



## Hindustan Oil Exploration Company Limited

'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai - 600 018. INDIA.

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E-mail : contact@hoec.com ● Website : www.hoec.com CIN : L11100GJ1996PLC029880

29.09.2016

|                                                                                                                                                       |                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>The Listing Department</b>                                                                                                                         | <b>The Corporate Relationship Department</b>                                                             |
| The National Stock Exchange of India Ltd.,<br>"EXCHANGE PLAZA",<br>Bandra Kurla Complex,<br>Bandra (East), MUMBAI – 400 051<br>Stock Code: HINDOILEXP | BSE Limited,<br>1st Floor, P. Jeejeebhoy Towers,<br>Dalal Street, MUMBAI – 400 001<br>Stock Code: 500186 |

Dear Sir

**Sub: Regulation 34 - Annual Report**

Please find enclosed, Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your kind information & records, kindly acknowledge the receipt.

Thanking you

Yours faithfully

**For Hindustan Oil Exploration Company Limited**

K. Premnatha

Company Secretary



## 32<sup>nd</sup> Annual Report 2015-2016

INDIA'S FIRST  
**PRIVATE OIL AND GAS COMPANY**



Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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## COMPANY INFORMATION

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### Registered Office

'HOEC House', Tandalja Road  
Vadodara – 390 020, Gujarat (India)  
E-mail: [contact@hoec.com](mailto:contact@hoec.com)  
Website: [www.hoec.com](http://www.hoec.com)

### Chennai Office

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

### CIN

L11100GJ1996PLC029880

### ISIN

INE345A01011

### Credit Rating Agency

ICRA Limited  
(An Associate of Moody's  
Investors Service)

### Auditors

Deloitte Haskins & Sells LLP  
Chartered Accountants  
Audit Partner  
Bhavani Balasubramanian

### Internal Auditors

Guru & Ram  
Chartered Accountants

### Cost Auditor

Mr. K. Suryanarayanan

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## 32<sup>nd</sup> Annual General Meeting

Day : Monday

Time : 10.30 a.m.

Date : September 26, 2016

Place : "Chandarva Hall" WelcomHotel, Vadodara, R.C.Dutta Road,  
Alkapuri, Vadodara - 390 007

#### Disclaimer Note:

Certain sections of this Annual Report, in particular the Management Discussion and Analysis, and Operational Highlights may contain forward-looking statements concerning the financial condition and results of operations of HOEC. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. No assurances can be given as to future results, levels of activity and achievements & actual results, levels of activity and achievements may differ materially from those expressed or implied by any forward-looking statements contained in this report. HOEC does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

# HIGHLIGHTS

FY 2015-2016

- Assam Project on track to deliver First Gas by January-March 2017
- Technical competency strengthened with a mix of experienced domain experts and young technical talent.

Average Production  
**492 boepd**



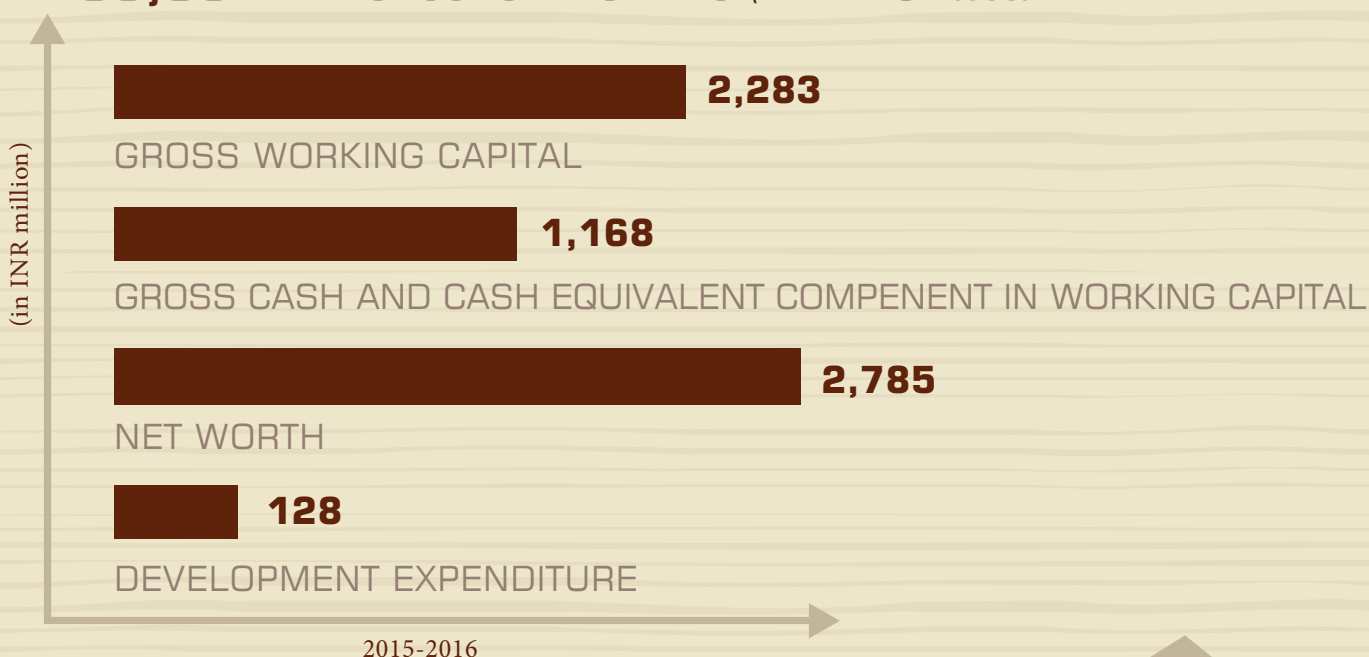
Revenue  
**INR 357 million**



Operating Cash Flow\*  
**INR 122 million**



**180,307** - PRODUCTION WORKING \ INTEREST (boe)



HSE - LOST TIME INJURY **0**

\*Before working capital changes

# Our Asset Portfolio

HOEC's oil and gas assets consist of operated & non-operated acreages in Assam-Arakan, Cauvery and Cambay basins in India



\*Notes: Production figures are gross for respective fields for Financial Year 2015-2016. Location of Contract Area is indicative and not to scale.

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

**Dirok Gas Discovery**

- Land rig mobilised
- Completion and testing operations on first well Dirok-1 successfully completed
- Fast track development is in progress to deliver the first gas by Q4 FY 2016-17

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

- Average Production (FY 2015-16) – 2.11 mmscfd
- Cumulative Production – 30.35 BCF
- Revenue – INR 229 Mn
- Field opex – INR 107 Mn

**C PY-3, HOEC PI: 21 %**

- Field under shutdown since July, 2011
- Last production (100%) - 3,300 bopd
- Opportunity to develop field with optimized cost

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

- Average Gross (100%) Production (FY 2015-16) – 121 boepd
- Net Revenue – INR 35 Mn
- Field opex – INR 8 Mn

**E CB-OS/1, HOEC PI: 38.07 %**

- Approved development plan is under revision by the Operator

**F North Balol, HOEC PI: 25 % (O)**

- Average Gross (100%) Production (FY 2015-16) – 0.51mmscfd
- Net Revenue – INR 11 Mn
- Field opex – INR 3 Mn

**G Asjol, HOEC PI: 50 % (O)**

- Average Gross (100%) Production (FY 2015-16) – 18 bopd
- Net Revenue – INR 9 Mn
- Field opex – INR 6 Mn



Dirok-1 Well Completion at Assam



Safety Check



Testing Dirok-1 Well

## SUNIL BEHARI MATHUR

Non-Executive Independent  
Director/Chairman

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

## PAOLO CEDDIA \*

Non-Executive Director

Mr. Paolo Ceddia graduated in Business Administration from Bocconi University in Milan, has 29 years of planning and control experience in telecommunication and oil & gas companies. He joined ENI in 1994, where he held several assignments in planning and control area in exploration & production division at ENI spa. He dealt with important projects in scope of management reporting, adoption of IFRS and US GAAP. He is responsible for Eni's Business program and support of Central Asia, Far East and Pacific Area.

## P.K. BORTHAKUR

Non-Executive Independent Director

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

## RAMASAMY JEEVANANDAM

Director and Chief Financial Officer

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



# BOARD OF DIRECTORS

## FILIPPO RICCHETTI \*

Non-Executive Director

Mr. Filippo Ricchetti is a graduated in business administration and also a certified public accountant. After an experience as statutory external auditor, he joined ENI group in 1996 and held several assignments in planning and control both at business and the corporate level. Currently he is the Senior Vice President for Consolidated Planning and Control and Reporting. He does not hold directorship in any other company.

## SHARMILA H. AMIN

Non-Executive Independent Director

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

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

## P. ELANGO

Managing Director

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

\* Resigned effective 3 August 2016.

# SAFETY FIRST

## Integrated HSE Policy: Health, Safety, Environment, Quality

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

### To ensure this

- HOEC has a robust Emergency Response Plan (ERP) for production operations, drilling campaigns and project execution activities to respond swiftly during any emergency.
- Risk assessment studies are conducted for critical activities and safe operation procedures are developed for controlling identified hazards.
- HSE awareness campaigns are conducted regularly and best practices are felicitated by HSE Awards Program.
- Mock Safety Drills are carried out at Site on Monthly basis.
- Practical training on fire protection system and oil spill response are provided to site personnel.
- Fields are regularly inspected for HSE compliances.
- HSE culture is promoted by HSE Steering & Risk Management Committee which includes members from Management team.
- Mutual aid scheme with nearby operators to meet emergency.
- Field based HSE trainings to create awareness during operations.
- HSE Gap analysis through third Party Inspectors.
- Compliance to the guidelines recommended by regulatory authorities.

| Key Performance Indicators (KPIs) : 2015 -16 | HOEC* | OGP** |
|----------------------------------------------|-------|-------|
| Fatal Accident Rate (FAR)                    | 0.00  | 1.45  |
| LTI Frequency (LTIF)                         | 0.00  | 0.29  |
| LTI Severity Rating (LTI SR)                 | 0.00  | 54.0  |
| First Aid Cases                              | 0.00  | NR    |
| Total Recordable Injury                      | 0.00  | 1.21  |

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



HSE Award Program at Dirok Rig Site



Training – Fire fighting



# DIROK GAS DEVELOPMENT

Project Kopou - A Special Feature

## KEY FACTS

### ASSAM- ARAKAN BASIN

FIRST GAS Q4 FY 2016-17  
PRODUCTION 20 MMSCFD  
PLATEAU PERIOD/  
ECONOMIC LIFE 15 YEARS | 20 YEARS



### WELLS

3 Existing wells  
2 New wells



### RESERVES BEING DEVELOPED

244 BCF - Gas Initially in Place  
134 BCF - Recoverable Reserves



### PARTNERS

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

### PROJECT SNAP SHOT

- Assam's AAP-ON-94/1 is a pre-NELP block located in Tinsukia District, Assam.
- The Plan of Development (PoD), was approved by MC in May 2015.
- First Gas is targeted in Q4 FY 2016-17.



Site Preparation



Road Laying

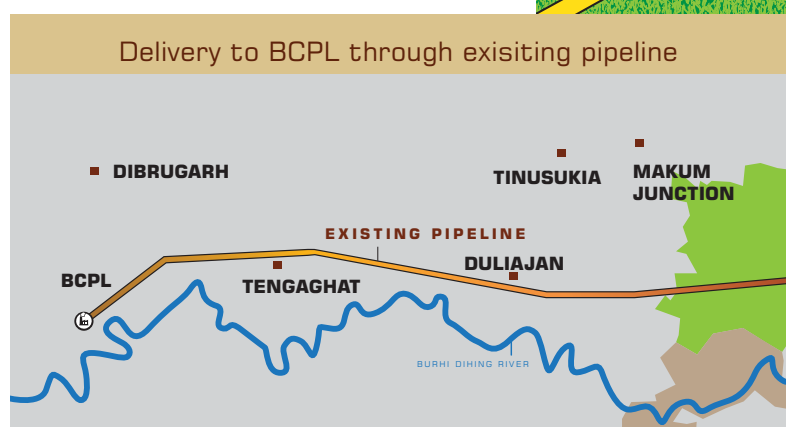


Pipe Laying



Dirak-1 Well Completion

# READY ACCESS TO MARKET



- Existing infrastructure provides ready access to the gas market.
- New pricing policy allows Subsidy to private sector too.
- First Gas is targeted in Q4 FY 2016 - 17.



## FAST TRACK PLAN

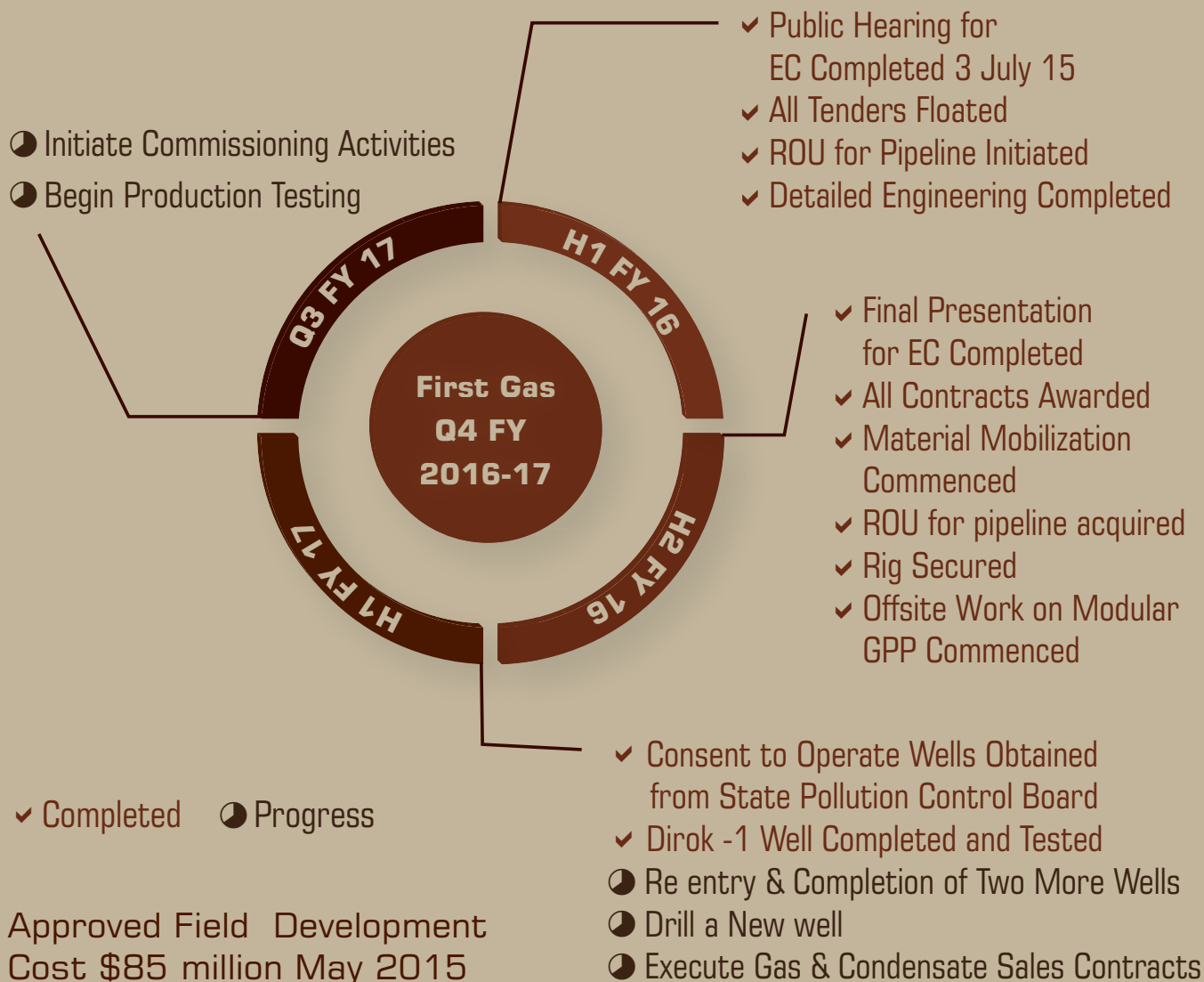
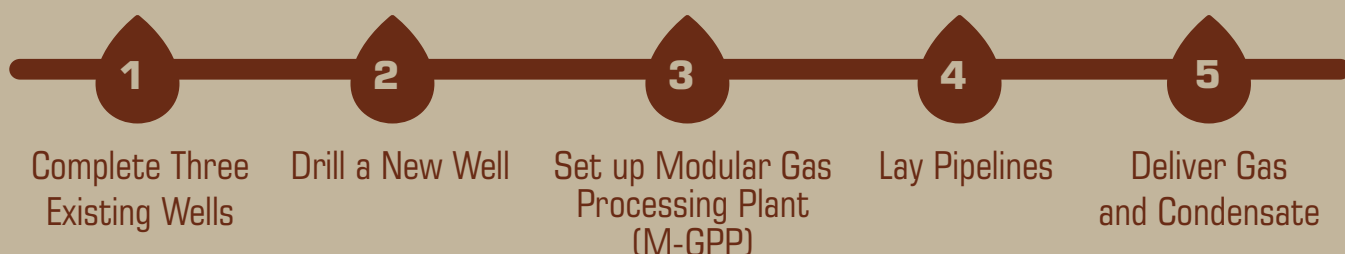
HOEC's execution strategy takes into account the logistical constraints, limited weather window as well as environmental sensitivity. To ensure rapid commercialization, with the excellent support from Oil India, and IOC, HOEC conceived as Project KOPOU (KOPOU is the State Flower of Assam) where in a 4" line will be laid directly from GGS (Gas Gathering Station) to Oil India processing facilities at Kushijan, which is connected through pipeline to various customers.

To fast track the project execution, HOEC has adopted a Split (or individual contract package) approach instead of Lump Sum Turnkey Contract for construction of all the surface facilities. The facilities are divided into three major works:

- **Package 1:** Gas Gathering Station and Well Site facilities,
- **Package 2:** Pipeline Laying (all segments) and
- **Package 3:** Modular Gas Processing Plant.

The concept and basic design is done by internationally reputed engineering contractors', Amec Foster Wheeler and Technip. The works are executed through a consortium arrangements consisting of Assam based local construction companies Tiratna Enterprise and Santosh Sahewalla and a Project Management Company E I Technologies. This particular combination is yielding excellent results in fast tracking Project KOPOU.

## DEVELOPMENT ACTIVITIES



## DIROK LONG TERM PLAY

The Gas bearing sands are in prolific Girujan formation. The Upside prospective resources are in the Tipam & Barail formation and North Dirok analogous structures.

## GREEN INITIATIVE

To ensure that the eco sensitive zone is not disturbed, power will be supplied to GGS from a source located at about 10kms distance through an underground cable. This Green initiative will result in preservation of the environment.

Another important green and cost effective initiative taken by HOEC is adoption of Modular Gas Processing Plant (M-GPP) on Opex model. Construction of Gas Processing Plant requires 10 to 12 months of field activity stretching into two dry seasons as well as generation of noise, air, liquid and solid pollution. HOEC has adopted modular concept where in maximum construction is done off site and the modules are brought to the site for hook up and commissioning. By this approach, the entire field work is reduced to 4 months.

Innovations in Project execution by HOEC has the potential to be a game changer and success of this model will play a pioneering role in Discovered Small Field development especially in North East region where fields are located in eco sensitive zones.

**Though the challenges are many, the HOEC Team is proceeding with a determination to deliver First Gas by Q4 FY 2016-17.**



## TRANSFORMING LIVES

Company believes in benefiting the society through following CSR (Corporate Social Responsibility) Policy & Programmes:

1. Promoting Local Content by developing entrepreneurship and local enterprises. Company follows a local vendor development policy, the details of which are available on corporate website.
2. Improving access to clean drinking water.
3. Enhancing the quality of education in our Operating Area.
4. Promoting personal safety, environmental and technology awareness.
5. Supporting promotion of local culture and sports.



Career Guidance camp near PY-1 Site

# TRANSFORMING THROUGH TALENT AND TECHNOLOGY

When Jeeva and I joined HOEC in February 2015, we recognised that the first priority for the Organisation is to become One Team and set One Goal to focus and achieve. The goal so chosen is to develop Dirok Gas Field in Assam and Deliver First Gas by Jan - March 2017.

## MOBILISING RESOURCES

To develop a gas field involving drilling and completion of wells, laying of pipelines and setting up of surface facilities to process gas, assembling a top quality drilling and project team is the first critical task and that was quickly accomplished. We have successfully managed to fund this project through existing working capital and internal accruals. Relentless efforts were made to reduce operating costs and secure tax refunds due to your company. As on 30 June 2016, gross cash and cash equivalent is at a healthy ₹192 cores.

## INNOVATING PROJECT EXECUTION

Dirok Gas Development Project has three distinct modules to be executed. First one is to complete existing wells and drill new wells, second one is to set up gas gathering and pipeline facilities and the third one is to establish a Gas Processing Plant (GPP). To ensure earliest possible delivery of First Gas (and Fresh Cash Flows!) the project was divided in to two phases. Phase 1, which comprised of minimum facilities required to flow the gas from the three existing wells was named as Project Kopou (Kopou is the name of the State Flower of Assam). All out efforts were made to complete the activities under Project Kopou on a fast track mode.



Due to limited weather window for field work in Tinsukia District of Assam, a project of this size would normally require a minimum of two seasons to execute just the field work and that means two years. The only solution to cut down lead time is to innovate and apply the global best development practices. Our search led us to identify the Modular Gas Processing Plant as the best option in which Design, Engineering, and Fabrication is done at the Vendor Yards and Plant Floors and Assembly of the Modular Facilities and Commissioning is done on the field. This model cut down the project execution time by half. More significantly, by opting for a Build, Operate, and Maintain (BOM) model for GPP we managed to cut down total Development Capex significantly.



New Data Centre

## ADDING PRODUCTION AND CASH FLOW

HOEC strategy is to build a strong operating presence in the North East Region contain Prognosticated hydrocarbon resources of 5040 mt, out of which only 44% has been established so far, leaving considerable opportunity to establish and develop remaining 56%. The first milestone to cross in this long term journey is to commence production from by Jan - March 2017 and I am pleased to confirm that the project is on track to achieve this. We believe Dirok is a world-class gas field which is still in the early stages of its life and the returns it generates will justify continued investment as we target additional recoverable reserves.

Our Gujarat business unit has contributed about 81 (gross) boepd during FY 2015-16. We are reviewing various technological options to improve recovery factors and production. We will be initiating environment

approval process to acquire new 3D seismic data over these matured fields and if required, we will be prepared to drill new replacement wells too.

On the offshore front, HOEC's aspiration is to leverage synergies in PY-1 with adjoining assets and emerge as a leading player in Cauvery Offshore enabled by our world class offshore platform and on-shore gas processing plant with an area of over 200 acres. Specific plans are being drawn up to secure partner and Government approval towards this objective



Technical Advisory Committee (TAC) meeting



## GROWING OUR ASSET PORTFOLIO

Government of India has announced the Discovered Small Field (DSF) Bidding Round 2016 offering 46 Contract Areas on attractive fiscal terms. These discovered small oil and gas fields presents an excellent opportunity to add a set of blocks with low exploration risks to our robust portfolio and we are keen to pursue it. To help us do high quality technical work we have now set up a Technical Advisory Committee (TAC) consisting of six domain experts with excellent credentials in the areas of Geophysics, Petrophysics, Geology and Petroleum Engineering. We have recently invested to upgrade and acquire Geo Technical Softwares to give a technological edge to our young and growing team of Geo Technical Professionals.

## IMPROVING COMMUNICATION

Regular communication with all the stake holders holds the key to win credibility. At the end of each quarter, practice of holding a Q&A session with Investors and Analysts

was introduced and being followed up. Your Company web site was given a new look and content made meaningful. Joint Venture Meetings were conducted periodically and HOEC was encouraged and supported by all the stake holders particularly our Joint Venture Partners Oil India Ltd and Indian Oil Corporation Ltd, Directorate General of Hydrocarbons, Government of India and Government of Assam.

## LOOKING AHEAD

Looking ahead, there is so much to look forward to in 2016 -17 and beyond for all of us in HOEC. The Dirak Project will come on stream by Jan - March 2017 and we hope to make tangible progress on our efforts to improve production from our Cambay assets and PY offshore fields over the next 12 months. I take this opportunity to thank all my colleagues in HOEC and their families for their contribution to the growth of HOEC and the Board for constant support and guidance.

Finally, I wish to reiterate what I said last year that we will not look back until we realise our Vision, which is to rebuild HOEC as the finest Independent Oil and Gas Company that beneficially transforms the interests of every stakeholder through Talent and Technology.

**P. Elango**  
Managing Director

# Directors' Report

To,

**The Members of Hindustan Oil Exploration Company Limited,**

Your Directors have pleasure in placing before you the 32<sup>nd</sup> Annual Report on the business and operations of your Company along with the audited financial statements for the Financial Year ended 31 March 2016.

## 1. FINANCIAL HIGHLIGHTS

(₹ Million)

| Particulars                                                                                         | Standalone      |                 | Consolidated    |                 |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                                                     | 2015-16         | 2014-15         | 2015-16         | 2014-15         |
| Turnover                                                                                            | 283             | 403             | 487             | 595             |
| Other Income                                                                                        | 74              | 76              | 73              | 74              |
| <b>Revenue</b>                                                                                      | <b>357</b>      | <b>479</b>      | <b>560</b>      | <b>669</b>      |
| Earnings / (Loss) before Depreciation / Depletion / Amortization / Taxation / and Exceptional items | 138             | (117)           | 160             | (95)            |
| Depreciation / Depletion / Amortization / Exploration write-off                                     | (124)           | (459)           | (125)           | (460)           |
| Exceptional items                                                                                   | 51              | (11,634)        | 51              | (11,634)        |
| <b>Profit / (Loss) before tax</b>                                                                   | <b>65</b>       | <b>(12,210)</b> | <b>85</b>       | <b>(12,190)</b> |
| Provision for taxation                                                                              | 1               | -               | (6)             | (6)             |
| <b>Profit / (Loss) after tax</b>                                                                    | <b>66</b>       | <b>(12,210)</b> | <b>79</b>       | <b>(12,196)</b> |
| Profit / (Loss) brought forward                                                                     | (16,035)        | (3,825)         | (15,951)        | (3,755)         |
| <b>Profit / (Loss) carried forward to the Balance Sheet</b>                                         | <b>(15,970)</b> | <b>(16,305)</b> | <b>(15,872)</b> | <b>(15,951)</b> |

figures have been rounded off.

## 2. BUSINESS PERFORMANCE

During the year, your Company produced 0.18 million barrel of oil equivalent (mmboe) of crude oil and gas as against 0.25 mmboe in the previous year. This is due to the decline in production in PY-1 field.

The lower production has resulted in a reduction in turnover to ₹ 283 million for the year in comparison to ₹ 403 million in the previous year, which is about 29% reduction over the previous year. Also the total revenue for the year was ₹ 357 million as against ₹ 479 million in the previous year and the decrease is mainly due to the reason as stated above.

On a standalone basis, the Profit-After-Tax was ₹ 66 million as against a loss of ₹ 12,210 million in the previous year. This is mainly due to the continuous effort of cost reduction, the other income and certain exceptional credits realised during the year.

During the year under review, the deferred tax asset of ₹ 4,647 million (previous year ₹ 4,478 million) has not been considered as there is no virtual certainty existing for its realisation. Accordingly, the carried forward business losses and unabsorbed depreciation to the extent of deferred tax liability as at 31 March 2016 stands adjusted.

On a consolidated basis, the total revenue has reduced from ₹ 669 million to ₹ 560 million, which is a reduction of 16% over the previous year. However, a Profit-After-Tax of ₹ 79 million is reported for the current year as against a loss of ₹ 12,196 million in the previous year for reasons as stated in the standalone accounts.

### Capital Expenditure

During the year under review, the development expenditure of ₹ 128.41 million was incurred for the gas development project at Assam.

### Measures taken to improve the operational & financial performance

The Company has initiated measures to achieve improvement in operational and financial performance by focusing on cost optimization in existing producing fields. With respect to Dirok field in Assam the Company has mobilised all the resources to complete the existing wells and drill one more development well. Application for various approvals such as environmental, forest and wildlife have been made and are awaited before the field is put on production.

### Credit Rating

ICRA has continued the long term stable rating of (ICRA) BBB+ for the line of credit of ₹ 100 crore.

## 3. OUTLOOK

The Company has capital requirements to implement its business plans and the development of Dirok discovery in Assam and other fields in the immediate future, which can be met through the existing working capital.

**4. DIVIDEND**

Your Directors have not recommended any dividend for the Financial Year 2015-16.

**5. DEPOSITS FROM PUBLIC**

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

**6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY**

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

**7. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

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

**8. NO CHANGE IN THE NATURE OF BUSINESS**

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

**9. SHARE CAPITAL**

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

**10. PROMOTERS**

Promoters group companies, Eni UK Holding PLC, Burren Shakti Limited and Burren Energy India Limited collectively hold 22.42% (previous year 47.18%) of the paid-up equity share capital of the Company. The promoters have declared that they have not pledged any of their shareholding in the Company.

**11. HOEC BARDAHL INDIA LIMITED (HBIL), WHOLLY OWNED SUBSIDIARY OF HOEC**

The Board of Directors have appointed Mr. Hashit Rawal as Whole-time Director & Chief Operating Officer with effect from 29 June 2015 up to 30 June 2016. Mr. Minesh Bhatt has resigned as Director effective 18 January 2016.

Distributorship Agreement between HBIL and Bardahl Manufacturing Corp. USA (BMC) was not extended beyond 29 February 2016 and in consequence there will be an impact in revenues from the financial year 2016-17 from the subsidiary, but efforts are being taken to reduce such impact.

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

Pursuant to Section 129(3) of the Companies Act, 2013, Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India and the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Consolidated Financial Statements of the Company has been prepared and forms part of this Annual Report.

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

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

**12. UNINCORPORATED JOINT VENTURES**

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

**13. COST ACCOUNTING RECORDS**

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

Board appointed Mr. K. Suryanarayanan, a Cost Accountant in Practice, as cost auditor of the Company for the financial year 2016-2017 at a fee of ₹ 2,00,000 (Rupees Two Lakhs only) plus applicable taxes and out of pocket expenses, subject to ratification of the said fees by the shareholders at the ensuing Annual General Meeting.

The cost audit report would be filed with the Central Government within the prescribed timelines.

#### **14. CORPORATE GOVERNANCE REPORT**

The report on Corporate Governance as stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 along with a certificate from a Company Secretary in Practice, confirming to compliance of corporate governance is attached to the report on Corporate Governance.

#### **15. EXTRACT OF ANNUAL RETURN**

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

#### **16. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Mr. Guido Papetti, Non-Executive and Non-Independent Director resigned from the Board on 18 January 2016 and Board places on record its appreciation for his valuable contribution during his tenure. Mr. Filippo Ricchetti was appointed as Non-Executive and Non-Independent Additional Director on 18 January 2016.

All independent directors have given declarations that they meet the criteria of independence as stipulated under Section 149 (6) of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Mr. P. Elango, Managing Director, Mr. R. Jeevanandam, Whole-time Director & CFO and Mr. K. Premnatha, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

#### **17. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board

has carried out an annual evaluation of its own performance, the Committees of the Board and individual directors. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

#### **18. NUMBER OF MEETINGS OF THE BOARD**

During the year, six (6) Board Meetings were convened and held. The details of meetings are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **19. REMUNERATION AND NOMINATION POLICY**

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

The details of the policy are stated in the Corporate Governance Report. Nominee Directors of the Company on the Board of HOEC Bardahl India Limited (wholly owned subsidiary of HOEC) do not receive any remuneration or commission.

#### **20. MANAGERIAL REMUNERATION**

The Company has made necessary application to the Central Government for waiver of excess remuneration paid to Mr. Manish Maheshwari, former Managing Director for the period from 01 April 2014 to 08 October 2014 and also for the proposed remuneration payable to Mr. P. Elango, Managing Director and Mr. R. Jeevanandam, Whole Time Director as per the resolutions passed by the shareholders at the 31<sup>st</sup> Annual General Meeting and necessary approvals are expected from the Central Government.

#### **21. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the year under review were on an arm's length basis and in the ordinary course of business. The details of the related party transactions as required under section 134(3)(h) of the Companies Act, 2013 read with the rule 8 of Companies (Accounts) Rules, 2014 are disclosed in the prescribed Form AOC-2 and enclosed as Annexure - II to this report. Your Directors also draw the attention of the members to Note 35 to the standalone financial statements which set out the related party disclosures.

**22. MATERIAL CHANGES AND COMMITMENTS**

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

**23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

**24. INTERNAL FINANCIAL CONTROLS**

During the year, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants were engaged to report on Internal Financial Controls and their adequacy. The report was presented before the Audit Committee and suitable corrective actions are being taken as per the directions of the Audit Committee on an ongoing basis to improve the efficiency.

**25. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of annual accounts for the financial year ended 31 March 2016, the applicable accounting standards have been followed along with proper explanation for material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis;
- (v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

**26. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the name and other particulars of the employee drawing remuneration in excess of the limits are set out in Annexure - III to this Report.

**27. EMPLOYEES STOCK OPTION SCHEME**

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

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

**28. STATUTORY AUDITOR**

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

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

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

The Auditors Report issued by them for the financial year ended 31 March 2016 forms part of this Annual Report and does not contain any observations / reservations / qualifications.

**29. SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and rules made there under M/s. S. Sandeep & Associates, Company Secretaries in Practice were appointed to conduct the secretarial audit of the Company for the financial year ended 31 March 2016. The Secretarial Audit Report issued by them is included as Annexure V to this Report and it does not contain any observations / reservations / qualifications.

### 30. INTERNAL AUDIT

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

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

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

#### A) Conservation of Energy:

- a) The steps taken or impact on conservation of energy are:
  1. Due consideration has been given to energy consumption while procuring equipments with preference for BEE Star rated equipments, wherever feasible.
  2. As a responsible Corporate Citizen and in adherence to climate change policy, the Company is continuously taking effective steps to conserve energy and to reduce methane and other Green Houses Gases (GHG) emissions, wherever feasible.
  3. Minimized environmental impact from its activities with its initiatives on energy and resource conservation at its PY-1 facilities and use of renewable energy like solar panels at offshore locations.
  4. The Company regularly monitors air emission sources and ambient air quality and ensures that emission levels at all times remain lower than the statutory limits.
  5. Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimizing the energy consumption.

- b) Steps taken by the Company for utilizing alternate source of energy:  
The Company is in the process of formulating a policy for use of solar energy in its process installation.
- c) Capital investment on energy conservation equipment:  
No additional investment is made or implemented for reduction in energy consumption.
- d) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
Reduction in emission of Green House Gases as a result of minimal use of air conditioning and reduced consumption of power and fuel.

