-	-

Particulars	Financial Year 2019-20			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	92,56,030	8,72,25,600	-	9,64,81,630
Expenses recovered from company by	61,44,176	8,03,49,308	-	8,64,93,484
Expenses recovered by company from	-	-	75,72,472	75,72,472
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Investment during the year in	-	-	8,51,88,000	8,51,88,000

(*) 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. 1,42,94,383/- (PY- Rs. 1,45,32,262/-)

9.4 Balance Outstanding

Figures in Rupees

Heads	Financial Year 2020-21			Financial Year 2019-20		
	Ultimate Holding Co.	Holding Company	Subsidiary Company	Ultimate Holding Co.	Holding Company	Subsidiary Company
Payable by Company to	-	4,62,66,776	-	-	2,48,18,324	-
Receivable by Company from	13,95,577	-	18,72,786	91,81,835	-	18,23,717

10 Auditors Remuneration includes: (*)

Figures in Rupees

Particulars	FY 2020-21	FY 2019-20
Statutory Audit fees*	100,000	100,000
Tax Audit fees	30,000	30,000
Reimbursement towards out of pocket expenses	-	-
TOTAL	1,30,000	1,30,000

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

- 11 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.

12 Deferred Tax Assets / Liability:

- 12.1 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.

12.2 Movement in Deferred Tax Balances

Heads	April 1, 2020	Recognized in Profit & Loss	Recognized In OCI	Recognized in Equity	Acquired in business combination	March 31, 2021		
	Net balance					Net	DT A	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

13 In the management assessment, there was impairment of investment in wholly owned subsidiary as at March 31, 2020. Accordingly provision for diminution of investment amounting to Rs 23.40 Crores has been made during the previous financial year.

- 14** 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.
- 15** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of ‘Lease Liability’ & ‘Right to Use Assets’, wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value. Applicable for Lessees, this Standard removes distinctive recognition, measurement and disclosure requirements between Operating Lease & Finance lease, hitherto prevalent. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from measurement. On transition to the new Standard, usage of either a full retrospective or a modified retrospective approach is permitted with options to use certain practical expedients.
The Company does not have lease agreement in excess of 12 months.

16 Employee Benefits:

16.1 Defined Contribution Plans:

The Company’s contribution to provident fund of Rs. 1,63,045/- (PY Rs. 1,52,172/-) and the same is recognized and included in “Salaries and Wages” in Employee Benefits cost under Statement of Profit & Loss.

16.2 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.

16.3 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 2020-21	FY 2019-20
Present value of Benefit Obligation at the beginning of the period	11,29,274	9,59,760
Interest Cost	73,915	72,135
Current Service Cost	4,184	11,914
Past Service Cost	-	-
Actuarial (gains)/ losses on obligations - due to change in demographic assumption	-	427
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(2,95,897)	83,744
Actuarial (gains)/ losses on obligations - due to experience	(2,321)	1,294
Present value of Benefit Obligation at the end of the period	9,09,155	11,29,274

b. Included in Profit & Loss Account

Particulars	FY 2020-21	FY 2019-20
Current Service Cost	4,184	11,914
Net Interest Cost	73,915	72,135
Past Service Cost	-	-
Total Amount recognised in Profit and loss account	78,099	84,049

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

Particulars	FY 2020-21	FY 2019-20
Return on plan assets, excluding interest income	-	-
(Gain)/loss from change in demographic assumptions	-	427
(Gain)/loss from change in financial assumptions	(295,897)	83,744
Experience (gains)/losses	2,321	1,294
Change in asset ceiling, excluding amounts included in interest expense	-	-
Total amount recognized in other comprehensive income	(2,98,218)	85,465

d. Amount recognized in Balance Sheet

Particulars	FY 2020-21	FY 2019-20
Present value of benefit obligation	909,155	11,29,274
Fair value of plan assets	-	-
Net Liability / (Asset) recognized in the balance sheet	909,155	11,29,274

16.4 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 2020-21	FY 2019-20
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 recognized in the statement of financial position.

Particulars	FY 2020-21	FY 2019-20
Delta effect of +/-1% Change in Rate of Discounting	1,33,296	1,86,478
Delta effect of +/-1% Change in Rate of Salary Increase	(1,33,706)	(21,209)
Delta effect of +/- 50% of Attrition Rate	-	-
Delta effect of +/- 10% of Mortality Rate	(78)	1,345

The expected maturity analysis of undiscounted benefits is as under:

Particulars	FY 2020-21
Less than a year	6,096
Between 2 - 5 year	35,605
Between 6 - 10 year	14,34,781
Over 10 years	-
Total	14,76,482
Particulars	FY 2019-20
Less than a year	5,147
Between 1 - 2 year	34,656
Between 2 - 5 year	19,35,550
Over 5 years	-
Total	19,75,353

17 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 2021. (PY - Nil such requirements)

18 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 2020-21 (INR)	FY 2019-20 (INR)
Financial assets		
Trade receivables	39,48,378	72,79,578
Cash and cash equivalents	98,80,77,941	94,44,30,468
Short-term loans and advances	6,72,50,748	5,56,18,731
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	-	-
Trade payables	5,40,19,573	4,04,07,408
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-21				
Particulars	1 year or less	1 to 5 years	Over 5 years	Total
Trade payables	5,40,19,573	-	-	5,40,19,573
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	5,40,19,573	-	-	5,40,19,573

Status as on 31-Mar-20				
Particulars	1 year or less	1 to 5 years	Over 5 years	Total
Trade payables	4,04,07,408	-	-	4,04,07,408
Other financial liabilities	-	-	-	-
Total undiscounted financial liabilities	4,04,07,408	-	-	4,04,07,408

- 19 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.
- 20 Allocated Overheads recovered from Joint Ventures are shown as deduction from General and Administrative expenses in the Statement of Profit and Loss.
- 21 There are no dues outstanding to vendors who are "Micro, Small and Medium Enterprises".
- 22 During the year there was NIL (FY 19-20: NIL) expenditure incurred towards Corporate Social Responsibility.

- 23** Impact of COVID 19- The Company will continually assess the situation and the potential impact to its business. As the situation is still evolving and uncertain, the financial impact will be evaluated and action taken suitably as things unfold. Details on COVID 19 impact is attached as Annexure-A.
- 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/-

Prabhakar Thakur
Chief Executive Officer

Sd/-

Rajalakshmy Ganesh
Chief Financial Officer

Sd/-

Asheesh Garg
Company Secretary

For V.K. Sehgal & Associates
Chartered Accountants
FRN : 011519N

Sd/-

Pushp Kumar Joshi
Director
DIN: 05323634

Sd/-

R. Kesavan
Director
DIN: 08202118

Sd/-

Anuj Maheshwari
Partner
M No.: 096530

Place : Mumbai
Date : May 19, 2021

Annexure – A

Impact of COVID 19 on the Company’s Operation

S No.	Checklist	Management response
1	Whether the senior management has assessed the impact of COVID 19 pandemic and subsequent lock out declared by the Government? Whether such assessment has been discussed / shared with those Charged with the Governance / members of the Audit Committee / the Board of Directors? Provide copy along with minutes of the discussion. Also provide details along with plan to address identified	PPCL management have discussed the impact of COVID 19 pandemic and the same will be put forward to Audit Committee and Board in upcoming Board Meeting.
2	Whether such exercise has been carried out for all the entities of the Group?	Yes, discussion is done for all for ongoing projects including wholly owned subsidiary of company.
3	What would be the impact of the disruptions on the projects of the Company / expansion plans (including on-going CWIP) of the Company?	There will be no major impact on ongoing business of the company. Expansion plans are in place as of date and no adverse impact is expected.
4	Are there any disruptions to the supply chain that could impact sourcing of raw materials and / or other inputs, dispatch of finished goods?	No disruptions to the supply chain is expected.
5	Are there any disruptions to the supply chain (including input services) that could impact product costs (e.g. delays / inability to source product)?	No disruptions to the supply chain is expected which would increase production costs.
6	Are there any clauses in (understanding with) any customer or supply agreements which may get triggered during this disruption / due to this disruption? (e.g. trigger penalties clause / price escalation / cancellation of contracts)	There are no such clauses in any customer or supply agreements which may get triggered due to this disruption.
7	Is there any loan agreement with financial and / or non-financial covenant which may be breached in the current situation? Whether the management has taken any pro-active steps to address the same?	Loan agreement is not expected to be breached
8	What is the liquidity position of the Company? Has the management done a detailed assessment considering the potential impact on the operations of the Company and is there any concern? What are the key assumptions made while doing this assessment? (key assumptions impacting revenue, supply chain, employees, sources of financing etc.)	The current operations of the company will not be disrupted by current flow of events and the liquidity position of the company is satisfactory.
9	Is there any credit downgrade or other factors that could negatively impact the company’s ability to access adequate financing?	No
10	Whether Credit Rating has been revised by any Agency?	No
11	Whether the Company has carried out any macro level analysis of the disruptions over the industry to which company’s customers belong to? If yes, share findings of the same.	No major impact expected with regard to the Company’s customers.
12	Does the management perceive any additional risk of fraud due to financial pressure or changes in controls with less supervision over staff?	No
13	What is the impact on the reporting timelines?	All reportings are done within timelines.