#### B) Technology absorption:

- (a) During the year the technology absorption, adaptation and innovation is nil.
- (b) No technology import was made during the last 3 years.
- (c) No Research and Development expenditure was made during the year.
- (d) No benefits were derived like product improvement, cost reduction, product development or import substitution during the year.

#### C) Foreign exchange earnings and outgo:

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

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

- (b) Total foreign exchange earned and used:

(₹ Million)

| Particulars |                                                     | 2015-16 | 2014-15 |
|-------------|-----------------------------------------------------|---------|---------|
| A.          | Foreign Exchange Earnings                           | –       | –       |
| B.          | Foreign Exchange for repayment of loan and interest | –       | 255.88  |

**32. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board of Directors have at their meeting held on 28 May 2015 constituted a Corporate Social Responsibility Committee with Mr. Sunil Behari Mathur as Chairman and Ms. Sharmila Amin and Mr. P. Elango as members. The CSR Committee has formulated a CSR policy which is available on the Company's website [www.hoec.com](http://www.hoec.com).

The Company has undertaken various CSR activities along with its joint venture partners. One such event was contribution of ₹ 1 lakh towards Chennai Flood Relief, in addition, the employees of the Company had also contributed their one day salary with extensive participation in the relief efforts through social organisations.

**33. PROTECTION TO WOMEN EMPLOYEES**

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

**34. HUMAN CAPITAL & MANAGEMENT**

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

**35. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, the Company has transferred the amount which was due on 30<sup>th</sup> October 2015 and has filed necessary forms and details of unpaid and unclaimed amounts lying with the Company with the Ministry of Corporate Affairs.

**36. LISTING WITH STOCK EXCHANGES**

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to NSE and BSE where the Company's shares are listed.

**37. ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude for the support and co-operation received from Government agencies namely the Ministry of Petroleum & Natural Gas, Directorate General of Hydrocarbons, Ministry of Defence, Ministry of Environment and Forests and the State Governments of Gujarat, Tamil Nadu, Assam, Rajasthan and Telangana and the authorities working under them.

Your Directors express their gratitude to the Company's stakeholders, shareholders, business partners and the bankers for their understanding and support and look forward to their continued support in future. Your Directors value the professionalism, dedication and commitment of the HOEC team to overcome the present challenges.

For and on behalf of the Board of Directors

Date : April 18, 2016  
Place: Chennai

**S.B. Mathur**  
DIN: 00013239  
Chairman

## Annexures to the Directors' Report:

### Annexure - I FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN: As on the financial year ended on 31.03.2016

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

#### I. REGISTRATION & OTHER DETAILS:

|    |                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | CIN                                                                        | L11100GJ1996PLC029880                                                                                                                                                                                                                                                                                                                                                                                                              |
| 2. | Registration Date                                                          | 22 September 1983                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 3. | Name of the Company                                                        | HINDUSTAN OIL EXPLORATION COMPANY LIMITED                                                                                                                                                                                                                                                                                                                                                                                          |
| 4. | Category / Sub-category of the Company                                     | Public Company / Limited by shares                                                                                                                                                                                                                                                                                                                                                                                                 |
| 5. | Address of the Registered office & contact details                         | 'HOEC House', Tandalja Road, Vadodara - 390020 (Gujarat) India<br>Email: <a href="mailto:contact@hoec.com">contact@hoec.com</a><br>Website: <a href="http://www.hoec.com">www.hoec.com</a><br><br>Chennai office: 'Lakshmi Chambers',<br>No. 192, St. Mary's Road, Alwarpet,<br>Chennai - 600018 (Tamil Nadu) India<br>Tel: 044-66229000 Fax: 044-66229011/12<br>Email: <a href="mailto:hoecshare@hoec.com">hoecshare@hoec.com</a> |
| 6. | Whether listed company                                                     | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Pvt. Ltd.<br>(Unit: Hindustan Oil Exploration Company Limited)<br>B-102 & 103, Shangrila Complex, First Floor,<br>Opp. HDFC Bank, Near Radhakrishna Char Rasta,<br>Akota, Vadodara - 390020 (Gujarat) India<br>Tel: 0265-2356573, 2356794 Fax: 0265-2356791<br>Email: <a href="mailto:vadodara@linkintime.co.in">vadodara@linkintime.co.in</a>                                                                   |

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | Percentage of total turnover of the Company |
|---------|--------------------------------------------------|---------------------------------|---------------------------------------------|
| 1.      | Crude oil                                        | 0610                            | 33%                                         |
| 2.      | Natural Gas                                      | 0620                            | 67%                                         |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sr. No. | Name of the Company        | Address of company                                                    | CIN                   | Holding / subsidiary / Associate | % of Shares Held | Applicable section |
|---------|----------------------------|-----------------------------------------------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1.      | HOEC Bardahl India Limited | 'HOEC House'<br>Tandalja Road<br>Vadodara - 390020<br>(Gujarat) India | U11100GJ1988PLC011536 | Subsidiary                       | 100%             | 2(87)(ii)          |

## IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

## i) Category-wise Share Holding

| Category of Shareholders                                                                                            | No. of Shares held at the beginning of the year<br>[As on 31 March 2015 ] |              |                    |                   | No. of Shares held at the end of the year<br>[As on 31 March 2016 ] |              |                    |                   | % Change during the year |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------|--------------------|-------------------|---------------------------------------------------------------------|--------------|--------------------|-------------------|--------------------------|
|                                                                                                                     | Demat                                                                     | Physical     | Total              | % of Total Shares | Demat                                                               | Physical     | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>                                                                                                 |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| <b>(1) Indian</b>                                                                                                   |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| a Individual / HUF                                                                                                  | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| b Central Govt                                                                                                      | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| c State Govt(s)                                                                                                     | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| d Bodies Corp.                                                                                                      | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| e Banks / FI                                                                                                        | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| f Any other                                                                                                         | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| <b>Sub Total (A)(1)</b>                                                                                             | <b>0</b>                                                                  | <b>0</b>     | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                                            | <b>0</b>     | <b>0</b>           | <b>0.00</b>       | <b>0.00</b>              |
| <b>(2) Foreign</b>                                                                                                  |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| a NRIs - Individuals                                                                                                | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| b Other - Individuals                                                                                               | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| c Bodies Corporate                                                                                                  | 6,15,69,134                                                               | 0            | 6,15,69,134        | 47.18             | 2,92,55,248                                                         | 0            | 2,92,55,248        | 22.42             | (24.76)                  |
| d Banks / FI                                                                                                        | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| e Any other                                                                                                         | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| <b>Sub Total (A)(2)</b>                                                                                             | <b>6,15,69,134</b>                                                        | <b>0</b>     | <b>6,15,69,134</b> | <b>47.18</b>      | <b>2,92,55,248</b>                                                  | <b>0</b>     | <b>2,92,55,248</b> | <b>22.42</b>      | <b>(24.76)</b>           |
| <b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>                                                             | <b>6,15,69,134</b>                                                        | <b>0</b>     | <b>6,15,69,134</b> | <b>47.18</b>      | <b>2,92,55,248</b>                                                  | <b>0</b>     | <b>2,92,55,248</b> | <b>22.42</b>      | <b>(24.76)</b>           |
| <b>B. Public Shareholding</b>                                                                                       |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| <b>1. Institutions</b>                                                                                              |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| a Mutual Funds                                                                                                      | 0                                                                         | 3,100        | 3100               | 0.00              | 0                                                                   | 2,500        | 2,500              | 0.00              | 0.00                     |
| b Banks / FI                                                                                                        | 3,16,056                                                                  | 2,260        | 3,18,316           | 0.24              | 2,35,064                                                            | 2,260        | 2,37,324           | 0.18              | (0.06)                   |
| c Central Govt.                                                                                                     | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| d State Govt(s)                                                                                                     | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| e Venture Capital Funds                                                                                             | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| f Insurance Companies                                                                                               | 17,50,537                                                                 | 0            | 17,50,537          | 1.34              | 17,50,537                                                           | 0            | 17,50,537          | 1.34              | 0.00                     |
| g FIs                                                                                                               | 14,09,300                                                                 | 1,000        | 14,10,300          | 1.08              | 0                                                                   | 0            | 0                  | 0.00              | (1.08)                   |
| h Foreign Venture Capital Funds                                                                                     | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 0            | 0                  | 0.00              | 0.00                     |
| i Others Foreign Portfolio Investor                                                                                 | 1,371                                                                     | 0            | 1,371              | 0.00              | 13,70,171                                                           | 1,000        | 13,71,171          | 1.05              | 1.05                     |
| j UTI                                                                                                               | 0                                                                         | 0            | 0                  | 0.00              | 0                                                                   | 600          | 600                | 0.00              | 0                        |
| <b>Sub-total (B)(1):-</b>                                                                                           | <b>34,77,264</b>                                                          | <b>6,360</b> | <b>34,83,624</b>   | <b>2.67</b>       | <b>33,55,772</b>                                                    | <b>6,360</b> | <b>33,62,132</b>   | <b>2.58</b>       | <b>(0.09)</b>            |
| <b>2. Non-Institutions</b>                                                                                          |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| a Bodies Corporate                                                                                                  | 2,35,05,071                                                               | 44,217       | 2,35,49,288        | 18.05             | 3,23,28,073                                                         | 43,847       | 3,23,71,920        | 24.81             | 6.76                     |
| b Individuals                                                                                                       |                                                                           |              |                    |                   |                                                                     |              |                    |                   |                          |
| i Individual shareholders holding nominal share capital up to<br>- ₹ 1 lakh for 2015<br>- ₹ 2 lakh for 2016         | 2,91,00,720                                                               | 16,31,490    | 3,07,32,210        | 23.55             | 3,19,22,071                                                         | 15,81,144    | 3,35,03,215        | 25.67             | 2.12                     |
| ii Individual shareholders holding nominal share capital in excess of<br>- ₹ 1 lakh for 2015<br>- ₹ 2 lakh for 2016 | 74,41,183                                                                 | 0            | 74,41,183          | 5.70              | 2,66,93,073                                                         | 0            | 2,66,93,073        | 20.46             | 14.75                    |

| Category of Shareholders                               | No. of Shares held at the beginning of the year<br>[As on 31-March-2015 ] |                  |                     |                   | No. of Shares held at the end of the year<br>[As on 31-March-2016 ] |                  |                     |                   | % Change during the year |
|--------------------------------------------------------|---------------------------------------------------------------------------|------------------|---------------------|-------------------|---------------------------------------------------------------------|------------------|---------------------|-------------------|--------------------------|
|                                                        | Demat                                                                     | Physical         | Total               | % of Total Shares | Demat                                                               | Physical         | Total               | % of Total Shares |                          |
| c Others                                               |                                                                           |                  |                     |                   |                                                                     |                  |                     |                   |                          |
| Non-Resident Indians                                   | 21,55,056                                                                 | 2,63,702         | 24,18,758           | 1.85              | 17,20,461                                                           | 2,49,152         | 19,69,613           | 1.50              | (0.35)                   |
| HUF                                                    | 0                                                                         | 0                | 0                   | 0.00              | 24,08,509                                                           | 5,146            | 24,13,655           | 1.85              | 1.85                     |
| Employees                                              | 0                                                                         | 0                | 0                   | 0.00              | 433                                                                 | 0                | 433                 | 0.00              | 0.00                     |
| Clearing Members                                       | 11,44,578                                                                 | 0                | 11,44,578           | 0.88              | 7,78,283                                                            | 0                | 7,78,283            | 0.60              | (0.28)                   |
| Trusts                                                 | 18,731                                                                    | 0                | 18,731              | 0.01              | 18,731                                                              | 0                | 18,731              | 0.01              | 0.00                     |
| Market Maker                                           | 1,35,783                                                                  | 0                | 1,35,783            | 0.10              | 1,26,986                                                            | 0                | 1,26,986            | 0.10              | (0.01)                   |
| <b>Sub-total (B)(2):-</b>                              | <b>6,35,01,122</b>                                                        | <b>19,39,409</b> | <b>6,54,40,531</b>  | <b>50.15</b>      | <b>9,59,96,620</b>                                                  | <b>18,79,289</b> | <b>9,78,75,909</b>  | <b>75.00</b>      | <b>24.86</b>             |
| <b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>  | <b>6,69,78,386</b>                                                        | <b>19,45,769</b> | <b>6,89,24,155</b>  | <b>52.82</b>      | <b>9,93,52,392</b>                                                  | <b>18,85,649</b> | <b>10,12,38,041</b> | <b>77.58</b>      | <b>24.76</b>             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | <b>0</b>                                                                  | <b>0</b>         | <b>0</b>            | <b>0.00</b>       | <b>0</b>                                                            | <b>0</b>         | <b>0</b>            | <b>0.00</b>       | <b>0.00</b>              |
| <b>Grand Total (A+B+C)</b>                             | <b>12,85,47,520</b>                                                       | <b>19,45,769</b> | <b>13,04,93,289</b> | <b>100</b>        | <b>12,86,07,640</b>                                                 | <b>18,85,649</b> | <b>13,04,93,289</b> | <b>100.00</b>     | <b>0.00</b>              |

## ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name      | Shareholding at the beginning of the year |                                  |                                                | Shareholding at the end of the year |                                  |                                                | % Change during the year |
|---------|-------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------------------|--------------------------|
|         |                         | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares |                          |
| 1       | Burren Shakti Ltd       | 3,54,40,913                               | 27.16                            | 0.00                                           | 2,92,42,482                         | 22.41                            | 0.00                                           | (4.75)                   |
| 2       | Eni UK Holding Plc      | 2,61,15,455                               | 20.01                            | 0.00                                           | 0                                   | 0                                | 0.00                                           | (20.01)                  |
| 3       | Burren Energy India Ltd | 12,766                                    | 0.01                             | 0.00                                           | 12,766                              | 0.01                             | 0.00                                           | 0.00                     |
|         | <b>Total</b>            | <b>6,15,69,134</b>                        | <b>47.18</b>                     | <b>0.00</b>                                    | <b>2,92,55,248</b>                  | <b>22.42</b>                     | <b>0.00</b>                                    | <b>(24.76)</b>           |

## iii) Change in Promoters' Shareholding

| Sr. No. | Particulars                                                                                                                                                                     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                                                                                                                                                 | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|         | At the beginning of the year                                                                                                                                                    | 6,15,69,134                               | 47.18                            | 6,15,69,134                             | 47.18                            |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): |                                           |                                  |                                         |                                  |
|         | Transfer on March 11, 2016                                                                                                                                                      | (3,23,13,886)                             | (24.76)                          | 2,92,55,248                             | 22.42                            |
|         | At the end of the year                                                                                                                                                          |                                           |                                  | 2,92,55,248                             | 22.42                            |

## iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For Each of the Top 10 Shareholders          | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|----------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                              | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | Housing Development Finance Corporation Ltd. | 1,48,26,303                               | 11.36                            | 1,48,26,303                             | 11.36                            |
| 2       | Ashok Kumar Goel                             | 0                                         | 0.00                             | 1,84,65,078                             | 14.15                            |
| 3       | Dhoot Industrial Finance Limited             | 0                                         | 0.00                             | 61,98,431                               | 4.75                             |
| 4       | Vijai Shree Private Ltd.                     | 0                                         | 0.00                             | 46,16,270                               | 3.54                             |
| 5       | Rohit Rajgopal Dhoot                         | 0                                         | 0.00                             | 30,34,107                               | 2.33                             |
| 6       | General Insurance Corporation of India       | 17,50,537                                 | 1.34                             | 17,50,537                               | 1.34                             |
| 7       | Nomura Singapore Limited                     | 17,05,560                                 | 1.31                             | 12,50,000                               | 0.96                             |
| 8       | Girish Kumar Sharda                          | 0                                         | 0.00                             | 3,48,432                                | 0.27                             |
| 9       | Bharat Bijlee Limited                        | 0                                         | 0.00                             | 3,33,333                                | 0.26                             |
| 10      | Girdhar Lal Sharda                           | 0                                         | 0.00                             | 3,00,000                                | 0.23                             |

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

| Sr. No. | Shareholding of each Directors and Key Managerial Personnel                                                                                                                     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                                                                                                                                                 | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | <b>Mr. Sunil Behari Mathur</b><br>(Independent Director & Non-Executive Chairman)                                                                                               |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                                                                                                                                                    | 8,215                                     | Negligible                       | 8,215                                   | Negligible                       |
|         | 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                                                                                                                                                          | 8,215                                     | Negligible                       | 8,215                                   | Negligible                       |
| 2       | <b>Ms. Sharmila Amin</b>                                                                                                                                                        |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|         | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |

| Sr. No.  | Shareholding of each Directors and each Key Managerial Personnel                                                                                                                | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|          |                                                                                                                                                                                 | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| <b>3</b> | <b>Mr. Guido Papetti</b> (upto 18 January 2016)                                                                                                                                 |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |
| <b>4</b> | <b>Mr. Paolo Ceddia</b>                                                                                                                                                         |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |
| <b>5</b> | <b>Mr. Filippo Ricchetti</b> (appointed w.e.f. 18.01.2016)                                                                                                                      |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |
| <b>6</b> | <b>Mr. P. Elango</b>                                                                                                                                                            |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |
| <b>7</b> | <b>Mr. R. Jeevanandam</b>                                                                                                                                                       |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |
| <b>8</b> | <b>Mr. K. Premnatha</b> (appointed w.e.f. 10.08.2015)                                                                                                                           |                                           |                                  |                                         |                                  |
|          | At the beginning of the year                                                                                                                                                    | Nil                                       | Nil                              | Nil                                     | Nil                              |
|          | 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                                                                                                                                                          | Nil                                       | Nil                              | Nil                                     | Nil                              |

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(In ₹)

|                                                            | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount                                        |                                     |                    |          |                       |
| ii) Interest due but not paid                              |                                     | NIL                |          |                       |
| iii) Interest accrued but not due                          |                                     |                    |          |                       |
| <b>Total (i+ii+iii)</b>                                    |                                     |                    |          |                       |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| * Addition                                                 |                                     | NIL                |          |                       |
| * Reduction                                                |                                     |                    |          |                       |
| Net Change                                                 |                                     |                    |          |                       |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount                                        |                                     |                    |          |                       |
| ii) Interest due but not paid                              |                                     | NIL                |          |                       |
| iii) Interest accrued but not due                          |                                     |                    |          |                       |
| <b>Total (i+ii+iii)</b>                                    |                                     |                    |          |                       |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(In ₹)

| Sr. No.  | Particulars of Remuneration                                                         | Name of MD/WTD    |                    | Total Amount      |
|----------|-------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|
|          |                                                                                     | Mr. P. Elango     | Mr. R. Jeevanandam |                   |
| <b>1</b> | <b>Gross salary</b>                                                                 |                   |                    |                   |
|          | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 10,301,904        | 9,798,144          | 20,100,048        |
|          | (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961                      | 688,401           | 220,381            | 908,782           |
|          | (c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961       | –                 | –                  | –                 |
| <b>2</b> | <b>Stock Option</b>                                                                 | –                 | –                  | –                 |
| <b>3</b> | <b>Sweat Equity</b>                                                                 | –                 | –                  | –                 |
| <b>4</b> | <b>Commission</b>                                                                   |                   |                    |                   |
|          | - as % of profit                                                                    | –                 | –                  | –                 |
|          | - others, specify                                                                   | –                 | –                  | –                 |
| <b>5</b> | <b>Others, please specify</b>                                                       | –                 | –                  | –                 |
|          | <b>Total (A)</b>                                                                    | <b>10,990,305</b> | <b>10,018,525</b>  | <b>21,008,830</b> |

## B. Remuneration to other directors

(In ₹)

| Sr. No.  | Particulars of Remuneration                  | Name of the Directors |                   | Total Amount   |
|----------|----------------------------------------------|-----------------------|-------------------|----------------|
|          |                                              | Mr. S. B. Mathur      | Ms. Sharmila Amin |                |
| <b>1</b> | <b>Independent Directors</b>                 |                       |                   |                |
|          | Fee for attending board & committee meetings | 320,000               | 420,000           | 740,000        |
|          | Commission                                   | 0                     | 0                 | 0              |
|          | Others, please specify                       | 0                     | 0                 | 0              |
|          | <b>Total (1)</b>                             | <b>0</b>              | <b>0</b>          | <b>0</b>       |
| <b>2</b> | <b>Other Non-Executive Directors</b>         | 0                     | 0                 | 0              |
|          | Fee for attending board committee meetings   | 0                     | 0                 | 0              |
|          | Commission                                   | 0                     | 0                 | 0              |
|          | Others, please specify                       | 0                     | 0                 | 0              |
|          | <b>Total (2)</b>                             | <b>0</b>              | <b>0</b>          | <b>0</b>       |
|          | <b>Total=(1+2)</b>                           | <b>320,000</b>        | <b>420,000</b>    | <b>740,000</b> |
|          | <b>Total Managerial Remuneration</b>         | <b>320,000</b>        | <b>420,000</b>    | <b>740,000</b> |

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

| Sr. No.  | Particulars of Remuneration                                                         | Key Managerial Personnel              | Total Amount   |
|----------|-------------------------------------------------------------------------------------|---------------------------------------|----------------|
|          |                                                                                     | Company Secretary<br>Mr. K. Premnatha |                |
| <b>1</b> | <b>Gross salary</b>                                                                 |                                       |                |
|          | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 707,121                               | 707,121        |
|          | (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961                      | 4,383                                 | 4,383          |
|          | (c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961       | —                                     | —              |
| <b>2</b> | <b>Stock Option</b>                                                                 | —                                     | —              |
| <b>3</b> | <b>Sweat Equity</b>                                                                 | —                                     | —              |
| <b>4</b> | <b>Commission</b>                                                                   |                                       |                |
|          | - as % of profit                                                                    | —                                     | —              |
|          | - others, specify                                                                   | —                                     | —              |
| <b>5</b> | <b>Others, please specify</b>                                                       | —                                     | —              |
|          | <b>Total (A)</b>                                                                    | <b>711,504</b>                        | <b>711,504</b> |

The remuneration paid to Whole-time Director & CFO is disclosed elsewhere and forms part of this Annual Report.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

| Type                         | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority [RD / NCLT / Court] | Appeal made, if any [give Details] |
|------------------------------|------------------------------|-------------------|-----------------------------------------------------------|-------------------------------|------------------------------------|
| A. COMPANY                   |                              |                   |                                                           |                               |                                    |
| Penalty                      | NIL                          |                   |                                                           |                               |                                    |
| Punishment                   |                              |                   |                                                           |                               |                                    |
| Compounding                  |                              |                   |                                                           |                               |                                    |
| B. DIRECTORS                 |                              |                   |                                                           |                               |                                    |
| Penalty                      | NIL                          |                   |                                                           |                               |                                    |
| Punishment                   |                              |                   |                                                           |                               |                                    |
| Compounding                  |                              |                   |                                                           |                               |                                    |
| C. OTHER OFFICERS IN DEFAULT |                              |                   |                                                           |                               |                                    |
| Penalty                      | NIL                          |                   |                                                           |                               |                                    |
| Punishment                   |                              |                   |                                                           |                               |                                    |
| Compounding                  |                              |                   |                                                           |                               |                                    |

## Annexure - II

### 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 transaction under third proviso thereto.

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

| Sr. No. | Particulars                                                                                                       | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a)      | Name (s) of the related party & nature of relationship                                                            | NIL     |
| b)      | Nature of contracts / arrangements / transaction                                                                  | NIL     |
| c)      | Duration of the contracts / arrangements / transaction                                                            | NIL     |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any                         | NIL     |
| e)      | Justification for entering into such contracts or arrangements or transactions'                                   | NIL     |
| f)      | Date of approval by the Board                                                                                     | NA      |
| g)      | Amount paid as advances, if any                                                                                   | NIL     |
| h)      | Date on which the special resolution was passed in General meeting as required under first proviso to Section 188 | NA      |

2. Details of contracts or arrangements or transactions at Arm's length basis.

(i) The related parties of the Company as at March 31, 2016 are as follows:

(A) Wholly Owned Subsidiary Company - HOEC Bardahl India Limited.

(B) Other Group Entities - ENI Finance International S.A., Belgium, ENI Lasmo Plc, ENI India Limited, United Kingdom, Saipem (Portugal) Comercio Maritimo Su Lda.

(C) Key Management Personnel - Mr. P. Elango, Managing Director; Mr. R. Jeevanandam - Director & CFO.

- ii) The nature and volume of transactions of the Company during the year with the above parties were as follows: (in ₹)

| Particulars                                                        | For the year ended March 31, 2016 |
|--------------------------------------------------------------------|-----------------------------------|
| INCOME                                                             |                                   |
| Wholly owned Subsidiary Company - Rental Income                    | 4,830,000                         |
| EXPENDITURE                                                        |                                   |
| Key Managerial Personnel - Remuneration to Managing Director / CFO | 21,008,830                        |
| BALANCE OUTSTANDING                                                |                                   |
| Wholly owned Subsidiary Company - Security Deposit                 | 8,500,000                         |
| Other group entities - Trade payable                               | 100,779,775                       |
| Other group entities - Payable on purchase of fixed asset          | 162,231,699                       |

For and on behalf of the Board of Directors

Date : April 18, 2016  
Place: Chennai

**S.B. Mathur**  
DIN: 00013239  
Chairman

### Annexure - III

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sr. No. | Name                      | Designation / Nature of Duties | Remuneration Received (₹) | Qualification | Experience in years | Age years | Date of commencement of employment | Last employment held    |
|---------|---------------------------|--------------------------------|---------------------------|---------------|---------------------|-----------|------------------------------------|-------------------------|
|         | 1                         | 2                              | 3                         | 4             | 5                   | 6         | 7                                  | 8                       |
| 1       | Mr. Bhuwan Chandra Gariya | Exploration Manager            | 63,71,043                 | M.Sc. Physics | 32                  | 55        | 05.09.2008                         | Chief Geophysicist-ONGC |

### Annexure - IV

#### Form No. AOC - 1

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

#### PART A: Subsidiary

#### Statement containing salient features of the financial statements of subsidiary

(in ₹)

|                                   |                            |
|-----------------------------------|----------------------------|
| Name of Subsidiary Company        | HOEC Bardahl India Limited |
| Issued & Subscribed Share Capital | 5,000,200                  |
| Reserves & Surplus                | 101,636,214                |
| Total Assets                      | 64,959,788                 |
| Total Liabilities                 | 69,678,103                 |
| Investments                       | 80,082,356                 |
| Turnover                          | 208,257,116                |
| Profit / (Loss) before Tax        | 20,626,370                 |
| Provision for Tax                 | 6,940,061                  |
| Profit / (Loss) After Tax         | 13,686,309                 |
| Proposed Dividend                 | —                          |
| % of Share holding                | 100%                       |

**PART B: Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

There are no other associate / joint venture companies other than HOEC Bardahl India Limited, a wholly owned subsidiary of the Company.

**Annexure - V**  
**SECRETARIAL AUDIT REPORT**  
**Form No. MR-3**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2016

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

To,

The Members,

**Hindustan Oil Exploration Company Limited**

CIN: L11100GJ1996PLC029880

Tandalja Road Off Old Padraroad,

Baroda - 390020, Gujarat

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009 **(Not Applicable to the Company during the Audit Period)**;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**; and
  - (i) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 **(Applicable to the Company w.e.f. 1<sup>st</sup> December 2015)**.
- (vi) All other laws which are applicable specifically to the Company in the oil and gas exploration sector which includes the following, namely -
- a) The Oilfields (Regulation & Development) Act, 1948 and Rules made thereunder
  - b) Petroleum And Natural Gas Rules, 1959
  - c) Indian Explosives Act, 1910 and Rules made thereunder
  - d) The Mining Act, 1952 and Rules made thereunder
- We have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - b. The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange.

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

#### **We further report that**

- a. The Company has obtained the approval of the shareholders of the Company and has filed necessary applications with the Central Government for the remuneration paid to Mr. Manish Maheshwari for the period from 1<sup>st</sup> April 2014 to 8<sup>th</sup> October 2014, in his capacity as Managing Director, in excess of the limits specified in Schedule V to the Companies Act, 2013.
- b. The Company has filed requisite forms and applications with the Central Government for the appointment of Mr. Elango Pandarinathan as Managing Director and Mr. RamasamyJeevanandam as Director & Chief Financial Officer and the same have been approved. The Company has obtained the approval of the shareholders of the company and has filed necessary applications with the Central Government seeking approval for payment of remuneration to them in excess of the limits specified in Schedule V of the Companies Act, 2013.

**We further report that**

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

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

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

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

We further report that during the audit period

- a) M/s ENI UK Holding PLC, a promoter group, has sold 2,61,15,455 equity shares of the company on 10<sup>th</sup> March 2016 to M/s Ashok Goel Trust
- b) M/s Burren Shakti Limited, a promoter group, has sold 61,98,431 equity shares of the company on 10<sup>th</sup> March 2016 to M/s Dhoot Industrial Finance Limited

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

For S Sandeep & Associates

**S Sandeep**  
Managing Partner

Place : Chennai  
Date : 18.04.2016

FCS No.: 5853  
C P No.: 5987

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

***Annexure - A***

To,  
 The Members,  
**Hindustan Oil Exploration Company Limited**  
 CIN: L11100GJ1996PLC029880  
 Tandalja Road Off Old Padraroad,  
 Baroda - 390020.  
 Gujarat

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

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

For S Sandeep & Associates

**S Sandeep**  
 Managing Partner

Place : Chennai  
 Date : 18.04.2016

FCS No.: 5853  
 C P No.: 5987

# Management Discussion and Analysis Report

## OIL AND GAS INDUSTRY OUTLOOK AND OPPORTUNITIES

The oil prices appear to be settling in a new normal range of \$ 40 to \$ 50 per barrel. While these price levels do not support fresh global investments in exploration or offshore developments, they do make additional investments for incremental production in onshore fields viable to those companies which have a lower cost base. The cost of oil field services has witnessed substantial reduction during FY 2015-16 allowing countries and companies with a contrarian approach to leverage this opportunity by not slowing down investments in upstream oil and gas sector. It is gratifying to note that the Government of India recognising that its energy demand will continue to grow as it pursues economic growth objectives with determination has decided not to slow down any investment in oil and gas sector.

The Government in general and Ministry of Petroleum & Natural Gas in particular have announced several reform measures and has launched multiple initiatives across upstream, midstream and downstream sectors over the last two years. The reforms and initiatives announced by the Government range from Direct Transfer of Subsidies, GIVE IT UP campaign on LPG, Freeing petroleum product prices to speeding up Strategic Storage of Petroleum and LNG projects to issue of free LPG stove to below the line beneficiaries.

Specifically, in upstream oil and gas sector, the following three initiatives announced by the Government has the potential to transform the sector on a sustainable long term basis:

First, area of Exploration. The Government has funded a Programme to acquire Nationwide 2 D seismic data with ONGC and OIL India leading the implementation. The impact of this programme needs to be understood in the context of the fact that only one third of the 3.2 million square kilometers of sedimentary basins fall under "well explored category" and only 6 basins out of 26 contribute to domestic production. The National Data Repository platform being built by DGH would usher in open acreage policy, where any one can pick a block, trigger a bid round and take up exploration and development.

Second major initiative has been in Natural Gas Sector. The objective is to increase the share of this low cost Green Fuel to one fourth in the primary energy mix at par with US by replicating the Gujarat Model. Announcing Premium for domestic gas in difficult areas, seeking discount on imported LNG, adding Significant LNG re-gasification capacity, stepping up City Gas Bid rounds, Extending the pipeline network especially in North East and Southern Region, priority allocation for CNG are concrete steps taken to build a Gas Driven Economy.

Third and the most significant initiative is the announcement of Discovered Small Field (DSF) bid round 2016. The DSF round has already been opened for participation with all the features that Industry has been demanding:

- Marketing and Pricing Freedom for both oil and gas
- Uniform Licensing for all forms of hydrocarbon
- Revenue Sharing Model to improve Ease of Business
- Continuous Exploration
- No pre-qualification to encourage start ups

DSF 2016, presents a unique opportunity to HOEC to transform its portfolio of assets and build a pipeline of development and operating production assets in both onshore and offshore.

### Global Oil Pricing

Crude Oil Prices (Brent) weakened substantially from US\$ 60 per barrel in April 2015 to US\$ 38 per barrel in March 2016. Post these wide fluctuations, Industry is witnessing price stability in the range of US\$ 40 to US\$ 50 per barrel during 2016.

### Gas Pricing

Natural Gas prices decreased in USA (Henry Hub) from US\$ 2.6 in April 2015 to US\$ 1.7 in March 2016 per mmbtu and similar trend was reflected in the Alberta Hub and other bench mark prices relevant to Indian gas pricing.

The new Government announced a revised gas pricing policy on 18 October 2014. This pricing formula was

linked to weighted average prices of Henry Hub, NBP, Alberta Hub and Russia with appropriate reduction for the transport and treatment charges.

### HOEC VISION

HOEC operates in the upstream oil & gas sector, with its current portfolio of assets exclusively focussed on India. Energy security being a strategic priority for the country, HOEC's business is therefore linked with the National Priority. HOEC is dedicated to contribute in meeting the energy needs of India and in this endeavour, the Company in association with its consortium partners, works in close collaboration with the Government of India through Production Sharing Contracts (PSCs) to explore, develop and produce hydrocarbons in a safe and responsible manner.

HOEC will continuously look for ideas, opportunities and technology that has the potential to improve oil & gas discovery and recovery rates. Our passion is to find, develop and deliver oil & gas that everybody in our country needs. In the process, we wish to continuously build the capability of both our people and organisation to do that over and over again. Our vision is to establish and transform 'resources' to 'assets', thus generate shareholder value. It can be summarized as:

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

### HOEC Business Strategy and Values

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

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

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

Our commitment to these principles is demonstrated by the fact that we have had no lost-time accidents or environmental incidents during the year under review.

We conduct our business with respect and care for our communities and the environment in which we operate.

We will be a good corporate citizen of India, and will maximise utilization of national talent, services, and equipment.

Our first priority is to ensure safe, reliable and regulatory compliant business operations.

Our Ten Point strategy is:

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

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

The initiatives taken by the Company during FY 2015-16 to pursue these objectives are summarized below:

- PY-1 Fields's decline in production is being monitored and the Technical Advisory Committee (TAC) consisting of seven domain experts are reviewing the technical data of this compartmentalized and fractured granite basement reservoir to clearly identify flow of hydrocarbon and flow of water to ascertain their production potential.
- HOEC has given a synergy proposal to DGH to revive production from the other adjacent Offshore Field PY-3 using the facilities available in PY-1.
- As Operator, HOEC secured the approval for Dirak Gas development plan by Directorate General of Hydrocarbons (DGH) and Ministry of Petroleum &

Natural Gas (MoP&NG) in May 2015 and during the year made following progress:

- \* Public hearing for Environmental Clearance completed, 3 July 2015.
  - \* All tenders Floated.
  - \* Right of Use (ROU) for Pipeline initiated and acquired.
  - \* Detailed engineering completed.
  - \* Final Presentation for Environmental Clearance completed.
  - \* All contracts awarded.
  - \* Commenced material mobilization.
  - \* Rig secured.
  - \* Offsite work on Modular GPP Commenced.
  - \* Consent to operate wells obtained from the State Pollution Control Board.
  - \* Drok -1 Well Completed and tested.
- The project is on fast track to produce the 'First Gas' on or before Q4 FY 2016-2017 subject to timely approvals from the regulatory authorities.