Sd/-

Signature

Name: Rajalakshmy Ganesh

Designation: Chief Financial Officer

Place: New Delhi

Date: 07/05/2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of **PRIZE PETROLEUM COMPANY LIMITED** (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred as 'The Group'), which comprise the Consolidated Balance Sheet as at 31st March 2021, 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, 2021, 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.

Emphasis of Matter

The coronavirus (COVID-19) pandemic has developed rapidly in 2020, with a significant number of cases globally. Measures taken to contain the virus have significantly affected economic activity, which in turn has implications for financial reporting. The outbreak of novel Coronavirus (COVID-19) pandemic and the consequent lockdown restrictions imposed by the central and state governments has caused significant disturbance and slowdown of economic activity in India and across the globe. The Company has taken proactive measures to comply with various regulations/guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general. Operations in many states/union territories were disrupted during March. Management believes that it has taken into account all the known impacts arising from COVID 19 pandemic in the preparation of the financial results. As per the current assessment, other than the impairment recorded, no significant impact on carrying amounts of assets is expected, and management continues to monitor changes in future economic conditions.

Our opinion is not modified in respect of this matter.

Scope Limitation due to COVID 19.

The opinion expressed in the present report is based on the information, facts and inputs made available to us through electronic means by the management. We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, the audit was conducted remotely for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing.

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 Matters

1. We did not audit the Consolidated Financial Statements of two unincorporated Joint Ventures (ONGC Onshore Marginal Field – PI 50% (Hirapur Field) and NELP-VI Block SR-OWN-2004/1 – PI 10% (South Rewa)), included in the Financial Statements of the Group proportionate to respective participating interest (PI). The total assets of Rs. 16,44,15,735/- , net cash flows of Rs.(5,27,099/-) as at 31st March, 2021. And total revenues of Rs. 64,91,565/- and net loss of Rs. 1,18,58,953/- for the period ending 31st March 2021, pertaining to Group's share in these joint ventures, 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 Consolidated financial statements of three Joint Ventures (Sanganpur – PI 50%, Project DSF Kherem/2016- PI 20% 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. 30,45,159/- , net cash flows of Rs. 11,905 as at 31st March, 2021, total revenues of Rs. 13,228/ and net profit of Rs. 13,228/-, 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.
3. We did not audit the Consolidated Financial Statements of Prize Petroleum International Pte. Limited (wholly owned subsidiary), included in the Financial Statements of the Group. The total assets of Rs. 19,00,850,632/-, net cash flows of Rs. 19,25,19,376/- as at 31st March, 2021, total revenues of Rs. 83,68,44,110/- and net loss of Rs. 53,964,480/-, pertaining to Group’s share, for the year ended on that date, are considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated financial statements of the Group to the extent it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of such auditors.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Consolidated balance sheet as at 31st March 2021, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021 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 statements 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 31).
 - ii. The Group has long-term contracts as at 31st March, 2021 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 31st March, 2021.

For V.K. Sehgal & Associates
Chartered Accountants
Firm’s registration no. 011519N

Sd/-
Anuj Maheshwari
(Partner)
Membership No. 096530

Place: New Delhi

Date: 19th May 2021

UDIN: 21096530AAAABT4513

Annexure-"A"

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

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

Report On the Internal Financial Controls 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, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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 audit of Internal Financial Controls with reference to Financial Statements includes assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 with reference to Financial Statements.

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 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 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.K. Sehgal & Associates
Chartered Accountants
Firm's registration no. 011519N

Sd/-
Anuj Maheshwari
(Partner)
Membership No. 096530

Place: New Delhi
Date: 19TH May 2021
UDIN: 21096530AAAABT4513

Prize Petroleum Company Limited
(A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.)
Consolidated Balance Sheet as at 31st March 2021

PARTICULARS	Notes	As at 31st March 2021 INR	As at 31st March 2020 INR (Restated)
I Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	1,186,020,663	1,539,485,009
(b) Capital work-in-progress	2	2,256,552	1,158,127
(c) Intangible assets under development	3	271,560,816	256,587,174
(d) Financial assets			
(i) Investments		-	-
(ii) Long-term loans and advances	4	216,321	216,321
(ii) Others	5	54,488	54,488
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets	6	7,265,829	8,129,665
2 Current assets			
(a) Inventories	7	42,862,061	36,240,494
(b) Financial assets			
i) Trade receivables	8	93,745,092	71,500,002
ii) Cash and cash equivalents	9	1,343,477,395	1,107,310,546
iii) Loans	10	116,625,292	84,997,459
iv) Others		-	-
(c) Current tax assets (net)	11	37,349,461	41,834,343
(d) Other current assets	12	8,379,275	8,727,556
Total Assets		3,109,813,245	3,156,241,184
II Equity and liabilities			
1 Equity			
(a) Equity share capital	13	2,450,000,000	2,450,000,000
(b) Other equity	14	(5,662,575,269)	(5,796,056,628)
2 Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	15	5,846,564,223	6,034,898,653
ii) Other financial liabilities		-	-
(a) Provisions	16	2,266,279	2,330,575
(b) Restoration Provision	17	317,367,001	297,227,540
(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	113,297,878	75,252,290
iv) Other financial liabilities	19	36,647,557	82,228,799
(b) Other current liabilities	20	5,763,748	10,044,680
(c) Provisions	21	481,828	315,275
Total Equity and Liabilities		3,109,813,245	3,156,241,184

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

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

For V.K. Sehgal & Associates

Chartered Accountants
FRN : 011519N

Sd/-

Prabhakar Thakur
Chief Executive Officer

Sd/-

Rajalakshmy Ganesh
Chief Financial Officer

Sd/-

Anuj Maheshwari
Partner
Membership No.: 096530

Sd/-

Asheesh Garg
Company Secretary

Sd/-

Pushp Kumar Joshi
Director
DIN: 05323634

Sd/-

R. Kesavan
Director
DIN: 08202118

Place: Mumbai
Date: May 19, 2021

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

Consolidated Statement of Profit and Loss for the period ended 31st March 2021

PARTICULARS		Notes	For the period ended 31st March 2021 INR	For the Year ended 31st March 2020 INR (Restated)
1	Revenue			
	a) Revenue from operations	22	866,034,759	661,433,799
	b) Other income	23	102,175,562	75,132,315
	Total Revenue		968,210,321	736,566,114
2	Expenses			
	a) Production, Transportation and other expenses	24	369,217,598	328,050,097
	b) Geological and Geophysical expenses	25	36,640,648	14,835,251
	c) Employee benefits expense	26	43,851,482	47,991,630
	d) General and Administrative expenses	27	61,526,734	67,791,370
	e) Finance costs	28	164,287,010	249,420,567
	f) Depreciation and amortisation expense	29	310,754,820	407,434,800
	g) Other expenses	30	-	-
	Total Expenses		986,278,292	1,115,523,714
3	Profit/(Loss) before exceptional items and tax		(18,067,971)	(378,957,600)
4	Exceptional Items		-	-
5	Tax expense of Continued Operations:			
	- Current tax		-	-
	- Deferred tax		-	-
6	Profit (Loss) for the period from Continued Operations		(18,067,971)	(378,957,600)
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		(18,067,971)	(378,957,600)
12	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		298,218	(85,465)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		151,251,112	(350,566,457)
	(ii) Income tax on above		-	-
13	Total other comprehensive income		151,549,330	(350,651,922)
14	Total comprehensive income for the period		133,481,359	(729,609,522)
15	Earnings per equity share (Rs.)			
	Basic		(0.07)	(1.55)
	Diluted		(0.07)	(1.55)
See accompanying notes to the financial statements forming integral part of the financial statements		31		
<p>This is the Profit and Loss Statement referred to in our report As per our Report of even date</p> <p>For V.K. Sehgal & Associates Chartered Accountants FRN : 011519N</p> <p>Sd/- Anuj Maheshwari Partner Membership No.: 096530</p> <p>Sd/- Asheesh Garg Company Secretary</p> <p>Sd/- Prabhakar Thakur Chief Executive Officer</p> <p>Sd/- Pushp Kumar Joshi Director DIN: 05323634</p> <p>Sd/- Rajalakshmy Ganesh Chief Financial Officer</p> <p>Sd/- R. Kesavan Director DIN: 08202118</p> <p>Place: Mumbai Date: May 19, 2021</p>				

Prize Petroleum Company Limited (A Wholly owned Subsidiary of Hindustan Petroleum Corporation Ltd.) Consolidated Cash Flow Statement for the year ended 31st March 2021		
Particulars	For the period ended	For the Year ended
	31st March 2021 INR	31st March 2020 INR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(18,067,971)	(343,124,565)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
- Depreciation and impairment of property, plant and equipment	310,754,820	398,071,852
- (Gain)/loss on sale of property, plant and equipment	-	-
- Amortised Finance Cost	15,299,668	14,649,022
- Actuarial (Gain) / Loss from OCI	298,218	(85,466)
- Foreign Exchange Fluctuation (Unrealised)	151,251,112	(348,166,157)
- Provision for Diminution / Impairment in Value of Investments	-	-
- (Profit)/Loss on Sale of Current Investment	-	-
- Finance Costs	148,940,989	208,258,932
- Provision for Doubtful Debts & Receivables	-	-
- Provision for write off of Assets	-	-
- Interest Income	(60,986,646)	(71,977,862)
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	547,490,190	(142,374,244)
(Increase) / Decrease in Assets and Liabilities :		
- Trade Receivables	(22,245,090)	(3,702,860)
- Loans and Advances and Other Assets	(25,979,917)	(3,131,103)
- Inventories	(6,621,567)	335,130
- Liabilities and Other Payables	8,474,217	(10,066,344)
Sub Total - (ii)	(46,372,358)	(16,565,177)
Cash Generated from Operations (i) + (ii)	501,117,832	(158,939,420)
Less : Direct Taxes / FBT refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	501,117,832	(158,939,420)
B. Cash Flow From Investing Activities		
- Purchase of Property, Plant & Equipment	27,658,325	(204,081,827)
- Sale of Asset	77,558	(55,686)
- Investments	-	-
- Interest received	60,986,646	71,977,862
- Addition to Pre-Producing Properties	(1,098,425)	(1,158,127)
Net Cash Flow generated from / (used in) Investing Activities (B)	87,624,104	(133,317,778)
C. Cash Flow From Financing Activities		
- Long term Loans raised	-	-
- Long term Loans repaid	(203,634,098)	380,188,402
- Short term Loans raised / (repaid)	-	-
- Finance Cost paid	(148,940,989)	(208,258,932)
- Increase in Share Capital	-	-
Net Cash Flow generated from / (used in) Financing Activities (C)	(352,575,087)	171,929,470
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	236,166,849	(120,327,728)
Cash and cash equivalents at the beginning of the year	1,107,310,546	1,227,638,274
Cash and cash equivalents at the end of the year	1,343,477,395	1,107,310,546
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	1,343,474,830	1,107,307,981
Cash and cash equivalents at the end of the year	1,343,477,395	1,107,310,546
As per our Report of even date		
For V.K. Sehgal & Associates Chartered Accountants FRN : 011519N Sd/- Anuj Maheshwari Partner Membership No.: 096530 Place: Mumbai Date: May 19, 2021	Sd/- Prabhakar Thakur Chief Executive Officer Sd/- Asheesh Garg Company Secretary Sd/- Pushp Kumar Joshi Director DIN: 05323634	Sd/- Rajalakshmy Ganesh Chief Financial Officer Sd/- R. Kesavan Director DIN: 08202118

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 2020	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2021	As at 1 April 2020	for the year	Foreign Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2021	As at 31 March 2020	
F & F Purchased under scheme	107,048	-	-	107,048	(8,509)	14,080	-	-	5,571	101,476	115,558
F & F Others	89,619	(48,604)	-	41,015	63,137	2,085	-	38,540	26,682	14,333	26,482
Vehicles Purchased under scheme	129,234	-	-	129,234	129,234	-	-	-	129,234	-	-
Vehicles Others	38,454	(38,454)	-	-	-	-	-	-	-	-	38,454
Office Equipments	378,218	(298,768)	-	79,450	386,187	3,800	-	280,570	59,417	20,033	42,031
Others - Computer hardware	56,555	(23,600)	-	32,955	39,352	-	-	12,758	26,594	6,361	17,203
ONGC on shore marginal field (50%)-Well cost	87,780,231	-	-	87,780,231	5,812,358	824,175	-	-	6,656,533	81,143,699	81,967,873
ONGC on shore marginal field (50%)-F & F	52,246	-	-	52,246	41,348	705	-	-	42,053	10,194	10,898
ONGC on shore marginal field (50%)-P & M	4,719,445	-	-	4,719,445	1,058,886	211,891	-	-	1,270,776	3,448,669	3,660,560
Project Sangapur (50%)-Well cost	52,677,332	-	-	52,677,332	52,677,332	-	-	-	52,677,332	-	-
Project Sangapur (50%)-P&M	84,568	-	-	84,568	84,568	-	-	-	84,568	-	-
Project Sangapur (50%)-Office Equipments	2,922	-	-	2,922	2,922	-	-	-	2,922	-	-
Project Sangapur (50%)-F&F	1,814	-	-	1,814	1,814	-	-	-	1,814	-	-
Project Sangapur (50%)-Bldg	89,911	-	-	89,911	89,911	-	-	-	89,911	-	-
Project SR-ONN (10%)-Computer	228	-	-	228	181	-	-	-	181	47	47
Project SR-ONN (10%)-Digital camera	490	-	-	490	407	-	-	-	407	83	83
Project SR-ONN (10%)-Global positioning system	130	-	-	130	-	-	-	-	-	130	130
Yolla Field Acquisition cost (license T/L)	4,885,349,586	-	(1,67,972,083)	4,717,377,503	4,483,504,437	86,105,567	(155,764,597)	-	4,413,845,407	303,532,096	401,845,149
Yolla Stage 2 - Y5 & Y6 Drilling Cost	1,550,816,403	-	(52,267,801)	1,498,548,602	947,786,031	129,214,595	(33,948,597)	-	1,043,052,029	455,496,573	603,030,372
Restoration Assets	172,951,295	-	(5,829,051)	167,122,244	138,303,259	5,667,996	(4,749,240)	-	139,222,015	27,900,229	34,648,036
Compressor installation (Capitalized)	615,977,795	(82,241)	(20,760,552)	595,135,002	315,713,889	64,321,461	(11,638,687)	-	368,396,663	276,738,339	300,263,906
Other Plant & Machinery	200,628,126	1,636,276	(6,761,852)	195,502,550	86,809,898	24,386,466	(3,304,216)	-	107,894,148	87,608,402	113,818,228
TOTAL	7,571,931,650	1,144,609	(253,591,339)	7,319,484,920	6,032,446,642	310,754,820	(209,405,337)	331,868	6,133,464,256	1,186,020,663	1,539,485,009
For Previous Year 2019-20 (Restated)	6,886,303,732	42,364,587	643,263,382	7,571,931,701	5,118,274,208	324,537,391	506,802,460	82,832,633	6,032,446,692	1,539,485,009	