## FINANCIAL AND OPERATIONAL DISCIPLINE

Oil & Gas exploration is a capital intensive industry with associated risks. The financial strategy of the Company is focused on monetising the existing assets and bringing value to the stakeholders, by securing appropriate funding as it deems fit. Accordingly, our near term focus is to monetise the existing discovery in Assam and increase the value of existing producing assets in the western region by proper work-over and use of latest technology to improve the recovery.

## Corporate Responsibility

|                                |                                                                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Safety First</b>            | Never put any person or asset in an unsafe situation.                                                                                       |
| <b>Environment Friendly</b>    | Not to harm the environment.                                                                                                                |
| <b>Regulation Compliant</b>    | Compliant with applicable laws all the time.                                                                                                |
| <b>Optimum Cost (US\$/bbl)</b> | Complete the development in a cost and time effective manner.                                                                               |
| <b>Investment Prudence</b>     | Not to take risk beyond the means and to prioritize the opportunities in our portfolio on risked expected monetary value in any given year. |

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

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

As an Optimum Cost Operator in the industry, we scrutinize every value proposition to derive excellence in execution. Cost is considered an element to control when it does not result in value sacrifice in the E&P business. Our objective is to provide a compounded annual growth rate to our shareholders, commensurate to the risks in this business.

## Operations Overview

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

## Product-wise Performance

The Company's aggregate production during the FY 2015-2016 was 0.18 million barrels of oil equivalent (mmboe) (crude oil: 29,864 bbls; gas: 23.39 million scm) as against 0.25 million barrels of oil equivalent (mmboe) (crude oil: 36,410 bbls; gas: 33.86 million scm) during the previous year. The decrease in production is predominantly due to accelerated pressure decline and water breakthrough in existing PY-1 Wells.

## Reserves

As of 31 March 2016, the estimates of Proved and Probable (P+P) reserves on working interest basis for the Company were 11.881 mmboe excluding the reserves of PY-3 and CB-OS/1. The estimates include reserves in Drok Gas Discovery based on the development plan approved by DGH and MoP&NG in May 2015.

## CAUVERY BASIN

### PY-1 Gas Field

The field was put on production in 2009. Earlier than predicted water cut has caused steep decline in

production and currently the field is producing at an average rate of 1.6 mmscfd. Independent third party estimates the "yet to be recovered 2P resources" at more than 30 bcf. Technical Advisory Committee (TAC) set up recently have commenced their detailed data review and we have upgraded the software and hardware to facilitate such a review.

#### Forward Plan

On restudy of the geology and the balance reserves, the facility optimisation will be looked at to create value for the investment already made in the block.

#### PY-3 Oil Field

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

#### Forward Plan

HOEC has submitted a synergy proposal to Directorate General of Hydrocarbon to revive production from PY-3 using the facilities available in PY-1.

### CAMBAY BASIN

#### Block CB-ON-7 (Palej)

The gross production from CB-ON-7 Block averaged 121 boepd as compared to 128 boepd in the previous year. Production on working interest basis to HOEC averaged 42 boepd during the year, the decrease being primarily attributable to natural decline.

#### North Balol Gas Field

North Balol Gas Field produced 5,387,409 scm of natural gas during the year, with an average production rate of 14,720 scmd, a decrease of 6% over the previous year attributable to natural decline.

#### Asjol Field

Asjol Field produced at an average rate of 18 boepd, with an aggregate production of 6,431 barrels, an increase of 11% over the previous year, which is attributed to Asjol 5 well work-over.

#### Forward Plan

Work over of few wells are being planned to improve the recovery rates.

### ASSAM-ARAKAN BASIN

#### Block AAP-ON-94/1

HOEC, as the Operator, had secured the approval of the development plan for developing the recoverable reserves of 134 Billion Cubic Feet of Gas with 20 million standard cubic feet of plateau production for a period of 15 years effective from end of Q4 FY 2016-2017. Significant progress has been made in project implementation and the project is on track to deliver First Gas by Jan-March 2017.

#### Forward Plan

Our forward plan is to achieve the target production and to attain the upside potential of the block.

### RISKS, THREATS, UNCERTAINTIES AND CONCERNS

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

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

### STRATEGIC RISK AND OPERATIONAL RISK

| DESCRIPTION OF RISK            | MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Model                 | Our Board Members along with Management team periodically reviews the Company's business model and effect necessary adjustments if economic circumstances so demand.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Portfolio Mix                  | The Company maintains a diverse portfolio of oil and gas assets across a range of sedimentary basins and at different project life cycles in order to minimize exposure to geographical, geological and commodity market risk.                                                                                                                                                                                                                                                                                                                                                                            |
| Health, Safety and Environment | Oil and gas operations by its very nature carry a potentially high level of attendant safety and environmental risks and the impact of an accident can be significant in terms of human, environmental and financial cost.<br><br>HOEC carries out HAZOP, HAZID, SIMOPS and maintains risk register and Emergency Response Plan covering risks specific to various operations. The Company has devised a comprehensive policy framework as well as health and safety management and reporting systems. These are regularly monitored and reviewed by the Board and the management. The Company also works |

| DESCRIPTION OF RISK                              | MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  | <p>closely with the various regulatory authorities of Central and State Government and compliance audits are conducted.</p> <p>The Company undertakes operations as per international environmental standards of the oil industry. Environmental Impact Assessments are prepared and approvals from authorities are secured before any project is executed.</p>                                                                                                                                                                                                                                                                                                                    |
| Exploration, Geological and Reservoir Risk       | Exploration is inherently a risky business, with statistically only a relatively small proportion of exploration wells resulting in commercial discovery. It is not possible to insure against the risk of exploration failure. HOEC's policy is to contain this exposure within prudent limits. Systematic geo-scientific work flow is pursued under internal technical stewardship and peer reviewed by third party experts to minimise geological and reservoir risks and maximize opportunities. HOEC has now set up a Technical Advisory Committee (TAC) with seven domain experts.                                                                                           |
| Reserves Estimation and Recovery Risk            | Numerous uncertainties are inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well recognized that these cannot be measured in an exact manner. Reserves estimations involve a high degree of technical judgment and it is a function of the quality of the available geological and reservoir data. Results of drilling, testing and production may substantially change the reserve estimates for a given reservoir over a period of time. For these reasons, actual recoverable reserves may vary substantially from original estimates. |
| Talent Attrition                                 | Remuneration packages are reviewed regularly to ensure employees are properly remunerated. Long-term incentive programme has been established.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Cost Inflation impacting both Goods and Services | The Company pursues structured planning processes which allow sufficient time for procurement of services and tracking the critical path activities. Company maintains past procurement cost data and constantly monitors changes in market.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Community Relationship                           | Continuous dialogue and engagement exists between the Company and its stakeholders which is central to harmonious operations. A robust Local Content policy has been announced and being implemented. Local personnel are employed wherever possible and Company helps in developing skill sets of such personnel.                                                                                                                                                                                                                                                                                                                                                                 |

## FINANCIAL RISK

| DESCRIPTION OF RISK                              | MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commodity Price Volatility                       | HOEC is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby our share of gross production increases in a falling oil price environment due to cost recovery mechanism. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government. |
| Foreign Exchange Exposure and Interest Rate Risk | Company enjoys a natural hedge to a certain extent as its receivable and significant expenditure are denominated in United States Dollar (US \$).                                                                                                                                                                                                                                                                                                                  |
| Liquidity Risk                                   | A formal budgeting and forecasting process is in place and cash forecasts identifying liquidity requirements of the Company are reviewed regularly by the Audit Committee and Board and financing plans are approved based on end utilization of proceeds and cost of capital.                                                                                                                                                                                     |

## COMPLIANCE, ETHICAL AND GOVERNANCE RISK

| DESCRIPTION OF RISK              | MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal, Regulatory and Litigation | The Company's activities are subject to various laws and regulations. Regulatory changes may have short, medium and long-term impact to the value of the Company. Risks are mitigated by employing skilled and experienced staff to conduct proactive assessment and ensuring compliance. The Company is party to various ongoing litigations, which if decided against the Company, may have an adverse impact on the financial position of the Company. |
| Ethical Conduct                  | The Company recognizes the importance and maintains transparent and responsible relationships with a wide variety of stakeholders including the Government and has a robust Whistle Blower Policy wherein the employees have a direct access to the Chairman of the Board.                                                                                                                                                                                |
| Corporate Governance             | The Company recognizes the importance of maintaining strong corporate governance procedures and processes. The Company has governance framework in place. The Board reviews compliance with the applicable regulatory guidelines and best practices.                                                                                                                                                                                                      |

### Insurance Coverage

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

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

## FINANCIAL REVIEW

### Revenue

Turnover for the FY 2015-2016 was ₹ 283 million as compared to ₹ 403 million of previous year, a decrease of 29%. This decrease is primarily on account of lower production for reasons as detailed in the section 'Financial and Operations Discipline' of the Management Discussion & Analysis Report. The Company's Production on working interest basis during the year was 180,307 boe (492 boepd), which is 29% lower than the previous year.

Other Income for the FY 2015-2016 was ₹ 74 million as compared to ₹ 76 million in the previous year, which includes interest/dividend income from current and long term investments.

The average sale price of crude oil was US\$ 47 (FY 2014-2015: US\$ 87/bbl) and gas price realisation for PY-1 was US\$ 3.66 per mmbtu.

### Operating Costs

Operating expenses have been reduced to ₹ 125.04 million from ₹ 235.25 million in the previous year. Likewise, there is a reduction in the other expenses from ₹ 55.53 million to ₹ 48.02 million in the current year. However, the employee benefit expenses have been increased to ₹ 24.55 million from ₹ 20.58 million in the previous year.

The effective profit before exceptional items for the year is ₹ 13.51 million against the loss of ₹ 575.86 million.

### Finance Costs

The Company has not incurred any interest or finance cost during the financial year 2015-16.

### Net Profit/Loss

On a standalone basis, the Profit-After-Tax for the Company was ₹ 66 million as against loss of ₹ 12,210 million in the previous year.

### Cash Flow

Cash flow from operations including the working capital changes was ₹ 908.72 million as against ₹ 108.40 million during the previous year. The net increase in cash and cash equivalents during the financial year is ₹ 885.78 million. The effective cash and cash equivalents of the Company at the end of the financial year is ₹ 1,166.41 million as against ₹ 280.63 million in the previous year.

### Companies (Indian Accounting Standards), Rules 2015

In accordance with the Companies (Indian Accounting Standards), Rules 2015 of the Companies Act, 2013, HOEC will follow the Indian Accounting Standards (Ind AS) for preparation of its financial statements from April 1, 2016.

## FINANCIAL POSITION

### Liquidity

At the year end, HOEC had cash and cash equivalent of ₹ 1,166 million. Cash surplus is placed in debt oriented Liquid Funds and Bank Deposits as approved by the Board. HOEC manages its short term liquidity in order to generate returns by investing its surplus funds while ensuring safety of capital.

### Capital Requirements

The Company has capital requirements to implement its business plan and for the development of block AAP-ON-94/1 at Assam and some other capital expenditure for the producing blocks. These can be met through the existing working capital and the internal accruals. The Board recognizes that the Company has a successful track record of raising capital in the past and that the Company shall raise financial resources as and when needed to meet its new growth opportunities.

**Credit Rating**

ICRA has continued the long term stable rating of [ICRA] BBB+ for the line of credit of ₹ 100 crores.

**OUTLOOK**

Based on the forward plan in various assets and on the approval of the development plan for the block AAP-ON-94/1, our outlook remains positive.

**Internal Control Systems and their Adequacy**

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

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

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

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

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

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

The Company's Information Technology (IT) Department is responsible for developing the IT strategy to support the overall strategy and provide the required tools and solutions to all employees. A key part of its responsibilities is the operation and support of IT systems and applications through the drafting and updating of manuals, and the efficient management of internal and external resources.

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

The Company has implemented Maximo ERP system to further strengthen its procurement-to-payment function. Maximo ERP System covers most of the Company's operations with a definite online authorization protocol and provides a proper budgetary control system to monitor capital related as well as other costs, against approved budget on an ongoing basis.

**Whistle-Blower Policy**

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

**Talent Development**

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

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

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

## HEALTH, SAFETY, ENVIRONMENT & SOCIAL RESPONSIBILITY

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

The Company has an established policy towards maintaining standards of health, safety and environmental norms while maintaining operational integrity. The HSE Management System ensures that relevant safety and environmental standards are adhered to on an ongoing basis in all the areas of operations.

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

HOEC continued to maintain a sound health and safety record in FY 2015-2016 with no lost time incidents or fatalities.

Special skills training on Job Safety Awareness (JSA) and Risk Assessment and HSE awareness campaigns have been conducted and best practices have been felicitated by HSE Awards Program.

HOEC continually reviews its ERP to ensure that the Company's processes match its needs and requirements.

HOEC continued to maintain a sound health and safety record in FY 2015-2016 with no lost time incidents or

fatalities. The Key Performance Indicators (KPIs) related to HSE tracked by the Company for PY-1 Project since onset of commercial production are as below:

| KPI's statistics               | 2015-2016         | 2014-2015         |
|--------------------------------|-------------------|-------------------|
| Fatalities Accident Rate (FAR) | 0                 | 0                 |
| No. of LTIs                    | 0                 | 0                 |
| Days since last LTI            | 2,466             | 2,100             |
| Oil Spill Incidents            | 0                 | 0                 |
|                                | 2015-2016 Results | 2014-2015 Results |
| Fatal Accident Rate            | 0                 | 0                 |
| LTI Frequency                  | 0                 | 0                 |
| LTI Severity                   | 0                 | 0                 |

## CORPORATE SOCIAL RESPONSIBILITY

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

### OUR CSR POLICY AND PROGRAMMES WILL SEEK TO:

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

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

management believes are most significant in the application of generally accepted accounting principles used in the preparation of the financial statement.

### Oil and Gas Properties

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

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

### Site Restoration Liability

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

First, area of Exploration:

The Government has funded a Programme to acquire Nationwide 2 D seismic data with ONGC and OIL India leading the implementation.

The impact of this programme needs to be understood in the context of the fact that only one third of the 3.2 million square kilometers of sedimentary basins fall under "well explored category" and only 6 basins out of 26 contribute to domestic production.

The National Data Repository platform being built by DGH would usher in open acreage policy, where any one can pick a block, trigger a bid round and take up exploration and development.

Second major initiative has been in Natural Gas Sector:

The objective here is to increase the share this low cost Green Fuel to one fourth in the primary energy mix at par with US by replicating the Gujarat Model.

Announcing Premium for domestic gas in difficult areas, seeking discount on imported LNG, adding Significant LNG re gasification capacity, stepping up City Gas Bid rounds, Extending the pipeline network especially in North East and Southern Region, priority allocation for CNG are concrete steps taken to build a Gas Driven Economy.

Third and what we are particularly excited about is the Discovered Small Field (DSF).

DSF round has already been opened for participation with all the features that Industry has been demanding:

- Marketing and Pricing Freedom for both oil and gas
- Uniform Licensing for all forms of hydrocarbon
- Revenue Sharing Model to improve Ease of Business
- Continuous Exploration
- No pre-qualification to encourage start ups

We are highlighting this because our oil and gas industry needs more players of all sizes - you may be surprised to note that over 5 lakh wells in US contribute an average of 2 barrels to contribute 1 Million barrels per day production.

We honestly believe that DSF presents a Golden Opportunity to players who are new to this sector as well as those who have been around for along.

### Note:

*In preceding sections of this Annual Report, in particular the Directors' Report and the Management Discussion and Analysis.*

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

*(b) Figures have been rounded off.*

# Report on Corporate Governance

At HOEC, Corporate Governance is about maintaining a relationship based on transparency and trust with all stakeholders - shareholders, employees, suppliers, customers, investors, communities and policy makers. We believe that sound governance system, anchored to the principles of transparency and trust, is integral to creating and enduring value. HOEC has a defined policy framework for ethical conduct of business.

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

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

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

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

HOEC not only adheres to the prescribed corporate governance practices as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 but is also committed to adopt emerging best principles and practices worldwide.

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

The Board critically evaluates strategic direction of the Company, management policies and their effectiveness. The agenda for Board reviews include strategic review

from each of the Board Committees, a detailed analysis and review of annual strategic plans, operating plans, capital allocation, budgets and financial reports.

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

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

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

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

## 2. BOARD OF DIRECTORS

### (i) Board composition and category of Directors

As on 31 March 2016, the Company has 6 (Six) Directors of which 4 (Four) Directors are Non-Executive Directors and 2 (Two) Directors are Executive Directors.

Mr. Sunil Behari Mathur, Chairman of the Board is a Non-Executive Independent Director and Ms. Sharmila Amin is a Non-Executive Independent Woman Director.

Accordingly, the composition of the Board is in compliance with provisions of regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 149 of Companies Act, 2013.

### (ii) Functions of the Board

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

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

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

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

### (iv) Selection of Independent Directors and their Role

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

The Board considers the Committee's recommendations and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he / she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he / she meets the criteria of independence as provided under law.

As mandated under the existing provisions of the Listing Agreement, the Independent Directors on the Board of the Company:

- apart from receiving Director's remuneration, do not have any material pecuniary relations or transactions with the Company, its Promoters, Directors, Senior Management or its Holding Company, Subsidiaries and Associates which may affect independence as Director;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been executive(s) of the Company in the immediately preceding three financial years;
- are not partner(s) or executive(s) or were not partner(s) or executive(s) during the preceding three years, of any of the following:
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- are no material supplier(s), service provider(s) or customer(s) or lessor(s) of the Company, which may affect independence of the Director;
- are not substantial shareholders of the Company i.e. do not own two per cent or more of the block of voting shares; and
- are not less than 21 years of age.

None of the Directors of the Company are related to each other.

The Independent Directors have vast, diversified, professional and operational experience in the areas of general management, finance, insurance and public administration. This pool of rich and diverse experience enriches and adds value to the discussions and decisions arrived by the Board.

**(v) Names and categories of the Directors on Board, their attendance and other directorships.**

The names and categories of the Directors on the Board, their attendance, number of directorships, committee positions and shareholding in the Company as on 31 March 2016 are summarized below:

| Name of Directors     | Date of Appointment                        | Category                                      | No. of Directorship(s) held in Indian public & private limited Companies | Committee(s) positions |          | Details of shareholding |
|-----------------------|--------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------|------------------------|----------|-------------------------|
|                       |                                            |                                               |                                                                          | Member                 | Chairman |                         |
| Mr. S.B. Mathur       | 17.11.2014                                 | Independent / Non-Executive Chairman          | 12                                                                       | 4                      | 2        | 8,215                   |
| Ms. Sharmila Amin     | 17.12.2014                                 | Independent                                   | 2                                                                        | Nil                    | Nil      | 0                       |
| Mr. Guido Papetti     | 30.05.2013<br>(resigned w.e.f. 18.01.2016) | Non-Executive                                 | Nil                                                                      | Nil                    | Nil      | 0                       |
| Mr. Paolo Ceddia      | 30.05.2013                                 | Non-Executive                                 | Nil                                                                      | Nil                    | Nil      | 0                       |
| Mr. Filippo Ricchetti | 18.01.2016                                 | Non-Executive                                 | 0                                                                        | Nil                    | Nil      | 0                       |
| Mr. P. Elango         | 02.02.2015                                 | Managing Director                             | 1*                                                                       | Nil                    | Nil      | 0                       |
| Mr. R. Jeevanandam    | 02.02.2015                                 | Whole-time Director & Chief Financial Officer | 1**                                                                      | Nil                    | Nil      | 0                       |

\* Non-Executive Chairman of HOEC Bardahl India Limited, wholly owned unlisted subsidiary of HOEC.

\*\* Non-Executive Director of HOEC Bardahl India Limited, wholly owned unlisted subsidiary of HOEC.

**(vi) Board Meetings**

The Board is required to have four (4) regular scheduled meetings per financial year. During the year under review, six (6) Board meetings were held and the intervening gap between the meetings was within the period prescribed and the Companies Act, 2013.

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

| Particulars                 | Date of the Meeting |           |            |          |                        |                       | No. of Meetings entitled to attend | No. of Meetings attended | Attendance at last AGM |
|-----------------------------|---------------------|-----------|------------|----------|------------------------|-----------------------|------------------------------------|--------------------------|------------------------|
|                             | 28-May-15           | 10-Aug-15 | 24-Sept-15 | 5-Nov-15 | 18-Jan-16              | 17-Mar-16             |                                    |                          |                        |
|                             | 1                   | 2         | 3          | 4        | 5                      | 6                     |                                    |                          |                        |
| Board of Directors Meeting  |                     |           |            |          |                        |                       |                                    |                          |                        |
| Mr. S. B. Mathur            | Yes                 | Yes       | Yes        | Yes      | Yes                    | Yes                   | 6                                  | 6                        | Yes                    |
| Ms. Sharmila Amin           | Yes                 | Yes       | Yes        | Yes      | Yes                    | Yes                   | 6                                  | 6                        | Yes                    |
| Mr. P. Elango               | Yes                 | Yes       | Yes        | Yes      | Yes                    | Yes                   | 6                                  | 6                        | Yes                    |
| Mr. R. Jeevanandam          | Yes                 | Yes       | Yes        | Yes      | Yes                    | Yes                   | 6                                  | 6                        | Yes                    |
| Mr. Paolo Ceddia            | -                   | -         | -          | -        | Yes*                   | -                     | 6                                  | 1                        | No                     |
| Mr. Guido Papetti           | Yes                 | -         | -          | -        | Yes*                   | Resigned on 18-Jan-16 | 5                                  | 2                        | No                     |
| Mr. Filippo Ricchetti       |                     |           |            |          | Appointed on 18-Jan-16 | -                     | 2                                  | 1                        | NA                     |
| Total strength of the Board | 6                   | 6         | 6          | 6        | 7                      | 6                     |                                    |                          |                        |
| No. of directors present    | 5                   | 4         | 4          | 4        | 7                      | 4                     |                                    |                          |                        |

\* Meeting held on 18 January 2016, was attended by Mr. Paolo Ceddia and Mr. Guido Papetti, through video conferencing.

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

During the year, Mr. Guido Papetti, Non-Executive Non-Independent Director resigned on 18.01.2016. Board places on record its appreciation for his valuable contribution by Mr. Guido Papetti. Mr. Filippo Ricchetti joined the board as Non-Executive Non-Independent Director on 18.01.2016.

The details of directors being appointed / re-appointed are given elsewhere in this Annual Report and forms part of this Report.

**(viii) Code of Conducts for the Directors and Senior Executives**

In compliance with the Listing Agreement / SEBI (LODR) Regulations, 2015, Company has laid down and implemented the Directors' Code of Conduct and Code of Ethics for Senior Management of the Company.

All Board Members, Senior Management and personnel who are one level below the Senior Management but instrumental in the critical operations / functions are covered under the said Codes. Company continues to ensure effective implementation and enforcement of these Codes to achieve the objectives enshrined in these Codes. All the employees are updated and sensitized about these Codes. Copies of the Codes are available on the intranet for reference and compliance by all the employees. These Codes have been also posted on the Company's website: [www.hoec.com](http://www.hoec.com). All the employees under the scope of these Codes have affirmed their compliance thereof.

**(ix) Code of Conduct for prevention of Insider Trading**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has laid down and adopted a Code of Conduct for Prevention of Insider Trading based and modelled on said Regulations. The said Code incorporates the amendments made in the aforementioned Insider Trading Regulations from time to time. The Company inter-alia observes a closed period for trading in securities of the Company for Directors / Officers and Designated Employees of the Company for the period of at-least seven days prior to the consideration of quarterly / yearly results.

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

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

**(x) Information provided to the Board**

The following information is placed before the Board of Directors:

- Strategic plan covering immediate to long term proposition;
- Annual operating plans of business, capital budget and updates / revisions duly reviewed and recommended by the Audit Committee;
- Quarterly results of the Company along with various reports;
- Annual Financial results of the Company, Auditors' Report and the Report of the Board of Directors;
- Minutes of the Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Board;
- Materially important litigations, show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, etc;
- Non-compliance of any regulatory, statutory, or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc;
- Prior approval for sale of material nature of investments, subsidiary, assets, which is not in normal course of business;
- Status of each of the projects and criticalities, if any, on a quarterly basis;
- Quarterly summary of all long-term borrowings made, bank guarantees issued, loans and investments made;
- Significant changes in accounting policies and internal controls;
- Statement of related party transactions and other significant transactions and arrangements entered by the unlisted subsidiary company;
- Appointment and fixation of remuneration of the Auditors after taking into account the recommendations of the Audit Committee;

- Internal Audit Findings and Reports (through the Audit Committee);
- Proposals for major investment, mergers and acquisitions;
- Details of any joint venture, acquisitions of companies or collaboration agreement;
- Status of business risk exposures, its management and related action plans;
- Investment of surplus funds;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like implementation of Voluntary Retirement Scheme, etc;
- Brief on statutory developments, changes in government policies, etc. with the impact thereof and directors' responsibilities arising out of any such developments;
- Compliance Certificate certifying compliance with all Laws as applicable to the Company;
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

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

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

#### **(xi) Procedure at the Committee Meetings**

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

### **3. AUDIT COMMITTEE**

The Committee composition and terms of reference are in compliance with Companies Act, 2013 & SEBI (LODR) Regulations, 2015. The Audit Committee comprises of Mr. Sunil Behari Mathur as Chairman, Ms. Sharmila Amin, Mr. Paolo Cedia & Mr. R. Jeevanandam as members.

All the members of this Committee possess relevant financial / accounting expertise / exposure.

During the year ended 31 March, 2016, four (4) committee meetings were held, details of which are as follows:

| Particulars                 | Date of the Meetings |            |            |            | FY 2015-2016                       |                          |
|-----------------------------|----------------------|------------|------------|------------|------------------------------------|--------------------------|
|                             | 28.05.2015           | 10.08.2015 | 05.11.2015 | 18.01.2016 | No. of Meetings entitled to attend | No. of Meetings attended |
|                             | 1                    | 2          | 3          | 4          |                                    |                          |
| Mr. S.B. Mathur (Chairman)  | Yes                  | Yes        | Yes        | Yes        | 4                                  | 4                        |
| Mr. R. Jeevanandam (Member) | Yes                  | Yes        | Yes        | Yes        | 4                                  | 4                        |
| Ms. Sharmila Amin (Member)  | Yes                  | Yes        | Yes        | Yes        | 4                                  | 4                        |
| Mr. Paolo Cedia (Member)    | No                   | No         | No         | Yes        | 4                                  | 1                        |

**i. Powers of the Audit Committee**

The Audit Committee is empowered to -

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

**ii. Role of the Audit Committee inter alia, includes the following:**

- oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment.
- approving payment to statutory auditors, including cost auditors for any other services rendered by them.
- reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report.
  - changes, if any, in accounting policies and practices and reasons for the same.
  - major accounting entries involving estimates based on the exercise of judgment by the management.
  - significant adjustments made in financial statements arising out of audit findings.
  - compliance with listing and other legal requirements relating to financial statements.
  - disclosure of related party transactions.
  - qualifications in draft audit report.

- reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- approval or any subsequent modification of transactions of the Company with related parties.
- evaluation of internal financial controls and risk management systems.
- reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- discussion with internal auditors, any significant findings and follow-up thereon.
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- to review the functioning of the Whistle Blower mechanism.
- approval of appointment of the CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate.
- reviewing financial statements, in particular the investments made by the Company's unlisted subsidiary.

- reviewing the following information:
  - the Management Discussion and Analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - management letter / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of internal auditors.
- to call for comments from the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company.
- carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and / or other Committees of Directors.

Senior Executives of Accounts Department, Finance Department, Secretarial Department and representatives of Statutory and Internal Auditors attend Audit Committee Meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting held on 25 September 2015.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Committee is constituted with Ms. Sharmila Amin as Chairperson and Mr. Sunil Behari Mathur and Mr. Paolo Ceddia as Members. The Committee comprises of three Non-Executive Directors and the Chairperson

Ms. Sharmila Amin is a Non-Executive Independent Director.

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

The Company has ensured that, the persons who are appointed as Independent Director(s) have the requisite qualifications and experience which would be useful to the Company and which in the opinion of the Company, would enable them to contribute effectively to the Company as Independent Directors.

##### (i) Terms of reference

The terms of reference of the Nomination and Remuneration Committee, *inter-alia*, are:-

- to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;
- to decide the term of services and compensation payable to Whole-time / Managing Director;
- to formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- to formulate the criteria for evaluation of Independent Directors and the Board;
- to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- to administer, monitor and formulate detailed terms and conditions of the Long Term Incentive Plan of the Company including the ESOS; and
- to discharge such other functions as may be referred by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

During the year ended 31 March, 2016, four (4) Committee meetings were held, details of which are as follows:

| Particulars of meeting                                     | Date of the Meetings |            |            |            | FY 2015-2016                       |                          |
|------------------------------------------------------------|----------------------|------------|------------|------------|------------------------------------|--------------------------|
|                                                            | 28.05.2015           | 10.08.2015 | 18.01.2016 | 17.03.2016 | No. of Meetings entitled to attend | No. of Meetings attended |
|                                                            | 1                    | 2          | 3          | 4          |                                    |                          |
| Mr. S.B.Mathur (Chairman)<br>(upto 28 May 2015)            | Yes                  | Yes        | Yes        | Yes        | 4                                  | 4                        |
| Ms. Sharmila Amin<br>(Chairperson)<br>(w.e.f. 28 May 2015) | Yes                  | Yes        | Yes        | Yes        | 4                                  | 4                        |
| Mr. Paolo Ceddia (Member)                                  | No                   | No         | Yes        | No         | 4                                  | 1                        |

## (ii) Remuneration Policy

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

## (iii) Performance Evaluation

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

## (iv) Details of Remuneration of Directors

### (a) Remuneration to Executive Directors during the year 2015-2016

The remuneration paid to Executive Directors comprises of salary, allowances, perquisites and bonuses, if any, which shall be approved by the Members at the Annual General Meeting as recommended by the Board.

The details of remuneration received by the Executive Directors from 01 April 2015, to 31 March, 2016 are given as hereunder:

| Name               | FIXED COMPONENT |                                                       |                                                   |            | PERFORMANCE LINKED INCENTIVE |                               |       | Total Remuneration (Refer Note 2 below) |
|--------------------|-----------------|-------------------------------------------------------|---------------------------------------------------|------------|------------------------------|-------------------------------|-------|-----------------------------------------|
|                    | Salaries        | Contribution to Provident Fund & Super-annuation Fund | Other allowances/perquisites (Refer Note 1 below) | Total      | Bonus                        | Stock Options (No. of shares) | Total |                                         |
|                    | ₹               | ₹                                                     | ₹                                                 | ₹ (A)      | ₹                            | Nos                           | ₹ (B) | ₹ (A+B)                                 |
| Mr. P. Elango      | 4,140,000       | 496,800                                               | 6,353,505                                         | 10,990,305 | –                            | –                             | –     | 10,990,305                              |
| Mr. R. Jeevanandam | 3,930,000       | 471,600                                               | 5,616,925                                         | 10,018,525 | –                            | –                             | –     | 10,018,525                              |

Notes:

1. In computing the above Managerial Remuneration, perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits or notional amount (as per Income Tax Rules has been added) where the actual amount of expenditure cannot be ascertained.
2. As per the policy of the Company, gratuity and eligible leave encashment is payable at the time of retirement / separation and, hence, gratuity and leave encashment are included in the remuneration of the year in which they are payable.
3. Details of remuneration paid to the Directors are given in Form MGT - 9.

**(b) Remuneration to Non-Executive Directors during the year 2015-2016**

Non-Executive Directors of the Company are entitled to receive sitting fees for the Board and other Committee meetings. The details of sitting fees paid during the year are as under:

| Sr. No. | Name of Director                                             | Sitting Fees |
|---------|--------------------------------------------------------------|--------------|
| 1       | Mr. Sunil Behari Mathur (Non-Executive Independent Director) | 3,20,000     |
| 2       | Ms. Sharmila Amin (Non-Executive Independent Director)       | 4,20,000     |

The Company has not granted any stock option to any of its Non-Executive Directors and no commission was paid during the year.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Committee is constituted with Ms. Sharmila Amin as Chairperson and Mr. P. Elango and Mr. R. Jeevanandam as members.

The Stakeholder Relationship Committee's composition and the terms of reference meet with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013.

The terms of reference of the Stakeholders Relationship Committee inter-alia are to consider and resolve the shareholders / investors grievances / complaints pertaining to transfer and transmission of shares, issue of duplicate shares, non-receipt of annual report, non-receipt of dividends declared, etc. and oversee the performance of the Company's Registrars and Transfer Agents. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

During the year ended 31 March, 2016, five (5) Committee meetings were held, details of which are as follows:

| Particulars of meeting                                | Date of the Meetings |            |            |            |            | FY 2015-2016                       |                          |
|-------------------------------------------------------|----------------------|------------|------------|------------|------------|------------------------------------|--------------------------|
|                                                       | 28.05.2015           | 10.08.2015 | 05.11.2015 | 18.01.2016 | 17.03.2016 | No. of Meetings entitled to attend | No. of Meetings attended |
| <b>Stakeholders Relationship Committee Meeting</b>    |                      |            |            |            |            |                                    |                          |
|                                                       | 1                    | 2          | 3          | 4          | 5          |                                    |                          |
| Ms. Sharmila Amin, (Chairperson) (w.e.f. 28 May 2015) | Yes                  | Yes        | Yes        | Yes        | Yes        | 5                                  | 5                        |
| Mr. P. Elango, Member                                 | Yes                  | Yes        | Yes        | Yes        | Yes        | 5                                  | 5                        |
| Mr. R. Jeevanandam, Member                            | Yes                  | Yes        | Yes        | Yes        | Yes        | 5                                  | 5                        |

Details of number of grievances received and replied / resolved during the year are as under:

| Particulars                   | Total Grievances / complaints received | Total Grievances / complaints addressed | Pending Grievances / complaints as on March 31, 2016 |
|-------------------------------|----------------------------------------|-----------------------------------------|------------------------------------------------------|
| Received from Investors       | 07                                     | 07                                      | –                                                    |
| Received from NSDL / CDSL     | –                                      | –                                       | –                                                    |
| Referred by SEBI              | –                                      | –                                       | –                                                    |
| Referred by Stock Exchange(s) | –                                      | –                                       | –                                                    |
| Total                         | 07                                     | 07                                      | –                                                    |

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

Any queries regarding the Company may please be addressed to Mr K Premnatha, Company Secretary & Compliance Officer at:

Hindustan Oil Exploration Company Limited,  
'Lakshmi Chambers',  
192, St. Mary's Road,  
Alwarpet, Chennai-600 018,  
(Tamil Nadu) India.  
Tel: +91-(044) 66229000  
Fax: +91-(044) 66229011 / 12  
E-mail: hoecshare@hoec.com.