Reconciliation of Carrying Amount

Asset Class	As at 1 April 2020	Addition/(Deletion)	Foreign Exchange Translation	Depreciation	Impairment/Deletion / Provision	As at 31 March 2021
Office Equipment	42,078	(298,768)	-	(3,800)	280,570	20,080
Plant & Equipment	117,496,204	1,612,676	(3,457,636)	(24,600,357)	12,758	91,063,643
Building	-	-	-	-	-	-
Furniture & Fixtures	152,938	(48,604)	-	(16,870)	38,540	126,004
Vehicles	38,454	(38,454)	-	-	-	-
Others - well Cost	684,998,245	-	(18,319,204)	(130,038,770)	-	536,640,272
Others - Acquisition Cost	736,757,091	(82,241)	(22,409,162)	(156,095,024)	-	558,170,664
TOTAL	1,539,485,009	1,144,609	(44,186,002)	(310,754,820)	331,868	1,186,020,663

Prize Petroleum Company Limited

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

2 Capital work-in-progress

Particulars	Gross Block			Depreciation/Impairment			Net Block		
	As at 1 April 2020	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2021	for the year	Foreign Exchange Translation	Adjustment/Provision/Trf. To Tangible or Intangible fixed asset	As at 31 March 2021	As at 31 March 2020
AA/ONINDSF/KHEREM/2016 Block	1,158,127	1,099,425	-	2,256,552	-	-	-	2,256,552	1,158,127
TOTAL	1,158,127	1,099,425	-	2,256,552	-	-	-	2,256,552	1,158,127
For Previous Year 2019-20	-	1,158,127	-	1,158,127	-	-	-	1,158,127	-

3 Intangible assets under development

Particulars	As at 1 April 2020	Addition/(Deletion)	Foreign Exchange Translation	As at 31 March 2021	Transfer to Tangible/Intangible Fixed assets	Transfer to Statement of Profit and Loss	As at 31 March 2021
Intangible assets under development - Acquisition Cost							
ONGC onshore Marginal fields	13,552,000	-	-	13,552,000	-	-	13,552,000
Tangible Assets							
Discovered field (permit T/18P)	215,600,592	-	(7,266,475)	208,334,117	-	-	208,334,117
Yolla Field (license T/L1) Compressor installation	-	-	-	-	-	-	-
Yolla Field (license T/L1) Yolla Stage 2-Y5 & 16 Drilling	-	-	-	-	-	-	-
Yolla Field (license T/L1) Other P&M	27,494,582	23,164,756	(924,640)	49,674,698	-	-	49,674,698
TOTAL	256,587,174	23,164,756	(8,191,115)	271,560,815	-	-	271,560,815
For Previous Year 2019-20	228,129,373	8,273,783	20,184,018	256,587,174	-	-	256,587,174

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	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Security Deposits - Unsecured Considered Good		
Security Deposit- MP state govt	15,000	15,000
Deposit - Asstt. Labor Commissioner	-	-
Security Deposit- Rent	26,250	26,250
Security Deposit- Elec, gas, water	143,114	143,114
Telephone deposit	1,250	1,250
Other Deposits	30,707	30,707
Total	216,321	216,321

5 Other non-current financial assets

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Other deposits	54,488	54,488
Total	54,488	54,488

6 Other non-current assets

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Balance with Revenue Authorities - GST	7,265,829	8,129,665
Total	7,265,829	8,129,665

7 Inventories

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Inventory (License: T/L1)	37,424,643	29,128,128
Casing & Tubing	4,139,525	5,418,525
Casing Accessories	13,000	27,000
Cementing Chemicals	-	2,405
Pumps & Spares	137,750	205,629
Bridge Plug 5 1/2"	1,250	23,414
Retrievable Mechanical Packer	208,750	417,500
X-Mas Tree	21,250	90,000
Electrical Submersible Pump	10,000	22,000
Float Equipments	98,481	98,481
Liner Hanger	282,042	282,042
Wellheads	525,370	525,370
Total	42,862,061	36,240,494

8 Trade receivables

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Unsecured, considered good	93,745,092	71,500,002
Total	93,745,092	71,500,002

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements
9 Cash and cash equivalents

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
a. Cash in hand	2,565	2,565
b. Balance with banks		
Current accounts	7,529,476	117,786,808
Fixed deposit accounts (including accrued interest) (\$)	1,101,964,144	945,810,566
Interest Accrued on Deposit	230,122,719	41,272,641
Less: Amount disclosed under other non-current assets (*)	-	-
c. Other bank balances		
Fixed deposits (kept as margin money)	3,858,491	2,437,966
(*) Bank deposits having more than 12 months maturity is Rs. NIL Lakhs (FY 17-18: Rs. NIL Lakhs)		
Total	1,343,477,395	1,107,310,546

10 Short-term loans and advances

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Receivables from Joint Venture Projects	65,377,962	53,795,013
Advance Cash Calls (Yolla - T/L1)	50,970,811	30,936,816
Security Deposit (TMF)	276,519	265,630
Total	116,625,292	84,997,459

11 Current tax assets (net)

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Tax Deducted at Source	37,349,461	41,834,343
Total	37,349,461	41,834,343

12 Other current assets

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Prepaid expenses	8,202,538	8,692,032
Advance to Employees/Other advances	26,337	35,524
TDS GST Recoverable - PPCL	150,400	-
GST Recoverable - PPIPL		
Total	8,379,275	8,727,556

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	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
A. Authorised :		
620000000 Equity Shares of Rs. 10 each	6,200,000,000	6,200,000,000
100000000 Preference Shares of Rs.10 each	1,000,000,000	1,000,000,000
	7,200,000,000	7,200,000,000
B i) Issued :		
120000000 Equity Shares of Rs.10 each	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
B ii) Subscribed and paid up :		
120000000 Equity Shares of Rs.10 each fully paid up	1,200,000,000	1,200,000,000
125000000 Equity Shares of Rs.10 each fully paid up	1,250,000,000	1,250,000,000
	2,450,000,000	2,450,000,000
C. Par Value per Share		
i) Equity Shares :	Rs. 10/-	Rs. 10/-
ii) Preference Shares	Rs. 10/-	Rs. 10/-
D. Reconciliation of No. of Shares Outstanding		
a) Equity Shares		
Opening Balance	245,000,000	245,000,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	245,000,000	245,000,000
b) Preference Shares		
Opening Balance	-	-
Add : Issued during the year	-	-
Less : Buy back during the year/Converted during the year	-	-
Closing Balance	-	-
E. The rights, preferences and restrictions attaching to each classes of Shares.		
F. Shares held by holding Company - Hindustan Petroleum Corporation Ltd.		
Equity Shares of Rs.10 each fully paid up	24,50,00,000 Nos.	24,50,00,000 Nos.
G. Shareholding pattern (in %)		
Equity Share : Hindustan Petroleum Corporation Ltd.	100%	100%
H. Shares Reserved	NIL	NIL
I. Details of Shares issued for other than cash consideration and bought back in last 5 year	NIL	NIL
J. Terms of any securities convertible into Equity/ Preference	NIL	NIL
K. Calls unpaid	NIL	NIL

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

Notes forming part of Consolidated Financial Statements

14 Reserves and Surplus

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Foreign Currency Translation Reserve		
Opening Balance	(517,457,367)	(166,890,910)
Effect of Foreign Exchange rate variation during the period	151,251,112	(350,566,457)
Closing Balance - A	(366,206,255)	(517,457,367)
Retained earnings		
Opening Balance	(5,278,599,261)	(4,675,210,193)
Add:-Effect of Prior Period adjustment	-	(224,346,003)
Profit (Loss) for the year	(17,769,753)	(379,043,065)
Closing Balance - B	(5,296,369,014)	(5,278,599,261)
Total (A+B)	(5,662,575,269)	(5,796,056,628)

15 Long-term borrowings

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Sumitomo Mitsui Banking Corporation-Singapore	5,885,355,000	6,090,630,000
Unamortised upfront fees	(38,790,777)	(55,731,347)
Total	5,846,564,223	6,034,898,653

16 Non-Current Liabilities - Provisions

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Provision for Gratuity (#)	903,059	1,124,127
Provision towards compensated absences (#)	519,417	408,998
Provision for Abandonment cost (#) Refer Note 31	843,803	797,450
Total	2,266,279	2,330,575

17 Non-Current Liabilities -Restoration Provision

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Restoration Provision	317,367,001	297,227,540
Total	317,367,001	297,227,540

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements

18 Trade payables - Other than Micro & Small Enterprises

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Trade payable - Other than Micro Enterprises and Small Enterprises	53,783,556	42,036,255
Trade payables-Expenses payables	43,967,336	13,848,099
Expenses Payable	5,674,009	8,058,483
Accounts payable	9,103,618	10,230,300
Other Liabilities	769,359	1,079,153
Total	113,297,878	75,252,290

19 Other current financial liabilities

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Current maturities of long-term borrowings		
<i>Allahabad Bank, Hongkong</i>	-	-
<i>Export-Import Bank of India, Mumbai</i>	-	-
<i>Syndicate Bank - London</i>	-	-
<i>Ernst & Young Australia</i>	-	63,874
Interest Payable	36,647,557	82,164,925
Total	36,647,557	82,228,799

20 Other current liabilities

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Statutory liabilities	5,763,748	10,044,680
Total	5,763,748	10,044,680

21 Provisions

Particulars	As at 31st March 2021 (INR)	As at 31st March 2020 (INR)
Provision for Gratuity	6,096	5,147
Provision towards compensated absences	475,732	310,128
Total	481,828	315,275

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements

22 Revenue from operations

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Income from Hydrocarbons	802,146,759	587,513,799
Income from Management fee	63,888,000	73,920,000
Total	866,034,759	661,433,799

23 Other income

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Interest on Fixed Deposit	56,786,214	68,023,297
Bank Interest - PPIPL	-	54,767
Others	5,045,272	7,054,251
Exchange Rate Variation Gain	40,344,076	-
Total	102,175,562	75,132,315

24 Production, transportation and other expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Operating Cost- PPIPL, Singapore	361,370,078	320,231,651
Transportation Cost	259,500	-
Insurance	117,275	122,880
Electricity & Utilities	331,719	384,403
Consultancy Fees	55,000	66,000
Well Maintenance Charges	104,083	117,967
Security Charges	1,118,130	1,070,327
Processing & Handling of Crude Oil	770,054	940,901
Manpower Charges	2,989,356	2,995,662
Land Rent	441,996	441,996
Crude Oil Transportation	1,660,407	1,678,310
Total	369,217,598	328,050,097

25 Geological and Geophysical expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
G&G Expenses - OALP & Discovered Small Field	-	175,000
G & G Studies (Permit 18/P)	36,640,648	14,660,251
Total	36,640,648	14,835,251

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements
26 Employee benefits expense

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Salaries and wages	30,419,321	32,060,954
Contribution towards Provident Fund	2,688,519	2,835,663
Pension, Gratuity and Other Employee Benefit	6,313,686	6,634,439
Employee Welfare Expenses	4,429,956	6,460,574
Total	43,851,482	47,991,630

27 General and administrative expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Repairs & Maintenance	79,583	62,277
Auditor's Remuneration	1,749,894	1,494,443
Electricity & Utilities	919,084	1,433,117
Traveling & Conveyance	425,522	1,322,719
Legal Expenses	1,938,561	1,598,414
Consultancy Charges	7,669,116	13,721,340
Bad Debt	3,267,637	-
Insurance	18,330	19,021
Rent	36,996,806	18,159,089
Advertisement & Business Relation Expenses	72,198	110,880
Telephone Charges	863,923	930,919
Bank Charges	253,894	197,970
Postage & Courier	18,629	45,831
Printing & Stationery	34,014	144,934
Meeting & Conference	-	19,407
Foreign Exchange Fluctuations	29,017	20,769,467
Contract Labour	3,583,583	4,122,905
Loss on Sale of F/Assets	-	(3,204)
Training & Seminar Expenses	-	35,000
Interest Expenses	60,714	-
Inventory Valuation Write off	1,674,948	-
HO Overheads	665,145	576,875
General Expenses	112,419	2,717,041
G&A/ G&G Expenses (PPIPL)	2,424,008	1,466,676
TOTAL	62,857,025	68,945,121
Allocated to Projects	(1,330,291)	(1,153,751)
Total	61,526,734	67,791,370

28 Finance costs

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Agency Fee	1,589,213	1,505,387
Security Trustee Fee	953,528	903,106
Bank loan fee	15,299,668	14,649,022
Interest on Long Term Loan	115,765,866	205,850,439
Unwinding of Restoration Provision	30,632,382	26,470,088
Others - Unwinding of Provision for Abandonment	46,353	42,525
Total	164,287,010	249,420,567

Prize Petroleum Company Limited

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

Notes forming part of Consolidated Financial Statements

29 Depreciation and amortisation expense

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Depreciation	232,560	241,549
Depletion	310,522,260	324,295,843
Impairment	-	82,897,408
Total	310,754,820	407,434,800

30 Other Expenses

Particulars	For the Year ended 31st March 2021 (INR)	For the Year ended 31st March 2020 (INR)
Provision for write off	-	-
Total	-	-

PRIZE PETROLEUM COMPANY LIMITED

(A Wholly Owned Subsidiary of Hindustan Petroleum Corporation Limited)

Note 31

NOTE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

I. DESCRIPTION OF BUSINESS

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

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

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

II. PRINCIPLES OF CONSOLIDATION

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

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

Sr. No.	Name	Relationship	Country of Incorporation	Percentage of holding as at March 31, 2021
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. Unrealized 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

I. 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 filed/block ceases to produce.

14. Joint Ventures:

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

15. Retirement and Other Employees Benefits:

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

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 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 utilized. 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.

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.

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.

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

I. Initial recognition and measurement

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

II. Debt instruments at amortized 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 derecognized (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 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 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.

22. Asset restoration provision

A provision for rehabilitation and restoration is provided by the Company where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the

costs of removing facilities, abandoning wells and restoring the affected areas once petroleum reserves are exhausted. Restoration liabilities are discounted to present value and capitalised as a component part of oil and gas assets and exploration and evaluation assets.

The capitalised costs are amortised over the life of the oil and gas assets and the discounting of the provision is unwound at the end of each reporting period and recognised as part of finance expenses.

As the decommissioning events are expected to take place years from the balance sheet date, the asset restoration obligations are estimated based on current decommissioning technologies as well as current political, environment, safety and public expectations. Any changes in the expected future costs are reflected in both the provision and the asset.

IV. NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Contingent Liabilities and commitment:

1.1. Prize Petroleum Company Limited (PPCL) with a Participating Interest (PI) of 10%, Hindustan Petroleum Corporation Limited, a Holding company along with 2 other consortium members together having a PI of 60%, and M3nergy Sdn. Bhd (M/s M3nergy) having a PI of 30% were awarded service contract in March, 2006 for development of ONGC's offshore marginal oilfields of cluster-7. PPCL was the executing contractor. Parties provided necessary Bank Guarantees to ONGC. Since M/s M3nergy could not meet their contractual obligations, the contract was terminated by ONGC and Bank guarantees were forfeited. HPCL and PPCL demanded the refund of monies forfeited towards encashment of Bank Guarantee along with other claims from M/s M3nergy. A counter claim of USD 36.51 Million was made by M3nergy on termination of such service contract. The matter was referred to Arbitration.

The Arbitral Tribunal passed three Awards, third being Final Award. All awards were in favour of HPCL and PPCL. The Arbitral Tribunal vide first partial arbitration award dated 09.01.2014 held that M3nergy had committed breach of the contract and hence their counter claims were disallowed and that HPCL and PPCL are entitled for damages, which will be quantified later. The second Partial Award dated 27/09/2017 allowed two claims of HPCL/ PPCL in the ratio of 6:1, viz., (1) A claim of USD 91.3 million towards loss of profit (by a majority Award) and (2) A claim of recovery of damages by way of money lost due to encashment of Bank Guarantees of Rs.41.60 Crore (by a unanimous Award). Both amounts were allowed with interest. Arbitral Tribunal passed final award as to cost vide Award dated 15.06.2018 thereby directing M3nergy to pay Rs. 4.82 Crore to HPCL/PPCL towards cost of arbitration.

All the 3 Awards were challenged by M3nergy before the Bombay High Court. However, there was no stay granted by Bombay High Court, hence, HPCL/ PPCL filed applications for (a) Mareva Injunction and (b) Enforcement of the Award before the Courts in Malaysia since M3nergy is located in Malaysia.