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board of Directors at their meeting held on 28.05.2015 constituted the Corporate Social Responsibility Committee with Mr. Sunil Behari Mathur as Chairman and Mr. P. Elango and Ms. Sharmila Amin as members. During the year, the Committee has met once on 24.09.2015 and adopted the policy on Corporate Social Responsibility for the company and the same is available on the company's website [www.hoec.com](http://www.hoec.com).

## 7. RISK MANAGEMENT COMMITTEE

Business Risk Evaluation and Management is an on-going process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. On 28 May, 2015 the Risk Management Committee was constituted with Mr. P. Elango, Managing Director as Chairman, Mr. R. Jeevanandam and Ms. Sharmila Amin as members.

## 8. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 18.01.2016, to:

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

## 9. GENERAL BODY MEETINGS

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

| Year    | Location                                                                                         | Date       | Time       |
|---------|--------------------------------------------------------------------------------------------------|------------|------------|
| 2012-13 | "Chandarpa Hall",<br>WelcomHotel Vadodara,<br>R.C. Dutt Road,<br>Vadodara - 390 007.             | 25.09.2013 | 10.30 a.m  |
| 2013-14 | "Tropicana Hall",<br>The Gateway Hotel Vadodara,<br>Akota Gardens, Akota,<br>Vadodara - 390 020. | 26.09.2014 | 10.30 a.m  |
| 2014-15 | "Tropicana Hall",<br>The Gateway Hotel Vadodara,<br>Akota Gardens, Akota,<br>Vadodara - 390 020. | 25.09.2015 | 10.30 a.m. |

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

At the Annual General Meeting held on 25 September 2013:

- Approval and ratification of remuneration paid to Mr. Manish Maheshwari, former Managing Director of the Company for the period April 01, 2012 to 31 March, 2013, being in excess of the limits specified in Schedule XIII of the Companies Act, 1956.

At the Annual General Meeting held on 26 September 2014:

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

At the Annual General Meeting held on 25 September 2015:

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

**Special Resolution passed through postal ballot, if any:**

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

**10. DISCLOSURES:**

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company. Attention of members is drawn to the disclosure of

transactions with related parties set out in Note no. 30 of the financial statements, forming part of the Annual Report.

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

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

**11. MEANS OF COMMUNICATION**

**(a) Quarterly / Annual Results**

Quarterly / Annual Results of the Company are published in the newspapers viz. Business Standard, Business Line (all editions), Loksatta and also are displayed on the Company's website [www.hoec.com](http://www.hoec.com).

**(b) News Releases, Presentations, etc.**

Official news releases and official media releases are sent to the Stock Exchanges and also displayed on the Company's website. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form. For financial year 2015-16. The Company has appointed Stellar IR Advisors Pvt. Ltd. as Investor Relations Advisors.

**(c) Annual Report**

The Annual Report containing, inter-alia, the Audited Annual Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important informations are circulated to the members and others entitled thereto. Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is given in a separate section.

**(d) Chairman's Communique**

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

**(e) SEBI Complaints Redressal System (SCORES)**

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

**(f) Electronic Filing with the Stock Exchanges**

- i) NSE Electronic Application Processing System (NEAPS) is a web based application designed by NSE for Corporates. The Shareholding pattern, Corporate Governance Report and other announcements are also filed electronically on NEAPS.
- ii) BSE Corporate Compliance & Listing Centre (the 'Listing Centre') is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

**(g) Designated Exclusive e-mail-id**

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

**(h) Green Initiative**

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

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

Company's website is a comprehensive reference on the Company's management, business, policies, corporate governance, investor relations, HSE, subsidiary, updates and news as it serves to inform the shareholders,

by giving complete financial details, annual reports, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars and share transfer agent etc.

**12. COMPLIANCE CERTIFICATE OF THE AUDITORS**

As required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from M/s. S. Sandeep & Associates, Company Secretaries in Practice confirming compliance with the conditions of Corporate Governance is attached to the Directors' Report. This Certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

**13. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF SEBI (LODR) REGULATIONS, 2015.**

The Company has complied with all the mandatory requirements and has adopted some of the non-mandatory requirements of SEBI (LODR) Regulations, 2015. In respect of adoption of non-mandatory requirements, the Company will review its implementation from time to time.

**(a) Training of Board members**

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

**(b) Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**(c) Certification**

Managing Director and Chief Financial Officer of the Company give quarterly and annual certification on financial reporting and internal controls to the Board in terms of SEBI (LODR) Regulations, 2015.

**(d) Whistle Blower Policy**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. During the year, no personnel have been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at [www.hoec.com](http://www.hoec.com). The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

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

**(e) Non-mandatory requirements**

In respect of adoption of other non-mandatory requirements, the Company will review its implementation from time to time.

**(f) Subsidiary Company**

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

**(g) Quarterly Compliance Report**

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Company Secretary & Compliance Officer, pursuant to Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

A qualified Company Secretary in practice carried out a Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The said Audit Report is submitted to BSE Limited and the National Stock Exchange of India Limited and also placed before Stakeholders' Relationship Committee and the Board of Directors.

**14. GENERAL SHAREHOLDERS INFORMATION**

|                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. 32 <sup>nd</sup> AGM -<br>Day, Date,<br>Time and .<br>Venue                                                                                 | Monday the 26 <sup>th</sup> day of September, 2016<br>at 10.30 AM at "Chandarpa Hall",<br>WelcomHotel Vadodara, R.C.Dutt Road,<br>Alkapuri, Vadodara - 390 007.                                                                                                                                                                                                                                         |
| b. Financial Year                                                                                                                              | 1 <sup>st</sup> April to 31 <sup>st</sup> March                                                                                                                                                                                                                                                                                                                                                         |
| c. Book Closure<br>Date                                                                                                                        | 20.09.2016 to 26.09.2016<br>(both days inclusive)                                                                                                                                                                                                                                                                                                                                                       |
| d. Dividend<br>Payment Date                                                                                                                    | Board has not recommended dividend for the<br>FY 2015-16.                                                                                                                                                                                                                                                                                                                                               |
| e. Quarterly<br>Financial<br>Information                                                                                                       | Results for the<br>quarter ending on:<br>30 June, 2016 By first week of August<br>2016<br>30 September, 2016 By first week of November<br>2016<br>31 December, 2016 By first week of February<br>2017<br>31 March, 2017 By third week of May<br>2017                                                                                                                                                    |
| f. Registrar &<br>Transfer<br>Agents                                                                                                           | Link Intime India Private Limited<br>(Unit: Hindustan Oil Exploration Company<br>Limited)<br>B- 102 & 103, Shangrila Complex<br>First Floor, Opp. HDFC Bank Limited<br>Near Radhakrishna Char Rasta, Akota<br>Vadodara - 390 020, Gujarat (India).<br>Email : <a href="mailto:vadodara@linkintime.co.in">vadodara@linkintime.co.in</a><br>Tel : +91 (0265) 2356573, 2356794<br>Fax : +91 (0265) 2356791 |
| g. Board Meeting<br>for consideration<br>of Accounts for<br>the financial year<br>ended 31 March,<br>2016 and<br>recommendation<br>of dividend | April 18, 2016.<br>Board has not recommended dividend for<br>the FY 2015-16                                                                                                                                                                                                                                                                                                                             |

|                                          |                                                                                                                                                                                              |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h. Posting of Annual Reports             | 31.08.2016                                                                                                                                                                                   |
| i. Last date for receipt of Proxy Forms  | Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 24 hours before the commencement of the Annual General Meeting. |
| j. Probable date of dispatch of warrants | NA                                                                                                                                                                                           |

**(l) Stock / Scrip Code**

The Company has established connectivity for trading of equity shares in the depository system with both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

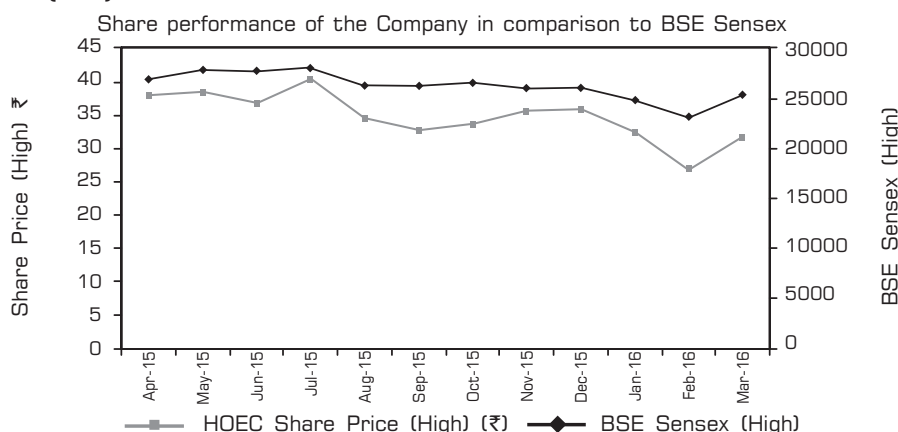
| Name & Address of the Stock Exchanges                                                                                     | Stock Code/ Scrip Code | ISIN Number for NSDL/CDSL (Dematerialised Share) |
|---------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------------|
| BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai - 400 001                                              | 500186<br>HINDOILEXP   | INE345A01011                                     |
| The National Stock Exchange of India Limited<br>Exchange Plaza<br>Bandra Kurla Complex<br>Bandra East<br>Mumbai - 400 051 | HINDOILEXP             |                                                  |

**(k) Listing on Stock Exchanges**

Equity Shares of the Company at present are listed at (1) Bombay Stock Exchange and (2) National Stock Exchange of India Limited (NSE). The Company has paid annual listing fees for the Financial Year 2016-2017 to the said Stock Exchanges.

**(m) Share Price on HOEC vis-à-vis BSE Sensex April 2015-March 2016**

| Month  | BSE Sensex Close | Share Price |       |       | No. of shares traded during the month | Total Turnover (₹ in Lacs) |
|--------|------------------|-------------|-------|-------|---------------------------------------|----------------------------|
|        |                  | High        | Low   | Close |                                       |                            |
| Apr-15 | 27,011.31        | 48.15       | 36.55 | 37.95 | 10,847,008.00                         | 4,612.79                   |
| May-15 | 27,828.44        | 43.50       | 36.10 | 38.45 | 6,673,039.00                          | 2,643.91                   |
| Jun-15 | 27,780.83        | 40.80       | 32.90 | 36.90 | 7,041,212.00                          | 2,590.87                   |
| Jul-15 | 28,114.56        | 42.40       | 35.85 | 40.60 | 10,473,372.00                         | 4,141.94                   |
| Aug-15 | 26,283.09        | 45.30       | 28.65 | 34.60 | 11,826,308.00                         | 4,732.77                   |
| Sep-15 | 26,154.83        | 36.45       | 31.55 | 32.60 | 3,778,534.00                          | 1,268.13                   |
| Oct-15 | 26,656.83        | 38.25       | 32.40 | 33.65 | 5,230,162.00                          | 1,882.37                   |
| Nov-15 | 26,145.67        | 36.15       | 30.45 | 35.45 | 3,453,891.00                          | 1,162.18                   |
| Dec-15 | 25,960.03        | 38.55       | 31.85 | 35.90 | 54,17,821.00                          | 1,917.49                   |
| Jan-16 | 24,870.69        | 37.55       | 28.50 | 32.45 | 4,066,411.00                          | 1,330.11                   |
| Feb-16 | 23,002.00        | 32.85       | 26.20 | 26.90 | 1,864,517.00                          | 541.37                     |
| Mar-16 | 25,341.86        | 34.00       | 27.20 | 31.55 | 4,151,071.00                          | 1,282.87                   |

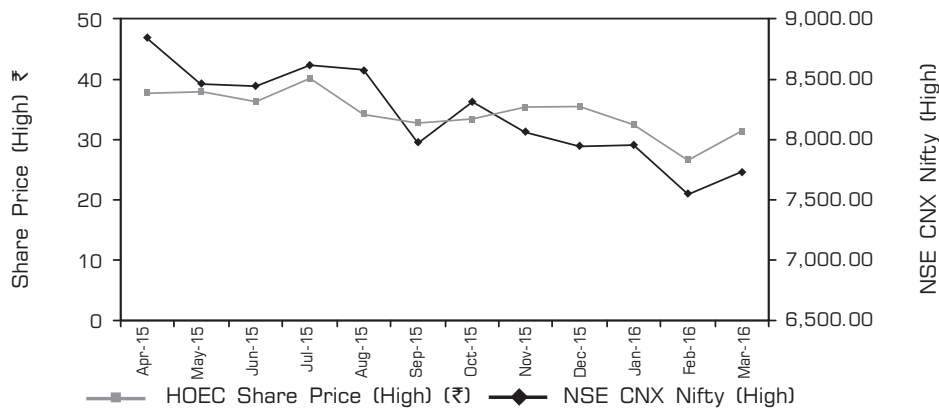
**(n) Share Price Chart (BSE)**

**(o) Share Price on HOEC vis-à-vis NSE April 2015-March 2016**

| Month  | NSE Sensex Close | Share Price |       |       | Total traded quantity during the month | Total Turnover (₹ in Lacs) |
|--------|------------------|-------------|-------|-------|----------------------------------------|----------------------------|
|        |                  | High        | Low   | Close |                                        |                            |
| Apr-15 | 8,834.00         | 48.20       | 36.20 | 37.95 | 23,659,898.00                          | 10,060.41                  |
| May-15 | 8,458.95         | 43.55       | 36.00 | 38.45 | 16,393,421.00                          | 6,516.75                   |
| Jun-15 | 8,433.40         | 40.90       | 32.80 | 36.95 | 17,231,813.00                          | 6,331.94                   |
| Jul-15 | 8,633.50         | 42.40       | 35.80 | 40.65 | 26,228,462.00                          | 10,369.93                  |
| Aug-15 | 8,588.65         | 45.35       | 28.50 | 34.65 | 24,619,831.00                          | 9,782.77                   |
| Sep-15 | 7,981.90         | 36.50       | 31.50 | 32.55 | 10,790,773.00                          | 3,631.12                   |
| Oct-15 | 8,295.45         | 38.35       | 32.30 | 33.85 | 13,821,072.00                          | 4,966.51                   |
| Nov-15 | 8,060.70         | 36.25       | 30.25 | 35.60 | 8,902,551.00                           | 2,989.47                   |
| Dec-15 | 7,954.90         | 38.65       | 31.60 | 35.90 | 14,862,544.00                          | 5,266.87                   |
| Jan-16 | 7,963.20         | 37.45       | 28.65 | 32.60 | 10,689,027.00                          | 3,535.74                   |
| Feb-16 | 7,555.95         | 32.85       | 26.30 | 26.85 | 5,873,975.00                           | 1,707.93                   |
| Mar-16 | 7,738.40         | 34.20       | 27.00 | 31.60 | 10,954,549.00                          | 3,411.91                   |

**(p) Share Price Chart (NSE)**

Share performance of the Company in comparison to NSE CNX Nifty

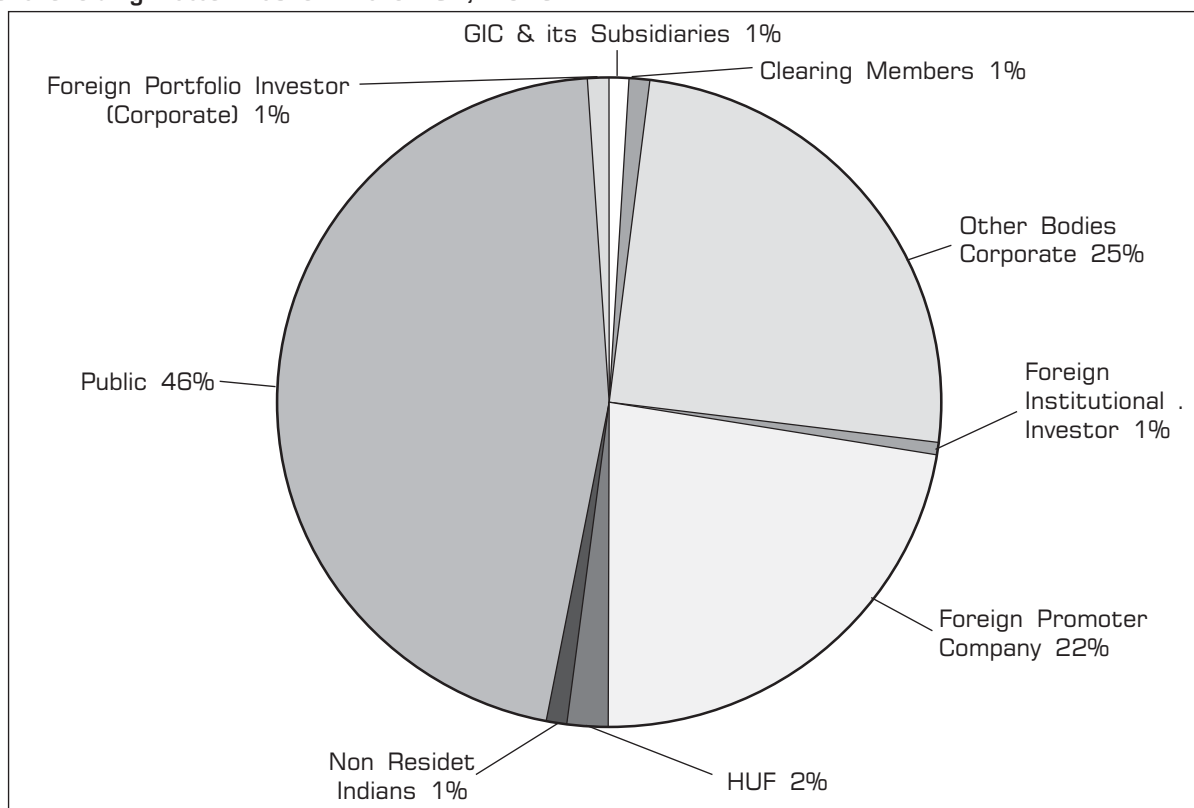
**q) De-materialisation of shares and liquidity**

The break-up of equity shares held in Physical and Dematerialized form as on 31 March 2016 is given below:

| Particulars      | No. of Shares      | Percentage    |
|------------------|--------------------|---------------|
| Physical Segment | 1,885,649          | 1.45          |
| Demat Segment    |                    |               |
| NDSL             | 101,786,921        | 78.00         |
| CDSL             | 26,820,719         | 20.55         |
| <b>Total</b>     | <b>130,493,289</b> | <b>100.00</b> |

**(r) Distribution of Shareholding as on March 31, 2016**

| Shareholding  | Number of Shares | Percentage of Shareholders | Shares of total    | Percentage of total |
|---------------|------------------|----------------------------|--------------------|---------------------|
| 1-500         | 71,431           | 82.40                      | 11,012,811         | 8.44                |
| 501-1000      | 7,840            | 9.04                       | 6,296,511          | 4.83                |
| 1001-2000     | 3,983            | 4.60                       | 6,034,451          | 4.62                |
| 2001-3000     | 1,261            | 1.45                       | 3,217,552          | 2.47                |
| 3001-4000     | 533              | 0.62                       | 1,921,742          | 1.47                |
| 4001-5000     | 463              | 0.53                       | 2,207,189          | 1.69                |
| 5001-10000    | 682              | 0.79                       | 5,011,724          | 3.84                |
| 10001 & above | 491              | 0.57                       | 94,791,309         | 72.64               |
| <b>Total</b>  | <b>86,684</b>    | <b>100.00</b>              | <b>130,493,289</b> | <b>100.00</b>       |

**(s) Shareholding Pattern as on March 31, 2016****(t) Statement showing Shareholding of more than 1% of the Capital as on 31 March, 2016**

| Sr No | Name of the shareholders                        | No. of Shares | % of Capital |
|-------|-------------------------------------------------|---------------|--------------|
| 1     | Burren Shakti Limited                           | 2,92,55,248   | 22.41        |
| 2     | Ashok Kumar Goel<br>Kaveeta Goel                | 1,84,65,078   | 14.15        |
| 3     | Housing Development<br>Finance Corporation Ltd. | 1,48,26,303   | 11.36        |
| 4     | Dhoot Industrial<br>Finance Limited             | 61,98,431     | 4.75         |
| 5     | Vijai Shree Private Ltd.                        | 46,16,270     | 3.54         |
| 6     | Rohit Rajgopal Dhoot                            | 30,34,107     | 2.33         |
| 7     | General Insurance<br>Corporation of India       | 17,50,537     | 1.34         |

**15. SHARE TRANSFER SYSTEM, DIVIDEND AND OTHER RELATED MATTERS****(i) Share Transfer System**

Share Transfer in physical form requests are generally registered and returned within a period of 15 days from the date of receipt and request for dematerialization, re-materialization are generally confirmed within a period of 21 days from the date of its receipt, if documents are complete in all respect. As on 31 March, 2016, 12,86,07,640 equity shares representing 98.55% of total equity shares are dematerialized. Promoters hold their shareholding in dematerialized form.

**(ii) Nomination facility for shareholding**

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

**(iii) Permanent Account Number (PAN)**

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

**(iv) Dividend****a. Payment of dividend through National Electronic Clearing Service (NECS)**

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

**b. Unclaimed Dividends- Transfer to Investor Education and Protection Fund**

Your Company has transferred the funds lying unpaid or unclaimed for a period of more than seven years to Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and submitted the details of unpaid and unclaimed amounts lying with the Company with the Ministry of Corporate Affairs.

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

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

Those Members whose dividends have remained unclaimed to date are requested to claim the same before transferring the monies to the Investor Education & Protection Fund (IEPF).

**(v) There are no outstanding ADR / GDR / Warrants issued by the Company.****(vi) Facilities location**

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

**(a) PY-1 Offshore Production facility**

SUN Platform, Offshore Cauvery Basin Block PY-1, (Tamil Nadu), India. PY-1 Gas Processing Plant Pillaiperumalnallur, Thirukadaiyur-609 311, Nagapattinam Dist.

**(b) Palej Production Facility (PPF)**

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

**(c) North Balol Gas Collection Station (GCS)**

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

**(d) Asjol Early Production System (EPS)**

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

**16. ADDRESS FOR CORRESPONDENCE**

Secretarial Department,  
Hindustan Oil Exploration Company Limited  
'Lakshmi Chambers', 192, St. Mary's Road,  
Alwarpet, Chennai - 600018, (Tamil Nadu), India  
Tel.: +91 (044) 66229000, (Ext. 106)  
Fax: +91 (044) 66229011/12  
Email: hoecshare@hoec.com

**17. E-VOTING FACILITY TO MEMBERS**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the electronic voting facility (e-voting) at the 32<sup>nd</sup> Annual General Meeting (AGM). The company engages the e-voting services provided by Central Depository Services (India) Limited. The members have the option either to vote through e-voting or by physical ballot at the venue of AGM.

For and on behalf of the Board of Directors

**S.B. Mathur**

DIN: 00013239  
Chairman

Date : April 18, 2016  
Place: Chennai

**DECLARATION**

I hereby declare that all the members of the Board and the senior management personnel of the Company have affirmed compliance with their respective Code of Conduct, as applicable to them for the Financial Year ended March 31, 2016.

For and on behalf of the Board

April, 18 2016  
Chennai

**P. Elango**  
DIN: 06475821  
Managing Director

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**Managing Director and WTD & CFO Certificate for the financial year ended March 31, 2016**

We, P Elango, Managing Director and R Jeevanandam, Wholetime Director & CFO of Hindustan Oil Exploration Company Limited (herein referred to as the "Company"), hereby certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the Financial Year 2015-2016 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (4) We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**P. Elango**  
Managing Director  
DIN: 06475821

**R. Jeevanandam**  
Whole Time Director & CFO  
DIN: 07046442

Date : April 18, 2016  
Place : Chennai

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members  
**Hindustan Oil Exploration Company Limited**

We have examined the compliance of the conditions of Corporate Governance by Hindustan Oil Exploration Company Limited, for the financial year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock Exchanges (for the eight month period ended 30th November, 2015) and Regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for the four month period 1st December, 2015 to 31st March, 2016).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulation.

We state that as per the records maintained, no investor complaint/grievances against the Company are pending for a period exceeding one month before Stakeholders Relationship Committee.

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

For **S Sandeep & Associates**  
Company Secretaries

**S Sandeep**  
Company Secretary- in Practice  
CP. No.: 5987  
FCS 5853

Place : Chennai  
Date : 18<sup>th</sup> April 2016

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Hindustan Oil Exploration Company Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Hindustan Oil Exploration Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

### Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

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

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

### Opinion

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, 2016, and its profit and its cash flows for the year ended on that date.

### Other Matter

The accounts of the Company for the year ended March 31, 2016 include assets aggregating to Rs.610,503,888, liabilities aggregating to Rs.58,933,842, income aggregating to Rs.7,771,025 and expenditure aggregating to Rs.124,732,237 relating to the Company's share in six unincorporated joint ventures, which have been audited by the other auditors, whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and other financial information included in respect of these unincorporated joint ventures, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. 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 purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 - Refer Note 36 to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**  
 Partner  
 Membership No. 22156

Place: Chennai

Date : April 18, 2016

#### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Hindustan Oil Exploration Company Limited ("the Company") as of March 31, 2016 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 based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of

collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**  
Partner

Membership No. 22156

Place: Chennai

Date: April 18, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.</p> <p>(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.</p> <p>(ii) As explained to us, the inventories were physically verified during the year by the Management at</p> | <p>reasonable intervals and no material discrepancies were noticed on physical verification.</p> <p>(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.</p> <p>(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.</p> <p>(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as at March 31, 2016.</p> <p>(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act,</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

| Name of Statute   | Nature of Dues | Forum where Dispute is pending | Period to which the amount Relates | Amount Involved (Rs.) | Amount Unpaid (Rs.) |
|-------------------|----------------|--------------------------------|------------------------------------|-----------------------|---------------------|
| Finance Act, 1994 | Service Tax    | CESTAT, Chennai                | April 2006 to November 2007        | 1,474,789             | 1,474,789           |

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

**Chartered Accountants**

(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**

Partner

Membership No. 22156

Place: Chennai

Date : April 18, 2016

**BALANCE SHEET AS AT MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                            | Notes | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------|-------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                         |                         |
| <b>Shareholders' funds</b>                 |       |                         |                         |
| Share capital                              | 1     | 1,305,093,005           | 1,305,093,005           |
| Reserves and surplus                       | 2     | 1,479,815,879           | 1,414,209,579           |
|                                            |       | <b>2,784,908,884</b>    | <b>2,719,302,584</b>    |
| <b>Non-current liabilities</b>             |       |                         |                         |
| Long-term liabilities                      | 3     | 263,011,474             | -                       |
| Long-term provisions                       | 4     | 1,112,858,506           | 1,104,369,009           |
|                                            |       | <b>1,375,869,980</b>    | <b>1,104,369,009</b>    |
| <b>Current liabilities</b>                 |       |                         |                         |
| Trade payables                             | 5     | 19,616,820              | 122,893,667             |
| Other current liabilities                  | 6     | 585,868,218             | 279,356,770             |
| Short-term provisions                      | 7     | 579,862                 | 865,017                 |
|                                            |       | <b>606,064,900</b>      | <b>403,115,454</b>      |
| <b>TOTAL</b>                               |       | <b>4,766,843,764</b>    | <b>4,226,787,047</b>    |
| <b>ASSETS</b>                              |       |                         |                         |
| <b>Non-current assets</b>                  |       |                         |                         |
| Fixed assets                               |       |                         |                         |
| Tangible assets                            | 8     | 684,337,641             | 796,836,600             |
| Intangible assets                          | 9     | 159,748                 | 202,029                 |
| Exploration / Development work in progress | 10    | 1,301,145,945           | 1,176,314,952           |
| Non-current investments                    | 11    | 5,000,201               | 5,000,201               |
| Deferred tax assets (Net)                  | 12    | -                       | -                       |
| Long-term loans and advances               | 13    | 11,779,403              | 340,937,410             |
| Other non-current assets                   | 14    | 481,050,368             | 490,663,115             |
|                                            |       | <b>2,483,473,306</b>    | <b>2,809,954,307</b>    |
| <b>Current assets</b>                      |       |                         |                         |
| Current investments                        | 15    | 640,359,408             | 223,966,255             |
| Inventories                                | 16    | 224,340,639             | 230,108,163             |
| Trade receivables                          | 17    | 21,683,005              | 30,616,908              |
| Cash and bank balances                     | 18    | 527,303,278             | 73,425,639              |
| Short-term loans and advances              | 19    | 864,759,058             | 853,797,581             |
| Other current assets                       | 20    | 4,925,070               | 4,918,194               |
|                                            |       | <b>2,283,370,458</b>    | <b>1,416,832,740</b>    |
| <b>TOTAL</b>                               |       | <b>4,766,843,764</b>    | <b>4,226,787,047</b>    |

The accompanying notes forming part of the Financial Statements.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian  
Partner

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                       | Notes | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>                                         |       |                                      |                                      |
| Revenue from operations                               | 21    | 283,443,398                          | 402,887,991                          |
| Other income                                          | 22    | 73,697,190                           | 76,328,587                           |
| <b>Total revenue</b>                                  |       | <b>357,140,588</b>                   | <b>479,216,578</b>                   |
| <b>EXPENSES</b>                                       |       |                                      |                                      |
| Operating expenses                                    | 23    | 125,035,140                          | 235,246,600                          |
| Decrease in stock of crude oil                        | 24    | 21,537,328                           | 514,405                              |
| Employee benefits expense                             | 25    | 24,550,801                           | 20,581,168                           |
| Depreciation, depletion and amortization              | 8-10  | 122,204,673                          | 388,041,019                          |
| Exploration costs                                     |       | 2,284,034                            | 70,479,836                           |
| Finance costs                                         | 26    | -                                    | 146,684,576                          |
| Other expenses                                        | 27    | 48,022,948                           | 55,532,930                           |
| Provision for obsolete inventories                    |       | -                                    | 137,999,397                          |
| <b>Total Expenses</b>                                 |       | <b>343,634,924</b>                   | <b>1,055,079,931</b>                 |
| <b>Profit/(Loss) before tax and exceptional items</b> |       | <b>13,505,664</b>                    | <b>(575,863,353)</b>                 |
| Exceptional Items - Income / (expenses)- net          | 28    | 51,482,337                           | (11,634,268,257)                     |
| <b>Profit/(Loss) before tax</b>                       |       | <b>64,988,001</b>                    | <b>(12,210,131,610)</b>              |
| <b>Tax expenses</b>                                   |       |                                      |                                      |
| Current tax                                           |       | -                                    | -                                    |
| Deferred tax                                          |       | -                                    | -                                    |
| (Excess) provision - prior years                      |       | (618,299)                            | -                                    |
| <b>Net tax expenses (credit)</b>                      |       | <b>(618,299)</b>                     | <b>-</b>                             |
| <b>Net Profit/(Loss) for the year</b>                 |       | <b>65,606,300</b>                    | <b>(12,210,131,610)</b>              |
| Earnings per equity share of ₹ 10 each                | 29    |                                      |                                      |
| Basic                                                 |       | 0.50                                 | (93.57)                              |
| Diluted                                               |       | 0.50                                 | (93.57)                              |

The accompanying notes forming part of the Financial Statements.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian  
Partner

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                                                           | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>                                                |                                      |                                      |
| <b>Profit/(Loss) before tax</b>                                                           | 64,988,001                           | (12,210,131,610)                     |
| Adjustments for:                                                                          |                                      |                                      |
| Depletion, depreciation and amortization expense                                          | 122,204,673                          | 1,068,420,868                        |
| Impairment on assets                                                                      | 2,731,914                            | 10,953,888,408                       |
| Provision for doubtful advances                                                           | -                                    | 3,904,399                            |
| Provision for wealth tax                                                                  | -                                    | 100,000                              |
| Provision for compensated absences                                                        | 387,235                              | (1,817,010)                          |
| Provision for obsolete inventories                                                        | -                                    | 137,999,397                          |
| Net unrealized foreign exchange (gain)/loss                                               | (563,114)                            | 5,191,667                            |
| Amortization of foreign currency monetary item translation difference                     | -                                    | 38,266,476                           |
| Excess liabilities / provisions written back                                              | (572,253)                            | -                                    |
| Profit on sale of fixed assets                                                            | (48,000)                             | -                                    |
| Interest on loans                                                                         | -                                    | 144,361,344                          |
| Exploration costs                                                                         | 2,284,034                            | 70,479,836                           |
| Other finance charges                                                                     | -                                    | 2,323,232                            |
| Interest income                                                                           | (40,173,945)                         | (48,859,137)                         |
| Profit on sale of current investments                                                     | (24,382,510)                         | (20,115,016)                         |
| Rental income from lease of property                                                      | (4,830,000)                          | (4,777,500)                          |
| Dividend income                                                                           | (13,436)                             | (6,342)                              |
| <b>Operating profit before working capital changes</b>                                    | <b>122,012,599</b>                   | <b>139,229,012</b>                   |
| Movements in working capital:                                                             |                                      |                                      |
| Increase/(decrease) in trade payables, other liabilities and provisions                   | 325,032,006                          | (40,202,549)                         |
| Decrease in trade receivables                                                             | 8,943,388                            | 33,317,906                           |
| Decrease in inventories                                                                   | 5,767,524                            | 544,479                              |
| Decrease / (Increase) in loans and advances, other current assets and other bank balances | 96,076,011                           | (22,287,935)                         |
| <b>Cash generated from operations</b>                                                     | <b>557,831,528</b>                   | <b>110,600,913</b>                   |
| Direct taxes refund / paid                                                                | 350,888,283                          | (2,197,637)                          |
| <b>Net cash flow from operating activities (A)</b>                                        | <b>908,719,811</b>                   | <b>108,403,276</b>                   |
| <b>Cash flow from investing activities</b>                                                |                                      |                                      |
| Purchase of fixed assets (including development work in progress)                         | (91,977,382)                         | (50,454,160)                         |
| Proceeds from sale of fixed assets                                                        | 48,000                               | -                                    |
| Rent received                                                                             | 4,830,000                            | 4,777,500                            |
| Profit on sale of current investments                                                     | 24,382,510                           | 20,115,016                           |
| Interest received                                                                         | 39,761,494                           | 47,126,340                           |
| Dividend received                                                                         | 13,436                               | 6,342                                |
| <b>Net cash flow (used in) /from investing activities (B)</b>                             | <b>(22,941,942)</b>                  | <b>21,571,038</b>                    |
| <b>Cash flow from financing activities</b>                                                |                                      |                                      |
| Repayment of long-term borrowings                                                         | -                                    | (94,663,266)                         |
| Interest paid                                                                             | -                                    | (145,597,088)                        |
| <b>Net cash flow from / (used in) financing activities (C)</b>                            | <b>-</b>                             | <b>(240,260,354)</b>                 |
| <b>Net Increase / (Decrease) in cash and cash equivalents (A + B + C)</b>                 | <b>885,777,869</b>                   | <b>(110,286,040)</b>                 |
| Cash and cash equivalents at the beginning of the year                                    | 280,632,945                          | 390,918,985                          |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>1,166,410,814</b>                 | <b>280,632,945</b>                   |
| <b>Components of cash and cash equivalents</b>                                            |                                      |                                      |
| Cash on hand                                                                              | -                                    | 20,998                               |
| Balances with Banks (Refer note 18)                                                       |                                      |                                      |
| - in deposit accounts                                                                     | 61,615,229                           | 40,576,280                           |
| - in current accounts                                                                     | 464,485,141                          | 16,118,376                           |
| Current Investment - (Refer note 15B)                                                     | 640,310,444                          | 223,917,291                          |
| <b>Total cash and cash equivalents</b>                                                    | <b>1,166,410,814</b>                 | <b>280,632,945</b>                   |

The accompanying notes forming part of the Financial Statements.