By Orders dated 10th January, 2019 the Bombay High Court set aside all three Arbitration Awards. As the Awards were set aside (on the basis of which the enforcement application was filed by HPCL), on 28.02.2019 the Malaysian High Court at Kuala Lumpur allowed the

application of M3nergy to set aside the enforcement order with liberty to file fresh proceedings, if HPCL/ PPCL succeed later. Meanwhile, HPCL and PPCL have filed Appeals against the setting aside order (of Single Judge Bombay High Court) before the Division Bench of the Bombay High Court. After hearing arguments of parties, on 16th of October, 2019 the Bombay High Court set aside the Single Judge's Order and remanded all the 3 matters back to the Single Judge of the Bombay High Court, to decide the matter afresh on merits. This Order was challenged by M3nergy before the Supreme Court by filing Special Leave Petition (SLP) which, after brief arguments, was dismissed as withdrawn (by M3nergy) on 31st January 2020. As a result, the Single Judge of Bombay High Court will hear the matter on merit and the same is to come up for hearing before the Single Judge to decide the matter afresh on merits.

As a result, PPCL's share of the awarded amount which is approximately Rs. 63.49 Crores (1/7th of USD 91.3 Million @ Rs. 48.68/USD for US Dollar prevailing on January 6, 2009) towards loss of profit/damages + Rs. 5.94 crores towards BG + Rs. 0.69 crores towards legal cost) and interest thereon has not been recognized on a conservative basis. Similarly, the claim raised by M3Energy which is approximately Rs. 38.14 Crores (1/7th of USD 36.51 Million @ Rs.73.12/USD as on reporting date), to the extent of PPCL's share is also not included.

- 1.2 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 and 10% will be paid by them anyway. As per discussions before signing of PSC and written confirmation, ABG was to submit back up guarantee to Company to enable Company to submit bank guarantee to GOI for their share of 20%. The value of bank guarantee to be submitted by ABG to Company is USD 1.801 Million. ABG did not submit bank guarantee of their 80% share by due date to GOI. Also since back up guarantee was not submitted by ABG to Company, Company also could not submit the bank guarantee for their 20% share to GOI.

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

Company had invoked arbitration against ABG in the matter on 10th October 2016. After appointment of arbitrator on behalf of ABG by Delhi High Court Order dated 22nd September 2017, three-member tribunal has been constituted. The first preliminary sitting of the Arbitral Tribunal was held at New Delhi on 06.04.2018. On 30.10.2019 Arbitral Tribunal has passed award for an amount of USD 18,01,000/- with interest in favor of PPCL along with costs of proceedings subject to the condition that on receipt of the

amount by PPCL from ABG, the said amount shall be passed on by PPCL to GOI within a period of three months from the date of receipt of the amount.

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

Name of the Block	Country	Participating Interest as on 31st March, 2021
South Rewa – PSC	India	10%
Sanganpur – PSC	India	50%
Hirapur – SC	India	50%
Yolla Field - Acquisition	Australia	11.25%
Trefoil Field – Acquisition	Australia	9.75%

2.1. ONGC Onshore Marginal Fields

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

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently. The Company’s share of assets and liabilities as at 31st March 2021 and the Income and expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2020-21	FY 2019-20
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	29,23,713	18,80,331
D	Net Current Assets (*)	410,91,911	3,44,86,228
E	Income	64,91,565	83,42,386
F	Expenditure	1,82,24,983	1,60,68,203

(*) Includes receivable from joint venture amounting to Rs. 3,91,57,350 (for FY 19-20- Rs. 2,74,41,830).

2.2. Sanganpur Field

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

In Financial Year 2014-15, the operator of the block M/s HDCPL has committed default in the payment to its contractor. The petition was filed by contractor ETA Star Golding limited for non-payment of its invoices by M/s HDCPL in their another asset wherein Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 had passed order for appointment of liquidator for assets and business of Company M/s HDCPL. However, as per Production Sharing contract (PSC), the ownership of underlying hydrocarbon lies with GoI, hence Sangapur field was not attached and operations in the field were continued. Further, MoP&NG vide its letter dated June 2, 2017 has terminated the PSC and all operations in the field were called off. Since the appointment of official liquidator, the bank account of HDCPL were seized, HDCPL has neither raised any invoice to IOCL for transfer of crude nor raised any cash call to PPCL for operation in the field. The payment of Royalty and Cess to concerned authorities are also pending since then.

Said order of Bombay High Court was challenged by HDCPL before its Division Bench and is still pending before the Court. In the meantime, HDCPL had initiated an arbitration proceeding against MoPNG for termination of PSC. However, PPCL is not a part of it. Under Section 9 of Arbitration and Conciliation Act, Directorate General of hydrocarbon (DGH) on behalf of MoP&NG has initiated proceeding for possession of the field.

MoP&NG vide its letter dated June 2, 2017 has terminated the PSC. Accordingly, Company had created a 'Provision for Write-off of Sangapur Assets' of Rs. 6,65,49,606/- in Financial Year 2017-18 (Financial Year 2020-21 – NIL)

The Company's share of assets and liabilities as at 31st March 2021 and the Income, expenditure for the year in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2020-21	FY 2019-20
A	Property, Plant & Equipment (Rs. 6,65,49,606 written off in Financial Year 2017-18)	-	-
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 Financial Year 2018-19 – 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 proceedings against M3nergy which are still in progress, hence the joint bank account has not been closed on the advice of the legal department- HPCL.

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

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

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

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

The Company's share of assets and liabilities as at 31st March, 2021 in respect of above joint venture is as follows:

Figures in Rupees

	Particulars	FY 2020-21	FY 2019-20
A	Property, Plant and Equipment (Gross)	10,280	10,280
B	Intangible asset under development	-	-
C	Other Net Non-Current Assets	69,370	69,370
D	Net Current Assets (*)	3,06,22,409	3,07,45,443
E	Expenditure	1,25,535	8,690

(*) Includes receivables from joint venture amounting to Rs. 2,68,46,806 (for Financial Year 2019-20 – Rs. 2,69,66,486 /-)

3. Estimated Hydrocarbon Proven Reserves as on 31st March, 2021 in the Oil fields as follows:

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

Particulars (*)	FY 2020-21		FY 2019-20	
	MM BBLS	MMT	MM BBLS	MMT
Recoverable Reserves (+)	2.344	0.315	2.368	0.318

(*) The Company Share is 50% of total

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

Particulars	FY 2020-21	FY 2019-20
	MM BoE	MM BoE
Recoverable Reserves (*)	1.036	1.237

(*) For respective share of the company

4. Quantitative Particulars of Petroleum:

Total Dry Crude Production	FY 2020-21 (BoE)	FY 2019-20 (BoE)
Hirapur Field (*)	11,823	14,101
Yolla Field (T/L1) Australia	283,149	287,559
TOTAL	2,94,972	3,01,660

(*) Company share in Field.

5. Remittance in Foreign Currencies (*):

Figures in Rupees

Particulars	FY 2020-21	FY 2019-20
Foreign Travel	-	89,040
Consultancy Fees/Reimbursements etc.	-	-
Capital Equipment, Spares etc.	-	-
Equity Contribution	-	8,51,88,000

6. The limit of non-funded credit facilities of Bank Guarantees/Letter of Credit is Rs.10,00,00,000/- with Corporation Bank, New Delhi.
7. Prize Petroleum International Pte. Ltd., Singapore (PPIPL) a wholly owned subsidiary of the Company was incorporated on 23rd January, 2014. PPIPL had signed Sale Purchase agreement for acquisition of minority stake in two E & P blocks in Australia i.e. 11.25% in license T/L1 and 9.75% in permit T/18P and the company is signatory as 'Buyers Guarantor'.
8. PPIPL has availed loan facility of USD 86 Million out of which USD 80.50 Million is outstanding as of 31st March, 2021 against which shares of the Company in PPIPL, Singapore have been pledged in favour of the lender. The secured bank loan bears interest at 1.2% + 6-month LIBOR per annum (2020: 1.2% + 6-month LIBOR per annum), which ranged from 1.45% to 3.13% p.a. for the financial year ended 31 March 2021 (2020: from 3.13% to 3.82% p.a.). The bank loan is repayable on the 7th anniversary of the utilization date on 28 October 2023. The bank loan is secured by a Corporate Guarantee from the penultimate holding company, Hindustan Petroleum Corporation Limited
9. Rights of Shareholders Rights, Preferences & Restrictions attached to each class of shares. The Company has classified its share capital into Equity & Preference Capital.

9.1. Equity Shares

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

9.2. Preference Shares

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

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

10.1. Related Party relationships:

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

10.2. Key Management Personnel:

a) Mr. Prabhakar Thakur	Chief Executive Officer
b) Ms. Rajalakshmy Ganesh	Chief Financial Officer
c) Mr. Asheesh Garg	Company Secretary

10.3. Transactions during the period with related parties are:

Figures in Rupees

Particulars	FY 2020-21			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	64,91,565	7,58,84,120	-	8,23,75,685
Expenses recovered from company by	7,70,054	10,07,17,703	-	10,14,87,757
Expenses recovered by company from	-	-	77,44,310	77,44,310
Share Capital Received from	-	-	-	-
Shares Subscribed of	-	-	-	-
Investment during the year in	-	-	-	-

Figures in Rupees

Particulars	FY 2019-20			
	Ultimate Holding Company (*)	Holding Company	Subsidiary Company	Total
Services rendered to	92,56,030	8,72,25,600	-	9,64,81,630
Expenses recovered from company by	61,44,176	8,03,49,308	-	8,64,93,484
Expenses recovered by company from	-	-	75,72,472	75,72,472
Share Capital Received from	-	-	-	0
Shares Subscribed of	-	-	-	0
Investment during the year in	-	-	8,51,88,000	8,51,88,000

(*) 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. 1,42,94,383/- (PY- Rs. 1,45,32,262/-).

10.4. Balance Outstanding

Figures in Rupees

Heads	FY 2020-21			FY 2019-20		
	Ultimate Holding Co.	Holding Company	Subsidiary Company	Ultimate Holding Co.	Holding Company	Subsidiary Company
Payable by Company to	-	4,62,66,776	-	-	2,48,18,324	-
Receivable by Company from	13,95,577	-	18,72,786	91,81,835	-	18,23,717

11. Auditors Remuneration includes: (*)

Figures in Rupees

Particulars	FY 2020-21	FY 2019-20
Statutory Audit fees-PPCL	100,000	100,000
Tax Audit fees	30,000	30,000
Reimbursement towards out of pocket expenses	-	-
TOTAL	1,30,000	1,30,000

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

12. 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.

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, 2020	Recognized in Profit & Loss	Recognized In OCI	Recognized in Equity	Acquired in business combination	March 31, 2021		
	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 was impairment of investment in wholly owned subsidiary as at March 31, 2020. Accordingly, provision for diminution of investment amounting to Rs 23.40 Crores has been made during the previous financial year.

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 AS 115 and noted that the company has no direct disclosure obligation other than already disclosed basis the exemption available in the standard.

16. On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of 'Lease Liability' & 'Right to Use Assets', wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value. Applicable for Lessees, this Standard removes distinctive recognition, measurement and disclosure requirements between Operating Lease & Finance lease, hitherto prevalent. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from measurement. On transition to the new Standard, usage of either a full retrospective or a modified retrospective approach is permitted with options to use certain practical expedients.

The Company does not have lease agreement in excess of 12 months.

17. Employee Benefits:

17.1. Defined Contribution Plans:

The Company's contribution to provident fund of Rs. 1,63,045/- (PY Rs. 1,52,172/-) 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 recognized 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 2020-21	FY 2019-20
Present value of Benefit Obligation at the beginning of the period	11,29,274	9,59,760
Interest Cost	73,915	72,135
Current Service Cost	4,184	11,914
Past Service Cost	-	-
Actuarial (gains)/ losses on obligations - due to change in demographic assumption	-	427
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(2,95,897)	83,744
Actuarial (gains)/ losses on obligations - due to experience	(2,321)	1,294
Present value of Benefit Obligation at the end of the period	9,09,155	11,29,274

b. Included in Profit & Loss Account

Particulars	FY 2020-21	FY 2019-20
Current Service Cost	4,184	11,914
Net Interest Cost	73,915	72,135
Past Service Cost	-	-
Total Amount recognized in Profit and loss account	78,099	84,049

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

Particulars	FY 2020-21	FY 2019-20
Return on plan assets, excluding interest income	-	-
(Gain)/loss from change in demographic assumptions	-	427
(Gain)/loss from change in financial assumptions	(295,897)	83,744
Experience (gains)/losses	2,321	1,294
Change in asset ceiling, excluding amounts included in interest expense	-	-
Total amount recognized in other comprehensive income	(2,98,218)	85,465

d. Amount recognized in Balance Sheet

Particulars	FY 2020-21	FY 2019-20
Present value of benefit obligation	909,155	11,29,274
Fair value of plan assets	-	-
Net Liability / (Asset) recognized in the balance sheet	909,155	11,29,274

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
- ii. 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 2020-21	FY 2019-20
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 recognized in the statement of financial position.

Particulars	FY 2020-21	FY 2019-20
Delta effect of +/-1% Change in Rate of Discounting	1,33,296	1,86,478
Delta effect of +/-1% Change in Rate of Salary Increase	(1,33,706)	(21,209)
Delta effect of +/- 50% of Attrition Rate	-	-
Delta effect of +/- 10% of Mortality Rate	(78)	1,345

The expected maturity analysis of undiscounted benefits is as under:

Particulars	FY 2020-21
Less than a year	6,096
Between 2 - 5 year	35,605
Between 6 - 10 year	14,34,781
Over 10 years	-
Total	14,76,482

Particulars	FY 2019-20
Less than a year	5,147
Between 1 - 2 year	34,656
Between 2 - 5 year	19,35,550
Over 5 years	-
Total	19,75,353

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 31 March 2021. (PY - Nil)

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 2020-21 (INR)	FY 2019-20 (INR)
Financial assets		
Trade receivables	9,37,45,092	7,15,00,002
Cash and cash equivalents	1,34,34,77,395	1,10,73,10,546
Short-term loans and advances	11,67,75,692	8,49,97,459
Other financial assets	-	-
Financial liabilities		
Long-term borrowings	5,84,65,64,223	6,03,48,98,653
Trade payables	113,297,878	7,52,52,290
Other current financial liabilities	36,647,557	8,22,28,799

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 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-21					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	3,66,47,557	-	588,53,55,000	-	592,20,02,557
Trade payables	11,32,97,878	-	-	-	11,32,97,878
Other financial liabilities	-	-	-	-	-
Total undiscounted financial liabilities	14,99,45,435	-	588,53,55,000	-	603,53,00,435

Status as on 31-Mar-20					
Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	8,22,28,799	-	609,06,30,000	-	617,28,58,799
Trade payables	7,64,86,230	-	-	-	7,64,86,230
Other financial liabilities	-	-	-	-	-
Total undiscounted financial liabilities	15,87,15,029	-	609,06,30,000	-	624,93,45,029

20. Restoration provision

Restoration provision represents the present value of decommissioning costs relating to oil and gas assets, which are expected to be incurred in 2035 for T/L1 Yolla field. This provision has been created based on the Operator and Company's internal estimates.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the field cease to produce at economically viable rates, which will in turn depend upon future oil and gas prices.

The discount rate used in the calculation of the provision as at 31 March 2021 is 10.5% (2020: 10.5%).

Set out below are the carrying amounts of restoration provision and the movements during the financial year:

Particulars	US\$	INR
As at 1 April 2019	3,555,170	245,857,782
Unwinding of discount	373,293	26,470,088
As at 31 March 2020 and 1 April 2020	3,928,463	297,227,540
Unwinding of discount	412,489	30,632,382
As at 31 March 2021	4,340,952	317,367,001

21. Prior year restatement

The comparative figures for the financial year ended 31 March 2020 and opening balances as at 1 April 2019 have been retrospectively restated to correct material prior errors relating to recording of asset restoration asset and provision in prior years when the obligation first arose, as well as the associated depreciation and finance expenses arising from unwinding of the provision over time.