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

Bhavani Balasubramanian  
Partner

Place : Chennai  
Date : 18<sup>th</sup> April 2016

P. Elango  
Managing Director

K. Premnatha  
Company Secretary

S.B. Mathur  
Chairman

Sharmila Amin  
Director

For and on behalf of the Board of Directors

R. Jeevanandam  
Director & CFO

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***A. Background**

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

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

| Sl. No. | Unincorporated Joint Ventures  | Partners                                        | Share (%)            |                      |
|---------|--------------------------------|-------------------------------------------------|----------------------|----------------------|
|         |                                |                                                 | As at March 31, 2016 | As at March 31, 2015 |
| 1       | PY-1                           | Hindustan Oil Exploration Company Limited (O)   | 100.00               | 100.00               |
| 2       | CY-OS-90/1 (PY-3)              | Hardy Exploration & Production (India) Inc. (O) | 18.00                | 18.00                |
|         |                                | Oil and Natural Gas Corporation Limited         | 40.00                | 40.00                |
|         |                                | Hindustan Oil Exploration Company Limited       | 21.00                | 21.00                |
|         |                                | Tata Petrodyne Limited                          | 21.00                | 21.00                |
| 3       | Asjol                          | Hindustan Oil Exploration Company Limited (O)   | 50.00                | 50.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 50.00                | 50.00                |
| 4       | North Balol                    | Hindustan Oil Exploration Company Limited (O)   | 25.00                | 25.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 45.00                | 45.00                |
|         |                                | Gujarat Natural Resources Limited (GNRL)        | 30.00                | 30.00                |
| 5       | CB-ON/7 (Palej)                | Hindustan Oil Exploration Company Limited (O)   | 35.00                | 35.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 35.00                | 35.00                |
|         |                                | Oil and Natural Gas Corporation Limited         | 30.00                | 30.00                |
| 6       | CB-OS/1                        | Oil and Natural Gas Corporation Limited (O)     | 55.26                | 55.26                |
|         |                                | Hindustan Oil Exploration Company Limited       | 38.07                | 38.07                |
|         |                                | Tata Petrodyne Limited                          | 6.67                 | 6.67                 |
| 7       | GN-ON-90/3 (Pranhita Godavari) | Hindustan Oil Exploration Company Limited (O)   | 100.00               | 100.00               |
| 8       | AAP-ON-94/1                    | Hindustan Oil Exploration Company Limited (O)   | 26.882               | 26.882               |
|         |                                | Indian Oil Corporation Limited                  | 29.032               | 29.032               |
|         |                                | Oil India Limited                               | 44.086               | 44.086               |

*(O) Operator*

- The two onshore blocks in Jaisalmer Basin in the state of Rajasthan RJ-ONN-2005/1 & RJ-ONN-2005/2 have been surrendered during the year.

**B. Significant Accounting Policies****i) Basis of Preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP"), to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year. The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted on the basis of available information in the audited / unaudited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSC's. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective Production Sharing Contracts. Hence, in respect of these UJV's, certain disclosures required under the relevant accounting standards have been made in the financial statements.

**ii) Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates, which are recognized prospectively in the period in which the results are known.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***iii) Fixed Assets**

Fixed assets comprise of the following:

Tangible and Intangible assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Producing property and exploration/ development work-in-progress:

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

- (a) Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis. Costs are undepleted within exploratory and development work in progress until the exploration phase is complete or commercial oil and gas reserves are discovered.
- (b) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.
- (c) Cost of exploratory/ appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till it is transferred to Producing Properties on commercial production.
- (d) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs are considered as development expenditure. These expenses are capitalized as Producing Properties on commercial production.

**iv) Depreciation, Depletion and Amortization**

Depreciation on fixed assets is calculated on written down value method as per the useful life prescribed in Schedule-II to the Companies Act 2013.

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

Intangible assets comprising computer software is amortized over license period or 10 years whichever is lower.

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

**v) Site Restoration**

Estimated future liability relating to dismantling and abandoning producing well sites and facilities is recognized when the facilities are completed based on the estimated future expenditure determined by the Management. The corresponding amount is added to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and reflected as an adjustment to the provision and the corresponding producing property.

**vi) Impairment**

The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances but not beyond the carrying value had there been no impairment.

**vii) Investments**

Current investments are valued at lower of cost and fair value determined on an individual investment basis. Long term investments are valued at cost and provision for diminution in value is made to recognize any decline other than temporary in the value of the investments.

**viii) Inventories**

- (i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business, less estimated costs necessary to make the sale.
- (ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis as applicable, or estimated net realizable value, whichever is lower.

**ix) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the measurable economic benefits will flow to the Company.

- (i) Revenue from the sale of crude oil, condensate and natural gas, net of Government's share of profit petroleum and value added tax, is recognized on transfer of custody.
- (ii) Income from service if any is recognized on accrual basis and is net of service tax.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

- (iii) Delayed payment charges, retrospective revision in prices, interest on delayed payments and interest on tax refunds are recognized as and when realized as it is considered reasonably certain only at that point of time.
- (iv) Interest income is recognized on the basis of time proportion.
- (v) Dividend Income is recognized when the right to receive is unconditional.
- x) Employee Benefits**  
**Employee benefits includes provident fund, gratuity fund and compensated absence**
  - a) Defined Contribution plan:**  
The Company's contribution to provident fund is considered as defined contribution plan and are recognized as an expense based on the amount of contribution required to be made and when the services are rendered by the employees.
  - b) Defined benefit plan**  
The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method. Actuarial gains/losses are recognized in the statement of profit and loss. Obligation under the defined benefit plan is measured at the present value of estimated future cash flows. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
  - c) Long term compensated absences**  
The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.
  - d) Other employee benefits**  
Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.
- xi) Borrowing Cost**  
Borrowing costs directly attributable to the development projects, which takes substantial period of time to complete are capitalized till the assets are ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.
- xii) Foreign Currency Transactions**  
The Company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognized as income or as expenses in the period in which they arise.
- xiii) Taxation**  
Current tax is the tax payable on the taxable income for the year and is provided as per Income Tax Act, 1961.  
Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized to the extent of virtual certainty that sufficient future taxable income will be available to realize the deferred tax assets. The deferred tax assets/ liability are re-assessed at each balance sheet date and adjustments are made.  
Minimum Alternate Tax (MAT) credit is recognized as an asset, only when and to the extent there is an evidence that the Company will pay normal income tax during the specified period under Income Tax Act, 1961. The Company reviews the carrying credit on each Balance Sheet date and make adjustments to the carrying value.
- xiv) Cash and Cash Equivalents**  
Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amount of cash which are subject to insignificant risk of change in value.
- xv) Provisions, Contingent Liabilities and Contingent Assets**  
Provisions is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of can be made. However, contingent assets are not recognized in the financial statements.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***xvi) Leases**

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Leases of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments and Lease income under operating leases are recognized as an expense on a systematic basis, which is more representative of the time pattern in which benefit is derived from the use of the leased asset.

**xvii) Employee share based payment**

The Company has formulated employee stock option scheme in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines. The Scheme provides for grant of option to employees of the Company and its subsidiaries to acquire the equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. These ESOP are accounted under intrinsic value method stated in the guidance note on employee share based payment issued by ICAI.

**1. Share Capital**

|                                                                 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| <b>Authorized Shares</b>                                        |                         |                         |
| 500,000,000 (PY: 500,000,000) equity shares of ₹ 10 each        | 5,000,000,000           | 5,000,000,000           |
| <b>Issued Shares</b>                                            |                         |                         |
| 130,563,363 (PY: 130,563,363) equity shares of ₹ 10 each        | 1,305,633,630           | 1,305,633,630           |
| <b>Subscribed and Fully Paid up</b>                             |                         |                         |
| 130,493,289 (PY: 130,493,289) equity shares of ₹ 10 each        | 1,304,932,890           | 1,304,932,890           |
| Add: Amount Paid-up on Shares Forfeited (32,975 shares)         | 160,115                 | 160,115                 |
| <b>Total issued, subscribed and fully paid-up share capital</b> | <b>1,305,093,005</b>    | <b>1,305,093,005</b>    |

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

|                                             | As at<br>March 31, 2016 |                      | As at<br>March 31, 2015 |                      |
|---------------------------------------------|-------------------------|----------------------|-------------------------|----------------------|
|                                             | No.                     | INR                  | No.                     | INR                  |
| At the beginning of the period              | 130,493,289             | 1,304,932,890        | 130,493,289             | 1,304,932,890        |
| Issued during the period                    | -                       | -                    | -                       | -                    |
| <b>Outstanding at the end of the period</b> | <b>130,493,289</b>      | <b>1,304,932,890</b> | <b>130,493,289</b>      | <b>1,304,932,890</b> |

**(b) Terms/rights attached to equity shares**

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

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

|                       | As at<br>March 31, 2016 |           | As at<br>March 31, 2015 |           |
|-----------------------|-------------------------|-----------|-------------------------|-----------|
|                       | No.                     | % holding | No.                     | % holding |
| Burren Shakti Limited | 29,242,482              | 22.41     | 35,440,913              | 27.16     |
| Eni UK Holding Plc    | -                       | -         | 26,115,455              | 20.01     |
| Ashok Kumar Goel      | 18,465,078              | 14.15     | -                       | -         |
| HDFC Limited          | 14,826,303              | 11.36     | 14,826,303              | 11.36     |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***2. Reserves and Surplus**

|                                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Capital Reserve                                                      | 9,608,450,000           | 9,608,450,000           |
| Securities premium account                                           | 7,841,521,473           | 7,841,521,473           |
|                                                                      |                         |                         |
| <b>Foreign Currency Monetary Item Translation Difference Account</b> |                         |                         |
| Opening balance                                                      | -                       | (35,434,019)            |
| Created during the Year                                              | -                       | (2,832,457)             |
| Amortized during the Year                                            | -                       | 38,266,476              |
| <b>Closing balance</b>                                               | -                       | -                       |
|                                                                      |                         |                         |
| <b>(Deficit) in the Statement of Profit and Loss</b>                 |                         |                         |
| Opening balance                                                      | (16,035,761,894)        | (3,825,630,284)         |
| Profit/(Loss) for the Year                                           | 65,606,300              | (12,210,131,610)        |
| Net (Deficit) in the Statement of Profit and Loss                    | (15,970,155,594)        | (16,035,761,894)        |
| <b>Total Reserves and Surplus</b>                                    | <b>1,479,815,879</b>    | <b>1,414,209,579</b>    |

**3. Long-term liabilities**

|                                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| Trade payables- Other group entities (Refer note 35)                     | 100,779,775             | -                       |
| Payable on purchase of fixed assets-Other group entities (Refer note 35) | 162,231,699             | -                       |
|                                                                          | <b>263,011,474</b>      | -                       |

**4. Long-term provisions**

|                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------|-------------------------|-------------------------|
| Provision for compensated absences | 1,484,706               | 1,334,009               |
| Provision for site restoration     | 1,111,373,800           | 1,103,035,000           |
|                                    | <b>1,112,858,506</b>    | <b>1,104,369,009</b>    |

**5. Trade payables**

|                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------|-------------------------|-------------------------|
| Micro, Small & Medium Enterprises (Refer note 'a' below) | 52,263                  | 31,320                  |
| Others                                                   | 19,564,557              | 122,862,347             |
|                                                          | <b>19,616,820</b>       | <b>122,893,667</b>      |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***a. Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006.**

|                                                                                              | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Principal amount payable (but not due) to suppliers under the MSMED Act as at year end       | 52,263                  | 31,320                  |
| Interest accrued and due to suppliers under the MSMED Act on the above amount as at year end | -                       | -                       |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year    | -                       | -                       |
| Interest paid to suppliers under the MSMED Act (other than Section 16)                       | -                       | -                       |
| Interest paid to suppliers under the MSMED Act (Section 16)                                  | -                       | -                       |
| Interest due and payable to suppliers under the MSMED Act for payments already made          | -                       | -                       |
| Interest accrued and remaining unpaid to suppliers under the MSMED Act as at year end        | -                       | -                       |

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

**6. Other current liabilities**

|                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------|-------------------------|-------------------------|
| Unclaimed/unpaid dividend                | 677,907                 | 2,071,998               |
| Unclaimed/unpaid share application money | -                       | 437,987                 |
| Security deposits (Refer Note 35)        | 8,500,000               | 8,500,000               |
| <b>Others Payable</b>                    |                         |                         |
| - Creditor for capital expenditure       | 46,062,325              | 165,842,633             |
| - Statutory dues payable                 | 3,113,254               | 8,153,274               |
| - Payable to joint venture partners      | 527,327,010             | 90,825,323              |
| - Other payable                          | 187,722                 | 3,525,555               |
|                                          | <b>585,868,218</b>      | <b>279,356,770</b>      |

**7. Short-term provisions**

|                                        | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Provision for compensated absences     | 579,862                 | 343,324                 |
|                                        | <b>579,862</b>          | <b>343,324</b>          |
| <b>Other provisions</b>                |                         |                         |
| Provision for wealth tax               | -                       | 521,693                 |
|                                        | <b>579,862</b>          | <b>865,017</b>          |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***8. Tangible Assets****Gross Block**

| Nature of Assets     | As at<br>April 1, 2015 | Additions        | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|----------------------|------------------------|------------------|-----------------------------|-------------------------|
| Freehold land        | 22,752,173             | -                | -                           | 22,752,173              |
| Buildings*           | 104,331,788            | -                | -                           | 104,331,788             |
| Producing properties | 22,939,073,512         | 8,393,778        | (69,168)                    | 22,947,398,122          |
| Furniture & Fixtures | 5,727,046              | -                | -                           | 5,727,046               |
| Vehicles             | 4,624,195              | -                | (1,980,509)                 | 2,643,686               |
| Office equipment     | 8,917,290              | 185,300          | -                           | 9,102,590               |
| Computers            | 7,360,662              | 974,482          | -                           | 8,335,144               |
|                      | <b>23,092,786,666</b>  | <b>9,553,560</b> | <b>(2,049,677)</b>          | <b>23,100,290,549</b>   |

Note: Gross block of Buildings include an amount of ₹ 28,238,883 (PY: ₹ 28,238,883) representing assets given on operating lease.

| Nature of Assets     | As at<br>April 1, 2014 | Additions            | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|----------------------|------------------------|----------------------|-----------------------------|-------------------------|
| Freehold land        | 22,752,173             | -                    | -                           | 22,752,173              |
| Buildings*           | 104,331,788            | -                    | -                           | 104,331,788             |
| Producing properties | 20,756,382,750         | 2,901,435,355        | (718,744,593)               | 22,939,073,512          |
| Furniture & Fixtures | 5,727,046              | -                    | -                           | 5,727,046               |
| Vehicles             | 4,624,195              | -                    | -                           | 4,624,195               |
| Office equipment     | 8,917,290              | -                    | -                           | 8,917,290               |
| Computers            | 7,105,773              | 254,889              | -                           | 7,360,662               |
|                      | <b>20,909,841,015</b>  | <b>2,901,690,244</b> | <b>(718,744,593)</b>        | <b>23,092,786,666</b>   |

Note: Gross block of Buildings include an amount of ₹ 28,238,883 (PY: ₹ 28,238,883) for assets given on operating lease.

**Depreciation / Depletion / Impairment**

| Nature of Assets     | As at<br>April 1, 2015 | Additions          | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|----------------------|------------------------|--------------------|-----------------------------|-------------------------|
| Buildings            | 46,604,065             | 2,790,969          | -                           | 49,395,034              |
| Producing properties | 22,223,835,712         | 117,919,186        | -                           | 22,341,754,898          |
| Furniture & Fixtures | 5,527,921              | 56,597             | -                           | 5,584,518               |
| Vehicles             | 4,279,870              | 117,945            | (1,980,509)                 | 2,417,306               |
| Office equipment     | 8,530,854              | 378,280            | -                           | 8,909,134               |
| Computers            | 7,171,644              | 720,374            | -                           | 7,892,018               |
|                      | <b>22,295,950,066</b>  | <b>121,983,351</b> | <b>(1,980,509)</b>          | <b>22,415,952,908</b>   |

| Nature of Assets     | As at<br>April 1, 2014 | Additions             | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|----------------------|------------------------|-----------------------|-----------------------------|-------------------------|
| Buildings            | 43,671,282             | 2,932,783             | -                           | 46,604,065              |
| Producing properties | 10,266,896,152         | 11,670,018,645        | 286,920,915                 | 22,223,835,712          |
| Furniture & Fixtures | 5,185,203              | 342,718               | -                           | 5,527,921               |
| Vehicles             | 3,988,527              | 291,343               | -                           | 4,279,870               |
| Office equipment     | 7,543,447              | 987,407               | -                           | 8,530,854               |
| Computers            | 6,366,556              | 805,088               | -                           | 7,171,644               |
|                      | <b>10,333,651,167</b>  | <b>11,675,377,985</b> | <b>286,920,915</b>          | <b>22,295,950,066</b>   |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***Net Block**

| Nature of Assets     | As at<br>March 31, 2014 | As at<br>March 31, 2015 | As at<br>March 31, 2016 |
|----------------------|-------------------------|-------------------------|-------------------------|
| Freehold land        | 22,752,173              | 22,752,173              | 22,752,173              |
| Buildings*           | 60,660,506              | 57,727,723              | 54,936,754              |
| Producing properties | 10,489,486,598          | 715,237,800             | 605,643,224             |
| Furniture & Fixtures | 541,843                 | 199,125                 | 142,528                 |
| Vehicles             | 635,668                 | 344,325                 | 226,380                 |
| Office equipment     | 1,373,843               | 386,436                 | 193,456                 |
| Computers            | 739,217                 | 189,018                 | 443,126                 |
|                      | <b>10,576,189,848</b>   | <b>796,836,600</b>      | <b>684,337,641</b>      |

Note: Net block of Buildings include an amount of ₹ 9,173,702 (PY: ₹ 9,636,785) respectively for assets given on operating lease.

**9. Intangible Assets**

| Nature of Assets | As at<br>April 1, 2015 | Additions | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|------------------|------------------------|-----------|-----------------------------|-------------------------|
| Software         | 25,776,873             | 179,042   | -                           | 25,955,915              |
| Amortization     | (25,574,844)           | (221,323) | -                           | (25,796,167)            |
| <b>Net block</b> | <b>202,029</b>         | <b>-</b>  | <b>-</b>                    | <b>159,748</b>          |

| Nature of Assets | As at<br>April 1, 2014 | Additions | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|------------------|------------------------|-----------|-----------------------------|-------------------------|
| Software         | 25,776,873             | -         | -                           | 25,776,873              |
| Amortization     | (25,377,718)           | (197,126) | -                           | (25,574,844)            |
| <b>Net block</b> | <b>399,155</b>         | <b>-</b>  | <b>-</b>                    | <b>202,029</b>          |

**10. Exploration / Development - work-in progress**

| Nature of Assets         | As at<br>April 1, 2015 | Additions   | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|--------------------------|------------------------|-------------|-----------------------------|-------------------------|
| <b>a. Development</b>    |                        |             |                             |                         |
| Oil & Gas                | 124,926,412            | 128,406,918 | -                           | 253,333,330             |
| Amortization/ Impairment | (108,140,435)          | (2,731,914) | -                           | (110,872,349)           |
| <b>Net block</b>         | <b>16,785,977</b>      | <b>-</b>    | <b>-</b>                    | <b>142,460,981</b>      |
| <b>b. Exploration</b>    |                        |             |                             |                         |
| Oil & Gas                | 1,398,122,705          | 7,359,966   | (8,203,977)                 | 1,397,278,694           |
| Amortization/ Impairment | (238,593,730)          | -           | -                           | (238,593,730)           |
| <b>Net block</b>         | <b>1,159,528,975</b>   |             |                             | <b>1,158,684,964</b>    |
| <b>Total (a+b)</b>       | <b>1,176,314,952</b>   |             |                             | <b>1,301,145,945</b>    |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

| Nature of Assets         | As at<br>April 1, 2014 | Additions     | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|--------------------------|------------------------|---------------|-----------------------------|-------------------------|
| <b>a. Development</b>    |                        |               |                             |                         |
| Oil & Gas                | 2,740,177,722          | 79,599,938    | (2,694,851,248)             | 124,926,412             |
| Amortization/ Impairment | (741,418,308)          | (108,140,435) | 741,418,308                 | (108,140,435)           |
| <b>Net block</b>         | <b>1,998,759,414</b>   | <b>-</b>      | <b>-</b>                    | <b>16,785,977</b>       |
| <b>b. Exploration</b>    |                        |               |                             |                         |
| Oil & Gas                | 1,372,252,227          | 96,350,314    | (70,479,836)                | 1,398,122,705           |
| Amortization/ Impairment | -                      | (238,593,730) | -                           | (238,593,730)           |
| <b>Net block</b>         | <b>1,372,252,227</b>   |               |                             | <b>1,159,528,975</b>    |
| <b>Total (a+b)</b>       | <b>3,371,011,641</b>   |               |                             | <b>1,176,314,952</b>    |

**11. Non-Current Investments**

|                                                                                             | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Investments (at cost):</b>                                                               |                         |                         |
| <b>A. Trade:</b>                                                                            |                         |                         |
| <b>Investment in unquoted equity instruments of subsidiary</b>                              |                         |                         |
| 50,002 (PY: 50,002) equity shares of ₹ 100 each fully paid-up in HOEC Bardahl India Limited | 5,000,200               | 5,000,200               |
| <b>B. Other Investments:</b>                                                                |                         |                         |
| 100,000 (PY: 100,000) Equity Shares of ₹ 10 each of Gujarat Securities Limited              | 1,000,000               | 1,000,000               |
| Less: Provision for diminution in value of investment in Gujarat Securities Limited         | (999,999)               | (999,999)               |
| <b>Total</b>                                                                                | <b>5,000,201</b>        | <b>5,000,201</b>        |
| Aggregate amount of unquoted investments                                                    | 6,000,200               | 6,000,200               |

**12. Taxation:****a. Deferred tax assets (net)**

|                                                                | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| <b>Deferred tax asset</b>                                      |                         |                         |
| Exploration expenses                                           | 488,300,178             | 479,173,072             |
| Doubtful advances                                              | 16,195,826              | 16,816,595              |
| Depreciation, depletion, amortisation and impairment of assets | 1,715,845,075           | 1,404,169,721           |
| Unabsorbed business losses and depreciation                    | 2,427,212,152           | 2,578,242,041           |
| <b>Deferred tax asset</b>                                      | <b>4,647,553,231</b>    | <b>4,478,401,429</b>    |
| Less: Amounts not recognised (Refer note below)                | (4,647,553,231)         | (4,478,401,429)         |
| <b>Deferred tax asset</b>                                      | <b>-</b>                | <b>-</b>                |

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

- b. There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income both under the provisions of Sec 115-JB and those other than Sec 115-JB of the Income Tax Act, 1961.

**13. Long-term loans and advances**

|                                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>                                                    |                         |                         |
| Capital advances                                                                        | 3,882,741               | 4,213,405               |
| Security deposit                                                                        | 7,896,662               | 7,399,841               |
| Advance income tax                                                                      | -                       | 329,324,164             |
| <b>(A)</b>                                                                              | <b>11,779,403</b>       | <b>340,937,410</b>      |
| <b>Unsecured and considered doubtful</b>                                                |                         |                         |
| Capital advances (Refer note "a" below)                                                 | 1,354,621               | 1,354,621               |
| Advances recoverable in cash or kind (Refer note "b" below)                             | 47,630,122              | 50,476,461              |
| Fringe benefit tax (Net of provision for fringe benefit taxation Nil (PY: ₹ 8,500,000)) |                         | 1,058,060               |
| Less: Provision for doubtful advances (Refer note "c" below)                            | (48,984,743)            | (52,889,142)            |
| <b>(B)</b>                                                                              | <b>-</b>                | <b>-</b>                |
| <b>Total (A+B)</b>                                                                      | <b>11,779,403</b>       | <b>340,937,410</b>      |

Notes:

- a. Represents amount paid towards the purchase of Bhaili Land in Vadodara district.
- b. Represents damages paid of ₹ 47,630,122 to Directorate General of Hydrocarbons for the block CY-OSN-97/1 under protest in 2012-13 which is under adjudication by an arbitration tribunal.
- c. Provision for ₹ 28,46,339 towards Insurance on PY-3 has been written-off during the year.

**14. Other non-current assets**

|                                                                                | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|
| Site restoration deposit with bank with maturity period in excess of 12 months | 480,357,666             | 447,054,351             |
| Other deposit with bank with maturity period in excess of 12 months            | -                       | 43,608,764              |
| Additional fund with LIC for gratuity                                          | 692,702                 | -                       |
|                                                                                | <b>481,050,368</b>      | <b>490,663,115</b>      |

**15. Current Investments**

|                                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Quoted equity instruments</b>                                                   |                         |                         |
| Reliance Industries Limited Equity Shares 318<br>@ ₹ 10 each (PY: 318)             | 25,975                  | 25,975                  |
| Reliance Communication Ventures Limited Equity Shares 318<br>@ ₹ 10 each (PY: 318) | 19,332                  | 19,332                  |
| Reliance Infrastructure Limited Equity Shares 23<br>@ ₹ 10 each (PY: 23)           | 3,219                   | 3,219                   |
| Reliance Capital Limited Equity Shares 15<br>@ ₹ 10 each (PY: 15)                  | 166                     | 166                     |
| Reliance Power Limited Equity Shares 79<br>@ ₹ 10 each (PY: 79)                    | 272                     | 272                     |
| <b>(A)</b>                                                                         | <b>48,964</b>           | <b>48,964</b>           |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                                                                                           | As at<br>March 31, 2016         | As at<br>March 31, 2015         |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Unquoted Mutual Funds</b>                                                                                              |                                 |                                 |
| Units of Liquid/Liquid plus/Short Term/Medium Term schemes of Mutual Funds                                                |                                 |                                 |
| Birla Cash Plus Fund - Regular Plan - Growth 138,656.336 Units of ₹ 100 each (PY: Nil)                                    | 33,037,921                      | -                               |
| Birla Dynamic Bond Fund - Retail - Growth 3,060,493.085 Units of ₹ 10 each (PY: Nil)                                      | 77,000,000                      | -                               |
| Birla Savings Fund - Growth 169,233.781 Units of ₹ 100 each (PY: Nil)                                                     | 48,500,000                      | -                               |
| Franklin India Treasury Management Account - Super Institutional Plan - Growth Nil Units of ₹ 1,000 each (PY: 16,871.177) | -                               | 34,700,000                      |
| Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth Nil Units of ₹ 10 each (PY: 1,364,561.251)       | -                               | 23,382,849                      |
| HDFC Floating Rate Income Fund - Short Term - Wholesale Option - Growth 1,956,441.780 Units of ₹ 10 each (PY: Nil)        | 50,000,000                      | -                               |
| HDFC High Interest Fund -Dynamic Plan- Growth 806,907.125 Units of ₹ 10 each (PY: Nil)                                    | 40,000,000                      | -                               |
| HDFC High Interest Fund -Short Term Plan- Growth 353,706.848 Units of ₹ 10 each (PY: Nil)                                 | 10,000,000                      |                                 |
| HDFC Liquid Fund - Growth Nil Units of ₹ 10 each (PY: 1,574,813.30)                                                       | -                               | 42,387,743                      |
| ICICI Prudential Liquid Plan-Regular-Growth Nil Units of ₹ 100 each (PY: 106,681.80)                                      | -                               | 21,589,388                      |
| IDFC SSIF - Medium Term Fund - Growth 2,882,976.279 Units of ₹ 10 each (PY: Nil)                                          | 70,000,000                      | -                               |
| Kotak Bond (Short Term) - Growth - (Regular Plan) 686,245.098 Units of ₹ 1,000 each (PY: Nil)                             | 18,500,000                      | -                               |
| Kotak Floater Short Term -Growth - Regular Plan 7,473.751 Units of ₹ 1,000 each (PY: 6,231.91)                            | 18,126,553                      | 14,072,566                      |
| Kotak Treasury Advantage Fund-Growth- (Regular Plan) 1,271,321.115 Units of ₹ 10 each (PY: 938,746.77)                    | 30,000,000                      | 20,000,000                      |
| Reliance Short Term Fund - Growth 3,093,803.562 Units of ₹ 10 each (PY: Nil)                                              | 83,500,000                      | -                               |
| Reliance Liquidity Fund - Growth Plan Growth Option Nil Units of ₹ 1,000 each (PY: 18,068.88)                             | -                               | 37,800,000                      |
| SBI Short Term Debt Fund - Regular Plan - Growth 591,845.552 Units of ₹ 10 each (PY: Nil)                                 | 10,000,000                      | -                               |
| SBI Treasury Advantage Fund -Regular Plan- Growth 31,371.417 Units of ₹ 1000 each (PY: Nil)                               | 51,645,970                      | -                               |
| Tata Floater Fund Plan Regular Plan - Growth 17,878.826 Units of ₹ 1,000 each (PY: 15,050.34)                             | 40,000,000                      | 29,984,745                      |
| Tata Short Term Bond Fund Regular Plan- Growth 2,220,970.267 Units of ₹ 10 each (PY: 15,050.34)                           | 60,000,000                      | -                               |
| <b>(B)</b>                                                                                                                | <b>640,310,444</b>              | <b>223,917,291</b>              |
| <b>Total (A)+(B)</b>                                                                                                      | <b>640,359,408</b>              | <b>223,966,255</b>              |
|                                                                                                                           | <b>As at<br/>March 31, 2016</b> | <b>As at<br/>March 31, 2015</b> |
| Aggregate amount (cost) of Quoted Investments                                                                             | 48,964                          | 48,964                          |
| Market Value of Quoted Investments                                                                                        | 369,974                         | 302,319                         |
| Aggregate amount (cost) of Unquoted Investments                                                                           | 640,310,444                     | 223,917,291                     |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***16. Inventories**

|                                       | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Finished Goods</b>                 |                         |                         |
| - Crude Oil                           | 2,002,019               | 7,367,924               |
| - Condensate                          | 2,896,333               | 18,545,397              |
| Stores, spares and drilling tangibles | 219,442,287             | 204,194,842             |
|                                       | <b>224,340,639</b>      | <b>230,108,163</b>      |

**17. Trade receivables**

|                                                                                       | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>                                                  |                         |                         |
| Outstanding for a period exceeding six months from the date they were due for payment | -                       | -                       |
| Other trade receivables                                                               | 21,683,005              | 30,616,908              |
|                                                                                       | <b>21,683,005</b>       | <b>30,616,908</b>       |

**18. Cash and bank balances**

|                                                                  | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Cash on hand                                                     | -                       | 20,998                  |
| <b>Balances with banks:</b>                                      |                         |                         |
| Current accounts                                                 | 464,485,141             | 16,118,376              |
| Deposits with original maturity of less than 3 months            | 15,889,856              | 576,280                 |
| <b>(A)</b>                                                       | <b>480,374,997</b>      | <b>16,715,654</b>       |
| <b>Other bank balances</b>                                       |                         |                         |
| Unclaimed/unpaid dividend accounts                               | 677,907                 | 2,071,998               |
| Unclaimed/unpaid share application money                         | -                       | 437,987                 |
| Deposits- maturity of more than 3 months but less than 12 months | 46,250,374              | 54,200,000              |
| <b>(B)</b>                                                       | <b>46,928,281</b>       | <b>56,709,985</b>       |
| <b>Total (A+B)</b>                                               | <b>527,303,278</b>      | <b>73,425,639</b>       |

- a. Deposits with original maturity of less than 3 months include lien marked deposit of ₹ 525,000 (PY: Nil) and deposits- maturity of more than 3 months but less than 12 months include lien marked deposit of Nil (PY: ₹ 14,200,000)

**19. Short term loans and advances**

|                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>                                    |                         |                         |
| Security deposit                                                        | -                       | 3,388                   |
| Advances recoverable in cash or kind                                    | 3,162,914               | 20,105,302              |
| Advance income tax [Net of provision ₹ 555,963,496 (PY: ₹ 675,963,496)] | 856,863,603             | 824,116,865             |
| Prepaid expenses                                                        | 4,732,541               | 9,572,026               |
|                                                                         | <b>864,759,058</b>      | <b>853,797,581</b>      |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***20. Other current assets**

|                                       | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>  |                         |                         |
| Interest accrued on deposits          | 4,367,181               | 3,954,730               |
| Additional fund with LIC for gratuity | 557,889                 | 963,464                 |
|                                       | <b>4,925,070</b>        | <b>4,918,194</b>        |

**21. Revenue from operations**

|                                                 | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Crude oil / Condensate                          | 107,047,832                          | 170,145,498                          |
| Natural gas                                     | 192,996,101                          | 262,688,378                          |
| (Less): Profit petroleum to Government of India | (16,600,535)                         | (29,945,885)                         |
| <b>Net Sales</b>                                | <b>283,443,398</b>                   | <b>402,887,991</b>                   |

**22. Other income**

|                                                   | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Interest income on bank deposits                  | 40,173,945                           | 48,859,137                           |
| Dividend income                                   | 13,436                               | 6,342                                |
| Rental income                                     | 4,830,000                            | 6,541,500                            |
| Profit on sale of assets                          | 48,000                               | -                                    |
| Profit on sale of current investments             | 24,382,510                           | 20,115,016                           |
| Write back of excess provision no longer required | 572,253                              | -                                    |
| Miscellaneous Income                              | 3,677,046                            | 806,592                              |
|                                                   | <b>73,697,190</b>                    | <b>76,328,587</b>                    |

**23. Operating expenses**

|                              | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------|--------------------------------------|--------------------------------------|
| Manpower costs               | 42,118,455                           | 49,436,750                           |
| Repairs and maintenance      | 36,257,026                           | 102,388,902                          |
| Royalty, Cess & Other duties | 27,222,884                           | 32,695,503                           |
| Insurance                    | 11,420,069                           | 29,698,913                           |
| Other production expenses    | 6,410,358                            | 20,689,922                           |
| Consumables                  | 1,388,933                            | 218,517                              |
| Transportation and logistics | 217,415                              | 118,093                              |
|                              | <b>125,035,140</b>                   | <b>235,246,600</b>                   |