The retrospective adjustments to the Company's balance sheet and statement of comprehensive income as follows:

	As previously reported	As restated	Adjustments	Adjustments
	US\$	US\$	US\$	INR
Statement of financial position				
<u>At 31 March 2020</u>				
Property, plant and equipment				
Restoration asset	–	457,944.00	457,944.00	34,648,037.00
Non-current liabilities				
Restoration provision	–	(3,928,463.00)	(3,928,463.00)	(297,227,540.00)
Equity				
Accumulated losses	(70,675,270.00)	(74,145,789.00)	(3,470,519.00)	262,579,503.00
Statement of comprehensive income				
<u>At 31 March 2020</u>				
Depreciation	(4,427,480.00)	(4,559,520.00)	(132,040.00)	(9,362,947.00)
Finance expenses	(3,143,547.00)	(3,516,840.00)	(373,293.00)	(26,470,088.00)

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. Impact of COVID 19- The Company will continually assess the situation and the potential impact to its business. As the situation is still evolving and uncertain, the financial impact will be evaluated and action taken suitably as things unfold. Details on COVID 19 impact is attached as Annexure-A.
25. During the year there was NIL (PY 2019-20: NIL) expenditure incurred towards Corporate Social Responsibility.
26. Other additional information are either nil or not applicable.

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

Sd/-

Prabhakar Thakur
Chief Executive Officer

Sd/-

Rajalakshmy Ganesh
Chief Financial Officer

Sd/-

Asheesh Garg
Company Secretary

For **V.K. Sehgal & Associates**
Chartered Accountants
FRN : 011519N

Sd/-

Pushp Kumar Joshi
Director
DIN: 05323634

Sd-

R. Kesavan
Director
DIN: 08202118

Sd/-

Anuj Maheshwari
Partner
M No.: 096530

Place : Mumbai
Date : May 19, 2021

Annexure – A
Impact of COVID 19 on the Company's Operation

S No.	Checklist	Management response
1	Whether the senior management has assessed the impact of COVID 19 pandemic and subsequent lock out declared by the Government? Whether such assessment has been discussed / shared with those Charged with the Governance / members of the Audit Committee / the Board of Directors? Provide copy along with minutes of the discussion. Also provide details along with plan to address identified	PPCL management have discussed the impact of COVID 19 pandemic and the same will be put forward to Audit Committee and Board in upcoming Board Meeting.
2	Whether such exercise has been carried out for all the entities of the Group?	Yes, discussion is done for all for ongoing projects including wholly owned subsidiary of company.
3	What would be the impact of the disruptions on the projects of the Company / expansion plans (including on-going CWIP) of the Company?	There will be no major impact on ongoing business of the company. Expansion plans are in place as of date and no adverse impact is expected.
4	Are there any disruptions to the supply chain that could impact sourcing of raw materials and / or other inputs, dispatch of finished goods?	No disruptions to the supply chain is expected.
5	Are there any disruptions to the supply chain (including input services) that could impact product costs (e.g. delays / inability to source product)?	No disruptions to the supply chain is expected which would increase production costs.
6	Are there any clauses in (understanding with) any customer or supply agreements which may get triggered during this disruption / due to this disruption? (e.g. trigger penalties clause / price escalation / cancellation of contracts)	There are no such clauses in any customer or supply agreements which may get triggered due to this disruption.
7	Is there any loan agreement with financial and / or non-financial covenant which may be breached in the current situation? Whether the management has taken any pro-active steps to address the same?	Loan agreement is not expected to be breached
8	What is the liquidity position of the Company? Has the management done a detailed assessment considering the potential impact on the operations of the Company and is there any concern? What are the key assumptions made while doing this assessment? (key assumptions impacting revenue, supply chain, employees, sources of financing etc.)	The current operations of the company will not be disrupted by current flow of events and the liquidity position of the company is satisfactory.
9	Is there any credit downgrade or other factors that could negatively impact the company's ability to access adequate financing?	No
10	Whether Credit Rating has been revised by any Agency?	No
11	Whether the Company has carried out any macro level analysis of the disruptions over the industry to which company's customers belong to? If yes, share findings of the same.	No major impact expected with regard to the Company's customers.
12	Does the management perceive any additional risk of fraud due to financial pressure or changes in controls with less supervision over staff?	No
13	What is the impact on the reporting timelines?	All reportings are done within timelines.

Sd/-
Signature
Name: Rajalakshmy Ganesh
Designation: Chief Financial Officer
Place: New Delhi
Date: 07/05/2021

Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31 March, 2021

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	35.89%	1,153,002,912	198.67%	35,896,509	0.20%	298,218	-27.12%	36,194,727
Subsidiaries <i>Prize Petroleum International Pte. Ltd</i>	-135.89%	(4,365,578,181)	-298.67%	(53,964,480)	99.80%	151,251,112	-72.88%	97,286,632
Total		(3,212,575,269)		(18,067,971)		151,549,330		133,481,359

sd/-

Prabhakar Thakur
Chief Executive Officer

sd/-

Rajalakshmy Ganesh
Chief Financial Officer

sd/-

Asheesh Garg
Company Secretary

Place: Mumbai

Date: May 19, 2021

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	3/31/2021	3/31/2021
4	Reporting Currency	Rs. In Crores	US \$
4A	Exchange Rate	73.11	73.11
5	Share Capital	99.27	15,160,000
6	Reserves & Surplus	(535.83)	(74,872,462)
7	Total Assets	190.09	25,999,872
8	Total Liabilities	626.64	85,712,335
9	Investment	-	-
10	Turnover	79.57	10,714,120
11	Profit (Loss) before Taxation	(5.40)	(726,674)
12	Provision for Taxation	-	-
13	Profit (Loss) after Taxation	(5.40)	(726,674)
14	Proposed Dividend	-	-
15	% of Shareholding	100%	100%
	Note:		
1	Names of subsidiaries which are yet to commence operations	NA	NA
2	Names of subsidiaries which have been liquidated or sold during the year	NA	NA
Part- "B" : Associates and Joint Ventures			
	Name of Associate/ Joint Venture	NA	
1	Latest Audited Balance Sheet date	3/31/2021	3/31/2021
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No.	NA	
	Amount of Investment in Associates/Joint Venture	NA	
	Extend of Holding %	NA	
3	Description of how there is significant influence	NA	
4	Reason why the associate/joint venture is not consolidated	NA	
6	Networth attributable to Shareholding as per latest audited Balance Sheet	NA	
7	Profit / Loss for the year		
	Considered in Consolidation	NA	
	Not Considered in Consolidation	NA	
	Note:		
1	Names of associates/ joint ventures which are yet to commence operations	NA	NA
2	Names of associates/ joint ventures which have been liquidated or sold during the year	NA	NA

For and on behalf of the Board of Directors

Sd/-
Pushp kumar Joshi
 Director
 DIN: 05323634

Sd/-
R. kesavan
 Director
 DIN: 08202118

Sd/-
Asheesh Garg
 Company Secretary

Sd/-
Prabhakar Thakur
 Chief Executive Officer

Sd/-
Rajalakshmy Ganesh
 Chief Financial officer

Place: Mumbai
 Date: May 19, 2021

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 31st MARCH, 2021.

The preparation of financial statement of Prize Petroleum Company Limited for the year ended 31st March, 2021 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 Audit Report dated 19th May, 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Prize Petroleum Company Limited for the year ended 31st March, 2021 under section 143(6) (a) of the Act.

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

Sd/-
(D.K. Sekar)
Director General of Audit (Energy),
Delhi

Place: New Delhi
Date: 23.06.2021

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 31ST MARCH 2021.

The preparation of Consolidated Financial Statements of Prize Petroleum Company Limited for the year ended 31st March 2021 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 is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) 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 Audit Report dated 19th May, 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the consolidated financial statements of Prize Petroleum Company Limited for the year ended 31st March 2021 under section 143 (6)(a) read with section 129 (4) of the Act.

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

Sd/-
(D.K. Sekar)
Director General of Audit (Energy),
Delhi

Place: New Delhi
Date: 23.06.2021

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 110001

Sub.: Corporate Governance — Financial Year 2020-21

We have examined the compliance of Corporate Governance by Prize Petroleum Company Limited for the year ended March 31, 2021 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 Audit Committee and Chapter 5 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 V.K. Sehgal & Associates
Chartered Accountants

Sd/-
Anuj Maheshwari
Partner
M. No. 096530

Place: New Delhi
Date: June 26, 2021
UDIN: 21096530AAAABV2952



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. : 011-23312006, Fax : 011-23737898

Registered Office : 11th Floor, Tower-1, Jeevan Bharti Building, 124, Indira Chowk, New Delhi-110001, Tel : 23467200, Fax : 23467235