**24. Decrease in inventories of crude oil and condensate**

|                                                              | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Inventories at the end of the year                           | (4,898,352)                          | (25,913,321)                         |
| Inventories at the beginning of the year                     | 25,913,321                           | 24,105,839                           |
|                                                              | <b>21,014,969</b>                    | <b>(1,807,482)</b>                   |
| (Less): Profit petroleum on inventory to Government of India | 522,359                              | 2,321,887                            |
| <b>Net Decrease in inventories</b>                           | <b>21,537,328</b>                    | <b>514,405</b>                       |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***25. Employee benefits expense**

|                                                                  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus                                        | 18,827,489                           | 10,915,164                           |
| Contribution to - Provident fund and other funds (Refer note 32) | 3,950,548                            | 4,406,996                            |
| - Superannuation fund                                            | -                                    | 3,578,563                            |
| Staff welfare expenses                                           | 1,772,764                            | 1,680,445                            |
|                                                                  | <b>24,550,801</b>                    | <b>20,581,168</b>                    |

**26. Finance costs**

|                                          | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------------|--------------------------------------|--------------------------------------|
| Interest on fixed term loans             | -                                    | 144,361,344                          |
| Bank charges and commission              | -                                    | 1,235,744                            |
| Amortization of ancillary borrowing cost | -                                    | 1,087,488                            |
|                                          | <b>-</b>                             | <b>146,684,576</b>                   |

**27. Other expenses**

|                                  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Office and guest house rent      | 2,948,360                            | 2,820,924                            |
| Power                            | 502,414                              | 297,882                              |
| Rates and taxes                  | 1,279,051                            | 14,391,097                           |
| Repairs and maintenance - others | 1,317,872                            | 1,035,782                            |
| General office expenses          | 692,321                              | 339,388                              |
| Travelling and conveyance        | 4,370,532                            | 3,878,209                            |
| Communication expenses           | 1,276,658                            | 1,011,256                            |
| Membership and subscription      | 1,797,148                            | 1,681,614                            |
| Legal and professional fees      | 23,907,022                           | 9,692,803                            |
| Insurance                        | 250,352                              | 394,913                              |
| Directors' sitting fees          | 845,000                              | 1,033,712                            |
| Printing and stationary          | 2,710,734                            | 1,897,051                            |
| (Gain)/loss on foreign exchange  | (172,067)                            | 7,898,088                            |
| Provision for doubtful advances  | -                                    | 3,904,399                            |
| Miscellaneous expenses           | 3,261,453                            | 2,505,654                            |
|                                  | <b>44,986,850</b>                    | <b>52,782,772</b>                    |
| <b>Payment to Auditor:</b>       |                                      |                                      |
| Audit fee                        | 1,717,500                            | 2,078,660                            |
| Tax audit fee                    | 114,500                              | 112,360                              |
| Limited review                   | 400,000                              | 505,620                              |
| Reimbursements                   | 117,098                              | 53,518                               |
| Other services                   | 687,000                              | -                                    |
|                                  | <b>3,036,098</b>                     | <b>2,750,158</b>                     |
| <b>Total other expenses</b>      | <b>48,022,948</b>                    | <b>55,532,930</b>                    |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***28. Exceptional Items**

|                                             | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------------------|--------------------------------------|--------------------------------------|
| Impairment & additional depletion on assets |                                      |                                      |
| - PY-1                                      | -                                    | (9,932,758,904)                      |
| - CY-OS-90/1                                | -                                    | (707,505,751)                        |
| - CB-OS/1                                   | (2,731,914)                          | (259,573,358)                        |
| - CB-ON/7                                   | -                                    | (54,050,395)                         |
| Additional depletion                        | -                                    | (680,379,849)                        |
| Interest on income tax refund               | 54,214,251                           | -                                    |
| <b>Income / (expenses) - net</b>            | <b>51,482,337</b>                    | <b>(11,634,268,257)</b>              |

**29. Earnings per share (EPS)**

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

|                                                                                                                  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Profit/(Loss) for the year as per statement of profit &amp; loss</b>                                          | <b>65,606,300</b>                    | <b>(12,210,131,610)</b>              |
|                                                                                                                  | <b>No.</b>                           | <b>No.</b>                           |
| Weighted average number of equity shares used in calculating basic & diluted EPS                                 | 130,493,289                          | 130,493,289                          |
| Par value per share                                                                                              | ₹ 10                                 | ₹ 10                                 |
| <b>Earnings per equity share in ₹ computed on the basis of profit/(loss) for the year-<br/>Basic and Diluted</b> | <b>0.50</b>                          | <b>(93.57)</b>                       |

**30. Foreign currency transactions**

i) Expenditure in foreign currency (on accrual basis)

| Particulars                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Professional and consultancy fees | -                                    | 14,153,988                           |
| Interest                          | -                                    | 144,361,344                          |
| Travelling expenses               | 17,176                               | -                                    |
| Others                            | -                                    | 2,703,237                            |

ii) Value of Imports calculated on CIF basis (on accrual basis)

| Particulars                | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|----------------------------|--------------------------------------|--------------------------------------|
| Components and spare parts | 879,997                              | 1,320,640                            |
| Capital goods              | 49,335,076                           | -                                    |

**31. Associate Stock Option Plan - (ASOP 2015)**

During the year, the Associate Stock Option Plan - 2015 (ASOP 2015) has been approved by the Shareholders. As per the ASOP 2015 and the plan as amended from time to time, the Board will grant options to the eligible Employees and eligible Directors at the exercise price approved by the Nomination and remuneration committee. There are no shares granted to any employees under this plan as of March 31, 2016.

**32. Employee benefits****a. Defined contribution plan**

The Company makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

The company recognized ₹ 3,239,169 (PY: ₹ 3,151,600) for provident fund contribution in the statement of profit and loss. The contributions payable to this plan by the company at rates specified in the rules of the scheme.

**b. Defined benefit plan****i) Gratuity**

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

|                                                                                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Net employee benefit expense recognized in the employee cost</b>                   |                                      |                                      |
| Current service cost                                                                  | 879,740                              | 1,100,182                            |
| Interest cost on benefit obligation                                                   | 385,965                              | 748,476                              |
| Expected return on plan assets                                                        | (526,641)                            | (804,917)                            |
| Net actuarial (gain) / loss recognized in the year                                    | (99,820)                             | 211,655                              |
| <b>Net benefit expense</b>                                                            | <b>639,244</b>                       | <b>1,255,396</b>                     |
| Actual return on plan assets                                                          | 583,323                              | 583,987                              |
| <b>Balance sheet</b>                                                                  |                                      |                                      |
| <b>Benefit asset / liability</b>                                                      |                                      |                                      |
| Present value of defined benefit obligation                                           | (4,393,947)                          | (5,371,334)                          |
| Fair value of plan assets                                                             | 5,644,538                            | 6,334,798                            |
| Plan asset / (liability)                                                              | 1,250,591                            | 963,464                              |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |                                      |                                      |
| Opening defined benefit obligation                                                    | 5,371,334                            | 8,374,974                            |
| Current service cost                                                                  | 879,740                              | 1,100,182                            |
| Interest cost                                                                         | 385,965                              | 748,476                              |
| Benefits paid                                                                         | (2,199,954)                          | (4,843,023)                          |
| Actuarial (gains) / losses on obligation                                              | (43,138)                             | (9,275)                              |
| Closing defined benefit obligation                                                    | 4,393,947                            | 5,371,334                            |
| <b>Changes in the fair value of plan assets are as follows:</b>                       |                                      |                                      |
| Opening fair value of plan assets                                                     | 6,334,798                            | 8,546,944                            |
| Expenses deducted from fund                                                           | (72,135)                             | -                                    |
| Expected return                                                                       | 526,641                              | 804,917                              |
| Contributions by employer                                                             | 998,506                              | 2,046,890                            |
| Benefits paid                                                                         | (2,199,954)                          | (4,843,023)                          |
| Actuarial gains / (losses)                                                            | 56,682                               | (220,930)                            |
| Closing fair value of plan assets                                                     | 5,644,538                            | 6,334,798                            |

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

| Particulars                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Discount rate                     | 7.75%                                | 7.75%                                |
| Future salary increase            | 5.00%                                | 5.00%                                |
| Expected rate of return on assets | 7.75%                                | 8.25%                                |
| Employee turnover                 | 1% to 5%                             | 1% to 5%                             |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

| Particulars                                | 2015-2016   | 2014-2015   | 2013-2014   | 2012-2013   | 2011-2012   |
|--------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Defined benefit Obligations                | (4,393,947) | (5,371,334) | (8,374,974) | (8,258,734) | (7,694,034) |
| Plan Assets                                | 5,644,538   | 6,334,798   | 8,546,944   | 7,487,971   | 6,569,312   |
| Surplus / (Deficit)                        | 1,250,591   | 963,464     | 171,970     | (770,763)   | (1,124,722) |
| Experience adjustments on Plan Liabilities | (43,138)    | (9,275)     | (509,823)   | (350,649)   | 58,893      |
| Experience adjustments on Plan Assets      | 56,682      | (220,930)   | 40,837      | -           | 154,053     |

**ii. Compensated absences**

The key assumptions used in computation of provision for long term compensated absences are as given below:

| Particulars            | For the year ended<br>March 31, 2016             | For the year ended<br>March 31, 2015             |
|------------------------|--------------------------------------------------|--------------------------------------------------|
| Discount rate          | 7.75%                                            | 7.75%                                            |
| Future salary increase | 5.00%                                            | 5.00%                                            |
| Mortality Rate         | Indian Assured Lives Mortality<br>(2006-08) Ult. | Indian Assured Lives Mortality<br>(2006-08) Ult. |
| Attrition (% p.a.)     | 1% to 5%                                         | 1% to 5%                                         |

**33. Segmental reporting:**

The Company is primarily engaged in a single business segment of "Oil and Gas" in one geographic segment in India. Therefore, there are no separate reportable segments for Segmental Reporting.

**34. Details of Oil and Gas reserves (as estimated by management and relied upon by auditors)**

As at March 31, 2016, the internal estimates of the Management of Proved & Probable Reserves supported by the approved development plan by the Directorate General of Hydrocarbons on working interest basis for the Company is as follows:

**Developed + Undeveloped:**

|                        | UOM | As at<br>April 1, 2015 | Addition | Deletion/<br>Adjustment | Production | As at<br>March 31,<br>2016 |
|------------------------|-----|------------------------|----------|-------------------------|------------|----------------------------|
| Proved Reserves (1P)   |     |                        |          |                         |            |                            |
| - Oil                  | MMT | 0.054                  | 0.004    | -                       | 0.004      | 0.054                      |
| - Gas                  | BCM | 0.485                  | -        | 0.001                   | 0.023      | 0.461                      |
| Proved + Probable (2P) |     |                        |          |                         |            |                            |
| - Oil                  | MMT | 0.075                  | -        | 0.008                   | 0.004      | 0.063                      |
| - Gas                  | BCM | 1.992                  | -        | 0.189                   | 0.023      | 1.780                      |

**Developed**

|                      | UOM | As at<br>April 1, 2015 | Addition | Deletion/<br>Adjustment | Production | As at<br>March 31,<br>2016 |
|----------------------|-----|------------------------|----------|-------------------------|------------|----------------------------|
| Proved Reserves (1P) |     |                        |          |                         |            |                            |
| - Oil                | MMT | 0.054                  | 0.004    | -                       | 0.004      | 0.054                      |
| - Gas                | BCM | 0.485                  | -        | 0.236                   | 0.023      | 0.226                      |

Note: The above reserve estimates excludes the reserves of PY-3 and CB-OS-1 as it is not commercial at the current prices.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***35. Related party transactions (as identified by management and relied upon by auditors)****Details of related parties:**

(i) The related parties of the Company as at March 31, 2016 are as follows:

## A. Wholly owned subsidiary company:

1. HOEC Bardahl India Limited

## B. Promoter group:

1. ENI UK Holding Plc (Wholly owned subsidiary of ENI S.p.A, Italy)
2. Burren Shakti Limited (Wholly owned indirect subsidiary of ENI UK Holding Plc)
3. Burren Energy India Limited (Wholly owned indirect subsidiary of ENI UK Holding Plc)

## C. Other group entities:

1. ENI Finance International S.A., Belgium
2. ENI Lasmo Plc
3. ENI India Limited, United Kingdom,
4. Saipem (Portugal) Comercio Maritimo Su Lda

## D. Key management personnel:

1. Mr. P. Elango - Managing Director (from 2<sup>nd</sup> February, 2015)
2. Mr. R. Jeevanandam - Director & CFO (from 2<sup>nd</sup> February, 2015)
3. Mr. Manish Maheshwari - Managing Director (till 9<sup>th</sup> October, 2014)

(ii) The nature and volume of transactions of the Company during the year and outstanding balances as at the balance sheet date with the above parties are as follows:

| Particulars                                                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b><u>INCOME</u></b>                                              |                                      |                                      |
| Wholly owned Subsidiary Company- Rental income                    | 4,830,000                            | 6,541,500                            |
| <b><u>EXPENDITURE</u></b>                                         |                                      |                                      |
| Key managerial personnel- Remuneration to Managing Director / CFO | 21,008,830                           | 13,995,607                           |
| Other group entities - Interest paid                              | -                                    | 142,676,496                          |
|                                                                   | <b>As at<br/>March 31, 2016</b>      | <b>As at<br/>March 31, 2015</b>      |
| <b><u>LOAN</u></b>                                                |                                      |                                      |
| Other group entities - Unsecured loan waived                      | -                                    | 9,608,450,000                        |
| <b><u>BALANCE OUTSTANDING</u></b>                                 |                                      |                                      |
| Wholly owned Subsidiary Company -Security deposit                 | 8,500,000                            | 12,052,063                           |
| Other group entities - Trade payable                              | 100,779,775                          | 100,779,775                          |
| Other group entities- Payable on purchase of fixed asset          | 162,231,699                          | 162,231,699                          |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***36. Commitments and Contingencies**

| Particulars                                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>(i) Contingent Liabilities</b>                                                              |                         |                         |
| (a) Claims not acknowledged as debts CY-OS-90/1 (Refer note 1)                                 | 258,053,093             | 217,881,005             |
| (b) Income tax demands (Refer note 2)                                                          | -                       | 190,533,609             |
| (c) Royalty demand (pertaining to one Unincorporated Joint Venture) (Refer note 3)             | 102,777,080             | 141,252,121             |
| (d) Counter Guarantees on account of Bank Guarantees                                           | 506,723                 | 156,579,954             |
| (e) Service tax liability (pertaining to one Unincorporated Joint Venture)                     | 1,474,789               | 2,039,321               |
| <b>(ii) Commitments</b>                                                                        |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 467,101,949             | 1,082,787               |

1. A claim made by Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) (Operator) for ₹ 114,092,588 (US \$ 1.72 Million) has not been accepted as a liability as the claim relates to the period after the cessation of production on July 31, 2011 and no expenditure beyond 31 July 2011 has been approved by the Management Committee. Based on reconciliation of its cash call payments and share of expenses as per the billing statement provided by the Operator till July 31, 2011 during the year, the Company noted an excess payment of ₹ 9,554,591 (USD 144,040) made to the Operator. This was communicated to the operator on December 21, 2015. The claims not acknowledged as debts also include the claim of ₹ 143,960,505 relating to the dispute between Aban Offshore Limited and the Operator ("Hardy") not acknowledged as debt by the Operator.
2. The Company has received a favorable order during the year from the Income Tax Appellate Tribunal against the demand relating to earlier years.
3. In block PY-1, solely operated by the Company, the Ministry of Petroleum & Natural Gas (MoP&NG) has computed the royalty based on the value of gas received by the Company (the Operator) and made a demand for the years from 2009-10 to 2014-15 towards short paid royalty of ₹ 102,777,080 (US \$ 1,549,413) excluding interest.  
With regard to the above claim, the company has, during the year, re-computed the royalty on gas produced and sold, based on wellhead price as per the terms of the production sharing contract and compared it with the actual royalty paid by the company for the years from 2009-10 to 2014-15 and noted that they have made an excess payment of ₹ 115,899,695 (US \$ 1,747,243) to MoP&NG. A claim has been lodged by the Company to MoP & NG, which is pending settlement.
4. For block RJ-ONN-2005/2, operated by the Oil India Limited (the Operator), the validity for exploration phase as per the Production Sharing Contract (PSC), expired on June 24, 2015. The Operator has applied for 17 months extension to Ministry of Power & Natural Gas (MoP&NG) which is pending till date. However, the Operator drilled two wells after seeking extension under the extension policy of PSC directly after paying the liquidated damages and executing bank guarantees. Operator has now surrendered the block and the dues, if any, for the Company will be adjusted at the time of final settlement and therefore this cost has not been considered in the financial statements.
5. In this block, RJ-ONN-2005/1, there has been a delay for more than two years in obtaining the Government clearances. According to the terms of policy of Government of India issued in November 2014, which states that, if the delay due to lack of statutory and other clearances is beyond 2 years, then the contractor is permitted to exit from the contract without payment of cost of unfinished work program. The company has decided to exercise this option and exit this block, on July 9, 2015 and therefore there is no liability that will devolve on the Company with respect to this block.
6. With respect to block CB-OS/1 operated by Oil & Natural Gas Commission (ONGC), there was no operations during the year and therefore, no expenditure has been considered in the financial statements.

**37. Consumption of Stores and Spares**

| Particulars | 2015-2016  |     | 2014-2015  |     |
|-------------|------------|-----|------------|-----|
|             | Value in ₹ | %   | Value in ₹ | %   |
| Imported    | 879,997    | 23% | 1,295,689  | 21% |
| Indigenous  | 2,990,091  | 77% | 4,781,550  | 79% |

**38. Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates**

The details of the adjustment pursuant to the above are as under:

| Particulars                                                                                                                                          | 2015-2016 | 2014-2015   |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|
| Exchange differences capitalized to fixed assets (including work in progress) during the year                                                        | (9,622)   | 266,243,139 |
| Amount of Net amortization of Foreign Currency Monetary Item Translation Difference Account charged to the Statement of Profit and Loss for the year | -         | 38,266,476  |

**39. Particulars of Unhedged Foreign Currency Exposure**

The particulars of unhedged Foreign Currency Exposure of the Company, are as under:

| Particulars                        | As at March 31, 2016 |               | As at March 31, 2015 |               |
|------------------------------------|----------------------|---------------|----------------------|---------------|
| Trade payables                     | € 1,472,958          | ₹ 100,779,775 | € 1,472,958          | ₹ 100,779,775 |
| Payable on purchase of fixed asset | € 1,488,643          | ₹ 101,852,961 | € 1,488,643          | ₹ 101,852,961 |
| Payable on purchase of fixed asset | \$ 966,681           | ₹ 60,989,118  | \$ 957,481           | ₹ 60,378,738  |
| Other trade payable                | -                    | -             | \$ 35,524            | ₹ 957,836     |
| Profit oil payable                 | \$ 5,552             | ₹ 368,280     | \$ 355               | ₹ 22,386      |
| Trade receivables                  | \$ 90,772            | ₹ 6,021,184   | \$ 132,478           | ₹ 9,349,116   |

**40.** The provisions of Companies Act 2013 relating to corporate social responsibility is applicable for the Company. However, the Company is not required to incur expenditure towards CSR activities in the absence of profits calculated as per Section 198 of the Companies Act 2013.

**41. Previous Year Figures**

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board of Directors

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Hindustan Oil Exploration Company Limited**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HINDUSTAN OIL EXPLORATION COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those

Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinion

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 Group, its associates and jointly controlled entities as at 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

The accounts of the Company for the year ended March 31, 2016 include assets aggregating ₹ 610,503,888, liabilities aggregating ₹ 58,933,842, income aggregating ₹ 7,771,025 and expenditure aggregating ₹ 124,732,237 relating to the Company's share in six unincorporated joint ventures. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and other financial information included in respect of these unincorporated joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on

the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India, internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 39 of the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**  
Partner  
Membership No. 22156

Place : Chennai

Date : April 18, 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Hindustan Oil Exploration Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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".

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 1 subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

For **Deloitte Haskins & Sells LLP**

**Chartered Accountants**

(Firm's Registration No. 117366W/W-100018)

**Bhavani Balasubramanian**

Partner

Membership No. 22156

Place: Chennai

Date: April 18, 2016

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                            | Notes | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------|-------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                         |                         |
| <b>Shareholders' funds</b>                 |       |                         |                         |
| Share capital                              | 1     | 1,305,093,005           | 1,305,093,005           |
| Reserves and surplus                       | 2     | 1,581,452,093           | 1,502,159,484           |
|                                            |       | <b>2,886,545,098</b>    | <b>2,807,252,489</b>    |
| <b>Non-current liabilities</b>             |       |                         |                         |
| Long-term liabilities                      | 3     | 263,011,474             | -                       |
| Long-term provisions                       | 4     | 1,114,305,925           | 1,105,209,009           |
|                                            |       | <b>1,377,317,399</b>    | <b>1,105,209,009</b>    |
| <b>Current liabilities</b>                 |       |                         |                         |
| Trade payables                             | 5     | 46,105,330              | 152,662,431             |
| Other current liabilities                  | 6     | 587,381,594             | 281,160,943             |
| Short-term provisions                      | 7     | 1,036,287               | 1,919,557               |
|                                            |       | <b>634,523,211</b>      | <b>435,742,931</b>      |
| <b>TOTAL</b>                               |       | <b>4,898,385,708</b>    | <b>4,348,204,429</b>    |
| <b>ASSETS</b>                              |       |                         |                         |
| <b>Non-current assets</b>                  |       |                         |                         |
| Fixed assets                               |       |                         |                         |
| Tangible assets                            | 8     | 686,782,264             | 799,933,138             |
| Intangible assets                          | 9     | 365,125                 | 333,727                 |
| Exploration / Development work in progress | 10    | 1,301,145,945           | 1,176,314,952           |
| Non-current investments                    | 11    | 1                       | 1                       |
| Deferred tax assets (Net)                  | 12    | 1,340,149               | 1,677,522               |
| Long-term loans and advances               | 13    | 18,140,201              | 345,885,857             |
| Other non-current assets                   | 14    | 481,050,368             | 490,663,115             |
|                                            |       | <b>2,488,824,053</b>    | <b>2,814,808,312</b>    |
| <b>Current assets</b>                      |       |                         |                         |
| Current investments                        | 15    | 720,441,763             | 275,902,448             |
| Inventories                                | 16    | 243,419,919             | 264,866,593             |
| Trade receivables                          | 17    | 41,237,000              | 54,623,681              |
| Cash and bank balances                     | 18    | 530,196,440             | 75,366,791              |
| Short-term loans and advances              | 19    | 869,341,463             | 857,718,410             |
| Other current assets                       | 20    | 4,925,070               | 4,918,194               |
|                                            |       | <b>2,409,561,655</b>    | <b>1,533,396,117</b>    |
| <b>TOTAL</b>                               |       | <b>4,898,385,708</b>    | <b>4,348,204,429</b>    |

The accompanying notes forming part of the Consolidated Financial Statements.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian  
Partner

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                       | Notes | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>                                         |       |                                      |                                      |
| Revenue from operations (Gross)                       | 21    | 516,461,893                          | 622,777,201                          |
| Less: Excise duty                                     |       | (29,286,400)                         | (27,488,005)                         |
| Revenue from operations (Net)                         |       | 487,175,493                          | 595,289,196                          |
| Other Income                                          | 22    | 73,392,211                           | 74,019,071                           |
| <b>Total Revenue</b>                                  |       | <b>560,567,704</b>                   | <b>669,308,267</b>                   |
| <b>EXPENSES</b>                                       |       |                                      |                                      |
| Operating expenses                                    | 23    | 125,035,140                          | 235,246,600                          |
| Purchase of traded goods                              | 24    | 83,901,299                           | 86,459,895                           |
| Repacking costs                                       | 25    | 28,127,316                           | 32,431,467                           |
| Decrease/(Increase) in inventories of traded goods    | 26    | 10,021,460                           | (8,912,034)                          |
| Decrease in stock of crude oil                        | 27    | 21,537,328                           | 514,405                              |
| Employee benefits expense                             | 28    | 45,960,589                           | 43,625,581                           |
| Depletion, depreciation and amortization              | 8-10  | 123,121,449                          | 389,447,881                          |
| Finance costs                                         | 29    | 401,699                              | 147,053,002                          |
| Exploration costs                                     |       | 2,284,034                            | 70,479,836                           |
| Other expenses                                        | 30    | 86,045,356                           | 90,356,791                           |
| Provision for obsolete inventories                    |       | -                                    | 137,999,397                          |
| <b>Total Expenses</b>                                 |       | <b>526,435,670</b>                   | <b>1,224,702,821</b>                 |
| <b>Profit/(Loss) before tax and exceptional items</b> |       | <b>34,132,034</b>                    | <b>(555,394,554)</b>                 |
| Exceptional items - Income / (expenses) - net         | 31    | 51,482,337                           | (11,634,268,257)                     |
| <b>Profit/(Loss) before tax</b>                       |       | <b>85,614,371</b>                    | <b>(12,189,662,811)</b>              |
| <b>Tax Expenses</b>                                   |       |                                      |                                      |
| Current tax                                           |       | 6,520,000                            | 6,781,717                            |
| (Excess) provision - prior years                      |       | (535,611)                            | -                                    |
| <b>Net current tax expenses</b>                       |       | <b>5,984,389</b>                     | <b>6,781,717</b>                     |
| Deferred tax charge/(credit)                          |       | 337,373                              | (418,003)                            |
| <b>Total tax expenses</b>                             |       | <b>6,321,762</b>                     | <b>6,363,714</b>                     |
| <b>Net Profit/(Loss) for the year</b>                 |       | <b>79,292,609</b>                    | <b>(12,196,026,525)</b>              |
| Earnings per equity share of ₹ 10 each                | 32    |                                      |                                      |
| Basic                                                 |       | 0.61                                 | (93.46)                              |
| Diluted                                               |       | 0.61                                 | (93.46)                              |

The accompanying notes forming part of the Consolidated Financial Statements.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian  
Partner

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                                                           | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities:</b>                                               |                                      |                                      |
| <b>Profit/(Loss) before tax</b>                                                           | 85,614,371                           | (12,189,662,811)                     |
| Adjustments for:                                                                          |                                      |                                      |
| Depletion, depreciation and amortization expense                                          | 123,121,449                          | 1,069,827,730                        |
| Impairment on assets                                                                      | 2,731,914                            | 10,953,888,408                       |
| Provision for doubtful advances                                                           | -                                    | 3,904,399                            |
| Provisions for compensated absences                                                       | 387,235                              | (1,717,010)                          |
| Provision for obsolete Inventories                                                        | -                                    | 137,999,397                          |
| Provision for doubtful trade and other receivables                                        | (1,307,852)                          | (580,302)                            |
| Net unrealized foreign exchange (gain) / loss                                             | (563,114)                            | 5,191,667                            |
| Amortization of foreign currency monetary item translation difference                     | -                                    | 38,266,476                           |
| Excess liabilities / provisions written back                                              | (572,253)                            | -                                    |
| Profit on sale of fixed asset                                                             | (48,000)                             | -                                    |
| Net gain on sale of assets                                                                | 45,002                               | 41,855                               |
| Interest on loans                                                                         | -                                    | 144,361,344                          |
| Exploration costs                                                                         | 2,284,034                            | 70,479,836                           |
| Other finance charges                                                                     | -                                    | 2,323,232                            |
| Interest income                                                                           | (40,173,945)                         | (48,859,137)                         |
| Profit on sale of current investment                                                      | (25,185,636)                         | (20,115,047)                         |
| Dividend income                                                                           | (1,229,103)                          | (2,820,151)                          |
| <b>Operating profit before working capital changes</b>                                    | <b>145,104,102</b>                   | <b>162,529,886</b>                   |
| Movements in working capital:                                                             |                                      |                                      |
| Increase/(decrease) in trade payables, other liabilities and provisions                   | 314,366,132                          | (37,276,385)                         |
| Decrease in trade receivables                                                             | 14,704,018                           | 32,838,863                           |
| Decrease in inventories                                                                   | 21,446,674                           | (4,949,105)                          |
| Decrease / (Increase) in loans and advances, other current assets and other bank balances | 102,518,563                          | (23,208,695)                         |
| <b>Cash generated from operations</b>                                                     | <b>598,139,489</b>                   | <b>129,934,564</b>                   |
| Direct taxes refund / paid                                                                | 342,873,244                          | (7,123,448)                          |
| <b>Net cash flow from operating activities (A)</b>                                        | <b>941,012,732</b>                   | <b>122,811,116</b>                   |
| <b>Cash flows from investing activities</b>                                               |                                      |                                      |
| Purchase of fixed assets (including development work in progress)                         | (92,360,923)                         | (1,486,371)                          |
| Proceeds from Sale of fixed assets                                                        | 48,000                               | (50,405,512)                         |
| Profit on sale of current investments                                                     | 25,185,636                           | 20,115,047                           |
| Interest received                                                                         | 39,761,494                           | 47,126,340                           |
| Dividend received                                                                         | 1,229,103                            | 2,820,151                            |
| <b>Net cash flow (used in)/ from investing activities (B)</b>                             | <b>(26,136,690)</b>                  | <b>18,169,655</b>                    |
| <b>Cash flows from financing activities</b>                                               |                                      |                                      |
| Repayment of long-term borrowings                                                         | -                                    | (94,663,266)                         |
| Interest paid                                                                             | -                                    | (145,597,088)                        |
| <b>Net cash flow from / (used in) financing activities (C)</b>                            | <b>-</b>                             | <b>(240,260,354)</b>                 |
| <b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>                 | <b>914,876,042</b>                   | <b>(99,279,583)</b>                  |
| Cash and cash equivalents at the beginning of the year                                    | 334,510,290                          | 433,789,873                          |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>1,249,386,332</b>                 | <b>334,510,290</b>                   |
| <b>Components of cash and cash equivalents</b>                                            |                                      |                                      |
| Cash on hand                                                                              | -                                    | 20,998                               |
| Balances with banks (Refer note 18)                                                       |                                      |                                      |
| - in deposit accounts                                                                     | 61,615,229                           | 40,576,280                           |
| - in current accounts                                                                     | 467,378,303                          | 18,059,528                           |
| Current investment - (See note 15B)                                                       | 720,392,800                          | 275,853,484                          |
| <b>Total cash and cash equivalents</b>                                                    | <b>1,249,386,332</b>                 | <b>334,510,290</b>                   |

The accompanying notes forming part of the Consolidated Financial Statements.

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian  
Partner

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***A. Background**

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

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

| Sl. No. | Unincorporated Joint Ventures  | Partners                                        | Share (%)            |                      |
|---------|--------------------------------|-------------------------------------------------|----------------------|----------------------|
|         |                                |                                                 | As at March 31, 2016 | As at March 31, 2015 |
| 1       | PY-1                           | Hindustan Oil Exploration Company Limited (O)   | 100.00               | 100.00               |
| 2       | CY-OS-90/1 (PY-3)              | Hardy Exploration & Production (India) Inc. (O) | 18.00                | 18.00                |
|         |                                | Oil and Natural Gas Corporation Limited         | 40.00                | 40.00                |
|         |                                | Hindustan Oil Exploration Company Limited       | 21.00                | 21.00                |
|         |                                | Tata Petrodyne Limited                          | 21.00                | 21.00                |
| 3       | Asjol                          | Hindustan Oil Exploration Company Limited (O)   | 50.00                | 50.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 50.00                | 50.00                |
| 4       | North Balol                    | Hindustan Oil Exploration Company Limited (O)   | 25.00                | 25.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 45.00                | 45.00                |
|         |                                | Gujarat Natural Resources Limited (GNRL)        | 30.00                | 30.00                |
| 5       | CB-ON/7 (Palej)                | Hindustan Oil Exploration Company Limited (O)   | 35.00                | 35.00                |
|         |                                | Gujarat State Petroleum Corporation Limited     | 35.00                | 35.00                |
|         |                                | Oil and Natural Gas Corporation Limited         | 30.00                | 30.00                |
| 6       | CB-OS/1                        | Oil and Natural Gas Corporation Limited (O)     | 55.26                | 55.26                |
|         |                                | Hindustan Oil Exploration Company Limited       | 38.07                | 38.07                |
|         |                                | Tata Petrodyne Limited                          | 6.67                 | 6.67                 |
| 7       | GN-ON-90/3 (Pranhita Godavari) | Hindustan Oil Exploration Company Limited (O)   | 100.00               | 100.00               |
| 8       | AAP-ON-94/1                    | Hindustan Oil Exploration Company Limited (O)   | 26.882               | 26.882               |
|         |                                | Indian Oil Corporation Limited                  | 29.032               | 29.032               |
|         |                                | Oil India Limited                               | 44.086               | 44.086               |

*(O) Operator*

The two onshore blocks in Jaisalmer Basin in the state of Rajasthan RJ-ONN-2005/1 & RJ-ONN-2005/2 have been surrendered during the year.

The Company has one subsidiary as at the year end:

HOEC Bardahl India Limited (HBIL or 'the Company') was incorporated on November 24, 1988 in the state of Gujarat. HBIL is engaged in the business of marketing "Bardahl" brand of auto additives through a distributor agreement with Bardahl Manufacturing Company ("BMC"), USA and is the sole authorised distributor for Bardahl products in India, Nepal and Sri Lanka. The Company is a wholly owned subsidiary of Hindustan Oil Exploration Company Limited.

The Company, along with HBIL, shall hereinafter, be collectively referred to as 'the Group'.

**B. Significant Accounting Policies****i) Basis of Preparation**

The consolidated financial statements of the Company and its subsidiary (together the Group) have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP"), to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those followed in the previous year. The consolidated financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted on the basis of available information in the audited / unaudited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSC's. The financial statements of the UJVs are prepared by the respective Operators in

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

accordance with the requirements prescribed by the respective Production Sharing Contracts. Hence, in respect of these UJV's, certain disclosures required under the relevant accounting standards have been made in the consolidated financial statements.

**ii) Principles of Consolidation**

- (a) The financial statements of the Subsidiary considered for the purpose of consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2016.
- (b) The Financial Statements of the Group have been combined based on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra group balances and intra group transactions.
- (c) The CFS have been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**iii) Use of Estimates**

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materials.

**iv) Fixed Assets**

Fixed assets comprise of the following:

Tangible and Intangible assets are stated at cost less accumulated depreciation/amortization and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Producing property and exploration/ development work-in-progress:

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

- (a) Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis. Costs are undepleted within exploratory and development work in progress until the exploration phase is complete or commercial oil and gas reserves are discovered.
- (b) Cost of surveys and studies relating to exploration activities are expensed as when incurred.
- (c) Cost of exploratory/ appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till it is transferred to Producing Properties on commercial production.
- (d) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs are considered as development expenditure. These expenses are capitalized as Producing Properties on commercial production.

**v) Depreciation, Depletion and Amortization**

Depreciation on fixed assets of the Company and Subsidiary have been calculated on written down value method as per the useful life prescribed in Schedule-II to the Companies Act 2013.

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

Intangible assets comprising computer software is amortized over license period or 10 years whichever is lower.

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

**vi) Site Restoration**

Estimated future liability relating to dismantling and abandoning producing well sites and facilities is recognized when the facilities are completed based on the estimated future expenditure determined by the Management. The corresponding amount is added to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and reflected as an adjustment to the provision and the corresponding producing property.

**vii) Impairment**

The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

A previously recognized impairment loss is increased or reversed depending on changes in circumstances but not beyond the carrying value had there been no impairment.

**viii) Investments**

Current investments are valued at lower of cost and fair value determined on an individual investment basis. Long term investments are valued at cost and provision for diminution in value is made to recognize any decline other than temporary in the value of the investments.

**ix) Inventories**

- (i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business, less estimated costs necessary to make the sale.
- (ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis as applicable, or estimated net realizable value, whichever is lower.
- (iii) Inventory of Oil additives/Lubricants/Car Care Products are valued at lower of Cost or Net Realisable Value. Cost is ascertained on a specific identification basis. Inventories include Packed, Unpacked stock and Packing Materials. Cost of Unpacked material includes cost of materials (net of Cenvat / VAT), Custom duty, Insurance, Freight, Clearing Charges. Cost of Packed Materials includes materials and repacking cost. Excise duty liability is included in the valuation of closing inventory of Packed Materials. Obsolescence of inventory is determined on the material consumption pattern / specific review and is accordingly provided for.

**x) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the measurable economic benefits will flow to the Company.

- (i) Revenue from the sale of crude oil, condensate and natural gas, net of Government's share of profit petroleum and value added tax, is recognized on transfer of custody.
- (ii) Income from service if any is recognized on accrual basis and is net of service tax.
- (iii) Delayed payment charges, retrospective revision in prices, interest on delayed payments and interest on tax refunds are recognized as and when realized as it is considered reasonably certain only at that point of time.
- (iv) Interest income is recognized on the basis of time proportion.
- (v) Dividend Income is recognized when the right to receive is unconditional.
- (vi) Sales of Oil Additives/Lubricants/Car Care Products are recognised on shipment or dispatch to customers. Such sales are stated exclusive of Value Added Tax, Central Sales Tax and are net of Sales return and Trade Discount. Excise duty deducted from gross turnover (gross) is the amount that is included in the amount of gross turnover and not the entire amount of liability that arose during the year.

**xi) Employee Benefits**

**Employee benefits includes provident fund, gratuity fund and compensated absence**

- a) Defined Contribution plan  
The Company's contribution to provident fund is considered as defined contribution plan and are recognized as an expense based on the amount of contribution required to be made and when the services are rendered by the employees.
- b) Defined benefit plan  
The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method. Actuarial gains/losses are recognized in the statement of profit and loss. Obligation under the defined benefit plan is measured at the present value of estimated future cash flows. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.
- c) Long term employee benefit  
The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.
- d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment

**xii) Borrowing Cost**

Borrowing costs directly attributable to the development projects, which takes substantial period of time to complete are capitalized till the assets are ready for its intended use or sale. All other borrowing costs are expensed in the period they occurred.

**xiii) Foreign Currency Transactions**

The Group translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

exchange prevailing at the Balance Sheet date. Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, excluding long term foreign currency monetary items are recognized as income or as expenses in the period in which they arise.

**xiv) Taxation**

Current tax is the tax payable on the taxable income for the year and is provided as per Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized to the extent of virtual certainty that sufficient future taxable income will be available to realize the deferred tax assets. The deferred tax assets/ liability are re-assessed at each balance sheet date and adjustments are made.

Minimum Alternate Tax (MAT) credit is recognized as an asset, only when and to the extent there is an evidence that the Company will pay normal income tax during the specified period under Income Tax Act, 1961. The Company reviews the carrying credit on each Balance Sheet date and make adjustments to the carrying value.

**xv) Cash and Cash Equivalents**

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

**xvi) Provisions, Contingent Liabilities and Contingent Assets**

Provisions is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of can be made. However, contingent assets are not recognized in the financial statements.

Product warranty expenses are accounted as and when the warranty claims are incurred.

**xvii) Leases**

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Leases of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments and Lease income under operating leases are recognized as an expense on a systematic basis, which is more representative of the time pattern in which benefit is derived from the use of the leased asset.

**xviii) Employee share based payment**

The Company has formulated employee stock option scheme in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines. The Scheme provides for grant of option to employees of the Company and its subsidiaries to acquire the equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. These ESOP are accounted under intrinsic value method stated in the guidance note on employee share based payment issued by ICAI.

**1. Share Capital**

|                                                                 | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| <b>Authorized Shares</b>                                        |                         |                         |
| 500,000,000 (PY: 500,000,000) equity shares of ₹ 10 each        | 5,000,000,000           | 5,000,000,000           |
| <b>Issued Shares</b>                                            |                         |                         |
| 130,563,363 (PY: 130,563,363) equity shares of ₹ 10 each        | 1,305,633,630           | 1,305,633,630           |
| <b>Subscribed and Fully Paid up</b>                             |                         |                         |
| 130,493,289 (PY: 130,493,289) equity shares of ₹ 10 each        | 1,304,932,890           | 1,304,932,890           |
| Add: Amount Paid-up on Shares Forfeited (32,975 Shares)         | 160,115                 | 160,115                 |
| <b>Total issued, subscribed and fully paid-up share capital</b> | <b>1,305,093,005</b>    | <b>1,305,093,005</b>    |

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

|                                             | As at<br>March 31, 2016 |                      | As at<br>March 31, 2015 |                      |
|---------------------------------------------|-------------------------|----------------------|-------------------------|----------------------|
|                                             | No.                     | INR                  | No.                     | INR                  |
| At the beginning of the period              | 130,493,289             | 1,304,932,890        | 130,493,289             | 1,304,932,890        |
| Issued during the period                    | -                       | -                    | -                       | -                    |
| <b>Outstanding at the end of the period</b> | <b>130,493,289</b>      | <b>1,304,932,890</b> | <b>130,493,289</b>      | <b>1,304,932,890</b> |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***(b) Terms/rights attached to equity shares**

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

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

|                       | As at<br>March 31, 2016 |           | As at<br>March 31, 2015 |           |
|-----------------------|-------------------------|-----------|-------------------------|-----------|
|                       | No.                     | % holding | No.                     | % holding |
| Burren Shakti Limited | 29,242,482              | 22.41     | 35,440,913              | 27.16     |
| Eni UK Holding Plc    | -                       | -         | 26,115,455              | 20.01     |
| Ashok Kumar Goel      | 18,465,078              | 14.15     | -                       | -         |
| HDFC Limited          | 14,826,303              | 11.36     | 14,826,303              | 11.36     |

As per records of the Company, including its register of shareholders / members, the above shareholding represents legal ownerships of shares.

**2. Reserves and Surplus**

|                                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Capital Reserve                                                      | 9,608,450,000           | 9,608,450,000           |
| Securities premium account                                           | 7,841,521,473           | 7,841,521,473           |
| <b>Foreign Currency Monetary Item Translation Difference Account</b> |                         |                         |
| Opening balance                                                      | -                       | (35,434,019)            |
| Created during the Year                                              | -                       | (2,832,457)             |
| Amortized during the Year                                            | -                       | 38,266,476              |
| <b>Closing balance</b>                                               | -                       | -                       |
| General Reserve                                                      | 3,800,000               | 3,800,000               |
| <b>(Deficit) in the Statement of Profit and Loss</b>                 |                         |                         |
| Opening balance                                                      | (15,951,611,989)        | (3,755,585,464)         |
| Profit/(Loss) for the Year                                           | 79,292,609              | (12,196,026,525)        |
| Net (Deficit) in the Statement of Profit and Loss                    | (15,872,319,380)        | (15,951,611,989)        |
| <b>Total Reserves and Surplus</b>                                    | <b>1,581,452,093</b>    | <b>1,502,159,484</b>    |

**3. Long-term liabilities**

|                                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| Trade payables -Other group entities (Refer note 38)                     | 100,779,775             | -                       |
| Payable on purchase of fixed asset -Other group entities (Refer note 38) | 162,231,699             | -                       |
|                                                                          | <b>263,011,474</b>      | -                       |

**4. Long-term provisions**

|                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------|-------------------------|-------------------------|
| Provision for compensated absences | 1,962,125               | 1,334,009               |
| Provision for site restoration     | 1,111,373,800           | 1,103,035,000           |
| Rent equalisation                  | 970,000                 | 840,000                 |
|                                    | <b>1,114,305,925</b>    | <b>1,105,209,009</b>    |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***5. Trade payables**

|                                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------|-------------------------|-------------------------|
| Micro, Small & Medium Enterprises (Refer note "a" below) | 2,240,655               | 7,561,126               |
| Others                                                   | 43,864,675              | 145,101,305             |
|                                                          | <b>46,105,330</b>       | <b>152,662,431</b>      |

**a. Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006:**

|                                                                                              | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Principal amount payable (but not due) to suppliers under the MSMED Act as at year end       | 2,240,655               | 7,561,126               |
| Interest accrued and due to suppliers under the MSMED Act on the above amount as at year end | -                       | -                       |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year    | -                       | -                       |
| Interest paid to suppliers under the MSMED Act (other than Section 16)                       | -                       | -                       |
| Interest paid to suppliers under the MSMED Act (Section 16)                                  | -                       | -                       |
| Interest due and payable to suppliers under the MSMED Act for payments already made          | -                       | -                       |
| Interest accrued and remaining unpaid to suppliers under the MSMED Act as at year end        | -                       | -                       |

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

**6. Other current liabilities**

|                                          | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------|-------------------------|-------------------------|
| Unclaimed/unpaid dividend                | 677,907                 | 2,071,998               |
| Unclaimed/unpaid share application money | -                       | 437,987                 |
| Security Deposits                        | 5,100,000               | 5,480,000               |
| <b>Others Payable</b>                    |                         |                         |
| - Creditor for capital expenditure       | 46,062,325              | 165,842,633             |
| - Statutory dues payable                 | 7,251,516               | 13,701,349              |
| - Payable to employees                   | 506,136                 | 2,581,984               |
| - Payable to joint venture partners      | 527,327,010             | 90,798,815              |
| - Other Payable                          | 187,722                 | -                       |
| - Advances from customers                | 268,978                 | 246,177                 |
|                                          | <b>587,381,594</b>      | <b>281,160,943</b>      |

**7. Short-term provisions**

|                                        | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Provision for gratuity (see Note 35)   | 185,165                 | 201,338                 |
| Provision for compensated absences     | 851,122                 | 1,196,526               |
|                                        | <b>1,036,287</b>        | <b>1,397,864</b>        |
| <b>Other provisions</b>                |                         |                         |
| Provision for wealth tax               | -                       | 521,693                 |
|                                        | <b>1,036,287</b>        | <b>1,919,557</b>        |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***8. Tangible Assets****Gross Block**

| <b>Nature of Assets</b>            | <b>As at<br/>April 1, 2015</b> | <b>Additions</b> | <b>(Deletions)/<br/>Adjustments</b> | <b>As at<br/>March 31, 2016</b> |
|------------------------------------|--------------------------------|------------------|-------------------------------------|---------------------------------|
| Freehold land                      | 23,927,774                     | -                | -                                   | 23,927,774                      |
| Buildings*                         | 104,331,788                    | -                | -                                   | 104,331,788                     |
| Producing property                 | 22,939,073,512                 | 8,393,778        | (69,168)                            | 22,947,398,122                  |
| Plant & Equipment                  | 1,876,983                      | 246,422          | (116,486)                           | 2,006,919                       |
| Furniture & Fixtures               | 6,487,671                      | -                | (5,300)                             | 6,482,371                       |
| Vehicles                           | 4,624,195                      | -                | (1,980,509)                         | 2,643,686                       |
| Office equipment                   | 10,098,125                     | 186,800          | -                                   | 10,284,925                      |
| Computers                          | 8,683,277                      | 1,002,070        | (37,908)                            | 9,647,439                       |
| Improvement to Lease Hold Premises | 2,231,627                      | -                | -                                   | 2,231,627                       |
|                                    | <b>23,101,334,952</b>          | <b>9,829,070</b> | <b>(2,209,371)</b>                  | <b>23,108,954,651</b>           |

Note: Gross block of Buildings include an amount of ₹ 28,238,883 (PY: 28,238,883) for assets given on operating lease.

| <b>Nature of Assets</b>            | <b>As at<br/>April 1, 2014</b> | <b>Additions</b>     | <b>(Deletions)/<br/>Adjustments</b> | <b>As at<br/>March 31, 2015</b> |
|------------------------------------|--------------------------------|----------------------|-------------------------------------|---------------------------------|
| Freehold land                      | 23,927,774                     | -                    | -                                   | 23,927,774                      |
| Buildings*                         | 104,331,788                    | -                    | -                                   | 104,331,788                     |
| Producing properties               | 20,756,382,750                 | 2,901,435,355        | (718,744,593)                       | 22,939,073,512                  |
| Plant & Equipment                  | 1,879,426                      | 82,253               | (84,696)                            | 1,876,983                       |
| Furniture & Fixtures               | 6,396,108                      | 91,563               | -                                   | 6,487,671                       |
| Vehicles                           | 4,624,195                      | -                    | -                                   | 4,624,195                       |
| Office equipment                   | 9,579,651                      | 655,545              | (137,071)                           | 10,098,125                      |
| Computers                          | 8,248,317                      | 527,082              | (92,122)                            | 8,683,277                       |
| Improvement to Lease Hold Premises | 1,900,810                      | 330,817              | -                                   | 2,231,627                       |
|                                    | <b>20,917,270,819</b>          | <b>2,903,122,615</b> | <b>(719,058,482)</b>                | <b>23,101,334,952</b>           |

Note: Gross block of Buildings include an amount of ₹ 28,238,883 (PY: ₹ 28,238,883) for assets given on operating lease.

**Depreciation / Depletion / Impairment**

| <b>Nature of Assets</b>            | <b>As at<br/>April 1, 2015</b> | <b>Additions /<br/>Impairment</b> | <b>(Deletions)/<br/>Adjustments</b> | <b>As at<br/>March 31, 2016</b> |
|------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|---------------------------------|
| Buildings                          | 46,604,065                     | 2,790,969                         | -                                   | 49,395,034                      |
| Producing properties               | 22,223,835,712                 | 117,919,186                       | -                                   | 22,341,754,898                  |
| Plant & Equipment                  | 1,278,745                      | 139,052                           | (73,644)                            | 1,344,153                       |
| Furniture & Fixtures               | 6,167,419                      | 98,247                            | (5,035)                             | 6,260,631                       |
| Vehicles                           | 4,279,870                      | 117,945                           | (1,980,509)                         | 2,417,306                       |
| Office equipment                   | 9,326,319                      | 558,253                           | -                                   | 9,884,572                       |
| Computers                          | 8,276,073                      | 842,597                           | (36,013)                            | 9,082,657                       |
| Improvement to Lease Hold Premises | 1,633,611                      | 399,525                           | -                                   | 2,033,136                       |
|                                    | <b>22,301,401,814</b>          | <b>122,865,774</b>                | <b>(2,095,201)</b>                  | <b>22,422,172,387</b>           |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

| Nature of Assets                   | As at<br>April 1, 2014 | Additions /<br>Impairment | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|------------------------------------|------------------------|---------------------------|-----------------------------|-------------------------|
| Buildings                          | 43,671,282             | 2,932,783                 | -                           | 46,604,065              |
| Producing property                 | 10,266,896,152         | 11,670,018,645            | 286,920,915                 | 22,223,835,712          |
| Plant & Equipment                  | 1,222,335              | 122,984                   | (66,574)                    | 1,278,745               |
| Furniture & Fixtures               | 5,711,772              | 455,647                   | -                           | 6,167,419               |
| Vehicles                           | 3,988,527              | 291,343                   | -                           | 4,279,870               |
| Office equipment                   | 8,021,352              | 1,381,478                 | (76,511)                    | 9,326,319               |
| Computers                          | 7,197,483              | 1,158,891                 | (80,301)                    | 8,276,073               |
| Improvement to Lease Hold Premises | 1,234,086              | 399,525                   | -                           | 1,633,611               |
|                                    | <b>10,337,942,989</b>  | <b>11,676,761,296</b>     | <b>286,697,529</b>          | <b>22,301,401,814</b>   |

**Net Block**

| Nature of Assets                   | As at<br>March 31, 2014 | As at<br>March 31, 2015 | As at<br>March 31, 2016 |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| Freehold land                      | 23,927,774              | 23,927,774              | 23,927,774              |
| Buildings*                         | 60,660,506              | 57,727,723              | 54,936,754              |
| Producing properties               | 10,489,486,598          | 715,237,800             | 605,643,224             |
| Plant & Equipment                  | 657,091                 | 598,238                 | 662,766                 |
| Furniture & Fixtures               | 684,336                 | 320,252                 | 221,740                 |
| Vehicles                           | 635,668                 | 344,325                 | 226,380                 |
| Office equipment                   | 1,558,299               | 771,806                 | 400,353                 |
| Computers                          | 1,050,834               | 407,204                 | 564,782                 |
| Improvement to Lease Hold Premises | 666,724                 | 598,016                 | 198,491                 |
|                                    | <b>10,579,327,830</b>   | <b>799,933,138</b>      | <b>686,782,264</b>      |

Note: Net block of Buildings include an amount of ₹ 9,173,702 (PY: ₹ 9,636,785) respectively for assets given on operating lease.

**9. Intangible Assets**

| Nature of Assets | As at<br>April 1, 2015 | Additions | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|------------------|------------------------|-----------|-----------------------------|-------------------------|
| Software         | 26,012,371             | 287,074   | -                           | 26,299,445              |
| Amortization     | (25,678,644)           | (255,676) | -                           | (25,934,320)            |
| <b>Net block</b> | <b>333,727</b>         |           |                             | <b>365,125</b>          |

| Nature of Assets | As at<br>April 1, 2014 | Additions | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|------------------|------------------------|-----------|-----------------------------|-------------------------|
| Software         | 25,958,371             | 54,000    | -                           | 26,012,371              |
| Amortization     | (25,457,968)           | (220,676) | -                           | (25,678,644)            |
| <b>Net block</b> | <b>500,403</b>         |           |                             | <b>333,727</b>          |

**10. Exploration / Development - work-in progress**

| Nature of Assets         | As at<br>April 1, 2015 | Additions   | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|--------------------------|------------------------|-------------|-----------------------------|-------------------------|
| <b>a. Development</b>    |                        |             |                             |                         |
| Oil & Gas                | 124,926,412            | 128,406,918 | -                           | 253,333,330             |
| Amortization/ Impairment | (108,140,435)          | (2,731,914) | -                           | (110,872,349)           |
| <b>Net block</b>         | <b>16,785,977</b>      | <b>-</b>    | <b>-</b>                    | <b>142,460,981</b>      |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

| Nature of Assets         | As at<br>April 1, 2015 | Additions | (Deletions)/<br>Adjustments | As at<br>March 31, 2016 |
|--------------------------|------------------------|-----------|-----------------------------|-------------------------|
| <b>b. Exploration</b>    |                        |           |                             |                         |
| Oil & Gas                | 1,398,122,705          | 7,359,966 | (8,203,977)                 | 1,397,278,694           |
| Amortization/ Impairment | (238,593,730)          | -         | -                           | (238,593,730)           |
| <b>Net block</b>         | <b>1,159,528,975</b>   |           |                             | <b>1,158,684,964</b>    |
| <b>Total (a+b)</b>       | <b>1,176,314,952</b>   |           |                             | <b>1,301,145,945</b>    |

| Nature of Assets         | As at<br>April 1, 2014 | Additions     | (Deletions)/<br>Adjustments | As at<br>March 31, 2015 |
|--------------------------|------------------------|---------------|-----------------------------|-------------------------|
| <b>a. Development</b>    |                        |               |                             |                         |
| Oil & Gas                | 2,740,177,722          | 79,599,938    | (2,694,851,248)             | 124,926,412             |
| Amortization/ Impairment | (741,418,308)          | (108,140,435) | 741,418,308                 | (108,140,435)           |
| <b>Net block</b>         | <b>1,998,759,414</b>   | -             | -                           | <b>16,785,977</b>       |
| <b>b. Exploration</b>    |                        |               |                             |                         |
| Oil & Gas                | 1,372,252,227          | 96,350,314    | (70,479,836)                | 1,398,122,705           |
| Amortization/ Impairment | -                      | (238,593,730) | -                           | (238,593,730)           |
| <b>Net block</b>         | <b>1,372,252,227</b>   |               |                             | <b>1,159,528,975</b>    |
|                          | <b>3,371,011,641</b>   |               |                             | <b>1,176,314,952</b>    |

**11. Non-Current Investments**

|                                                                                           | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Non-Trade Investment</b>                                                               |                         |                         |
| 100,000 (Previous Year: 100,000) Equity Shares of ₹ 10 each of Gujarat Securities Limited | 1,000,000               | 1,000,000               |
| Less: Provision for diminution in value of investment in Gujarat Securities Limited       | (999,999)               | (999,999)               |
| <b>Total</b>                                                                              | <b>1</b>                | <b>1</b>                |
| Aggregate amount of unquoted investment                                                   | 1,000,000               | 1,000,000               |

**12. Taxation:****a. Deferred tax assets (net)**

|                                                                | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| Exploration Expenses                                           | 488,300,178             | 479,173,072             |
| Doubtful Advances                                              | 16,195,826              | 17,240,993              |
| Employee related costs                                         | 303,032                 | 342,198                 |
| Depreciation, depletion, amortisation and impairment of assets | 1,716,567,427           | 1,404,808,067           |
| Unabsorbed Business Losses and Depreciation                    | 2,427,212,152           | 2,578,242,041           |
| Others                                                         | 314,765                 | 272,580                 |
| <b>Deferred tax asset</b>                                      | <b>4,648,893,380</b>    | <b>4,480,078,951</b>    |
| Less: Amounts not recognised (Refer note below)                | (4,647,553,231)         | (4,478,401,429)         |
| <b>Deferred tax asset</b>                                      | <b>1,340,149</b>        | <b>1,677,522</b>        |

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

- b. There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income both under the provisions of Sec. 115-JB and those other than Sec. 115-JB of the Income Tax Act, 1961.

**13. Long-term loans and advances**

|                                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>                                                    |                         |                         |
| Capital advances                                                                        | 3,882,741               | 4,213,405               |
| Security deposit                                                                        | 9,516,662               | 9,019,841               |
| Advances recoverable in cash or kind                                                    | 2,369,158               | 2,369,158               |
| Advance income tax                                                                      | 2,371,640               | 330,283,365             |
| Fringe benefit tax paid                                                                 | -                       | 88                      |
| <b>(A)</b>                                                                              | <b>18,140,201</b>       | <b>345,885,857</b>      |
| <b>Unsecured and considered doubtful</b>                                                |                         |                         |
| Capital advances (Refer Note "a" below)                                                 | 1,354,621               | 1,354,621               |
| Advances recoverable in cash or kind (Refer note "b" below)                             | 47,630,122              | 50,476,461              |
| Fringe benefit tax (Net of provision for fringe benefit taxation Nil (PY: ₹ 8,500,000)) | -                       | 1,058,060               |
| Less: Provision for Doubtful Advances (Refer note "c" below)                            | (48,984,743)            | (52,889,142)            |
| <b>(B)</b>                                                                              | <b>-</b>                | <b>-</b>                |
| <b>Total (A+B)</b>                                                                      | <b>18,140,201</b>       | <b>345,885,857</b>      |

Notes:

- a. Advances ₹ 1,354,621 paid towards the purchase of Bhaili Land in Vadodara district.
- b. Represents damages paid of ₹ 47,630,122 to Directorate General of Hydrocarbons for the block CY-OSN-97/1 under protest in 2012-13 which is under adjudication by an arbitration tribunal.
- c. Provision for ₹ 28,46,339 towards Insurance on PY-3 has been written-off during the year.

**14. Other non-current assets**

|                                                                                | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|
| Site Restoration Deposit with bank with maturity period in excess of 12 months | 480,357,666             | 447,054,351             |
| Other deposit with bank with maturity period in excess of 12 months            | -                       | 43,608,764              |
| Additional fund with LIC for gratuity                                          | 692,702                 | -                       |
|                                                                                | <b>481,050,368</b>      | <b>490,663,115</b>      |

**15. Current Investments**

|                                                                                   | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Quoted equity instruments</b>                                                  |                         |                         |
| Reliance Industries Limited Equity Shares 318 @ INR 10 each (PY: 318)             | 25,975                  | 25,975                  |
| Reliance Communication Ventures Limited Equity Shares 318 @ INR 10 each (PY: 318) | 19,332                  | 19,332                  |
| Reliance Infrastructure Limited Equity Shares 23 @ INR 10 each (PY: 23)           | 3,219                   | 3,219                   |
| Reliance Capital Limited Equity Shares 15 @ INR 10 each (PY: 15)                  | 166                     | 166                     |
| Reliance Power Limited Equity Shares 79 @ INR 10 each (PY: 79)                    | 272                     | 272                     |
| <b>(A)</b>                                                                        | <b>48,964</b>           | <b>48,964</b>           |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                                                                                             | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unquoted Mutual Funds</b>                                                                                                |                         |                         |
| Units of Liquid/Liquid plus/Short Term/Medium Term schemes of Mutual Funds                                                  |                         |                         |
| Birla Cash Plus Fund - Regular Plan - Growth 161,713.336 Units of INR 100 each (PY: Nil)                                    | 38,537,921              | -                       |
| Birla Dynamic Bond Fund - Retail - Growth 3,453,890.085 Units of INR 10 each (PY: Nil)                                      | 87,102,768              | -                       |
| Birla Savings Fund - Growth 169,233.781 Units of INR 100 each (PY: Nil)                                                     | 48,500,000              | -                       |
| Franklin India Treasury Management Account - Super Institutional Plan - Growth Nil Units of INR 1,000 each (PY: 16,871.177) | -                       | 34,700,000              |
| Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth Nil Units of INR 10 each (PY: 1,364,561.251)       | -                       | 23,382,849              |
| HDFC Floating Rate Income Fund - Short Term - Wholesale Option - Growth 1,956,441.780 Units of INR 10 each (PY: Nil)        | 50,000,000              | -                       |
| HDFC High Interest Fund -Dynamic Plan- Growth 1,114,909.125 Units of INR 10 each (PY: Nil)                                  | 55,220,417              | -                       |
| HDFC High Interest Fund -Short Term Plan - Growth 353,706.848 Units of INR 10 each (PY: Nil)                                | 10,000,000              |                         |
| HDFC Liquid Fund - Growth Nil Units of INR 10 each (PY: 1,574,813.30)                                                       | -                       | 42,387,743              |
| HDFC Liquid Fund- Treasury Advantage Plan Daily dividend re-investment Nil units of INR 10 each (PY: 1,150,102)             | -                       | 11,537,246              |
| ICICI Prudential Liquid Plan-Regular-Growth Nil Units of INR 100 each (PY: 106,681.80)                                      | -                       | 21,589,388              |
| ICICI Prudential flexible Income Plan-Premium-daily dividend re-investment Nil Units of INR 100 each (PY: 382,075)          |                         | 40,398,947              |
| IDFC SSIF - Medium Term Fund - Growth 3,750,357.779 Units of INR 10 each (PY: Nil)                                          | 91,000,000              | -                       |
| Kotak Bond (Short Term) - Growth - (Regular Plan) 686,245.098 Units of INR 1,000 each (PY: Nil)                             | 18,500,000              | -                       |
| Kotak Floater Short Term -Growth - Regular Plan 7,473.751 Units of INR 1,000 each (PY: 6,231.91)                            | 18,126,553              | 14,072,566              |
| Kotak Treasury Advantage Fund-Growth- (Regular Plan) 1,271,321.115 Units of INR 10 each (PY: 938,746.77)                    | 30,000,000              | 20,000,000              |
| Reliance Short Term Fund - Growth 3,093,803.562 Units of INR 10 each (PY: Nil)                                              | 83,500,000              | -                       |
| Reliance Liquidity Fund - Growth Plan Growth Option Nil Units of INR 1,000 each (PY: 18,068.88)                             | -                       | 37,800,000              |
| SBI Short Term Debt Fund - Regular Plan - Growth 591,845.552 Units of INR 10 each (PY: Nil)                                 | 10,000,000              | -                       |
| SBI Treasury Advantage Fund -Regular Plan- Growth 31,371.417 Units of INR 1000 each (PY: Nil)                               | 51,645,970              | -                       |
| Tata Floater Fund Plan Regular Plan - Growth 23,821.83 Units of INR 1,000 each (PY: 15,050.34)                              | 53,259,170              | 29,984,745              |
| Tata Short Term Bond Fund Regular Plan- Growth 2,220,970.267 Units of INR 10 each (PY: 15,050.34)                           | 60,000,000              | -                       |
| Tata Dynamic Bond Fund Regular Plan- Growth 665,534 Units of INR 10 each (PY: Nil)                                          | 15,000,000              | -                       |
| <b>(B)</b>                                                                                                                  | <b>720,392,799</b>      | <b>275,853,484</b>      |
| <b>Total (A)+(B)</b>                                                                                                        | <b>720,441,763</b>      | <b>275,902,448</b>      |
| Aggregate amount (cost) of Quoted Investment                                                                                | 48,964                  | 48,964                  |
| Market Value of Quoted Investment                                                                                           | 369,974                 | 302,319                 |
| Aggregate amount (cost) of Unquoted Investment                                                                              | 720,392,799             | 275,853,484             |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***16. Inventories**

|                                                   | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|---------------------------------------------------|-------------------------|-------------------------|
| <b>(i) Finished Goods</b>                         |                         |                         |
| - Crude Oil                                       | 2,002,019               | 7,367,924               |
| - Condensate                                      | 2,896,333               | 18,545,397              |
| <b>(ii) Stores, spares and drilling tangibles</b> | 219,442,287             | 204,194,842             |
| <b>(A)</b>                                        | <b>224,340,639</b>      | <b>230,108,163</b>      |
| <b>(iii) Stock of Traded goods</b>                |                         |                         |
| <b>a. Unpacked</b>                                |                         |                         |
| - Additives                                       | 1,431,790               | 5,428,499               |
| - Lubricants                                      | 164,464                 | 1,993,825               |
| - Car Care                                        | 1,209,670               | 630,447                 |
|                                                   | <b>2,805,924</b>        | <b>8,052,771</b>        |
| <b>b. Packed</b>                                  |                         |                         |
| - Additives                                       | 9,151,923               | 14,216,704              |
| - Accessories                                     | 246,230                 | -                       |
| - Lubricants                                      | 1,106,237               | 1,188,422               |
| - Car Care                                        | 4,150,140               | 4,024,017               |
|                                                   | <b>14,654,530</b>       | <b>19,429,143</b>       |
| <b>(iv) Un packed stock in transits</b>           | -                       | <b>5,446,749</b>        |
| <b>(v) Stock of packing material</b>              | <b>1,618,826</b>        | <b>1,829,767</b>        |
| <b>(B) = (iiia+iiib+iv+v)</b>                     | <b>19,079,280</b>       | <b>34,758,430</b>       |
| <b>Total (A+B)</b>                                | <b>243,419,919</b>      | <b>264,866,593</b>      |

**17. Trade receivables**

|                                                                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Secured and considered good</b>                                                   |                         |                         |
| Outstanding for a period exceeding six months from the date they are due for payment | 1,639                   | 67,291                  |
| Other receivables                                                                    | 3,288,999               | 3,606,264               |
| <b>(A)</b>                                                                           | <b>3,290,638</b>        | <b>3,673,555</b>        |
| <b>Unsecured and considered good</b>                                                 |                         |                         |
| Outstanding for a period exceeding six months from the date they are due for payment | 202,303                 | 192,343                 |
| Other receivables                                                                    | 37,744,059              | 50,757,783              |
| <b>Unsecured and considered doubtful</b>                                             |                         |                         |
| Outstanding for a period exceeding six months from the date they are due for payment | -                       | 1,307,852               |
|                                                                                      | <b>37,946,362</b>       | <b>52,257,978</b>       |
| Less: Provision for doubtful trade receivables                                       | -                       | (1,307,852)             |
| <b>(B)</b>                                                                           | <b>37,946,362</b>       | <b>50,950,126</b>       |
| <b>Total (A+B)</b>                                                                   | <b>41,237,000</b>       | <b>54,623,681</b>       |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***18. Cash and bank balances**

|                                                                  | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Cash on hand                                                     | -                       | 20,998                  |
| <b>Balances with banks:</b>                                      |                         |                         |
| Current accounts                                                 | 467,378,303             | 18,059,528              |
| Deposits with original maturity of less than 3 months            | 15,889,856              | 576,280                 |
| <b>(A)</b>                                                       | <b>483,268,159</b>      | <b>18,656,806</b>       |
| <b>Other bank balances</b>                                       |                         |                         |
| Unclaimed/unpaid dividend accounts                               | 677,907                 | 2,071,998               |
| Unclaimed/unpaid share application money                         | -                       | 437,987                 |
| Deposits- maturity of more than 3 months but less than 12 months | 46,250,374              | 54,200,000              |
| <b>(B)</b>                                                       | <b>46,928,281</b>       | <b>56,709,985</b>       |
| <b>Total (A+B)</b>                                               | <b>530,196,440</b>      | <b>75,366,791</b>       |

- a. Deposits with original maturity of less than 3 months include lien marked deposit of ₹ 525,000 (PY: Nil) and deposits - maturity of more than 3 months but less than 12 months include lien marked deposit of Nil (PY: ₹ 14,200,000)

**19. Short term loans and advances**

|                                                                         | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b>                                    |                         |                         |
| Security Deposit                                                        | 26,000                  | 30,387                  |
| Advances recoverable in cash or kind                                    | 5,606,881               | 23,017,302              |
| Advance income tax [Net of Provision ₹ 584,997,801 (PY: ₹ 719,792,128)] | 856,863,603             | 824,116,865             |
| Central excise PLA Balance                                              | 1,423,673               | 154,883                 |
| Service tax input credit                                                | 433,147                 | 297,703                 |
| Prepaid expenses                                                        | 4,988,159               | 10,101,270              |
|                                                                         | <b>869,341,463</b>      | <b>857,718,410</b>      |

**20. Other current assets**

|                                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Unsecured and considered good</b> |                         |                         |
| Interest accrued on deposits         | 4,367,181               | 3,954,730               |
| Excess paid to LIC for gratuity      | 557,889                 | 963,464                 |
|                                      | <b>4,925,070</b>        | <b>4,918,194</b>        |

**21. Revenue from operations**

|                                                 | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Crude Oil / Condensate                          | 107,047,832                          | 170,145,498                          |
| Natural Gas                                     | 192,996,101                          | 262,688,378                          |
| (Less): Profit Petroleum to Government of India | (16,600,535)                         | (29,945,885)                         |
| <b>(A)</b>                                      | <b>283,443,398</b>                   | <b>402,887,991</b>                   |
| Sale of traded goods                            | 203,155,941                          | 191,721,600                          |
| Add: Excise duty                                | 29,286,400                           | 27,488,005                           |
| <b>(B)</b>                                      | <b>232,442,341</b>                   | <b>219,209,605</b>                   |
| Other operating revenue                         | <b>(C) 576,154</b>                   | <b>679,605</b>                       |
| <b>Total (A+B+C)</b>                            | <b>516,461,893</b>                   | <b>622,777,201</b>                   |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***22. Other income**

|                                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Interest Income on bank deposits      | 40,173,945                           | 48,859,137                           |
| Other interest                        | 195,531                              | 32,207                               |
| Dividend income                       | 1,229,103                            | 2,820,151                            |
| Profit on sale of assets              | 48,000                               | -                                    |
| Profit on sale of current investments | 25,185,636                           | 20,115,047                           |
| Write back of excess provision        | 2,157,032                            | 580,303                              |
| Miscellaneous Income                  | 4,402,964                            | 1,612,226                            |
|                                       | <b>73,392,211</b>                    | <b>74,019,071</b>                    |

**23. Operating expenses**

|                              | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------|--------------------------------------|--------------------------------------|
| Manpower Costs               | 42,118,455                           | 49,436,750                           |
| Repairs and Maintenance      | 36,257,026                           | 102,388,902                          |
| Royalty, Cess & Other Duties | 27,222,884                           | 32,695,503                           |
| Insurance                    | 11,420,069                           | 29,698,913                           |
| Other Production Expenses    | 6,410,358                            | 20,689,922                           |
| Consumables                  | 1,388,933                            | 218,517                              |
| Transportation and Logistics | 217,415                              | 118,093                              |
|                              | <b>125,035,140</b>                   | <b>235,246,600</b>                   |

**24. Purchase of traded goods**

|                                                       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------|--------------------------------------|--------------------------------------|
| Additives                                             | 51,803,236                           | 62,910,957                           |
| Car Care                                              | 33,154,038                           | 21,982,623                           |
| Others                                                | 730,472                              | -                                    |
| Increase / (decrease) in Excise duty on closing stock | (1,001,523)                          | 2,125,924                            |
| Increase / (decrease) in output VAT on closing stock  | -                                    | 22,792                               |
| Cost of sample and replacements                       | (784,924)                            | (582,401)                            |
|                                                       | <b>83,901,299</b>                    | <b>86,459,895</b>                    |

**25. Repacking Cost**

|                           | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------|--------------------------------------|--------------------------------------|
| Packing material consumed | 20,114,782                           | 23,528,920                           |
| Repacking cost            | 8,012,534                            | 8,902,547                            |
|                           | <b>28,127,316</b>                    | <b>32,431,467</b>                    |

**26. Decrease / (Increase) in inventories of traded goods**

|                                                 | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Inventories at the end of the year              | (17,460,454)                         | (27,481,914)                         |
| Inventories at the beginning of the year        | 27,481,914                           | 18,569,880                           |
| <b>Net Decrease / (Increase) in inventories</b> | <b>10,021,460</b>                    | <b>(8,912,034)</b>                   |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***27. Decrease in inventories of crude oil and condensate**

|                                                              | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Inventories at the end of the year                           | (4,898,352)                          | (25,913,321)                         |
| Inventories at the beginning of the year                     | 25,913,321                           | 24,105,839                           |
|                                                              | <b>21,014,969</b>                    | <b>(1,807,482)</b>                   |
| (Less): Profit petroleum on inventory to Government of India | 522,359                              | 2,321,887                            |
| <b>Net Decrease in inventories</b>                           | <b>21,537,328</b>                    | <b>514,405</b>                       |

**28. Employee Benefits expense**

|                                  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Salaries, Wages and Bonus        | 38,830,953                           | 31,996,879                           |
| Contribution to - Provident Fund | 4,409,671                            | 4,769,126                            |
| Superannuation Scheme            | -                                    | 3,578,563                            |
| Staff Welfare Expenses           | 2,719,965                            | 3,281,013                            |
|                                  | <b>45,960,589</b>                    | <b>43,625,581</b>                    |

**29. Finance Costs**

|                                          | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------------|--------------------------------------|--------------------------------------|
| Interest on fixed term Loans             | -                                    | 144,361,344                          |
| Interest others                          | 341,202                              | 309,911                              |
| Bank charges and commission              | 60,497                               | 1,294,259                            |
| Amortization of ancillary borrowing cost | -                                    | 1,087,488                            |
|                                          | <b>401,699</b>                       | <b>147,053,002</b>                   |

**30. Other Expenses**

|                                  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Product promotion expenses       | 6,024,723                            | 6,341,003                            |
| Incentives for marketing         | 2,306,216                            | 2,695,028                            |
| Rebates and discounts            | 6,690,020                            | 6,582,729                            |
| Sales promotion                  | 2,484,074                            | 3,129,602                            |
| Field staff expenses             | 3,744,456                            | 3,713,117                            |
| Office and guest house rent      | 6,757,221                            | 6,992,124                            |
| Power & fuel                     | 885,624                              | 881,359                              |
| Rates and taxes                  | 1,279,051                            | 14,538,685                           |
| Repairs and maintenance - Others | 1,673,610                            | 1,429,643                            |
| General office expenses          | 692,321                              | 339,388                              |
| Travelling and conveyance        | 5,622,836                            | 4,495,004                            |
| Communication expenses           | 1,276,658                            | 1,011,256                            |
| Membership and subscription      | 1,797,148                            | 1,681,614                            |
| Legal and professional fees      | 27,825,410                           | 10,602,653                           |
| Contractual labour charges       | 1,763,002                            | 1,367,937                            |
| Insurance                        | 282,068                              | 426,783                              |
| Directors' sitting fees          | 845,000                              | 1,033,712                            |
| Printing and stationery          | 2,710,734                            | 1,897,051                            |
| (Gain)/loss on foreign exchange  | 574,292                              | 8,136,321                            |
| Provisions for doubtful advances | 1,584,779                            | 3,904,399                            |
| Miscellaneous expenses           | 5,487,875                            | 5,857,031                            |
| (i)                              | <b>82,307,118</b>                    | <b>87,056,439</b>                    |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                    | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|------------------------------------|--------------------------------------|--------------------------------------|
| <b>Payment to Auditor:</b>         |                                      |                                      |
| Audit fee                          | 2,119,500                            | 2,468,660                            |
| Tax audit fee                      | 215,000                              | 162,360                              |
| Limited review                     | 400,000                              | 505,620                              |
| Reimbursements                     | 316,738                              | 127,362                              |
| Other services                     | 687,000                              | 36,350                               |
| (ii)                               | <b>3,738,238</b>                     | <b>3,300,352</b>                     |
| <b>Total other expenses (i+ii)</b> | <b>86,045,356</b>                    | <b>90,356,791</b>                    |

**31. Exceptional Items**

|                                             | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------------------|--------------------------------------|--------------------------------------|
| Impairment & additional depletion on assets |                                      |                                      |
| - PY-1                                      | -                                    | (9,932,758,904)                      |
| - CY-OS-90/1                                | -                                    | (707,505,751)                        |
| - CB-OS/1                                   | (2,731,914)                          | (259,573,358)                        |
| - CB-ON/7                                   | -                                    | (54,050,395)                         |
| Additional depletion                        | -                                    | (680,379,849)                        |
| Interest on income tax refund               | 54,214,251                           | -                                    |
| <b>Income / (expenses)- net</b>             | <b>51,482,337</b>                    | <b>(11,634,268,257)</b>              |

**32. Earnings per share (EPS)**

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

|                                                                                                          | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|----------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Profit/(Loss) for the year as per statement of profit & loss                                             | 79,292,609                           | (12,196,026,525)                     |
| Weighted average number of equity shares used in calculating basic & diluted EPS                         | 130,493,289                          | 130,493,289                          |
| Par value per share                                                                                      | ₹ 10                                 | ₹ 10                                 |
| Earnings per equity share in ₹ computed on the basis of profit/(loss) for the year:<br>Basic and Diluted | 0.61                                 | (93.46)                              |

**33. Information relating to HOEC Bardahl India Limited**

(100% subsidiary of Hindustan Oil Exploration Company Limited)

- a. Information required pursuant to General Circular No. 2 /2011 No: 5/12/2007-CL-III dated February 08, 2011 issued by Ministry of Corporate Affairs, is as below:

|                                                   | 2015-2016   | 2014-2015   |
|---------------------------------------------------|-------------|-------------|
| Capital                                           | 5,000,200   | 5,000,200   |
| Reserves                                          | 101,636,214 | 87,949,905  |
| Total Assets (excluding Investments)              | 64,959,788  | 86,533,452  |
| Total Liabilities (excluding Capital and Reserve) | 38,405,730  | 45,519,540  |
| Investments (See Note below)                      | 80,082,356  | 51,936,193  |
| Turnover                                          | 208,257,116 | 196,633,189 |
| Profit Before Taxation                            | 20,626,370  | 20,468,799  |
| Provision for Taxation                            | 6,940,061   | (6,363,714) |
| Profit After Taxation                             | 13,686,309  | 14,105,085  |
| Proposed Dividend                                 | -           | -           |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***Note: Details of Investments of HOEC Bardahl India Limited**

|                                                                               | 2015-2016         | 2014-2015         |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Current Unquoted (Non-Trade)</b>                                           |                   |                   |
| <b>Units of Liquid / Liquid Plus Schemes of Mutual Funds</b>                  |                   |                   |
| Birla Sun Life Cash Plus Fund -Regular Plan - Growth                          | 5,500,000         | -                 |
| Birla Sun Life Dynamic Bond - Growth                                          | 10,102,768        | -                 |
| HDFC High Interest Fund Dynamic Plan - Growth                                 | 15,220,417        | -                 |
| HDFC Liquid Fund - Treasury Advantage Plan - Daily Dividend Reinvestment      | -                 | 11,537,246        |
| ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Reinvestment | -                 | 40,398,947        |
| IDFC Super Saver Income Fund - Medium term - Growth                           | 21,000,000        | -                 |
| TATA Floater Fund - Regular Plan - Growth                                     | 13,259,171        | -                 |
| TATA Dynamic Bond - Regular Plan - Growth                                     | 15,000,000        | -                 |
|                                                                               | <b>80,082,356</b> | <b>51,936,193</b> |

**b. Agreement with Bardahl Manufacturing Corp, USA**

The Company is the sole authorised distributor for the products of M/s. Bardahl Manufacturing Corp ("BMC"), USA in India for over 15 years through an agreement between the two parties. This agreement is entered into for a period of 3 years and extended for further period of 3 years and was valid up to 29th February 2016 and was due for extension. BMC has terminated the agreement with HBIL and entered in to an agreement with one of the distributors of HBIL. Therefore, the management has decided to invoke arbitration for adjudicating the dispute.

**34. Associate Stock Option Plan - (ASOP 2015)**

During the year, the Associate Stock Option Plan - 2015 (ASOP 2015) has been approved by the Shareholders. As per the ASOP 2015 and the plan as amended from time to time, the Board will grant options to the eligible Employees and eligible Directors at the exercise price approved by the Nomination and remuneration committee. There are no shares granted to any employees under this plan as of March 31, 2016.

**35. Employee benefits****a. Gratuity**

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Every employee who has completed a continuous period of five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the Loss and the funded status and amounts recognised in the Balance Sheet.

|                                                                     | 2015-2016        | 2014-2015        |
|---------------------------------------------------------------------|------------------|------------------|
| <b>Statement of Profit and Loss</b>                                 |                  |                  |
| <b>Net employee benefit expense recognized in the employee cost</b> |                  |                  |
| Current service cost                                                | 1,108,437        | 1,327,574        |
| Interest cost on benefit obligation                                 | 655,517          | 1,009,722        |
| Expected return on plan assets                                      | (826,448)        | (1,135,217)      |
| Net actuarial (gain) / loss recognized in the year                  | (165,466)        | 536,197          |
| <b>Net benefit expense</b>                                          | <b>772,040</b>   | <b>1,738,276</b> |
| <b>Balance sheet</b>                                                |                  |                  |
| <b>Benefit asset / liability</b>                                    |                  |                  |
| Present value of defined benefit obligation                         | (7,831,800)      | (9,422,342)      |
| Fair value of plan assets                                           | 8,897,226        | 10,184,468       |
| <b>Plan asset / (liability)</b>                                     | <b>1,065,426</b> | <b>762,126</b>   |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

|                                                                                       | 2015-2016        | 2014-2015         |
|---------------------------------------------------------------------------------------|------------------|-------------------|
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |                  |                   |
| Opening defined benefit obligation                                                    | 9,422,342        | 11,999,421        |
| Current service cost                                                                  | 1,108,437        | 1,327,574         |
| Interest cost                                                                         | 655,517          | 1,009,722         |
| Benefits paid                                                                         | (3,270,261)      | (5,240,965)       |
| Actuarial (gains) / losses on obligation                                              | (84,235)         | 326,590           |
| <b>Closing defined benefit obligation</b>                                             | <b>7,831,800</b> | <b>9,422,342</b>  |
| <b>Changes in the fair value of plan assets are as follows:</b>                       |                  |                   |
| Opening fair value of plan assets                                                     | 10,184,468       | 12,321,804        |
| Expenses deducted from fund                                                           | (72,135)         | -                 |
| Expected return                                                                       | 826,448          | 1,135,217         |
| Contributions by employer                                                             | 1,147,475        | 2,178,019         |
| Benefits paid                                                                         | (3,270,261)      | (5,240,965)       |
| Actuarial gains / (losses)                                                            | 81,231           | (209,607)         |
| <b>Closing fair value of plan assets</b>                                              | <b>8,897,226</b> | <b>10,184,468</b> |

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

| Particulars                       | 2015-2016 |            | 2014-2015 |            |
|-----------------------------------|-----------|------------|-----------|------------|
|                                   | Company   | Subsidiary | Company   | Subsidiary |
| Discount rate                     | 7.75%     | 8.00%      | 7.75%     | 7.70%      |
| Future salary increase            | 5.00%     | 6.50%      | 5.00%     | 6.50%      |
| Expected rate of return on assets | 7.75%     | 8.00%      | 8.25%     | 8.00%      |
| Employee turnover                 | 1% to 5%  | 1% to 5%   | 1% to 5%  | 1% to 5%   |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

| Particulars                                | 2015-2016   | 2014-2015   | 2013-2014    | 2012-2013    | 2011-2012    |
|--------------------------------------------|-------------|-------------|--------------|--------------|--------------|
| Defined benefit Obligations                | (7,831,800) | (9,422,342) | (11,999,420) | (11,846,866) | (10,961,645) |
| Plan Assets                                | 8,897,226   | 10,184,468  | 12,321,803   | 10,959,107   | 9,463,644    |
| Surplus / (Deficit)                        | 1,065,426   | 762,126     | 322,383      | (887,759)    | (1,498,001)  |
| Experience adjustments on Plan Liabilities | (84,235)    | 326,590     | (969,175)    | (532,308)    | 148,853      |
| Experience adjustments on Plan Assets      | 81,231      | (209,607)   | 40,837       | 15,560       | 168,407      |

**b. Compensated Absences**

The key assumptions used in computation of provision for long term compensated absences are as given below:

| Particulars            | 2015-2016                                     |                                               | 2014-2015                                     |                                               |
|------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
|                        | Company                                       | Subsidiary                                    | Company                                       | Subsidiary                                    |
| Discount rate          | 7.75%                                         | 8.00%                                         | 7.75%                                         | 7.70%                                         |
| Future salary increase | 5.00%                                         | 6.50%                                         | 5.00%                                         | 6.50%                                         |
| Mortality Rate         | Indian Assured Lives Mortality (2006-08) Ult. | Indian Assured Lives Mortality (2006-08) Ult. | Indian Assured Lives Mortality (2006-08) Ult. | Indian Assured Lives Mortality (2006-08) Ult. |
| Attrition (% p.a.)     | 1% to 5%                                      | 1% to 5%                                      | 1% to 5%                                      | 1% to 5%                                      |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***36. Segmental Reporting:**

Segment reporting in terms of Accounting Standard 17 is as under;

| Particulars                                                                               | March 31, 2016         | March 31, 2015          |
|-------------------------------------------------------------------------------------------|------------------------|-------------------------|
| <b>1 Segment revenue</b>                                                                  |                        |                         |
| - Hydro carbon                                                                            | 283,443,398            | 409,721,678             |
| - Oil additives                                                                           | 203,155,941            | 192,981,508             |
| - Inter-company elimination                                                               | (4,830,000)            | (6,541,500)             |
| - Unallocated                                                                             | 78,798,365             | 72,632,176              |
| <b>Gross sales income from operations</b>                                                 | <b>560,567,704</b>     | <b>668,793,862</b>      |
| <b>2 Segment results</b>                                                                  |                        |                         |
| - Hydro carbon                                                                            | (60,191,526)           | (12,138,969,028)        |
| - Oil additives                                                                           | 16,101,349             | 17,185,544              |
| - Unallocated                                                                             | 129,704,547            | (67,879,325)            |
| <b>Total Profit /[(Loss) before Tax</b>                                                   | <b>85,614,370</b>      | <b>(12,189,662,809)</b> |
| <b>3 Segment assets</b>                                                                   |                        |                         |
| - Hydro carbon                                                                            | 3,262,692,054          | 2,742,521,067           |
| - Oil additives                                                                           | 52,747,999             | 71,844,578              |
| - Unallocated                                                                             | 1,582,945,654          | 1,533,838,783           |
| <b>Total assets</b>                                                                       | <b>4,898,385,707</b>   | <b>4,348,204,428</b>    |
| <b>4 Segment liabilities</b>                                                              |                        |                         |
| - Hydro carbon                                                                            | (1,973,434,880)        | (1,494,910,706)         |
| - Oil additives                                                                           | (38,405,730)           | (45,519,540)            |
| - Unallocated                                                                             | -                      | (521,693)               |
| <b>Total liabilities</b>                                                                  | <b>(2,011,840,610)</b> | <b>(1,540,951,939)</b>  |
| <b>5 Addition in tangible &amp; intangible fixed assets</b>                               |                        |                         |
| - Hydro carbon                                                                            | 137,105,708            | 2,811,397,357           |
| - Oil additives                                                                           | 383,542                | 1,486,371               |
| <b>Total addition in tangible &amp; intangible fixed assets</b>                           | <b>137,489,250</b>     | <b>2,812,883,728</b>    |
| <b>6 Depreciation, amortisation and exploration expenses</b>                              |                        |                         |
| - Hydro carbon                                                                            | 124,488,707            | 1,138,900,703           |
| - Oil additives                                                                           | 916,776                | 1,406,863               |
| <b>Total Depreciation, amortisation and exploration Expenses</b>                          | <b>125,405,483</b>     | <b>1,140,307,566</b>    |
| <b>7 Non-cash expenses other than depreciation, amortisation and exploration expenses</b> |                        |                         |
| - Hydro carbon                                                                            | 1,983,782              | 11,139,350,348          |
| - Oil additives                                                                           | -                      | -                       |
| - Unallocated                                                                             | -                      | -                       |
| <b>Non-cash expenses other than depreciation, amortisation and exploration expenses</b>   | <b>1,983,782</b>       | <b>11,139,350,348</b>   |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)***37. Details of oil and gas reserves** (as estimated by management and relied open by auditors)

As at March 31, 2016, the internal estimates of the Management of Proved & Probable Reserves supported by the approved development plan by the Directorate General of Hydrocarbons on working interest basis for the Company is as follows:

**Developed + Undeveloped:**

|                               | UOM | As at<br>April 1, 2015 | Addition | Deletion/<br>Adjustment | Production | As at<br>March 31,<br>2016 |
|-------------------------------|-----|------------------------|----------|-------------------------|------------|----------------------------|
| <b>Proved Reserves (1P)</b>   |     |                        |          |                         |            |                            |
| - Oil                         | MMT | 0.054                  | 0.004    | -                       | 0.004      | 0.054                      |
| - Gas                         | BCM | 0.485                  | -        | 0.001                   | 0.023      | 0.461                      |
| <b>Proved + Probable (2P)</b> |     |                        |          |                         |            |                            |
| - Oil                         | MMT | 0.075                  | -        | 0.008                   | 0.004      | 0.063                      |
| - Gas                         | BCM | 1.992                  | -        | 0.189                   | 0.023      | 1.780                      |

**Developed**

|                      | UOM | As at<br>April 1, 2015 | Addition | Deletion/<br>Adjustment | Production | As at<br>March 31,<br>2016 |
|----------------------|-----|------------------------|----------|-------------------------|------------|----------------------------|
| Proved Reserves (1P) |     |                        |          |                         |            |                            |
| - Oil                | MMT | 0.054                  | 0.004    | -                       | 0.004      | 0.054                      |
| - Gas                | BCM | 0.485                  | -        | 0.236                   | 0.023      | 0.226                      |

Note: The above reserve estimates doesn't include the reserves of PY-3 and CB-OS-1.

**38. Related Party Disclosures**

(i) The related parties of the Company as at March 31, 2016 are as follows:

## A. Promoter group:

1. ENI UK Holding Plc (Wholly owned subsidiary of ENI S.p.A, Italy)
2. Burren Shakti Limited (Wholly owned indirect subsidiary of ENI UK Holding Plc)
3. Burren Energy India Limited (Wholly owned indirect subsidiary of ENI UK Holding Plc)

## B. Other group entities:

1. ENI Finance International S.A., Belgium
2. ENI Lasmo Plc
3. ENI India Limited, United Kingdom,
4. Saipem (Portugal) ComercioMaritimo Su Lda

## C. Key management personnel:

1. Mr. P. Elango -Managing Director (from 2<sup>nd</sup> February, 2015)
2. Mr. R. Jeevanandam - Director & CFO (from 2<sup>nd</sup> February, 2015)
3. Mr. Manish Maheshwari - Managing Director (till 9<sup>th</sup> October, 2014)
4. Mr. Hashit Rawal - Director & COO (from 29<sup>th</sup> June, 2015)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

(ii) The nature and volume of transactions of the Company during the year with the above parties are as follows:

| Particulars                                                             | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>EXPENDITURE</b>                                                      |                                      |                                      |
| Key managerial personnel- Remuneration to Managing Director / CFO / COO | 24,576,637                           | 13,995,607                           |
| Other Group Entities - Interest paid                                    | -                                    | 142,676,496                          |
|                                                                         | <b>As at<br/>March 31, 2016</b>      | <b>As at<br/>March 31, 2015</b>      |
| <b>LOAN</b>                                                             |                                      |                                      |
| Other Group Entities - Unsecured Loan waived                            | -                                    | 9,608,450,000                        |
| <b>BALANCE OUTSTANDING</b>                                              |                                      |                                      |
| Other Group Entities - Trade payable                                    | 100,779,775                          | 100,779,775                          |
| Other Group Entities- Payable on purchase of fixed asset                | 162,231,699                          | 162,231,699                          |

**39. Commitments and Contingencies**

| Particulars                                                                                    | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
|------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>(i) Contingent Liabilities</b>                                                              |                         |                         |
| (a) Claims not acknowledged as debts CY-OS-90/1 (Refer note 1)                                 | 258,053,093             | 217,881,005             |
| (b) Income tax demands (Refer note 2)                                                          | 1,320,916               | 191,854,525             |
| (c) Royalty demand (pertaining to one Unincorporated Joint Venture) (Refer note 3)             | 102,777,080             | 141,252,121             |
| (d) Counter Guarantees on account of Bank Guarantees                                           | 506,723                 | 156,579,954             |
| (e) Service tax liability (pertaining to one Unincorporated Joint Venture)                     | 1,474,789               | 2,039,321               |
| (f) Fringe benefit tax                                                                         | 201,000                 | -                       |
| (g) Central Excise                                                                             | 300,844                 | 300,844                 |
| <b>(ii) Commitments</b>                                                                        |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 467,101,949             | 1,082,787               |

1. A claim made by Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) (Operator) for ₹ 114,092,588 (US \$ 1.72 Million) has not been accepted as a liability as the claim relates to the period after the cessation of production on July 31, 2011 and no expenditure beyond 31 July 2011 has been approved by the Management Committee. Based on reconciliation of its cash call payments and share of expenses as per the billing statement provided by the Operator till July 31, 2011 during the year, the Company noted an excess payment of ₹ 9,554,591 (USD 144,040) made to the Operator. This was communicated to the operator on December 21, 2015. The claims not acknowledged as debts also include the claim of ₹ 143,960,505 relating to the dispute between Aban Offshore Limited and the Operator ("Hardy") not acknowledged as debt by the Operator.
2. The Company has received a favorable order during the year from the Income Tax Appellate Tribunal against the demand relating to earlier years.
3. In block PY-1, solely operated by the Company, the Ministry of Petroleum & Natural Gas (MoP&NG) has computed the royalty based on the value of gas received by the Company (the Operator) and made a demand for the years from 2009-10 to 2014-15 towards short paid royalty of ₹ 102,777,080 (US\$ 1,549,413) excluding interest.  
With regard to the above claim, the Company has, during the year, re-computed the royalty on gas produced and sold, based on wellhead price as per the terms of the production sharing contract and compared it with the actual royalty paid by the company for the years from 2009-10 to 2014-15 and noted that they have made an excess payment of ₹ 115,899,695 (US\$ 1,747,243) to MoP&NG. A claim has been lodged by the Company to MoP&NG, which is pending settlement.
4. For block RJ-ONN-2005/2, operated by the Oil India Limited (the Operator), the validity for exploration phase as per the Production Sharing Contract (PSC), expired on June 24, 2015. The Operator has applied for 17 months extension to

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016***(All amounts are in Indian Rupees, unless otherwise stated)*

Ministry of Power & Natural Gas (MoP&NG) which is pending till date. However, the Operator drilled two wells after seeking extension under the extension policy of PSC directly after paying the liquidated damages and executing bank guarantees. Operator has now surrendered the block and the dues, if any, for the Company will be adjusted at the time of final settlement and therefore this cost has not been considered in the financial statements.

5. In this block, RJ-ONN-2005/1, there has been a delay for more than two years in obtaining the Government clearances. According to the terms of policy of Government of India issued in November 2014, which states that, if the delay due to lack of statutory and other clearances is beyond 2 years, then the contractor is permitted to exit from the contract without payment of cost of unfinished work program. The Company has decided to exercise this option and exit this block, on July 9, 2015 and therefore there is no liability that will devolve on the Company with respect to this block.
6. With respect to block CB-OS/1 operated by Oil & Natural Gas Commission (ONGC), there was no operations during the year and therefore, no expenditure has been considered in the financial statements.

**40. Particulars of Unhedged Foreign Currency Exposure**

The particulars of unhedged Foreign Currency Exposure of the Company, are as under:

| Particulars                        | As at March 31, 2016 |               | As at March 31, 2015 |               |
|------------------------------------|----------------------|---------------|----------------------|---------------|
| Trade payables- Promoter group     | € 1,472,958          | ₹ 100,779,775 | € 1,472,958          | ₹ 100,779,775 |
| Payable on purchase of fixed asset | € 1,488,643          | ₹ 101,852,961 | € 1,488,643          | ₹ 101,852,961 |
| Payable on purchase of fixed asset | \$ 966,681           | ₹ 60,989,118  | \$ 957,481           | ₹ 60,378,738  |
| Other trade payable                | \$ 79,006            | ₹ 5,359,743   | \$ 163,173           | ₹ 9,060,964   |
| Profit oil payable                 | \$ 5,552             | ₹ 368,280     | \$ 355               | ₹ 22,386      |
| Trade receivables                  | \$ 90,772            | ₹ 6,021,184   | \$ 132,478           | ₹ 9,349,116   |

**41. Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates**

The details of the adjustment pursuant to the above are as under:

| Particulars                                                                                                                                          | 2015-2016 | 2014-2015   |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|
| Exchange differences capitalized to fixed assets (including work in progress) during the year                                                        | (9,622)   | 266,243,139 |
| Amount of Net amortisation of Foreign Currency Monetary Item Translation Difference Account charged to the Statement of Profit and Loss for the year | -         | 38,266,476  |

**42. Lease**

| Particulars                                                           | 2015-2016 | 2014-2015  |
|-----------------------------------------------------------------------|-----------|------------|
| Rent charged to statement of Profit & Loss                            | 8,638,861 | 8,948,700  |
| Future minimum rental payable under non-cancellable leases as follows |           |            |
| Within one year                                                       | 3,975,276 | 3,662,496  |
| After one year but not more than five years                           | 6,139,131 | 10,064,088 |
| More than five years                                                  | -         | -          |

43. The provisions of Companies Act, 2013 relating to corporate social responsibility is applicable for the Company. However, the Company is not required to incur expenditure towards CSR activities in the absence of profits calculated as per Section 198 of the Companies Act, 2013.

**44. Previous Year Figures**

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board of Directors

P. Elango  
Managing Director

S.B. Mathur  
Chairman

Sharmila Amin  
Director

R. Jeevanandam  
Director & CFO

Place : Chennai  
Date : 18<sup>th</sup> April 2016

K. Premnatha  
Company Secretary

## GLOSSARY

|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                  |                                                                                                                                                  |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 2D Seismic      | – Two Dimensional Seismic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | CIN              | – Corporate Identification Number                                                                                                                |
| 3D Seismic      | – Three Dimensional Seismic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | CNG              | – Compressed Natural Gas                                                                                                                         |
| 2P/P+P Reserves | – Proved and Probable Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | CS               | – Company Secretary                                                                                                                              |
|                 | Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least 90% probability that the quantities actually recovered will equal or exceed the estimate. Developed Reserves are expected quantities to be recovered from existing wells and facilities. Undeveloped Reserves are quantities expected to be recovered through future investments. | CSR              | – Corporate Social Responsibility                                                                                                                |
|                 | Probable Reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.                                                                                                                                                                                                                                                                                                    | DP               | – Depository Participant                                                                                                                         |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Development well | – A well drilled within the proved area of an oil and / or natural gas reservoir to the depth of a stratigraphic horizon known to be productive. |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | DGH              | – Directorate General of Hydrocarbons                                                                                                            |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | DOC              | – Declaration of Commerciality                                                                                                                   |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | DSF              | – Discovered Small Fields                                                                                                                        |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | EBIT             | – Earnings Before Income Tax                                                                                                                     |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | EFI              | – Eni Finance International                                                                                                                      |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | EPS              | – Earnings Per Share                                                                                                                             |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ERP              | – Emergency Response Plan                                                                                                                        |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ESOS             | – Employee Stock Option Scheme                                                                                                                   |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Exploratory well | – A well drilled to find oil and / or gas in an unproved area, to find a new reservoir in an existing field or to extend a known reservoir.      |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | E&P              | – Exploration and Production                                                                                                                     |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | FI               | – Financial Institutions                                                                                                                         |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GDR              | – Global Depository Receipts                                                                                                                     |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | G&G              | – Geological & Geophysical                                                                                                                       |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GHG              | – Green House Gas                                                                                                                                |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HAZID            | – Hazard Identification (Risk Analysis)                                                                                                          |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HAZOP            | – Hazard and Operability Analysis                                                                                                                |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HBIL             | – HOEC Bardahl India Limited                                                                                                                     |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HEPI             | – Hardy Exploration and Production (India) Inc.                                                                                                  |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HOEC             | – Hindustan Oil Exploration Company Limited                                                                                                      |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | HSE              | – Health, Safety and Environment                                                                                                                 |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | INR              | – Indian Rupee                                                                                                                                   |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | JSA              | – Job Safety Awareness                                                                                                                           |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | JV               | – Joint Venture                                                                                                                                  |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | KPI              | – Key Performance Indicator                                                                                                                      |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | LNG              | – Liquefied Natural gas                                                                                                                          |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | LLP              | – Limited Liability Partnership                                                                                                                  |
| ADR             | – American Depositor Receipts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |                                                                                                                                                  |
| AGM             | – Annual General Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                                                                                                                                                  |
| API             | – American Petroleum Institute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |                                                                                                                                                  |
| AS              | – Accounting Standard                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |                                                                                                                                                  |
| ATRs            | – Action Taken Reports                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                                                                                                                                                  |
| bbl             | – barrel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                                                                                                                                                  |
| bcf             | – billion cubic feet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |                                                                                                                                                  |
| BEE             | – Bureau of Energy Efficiency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |                                                                                                                                                  |
| boe             | – barrels of oil equivalent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |                                                                                                                                                  |
| bopd            | – barrels of oil per day                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                                                                                                                                                  |
| boepd           | – barrels of oil equivalent per day                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  |                                                                                                                                                  |
| BSE             | – Bombay Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                  |                                                                                                                                                  |
| CEO             | – Chief Executive Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |                                                                                                                                                  |
| CFO             | – Chief Financial Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |                                                                                                                                                  |
| CFS             | – Consolidated Financial Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |                                                                                                                                                  |

|        |                                                          |                  |                                                                  |
|--------|----------------------------------------------------------|------------------|------------------------------------------------------------------|
| LPG    | – Liquefied Petroleum Gas                                | PI               | – Participating Interest                                         |
| LTl    | – Loss Time Incident                                     | PoD              | – Plan of Development                                            |
| MC     | – Management Committee                                   | PSC              | – Production Sharing Contract                                    |
| M-GPP  | – Modular Gas Processing Plant                           | Revenue          | – Sales+Increase / (Decrease) in stock of crude oil+Other Income |
| mmboe  | – Million barrels of oil equivalent                      | RD               | – Regional Director                                              |
| mmbtu  | – Million british thermal unit                           | ROU              | – Right of Use                                                   |
| MMm3   | – Million cubic meters                                   | scmd             | – standard cubic meters per day                                  |
| mmscfd | – Million standard cubic feet per day                    | scm              | – standard cubic meters                                          |
| mmscm  | – Million standard cubic meters                          | SEBI             | – Securities and Exchange Board of India                         |
| MMBBL  | – Million Barrels                                        | SEBI LODR        | – Listing Obligations and Disclosure Requirements                |
| Mn     | – million                                                | SEM              | – Successful Efforts Method                                      |
| MoP&NG | – Ministry of Petroleum & Natural Gas                    | SIMOPs           | – Simultaneous Operations                                        |
| MSMED  | – Micro Small & Medium Enterprises Development Act, 2006 | USD/\$           | – United States Dollar                                           |
| NBP    | – National Balancing Point                               | UTV              | – Unit Trust of India                                            |
| NCLT   | – National Company Law Tribunal                          | UJV              | – Unincorporated Joint Venture                                   |
| NELP   | – New Exploration Licensing Policy                       | Working interest |                                                                  |
| OGP    | – International Association of Oil & Gas Producers       | basis            | – Field Production x Participating Interest                      |
| ONGC   | – Oil & Natural Gas Corporation Limited                  | Turnover         | – Sales + Increase / (Decrease) in Stock of Crude Oil            |





Commencing Dirok-1 Operations



World Environment Day Celebration



PY-1 Team



Share Holders at 31st AGM